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**SHOCK THERAPY TO SOVEREIGNTY PARANOIA: NEOLIBERAL  
REFORM AND NEOPOPULIST RESISTANCE IN POLAND'S POST-  
COMMUNIST TRANSITION**

**Work in progress, so usual caveats apply but all comments welcome**

## INTRODUCTION

The global situation that has emerged since the crisis of Keynesianism and the implosion of the embedded liberal compromise in the 1970s was consummated in the collapse of the former Soviet Union (FSU). This has obliged scholars of International Relations/International Political Economy (IR/IPE) to rethink the spread of the capitalist mode of production as it has come to be understood in recent years under the ambiguous rubric of globalisation. The issue of globalisation and its impact in post-communist transition has been dealt with, at best parsimoniously, and at worst long ignored, in both the IR/IPE and area studies literatures.<sup>1</sup> Much of this literature refers to the post-communist transition as a simple journey along a path leading straight from a command to a market economy. This paper's central concern is with the implications of the impact of globalisation in post-communist Central Eastern Europe (CEE) in general, but Poland in particular, as Poland continues to be the paradigmatic application of a particularly aggressive set of socio-economic reforms intrinsic to neoliberalism.<sup>2</sup> The paper proposes a Gramscian account of Poland's experiences of transition to a market economy, a form of social modification analogous to what Gramsci termed passive revolution, whereby accumulation strategies remain elite-engineered, failing to garner or form hegemonic consensus from wider society. It is a "revolution without a revolution",<sup>3</sup> and a type of "socio-economic modernisation [occurring] so that changes in production relations are accommodated within existing social and institutional forms but without fundamentally challenging the established political order".<sup>4</sup> This has sought to co-opt and assimilate post-communist elites into a broader neoliberal historical bloc sharing assumptions and class interests of dominant fractions of capital in the global political economy to the detriment of those who struggled most to establish freedom and democracy. The irony is almost tangible. Contemporary post-communist politics based on the birth of freely elected democratic governments in the region is simultaneously consolidating the subordination of these societies to the pernicious discipline of capitalism.

To address this, the paper contrasts two waves of post-communist reform contributing to the reconfiguration of the CEE political economy in the current epoch of global restructuring: first, the early 1990s period of transition with a relative absence of consensus in wider society concerning development strategies; and second, the later impact of European Union (EU) membership, designed and propagated in progressive terms. Both demonstrate the implications of integration into an emergent global political economy, vital when we consider the potency of the political and economic principles associated with neoliberalism. Among particular US and European elites these ideas have gained hegemonic status as the best way to restructure the global political

economy and configure neoliberal economic regimes which mirror their own.<sup>5</sup> Such ideas build support for a particular institutional configuration of classes obscuring class consciousness. Legitimation extends to other social, economic and political norms, collective and private institutions and shared values, crucially exceeding the scope of formal political society (the state) to encompass institutions and practices within civil society.<sup>6</sup> In Poland the transition from state socialism to neoliberalism would, according to the neoliberal ideal, entail the de-linking of formal political and economic spheres and the axiomatic construction of a new society built on the ruins of state socialism. However, beneath the rhetoric of Poland as the tiger economy success story of CEE there is growing social polarisation, as the pursuit of neoliberal policies has led to deep-seated disillusionment.

This paper examines how the hegemonic position of neoliberal ideas and the development of a particular class project were responsible for economic transition in Poland. The paper argues that transition is embedded in structural and historical conditions as equally generated by external, transnational forces and trends as national and domestic. However, national trends cannot be understood without exploring their linkages to global restructuring. Rather than the withdrawal of, or the hollowing out of the state, as if by some mystical transmission belt operating at the global level, the paper draws attention to national state projects which drive and respond to restructuring, rejecting notions of a mysterious invisible explanatory mechanism operating at the global level. Instead the paper proposes an approach that integrates material as well as social dimensions of global structural change; an approach that neither under-socialises nor over-socialises developments in the global political economy, but that is simultaneously aware of the pitfalls of conceptual methodological nationalism and the problematic binaries of global-domestic and political-economic. This may be an incomplete and uneven set of processes but in order to capture the structural connections between domestic and global, the paper aims to uncover those forces at work below the surface of transition, reinserting that most unfashionable concept in contemporary CEE back into the study of post-communism: class.<sup>7</sup>

To achieve this, the paper proceeds as follows. First it proposes a truncated Gramscian account of the context for post-communist transition, making a series of initial claims about how this approach might be fruitfully deployed in the context of Poland. Section two takes up the Gramscian approach and explores post-communist class configuration since 1989, focusing in particular on the centrepiece of neoliberal efforts to constitute hegemony in the shape of the Shock Therapy reform programme. Although more usually called the Balcerowicz Plan, I use the term *Sachs-Balcerowicz Plan* to specify the degree

of consistency with, and the extent to which, Polish neoliberalism is embedded, through Jeffrey Sachs, into the neoliberal line. Investigating the links between Sachs and Balcerowicz confirms the ideological link between an emerging Polish neoliberalism and their transnational counterparts.<sup>8</sup> Section three addresses the later implications of these changes recognising that post-communist states remain committed to a neoliberal agenda but with less input from the IMF or World Bank. Instead the concrete form of EU integration has reconfigured social forces rooted in the process of globalisation.<sup>9</sup> Such changes in the European constellation are articulating a radical variant of neoliberalism that consists of the core EU market order, but without the inclusionist features of the EU project.<sup>10</sup> However, this section stresses the evident asymmetric power relations between the EU and the CEE candidates, in effect a selective form of *Europeanisation* rejecting the assumption that theoretical and practical lessons from previous enlargements can aid in understanding the impact of post communist enlargement of the EU without due foregrounding of changes in the global political economy. The fourth section of the paper then considers responses to neoliberalism and the resistance strategies associated with organised forms of labour. Given the failure of post-communist unions to resist the worst excesses of neoliberalism, the final substantive section of the paper explores how opposition has coagulated around a set of nationalist, populist social forces and queries how successful such resistance has been.

### **THEORISING POST-COMMUNIST TRANSITIONS**

On the whole, transitological studies of CEE have tended to acknowledge the significance of the global context in which capitalism was reconfigured in the region only incidentally. When global or more accurately *international* factors have been acknowledged, this has focused on international economic pressures,<sup>11</sup> and the effect on the democratisation process,<sup>12</sup> or individual national experiences of EU integration.<sup>13</sup> Others contend that globalisation has unleashed primordial cultural identities and conflicts as CEE (re)turns to the past to cultivate exclusive ethnic identities and discriminatory myths of cultural origin or value, as a defence mechanism against perceived cultural penetration of western values into previously autarchic societies.<sup>14</sup> Martin neatly sums up the “transitological” standpoint on matters global when he asserts the minimal impact of global factors on CEE, “globalization theories have only limited relevance for understanding current development in [CEE]”, because relations between the incoming multinationals and national governments in CEE have “often been problematic” due to Western capital’s tentative approach to the region, and preference for low commitment strategies – although the tentativeness varies between countries”, claiming “internal” aspects account for

shaping transition.<sup>15</sup> Thus a fundamental shortcoming of the literature to date lies in its incomplete analysis of the state and particularly state restructuring under globalisation as the account revolves primarily around the imperatives generated by economic restructuring. This focus means a stunted assessment of overtly political logics and imperatives that affect the state. Put bluntly, all CEE apparently needs is to be incorporated into the international trading system and multinational world production system.

Mainstream Western social scientists offered a compelling series of blueprints that instructed CEE in the technique of transition from the Soviet model of central planning and the one-party-state, to liberal-democratic capitalism.<sup>16</sup> These blueprints centre on the construction of a market economy based primarily on private ownership, the rolling-back of the state as collective owner and provider, and in the political sphere free elections, democratic constitutions and the rule of law. While at a more concrete level the transition project entailed the liberalisation of foreign trade and capital movements, and potentially accession to a range of Western intergovernmental bodies, these were treated as natural components of a programme of national economic, political and social change. The basic expectation was that the newly-freed citizens of the CEE states would take the advice of their mentors, and elaborate national policies which would allow them successfully to rejoin the European mainstream.<sup>17</sup>

These assessments principally document institutional change and policy adjustment, are unable to proceed beyond the *form* of change in CEE to uncover the *social content* connected to a specific political economic order. The question of the relationship between transition and globalisation is of deeper theoretical significance with palpable implications for the theory and praxis of social change globally. What remains absent from such characterisations of CEE is that since the 1970s the key change in the global political economy has been the successful mobilisation of neoliberal social forces.<sup>18</sup> The attainment of a degree of hegemony and establishment of a neoliberal concept of control across a number of institutions, broadly understood, but including agencies of elite fora, social movements, political parties and governments, has been augmented by changing structures of capital, states and international relations.<sup>19</sup> The neoliberal revolution that has since spanned the globe was not simply an unfortunate outcome of global restructuring but an integral moment of it. This suggests need of an interpretative framework which can take sufficient account of the role of external actors in transition without falling into the trap whereby domestic participants are treated as passive puppets. A satisfactory framework must also be able to locate the democratic struggle in the material interests of both internal and external forces, without reducing the political to the economic. The

outcomes of neoliberalisation at the national level are a complex series of negotiations reconciling neoliberalism-in-general with institutional hybridity, path specificity and uneven development in, but not exclusive to, the national social formation.<sup>20</sup> All neoliberal transitions are thus distinctive, but each example negotiates its own re-authoring of the relationship between the national and the international: in the Polish case the transition from so-called “actually existing” socialism to so-called “actually existing” neoliberalism. Instead of a nation-state driven process, these changes constitute an important break with the immediate past and signal in a crude interpretation the subordination of the interests of national social forces to the requirements of globally mobile capital.<sup>21</sup> It is this subordination that has configured neoliberal forms of state based on the now well known blueprint of sound money and open markets. The ideas associated with this are transmitted through a range of formal and informal national, international, regional and transnational agencies. This historically novel form of predominantly economic constitutionalism is more than just a set of substantive rules.<sup>22</sup>

In IR/IPE a number of scholars inspired by the work of the Italian Marxist Antonio Gramsci have offered a conducive lexicon to productively frame questions concerning neoliberalism. This approach offers significant methodological and substantive reorientation for “transitological” studies.<sup>23</sup> For those interested in the relationship between national and global facets of transition, Gramscian-inflected IPE has provided a “number of innovative concepts that promise to illuminate the mechanisms of hegemony at the international level”,<sup>24</sup> despite some penetrating criticisms.<sup>25</sup> The paper is therefore an attempt to examine the complexity of historical development in which the political conditions of economic change, social structures and relations of force within a particular national state are clearly at the forefront. In particular the richness of Gramsci’s notion of hegemony has enabled the Gramscians to analyse the institutions and social practices in which certain class achieve embedded authority over subordinate classes.

For Gramsci, hegemony was not just material dominance but linked to “intellectual and moral leadership”, with the “same energy as a material force”;<sup>26</sup> a complex dynamic process of incorporating other classes through a combination of coercion and the ‘manufacturing of consent’ through moral leadership.<sup>27</sup> Subordinate classes and groups are persuaded to suppress aspects of their class (especially relative) interest through the operation of hegemonic ideologies and granting of material concessions. Rupert for example has identified the extent to which hegemony is consciously produced and reproduced thereby drawing attention to the agency of particular classes and class factions in this process.<sup>28</sup> Thus it is essential to start to identify the agents of

neoliberalism: those individuals and groups that benefit from constructing and then maintaining a particular formulation of what counts as common-sense.<sup>29</sup> Universalisation of a partial knowledge is a crucial factor in the construction of class hegemony to formulate an integral mode of accumulation, an international division of labour, and a legitimate political order. Additionally it is ideology conditioning historical consciousness to allow accumulation, and social order to occur in a specific historical form. As Augelli and Murphy continue, “ideologies are always instruments of power, because it is only with a merging of thought and action that the historical role of humanity... can be regained”.<sup>30</sup> For Cox then,

hegemony derives from the ways of doing and thinking of the dominant strata of the dominant state or states insofar as these ways of doing and thinking have acquired the acquiescence of the dominant social strata of other states. These social practices and the ideologies that explain and legitimize them constitute the foundation of hegemonic order.<sup>31</sup>

A Gramscian perspective reaffirms the centrality of class struggle in explaining transition. Fundamental to the ascent of neoliberalism has been the intensification of commodification of social relations since the late 1970s.<sup>32</sup> Through increasingly transnational forms of ownership, finance and production, capital has configured a material base for the emergence of transnational structures that reproduce and increase the inequitable distribution of income and resources, further embedding neoliberal restructuring through an assortment of often competing social levels and scales. There is therefore a move from abstract commodification and exploitation to concrete agenda setting and policy planning.<sup>33</sup>

In providing an alternative framework for transition the paper also contests an economic methodological nationalism contending that economic interests and ideas are formulated more comprehensively than traditional issue-specific approaches to transition hold. Economic ideas and interests are not confined to nation states – with the emergence of transnational capital, social space and concepts of control. Similarly the role of the state cannot be confined to an exclusively national locus in the emerging multi-scalar global economy. With the transnationalisation of capital there is the “realisation of the political articulation of transnational concepts of control at the national level”.<sup>34</sup> The internalisation and internationalisation of these concepts of control is dependent on the pre-existence of historically determined national, socio-economic and political structures.<sup>35</sup> As McMichael has persuasively argued,

The world economy is not a complex of forces outside of its constituent states. States in turn are more than just economic actors in the world

market. ... In short, states both constitute and in turn are constituted by the social relations of production and circulation that may be particular to a national economy but simultaneously defines its world-historical context.<sup>36</sup>

Thinking in a Gramscian way can contribute to a critical interrogation of the “dialectic of global/local”, and the importance of understanding the combination of domestic and international factors that combine to create “new, unique and historically concrete combinations”.<sup>37</sup> Bieler and Morton explain the interaction between ostensibly global processes and domestic adjustment by identifying the transnationalisation of financial and production capital as processes by which states internalise transnational capital, produce complex social relations and “new configurations of social forces expressed by class struggle between different (national and transnational) fractions of capital and labour”.<sup>38</sup> The process of internalising these new configurations involves the *restructuring* of the state rather than its *retreat* from the advancing power of global markets.<sup>39</sup> Economic and material interests become a comprehensive worldview in the moment of class formation, where the economic, social and political join as an organic whole there is “the decisive passage from the structure to the sphere of complex superstructures” whereby the formulation of the best economic policy is most concretely linked to social, educational and foreign policy.<sup>40</sup>

Attempts to apply this perspective to CEE have remained wedded to examining the efforts of predominantly external agents like the European Round Table of Industrialists,<sup>41</sup> or comparing CEE to earlier enlargements wherein the EU propelled CEE to adopt neoliberal policies,<sup>42</sup> rather than extracting the pre-existing, historically determined national, socio-economic and political structures of the region. While clearly valuable in illustrating the specific cases, such top-down approaches remain problematic failing to historicise the social relations of production in CEE, or address the problem of the differences in the trajectory of class relations and struggle emerging from communism, as well as the distinctive absentee bourgeoisie characteristic of the new CEE capitalism.<sup>43</sup> In what follows, I explore these concerns in relation to the Polish transition and focus on three main questions. First, what has generated, sustained, and legitimated neoliberal hegemony in Poland? Second, where are the agents of this process visible? And third, which social forces have offered the most effective resistance to neoliberalism? The paper now turns to the integral form of accumulation.

## A FIRST WAVE OF NEOLIBERALISM: THE SACHS-BALCEROWICZ PLAN

Having offered a brief account of the utility of a Gramscian perspective in contextualising post-communist transition in the previous section I now turn to an exploration of the centrepiece of neoliberal social forces' efforts to build neoliberal hegemony in Poland: the implementation of the Sachs-Balcerowicz Plan. Prior to the collapse of state socialism the Solidarity leadership had instigated a number of alliances with responsive Western powers, and simultaneously reached an intellectual accommodation with core sections of the existing Polish regime that accepted the unleashing of untrammelled market forces as the only way to restructure the Polish economy.<sup>44</sup> The negotiations, termed the Round Table agreements, reaffirmed support for the previous regime's reconciliation with the IMF following application for membership in 1987. This rapprochement with its echo of Gramsci's passive revolution permitted the Round Table negotiations to produce free elections but economic power remained in the same hands as before.

The public launch of the project came in January 1990 in an article by Jeffrey Sachs.<sup>45</sup> The *Economist* paper, with its presumably calculated echo of Lenin, maps out the parameters of the reform debate: how CEE and the FSU could reshape its states and markets (*sic*). Furthermore, it reveals the degree to which the neoliberal context for Polish domestic action has been configured as the only rational course of action. Once elected, Solidarity wholeheartedly embraced this with the Sachs-Balcerowicz Plan: draconian cuts in government spending, immediate liberalisation of trade and privatisation implemented to restore macroeconomic stability to create a market system in Poland. It was adopted with little significant input from *non*-neoliberal components of Solidarity whose gradualist programme was decisively rejected as the "traditions and expectations of the Solidarity movement" were incompatible with the economic rationality behind the "decisive break in continuity" of the Balcerowicz Plan.<sup>46</sup> Alternative strategies like an Employee Stock Ownership Plan were omitted as supposedly regressive community-based notions of property rights, an omission rapidly reinforced by Western advice,

Significantly less than 2 percent of the industrial work force in the United States is employed in enterprises where workers own even 29 percent of the shares of the firm, and almost no major industrial firm is majority owned by the workers.<sup>47</sup>

The Sachs-Balcerowicz Plan aimed to foster private economic activity to enhance the productive capacity of the emergent economic order in Poland.<sup>48</sup>

Reaganomics and Thatcherism were taken as the only canon of a market economy; alternatives like the German, Japanese or Scandinavian models were

taken to be deviations from the accepted rules of the game.<sup>49</sup> It was assumed that allegiance to neoliberal rules would be rewarded by a dramatic improvement in general efficiency in the economy and sustainable growth, the “invisible hand produces a particular set of results which are outside the control of human agency and is, therefore, impartial in its operation”.<sup>50</sup> Under these circumstances active industrial, commercial, employment and foreign trade policies are merely redundant, an impediment to the actions of the invisible hand. Instead, it is the far more visible hands of the Balcerowicz team that assume control of the reform process. The Polish government was convinced that the stabilisation programme suggested and supported by the IMF would be taken as a necessary and sufficient condition for a shortcut to full membership of the EU.<sup>51</sup>

Balcerowicz and Sachs rejected any third way option between communism and neoliberalism, as Poland (and for that matter the rest of CEE) “must reject ... ideas about a third way ... and go straight for a western-style market economy”.<sup>52</sup> Reforms attempted before 1989 were averred to be “self-limiting and thereby self-defeating ... a failed ‘market socialism’”.<sup>53</sup> Sachs argued that the basis of the transition rests with the notion that “the post-communist world [has] the potential to grow more rapidly than the developed world and thereby to narrow the gap in living standards,” with the crucial corollary that “*if they harmonize their economic institutions and join their economies to the global economic system*”.<sup>54</sup> The aim of Shock Therapy according to Sachs was the foundation of greater living standards and freedom. The process for achieving this is through what Sachs calls a market economy or capitalism. There were four simultaneous components to the plan:

First, let prices find market-clearing levels, in part based on free trade with the West. Second, set the private sector free by removing bureaucratic restrictions. Third, bring the state sector under control, by privatisation and by imposing tougher disciplines on such state firms as remain. Fourth, maintain overall macroeconomic stability through restrictive credit and balanced budgets.<sup>55</sup>

However, the state institution reforms that Sachs proposes are not generically capitalist, but related to a particular neoliberal understanding of both a type of capitalism and the global economy that economic activity takes place in. By embedding transition within an uncompromising anti-communist and pro-Western normative framework the neoliberal blueprint for rapid transition supplies a clear set of definitions and uncontroversial set of goals while simultaneously offering expertise for means of implementation.<sup>56</sup> The outcome was that it was considered better to undertake all the changes concurrently and as rapidly as possible because of the threat that the “losers” would feel the social

costs and uncertainties pushed through by the shocks of institutional change a lot quicker than the “winners” would experience success - a message that persists to this day.<sup>57</sup>

With the collapse of the first post-communist government in the autumn of 1990, a new government under Jan Bielecki formed in early 1991. Balcerowicz remained as deputy prime minister and finance minister, his position strengthened, primarily because no one else had Balcerowicz’s reputation with the IMF and Western states.<sup>58</sup> The pace of reform was renewed. In March 1991 the comprehensiveness of the Sachs-Balcerowicz line had become evident in this policy memorandum:

At the beginning of 1990, the Government of Poland launched a far-reaching program to stabilize the economy and transform it progressively to a market system. The underlying aim is to improve efficiency ... to raise living standards on a sustainable basis, and to restore external credit-worthiness. During 1990, the principal focus of policy was directed toward stabilization objectives and, in particular, to achieving a sharp drop in the underlying rate of inflation. At the same time, however, important steps were taken toward reducing structural rigidities and developing the legal, institutional, and regulatory framework for further systemic reform. The Government of Poland is determined to build on this progress and, in particular, to accelerate the implementation of structural and systemic change. This memorandum outlines our objectives and policies for the period 1991-1993.<sup>59</sup>

By December of the same year, in the midst of a severe economic downturn associated with the Shock Therapy austerity measures, Bielecki resigned to be replaced by Jan Olszewski who had been elected on an anti-neoliberal vote associated with an election campaign that promised a *przełom* (breakthrough) against Balcerowicz, Shock Therapy and neoliberalism. A plunge in demand in 1991 and 1992 triggered by price liberalisation; a simultaneous, almost total freeze on wages and other incomes; and the sudden opening of the Polish economy caused unemployment to swell. Advocates of Shock Therapy assumed that rapid restructuring, the dynamics of a free market economy, and a huge inflow of foreign capital would contribute to the rapid absorption of the temporarily unemployed. However, unemployment turned out to be not only massive but sustained. As a consequence of the “shock”, 5 million Poles, 26 percent of the labour force, exited from the production sphere and many chose early retirement, paradoxically the neoliberal attempt to correct the “over socialisation” of the economy created a gigantic welfare state.<sup>60</sup>

Once in power Olszewski's *przelom* campaign was quietly abandoned in the face of a lack of budgetary resources and the necessity to maintain macroeconomic stability and credibility to ensure IMF funding.<sup>61</sup> Olszewski was forced to reconcile the rhetoric of a sharp break with the immediate past with the material and ideological constraints of neoliberalism. Economic policy maintained a high degree of continuity with the Balcerowicz era than might have been expected from the election campaign. On January 1<sup>st</sup> 1992 electricity, hot water and energy prices were raised, initially proposed by Balcerowicz during the Bielecki government. Further continuity was maintained in economic planning with two government white papers that introduced Olszewski's aim to hold the budget deficit at 5 percent of GNP in 1992 and eliminate it by 1994.<sup>62</sup> The tax reform plans were in fact those suggested by Balcerowicz.<sup>63</sup> Despite the rhetorical departure from neoliberalism under Olszewski's tenure there was no major retreat from the changes engineered in 1990 and 1991. For example, when one government minister introduced a note of uncertainty to the neoliberal project by stating "Just because you privatize 10% [of state owned enterprises] a year does not mean that the other 90% should not be looked after", and another architect of the alternative *przelom* project, Jerzy Eysymontt, claimed Balcerowicz did not pay sufficient attention to the social and economic consequences of the stabilisation programme, Finance Minister Karol Lutkowski resigned and Olszewski was proclaiming "We will try to ensure the swiftest possible establishment of free-market principles".<sup>64</sup> The need for the imprimatur of neoliberal social forces remained. In June 1992 when the Olszewski government collapsed after attempts to reveal former communist regime secret agents in current state institutions, a new government was formed under Hanna Suchocka. The new government based on a coalition of two liberal reform parties, a Catholic fundamentalist party and two smaller peasants parties, enabled Balcerowicz to continue with his work as finance minister.<sup>65</sup>

As Gramsci recognised "the capitalist entrepreneur creates alongside himself the industrial technician, the specialist in political economy, the organisers of a new culture, of a new legal system, etc".<sup>66</sup> In Sachs and Balcerowicz we have the specialists in political economy and the organisers of the new culture. As this section shows, the Sachs-Balcerowicz Plan was the decisive moment for the installation of neoliberal hegemony in Poland. However, we should not consider this as a predetermined teleological process but the dominant structures of socialisation articulating the contradictions between capital and labour, concretising class configuration with interests aggregated around consolidating a general social system in Poland in the reproduction of capitalist relations of production. In the following section a second articulation of this emerging social system is assessed, EU accession.

## DEPOLITICISED NEOLIBERALISM: 'EUROPEANISATION' AND POLAND'S POST-COMMUNIST TRANSITION

Having explored the social formation associated with the first wave of transition this section focuses attention on the impact of neoliberalism correlated to the EU. Following the promises of membership made in 1993 the 2002 Copenhagen summit represented a fundamental breakthrough concerning the irreversibility of enlargement. Following a decade of flirtation the EU finally reconciled itself to the collapse of communism. EU accession negotiations have not embedded the socially inclusionist features of the EU social model; instead this round of expansion reinforced the original *first wave* transition process by embedding a radical variant of neoliberalism. There has been little choice whether to accept or reject the EU requirements and accession is characterised by the conditionality the EU imposes on the applicants. The EU has consistently used the asymmetry of power to either impose its will or encourage applicants to discipline themselves. The EU insisted on bilateral treatment of each applicant; clearly designed to foster a level of competition between the applicants and weaken any thoughts of collective bargaining.<sup>67</sup> Transition and enlargement are both part of the same pathology of intensified neoliberal restructuring of the European social relations of production.<sup>68</sup>

Central to neoliberal restructuring during the 1990s was the primacy accorded to an idealised set of market relations, in contrast, the reality of neoliberalism, particularly in the new capitalisms being constructed in CEE is that markets do not operate according to any such immutable set of laws. Instead, it is imperative to rearticulate the *politics* of post-communism and challenge a process that is depoliticised by design to engender a process of neoliberalisation by depoliticisation.<sup>69</sup> This stifled domestic debate with regards to the pathway of reforms and in Poland the perception was that this undermined the democratic process.<sup>70</sup> On the whole, analysis of the integration of post communism has been unable to accommodate the enlargement process in its theoretical ambit. While the structure of the accession process has been the central focus in the mainstream literature on Europeanisation, the neoliberal *content* of enlargement has been largely ignored. The approach here provides a starting point for understanding the influence of the EU on the development of political economy in CEE as part of a class project aimed at exporting the EU's neoliberal agenda into CEE. The influence in restructuring is evident in the "process whereby the EU exports models of market regulation to CEE, [affecting] the relations between firms, the state, and trade unions",<sup>71</sup> as the EU matures into "the conduit through which the neoliberal social and economic model is being institutionalised" in CEE.<sup>72</sup> In the countervailing tendencies and tensions the

contradiction between historically socialised production and the capitalist system of private appropriation remains the basic contradiction of today's capitalism in CEE.

The dominance of the EU in CEE exports and inward investment,<sup>73</sup> as well as the EU's role as actor in the construction of post-communist politics, clearly underscores the significance of the role played by the EU in the region since the mid 1990s. Through conditionality, the EU acted as "institutional tutor" for the accession candidates, "providing templates, establishing thresholds for membership, and suggesting subsequent adjustments that increase the appeal of policy learning", which established institutional isomorphism and limited the policy menu available.<sup>74</sup> The 1998 Accession Partnerships were even more specific as conditionality for aid and other benefits has been related to meeting the criteria set out in them. Conditionality patently extended EU influence considerably further into domestic policy-making in Poland. As Schimmelfennig and Sedelmeier accurately indicate, "the massive benefits of EU membership being within close reach, the fulfilment of EU *acquis* conditions became the highest priority in CEE policy-making, crowding out alternative pathways and domestic obstacles".<sup>75</sup> The extension of neoliberalisation into CEE through accession negotiations inculcated a particular type of second wave of reforms as the EU had embarked on its own widening and deepening of economic integration.<sup>76</sup> Enlargement and transition coincided with a period of unprecedented liberalisation and deregulation a development synonymous with the optimisation of the macroeconomic environment for transnational capital. The explicit aim was to extend the impact of neoliberal reforms and the influence of European transnational capital. In the EU the "internationalisation of austerity",<sup>77</sup> resulted in a systematic if incomplete dismantling of the social model while in the accession states, the outcome has been ongoing social crisis brought about by reconciling neoliberalisation with the necessity for some form of social safety net.<sup>78</sup>

How might we characterise the inequity of the return to Europe? The negotiation process of accession to the EU provides little scope for an approach that is, to put it bluntly, a one-way street, whereby the candidates have to adjust their legislation, institutions, and policy to that of the EU.<sup>79</sup> This is based on three inter-related processes: first, the EU wishes to see the market reform process advanced to the point of completion in CEE; second, enlargement discourses reify capitalist institutions - and especially the market - so as to close down the categories of political economy and deny their contradictory social constitution, whilst neglecting due consideration of the historicity and contingency of market reform processes; and, third, the EU is engaged in shoring up the hegemony of neoliberal common sense amongst powerful transnational

epistemic communities of experts, policymakers and capitalists, thereby delimiting the space for counter-hegemonic ideologies and limiting the debate on possible alternatives to the market. Examples abound, but the Accession Partnerships changed the European political economy with their threat of conditionality linked to financial aid. More recently Agenda 2000 attempted to ready Poland for membership, but again within the broader context of a hegemonic neoliberalism:

Successive Polish governments have made serious attempts to improve competitiveness by framing policy in a comprehensive medium-term context, integrating macroeconomic and structural policies as well as preparations for EU accession ... an ambitious medium-term programme aiming at export- and investment-led growth, continued disinflation and sound public finance. ... a comprehensive reform ... which focuses on the requirements of EU accession, and more specifically on the need for greater fiscal discipline and the channelling of national savings into investment.<sup>80</sup>

The differences between Poland and the EU remain colossal and the region as a whole is stuck playing catch up with the west. By fetishising the technocratic, incremental and fundamentally depoliticised processes of institutional change and concealing just as much it enlightens, the orthodox literature focused on the application of the *acquis communautaire*, by definition prohibits and evades meaningful debate, discussion and the *political content* of enlargement.<sup>81</sup> Of course, the process is anything but depoliticised, as “neoliberal strategy is centrally concerned with depoliticising economy and society by weakening or removing historically accumulated forms of socialisation”.<sup>82</sup>

The EU has not been tardy in transferring economic and other important issues outside of democratic accountability and promoting the interests of capitalist fractions in Poland. Though democracy and neopopulist responses constrain a neoliberal agenda, the balance is shifted away from the non-capitalist fraction in the negotiation process. The range of actions where CEE states are required to balance promoting capitalist reproduction and guaranteeing social integration is thus narrowed as governments can claim that certain tasks are being performed by technocratic administrative experts beyond their control not subject to arbitrary political whim. Accession has predominantly involved the assimilation of states such as Poland shedding their not-yet-fully-EU status in favour of Europeanness, but Europeanness defined in neoliberal terms.<sup>83</sup> While the applicants deserved membership in principle, actual negotiations were based on a historical and political obligation that could generate benefits for old and new members *if organised appropriately*.<sup>84</sup> As

Burnham explains, depoliticisation is a strategy shaped by governments designed to place “at one remove the political character of decision making”, aiming to simultaneously distance governments from the unpopular consequences of decisions, while retaining arms length control.<sup>85</sup> As such, it is a powerful part of neoliberal ideology aimed at building credibility and consistency with international financial markets, boosting the potential for policy autonomy in line with broader neoliberal trends in the global political economy. The explicitly political content of EU integration has therefore been substituted for technocratic evaluations which have in practice frustrated membership aspirations other than in accordance with the neoliberal blueprint to drive through a similar transformation, albeit sensitive to the combined and uneven nature of development, on a global scale, through reform and expansion of the EU and through engagement with key international development agencies. It is thus more appropriate to see it as a strategic initiative aimed at securing the social relations of capitalist accumulation, ensuring competitiveness not just for Poland, but for capital on a global scale. Development in CEE is characterised by an unevenness not necessarily ameliorated by EU accession. It is the response to these problems the paper now turns to consider.

### **RESISTING NEOLIBERALISM? POLAND’S DISAPPEARING LEFT**

In the first part of this paper I noted a number of problems associated with some recent Gramscian contributions to the analysis of post-communist transition, in particular the western Eurocentrism and elite-driven, top-down nature of some analyses. While admittedly the rest of the paper has to some extent replicated such a top-down focus given its concentration on state, (transnational) capital and EU issues, in this section I want to address this imbalance by exploring the responses of labour to neoliberal hegemony. The section achieves this by looking at the responses of organised labour in Poland.

The position of labour in Poland remains highly contested, split roughly along the following axes: first, labour weakening primarily as an outcome of changed *domestic* state –labour relations;<sup>86</sup> second the formal and informal influence of the EU in the emergence of a post-communist industrial;<sup>87</sup> and third, the influence of comparative reintegration into the global economy.<sup>88</sup> However, the danger in such assessments is the sense that labour is an agency-free, acted upon, category of analysis. Instead the emphasis continues to be on the notion of a bourgeois revolution without a bourgeoisie and an absentee capitalist class in Poland before 1990. Yet, a ruling class did exist in the communist period, who, “even though not having formal ownership of assets had control over them and reaped the benefits of their privileged position in

accessing wide ranging advantages from housing, education to the consumption of material goods.<sup>89</sup>

Under communism unions played a fundamental role in organising society. Social security and the provisions of the welfare state were all filtered through the lens of state socialism with leisure and medical provision, for example, all associated to single enterprise towns and villages. Along with differing degrees of urbanisation and agricultural collectivisation these issues configure a complex set of post-communist social, political and economic arrangements after 1989 that interact with the imperatives of global restructuring. While the interaction is mediated through the domestic institutions of state and labour this mediation is not necessarily symmetrical as organised labour has suffered from intense disorientation and weakening and the reshaping of employment relations in CEE has on the whole been undertaken by unorganised labour to escape the European periphery and transnational social forces continue to intensify implementation of neoliberalisation.<sup>90</sup>

In 1990 the Solidarity leadership saw its role as providing a protective umbrella for “its” government, necessary because of the potential backlash of the effects of Shock Therapy. The initial quiescence of workers can be seen from looking at strike statistics, which fell from 900 in 1989 to 250 recorded in 1990 (half of which were accounted for by strikes on the railway).<sup>91</sup> The restructuring of the economy took a toll on membership as workers were laid off or retired, and the new workplaces based on foreign investments were often aggressive and hostile to workers’ organisations. There were numerous cases of workers being sacked simply for joining a union. As the reality of neoliberalism set in, during the first wave of transition there were strikes in transport and coal and copper mining. In 1991 education workers took industrial action as their wages were held down by an incomes policy which particularly punished public sector workers. There continue to be a large number of protests in education and health care as teachers and nurses demanded better funding and higher pay.<sup>92</sup>

There was a degree of opposition from labour. A series of labour protests in 1991 centred around two major issues: abolition of the wage tax (*popiwek*) and the rise in blue-collar unemployment. Solidarity failed to prevent unemployment but gained some meaningful concessions on the *popiwek*. Balcerowicz admitted the government was fully aware that “the union had to ‘get something’ so they wouldn’t return to their members empty-handed”.<sup>93</sup> The formation of class hegemony remains a struggle between competing social forces to make their specific interests the general interest. There was a struggle between competing formulations of reform in the Solidarity opposition. After 1989 at the national level, although there was little consideration of a third way

between capitalism and communism, there were advocates of an increased role for labour and the state in the transition. Competing social forces do not necessarily indicate that there has been a significant break over the question of transition in Poland. It does however indicate the fault lines for potential divisions. The Balcerowicz Plan was opposed by a number of economists and even certain ministers who called for an active state industrial policy.<sup>94</sup> Similarly, to have identified a single ideological position does not mean that internal splits were impossible. What is revealed though, is the range of potential collective social forces and alliances.

Perhaps a more sanguine note of the current state of Polish labour is struck in Hardy's recent analysis. She claims that old communist era unions have been reinvigorated as well as new formed. Solidarity has realigned its strategy from revisiting privatisation and parliamentary activities, instead rebuilding itself as a workplace organisation.<sup>95</sup> Deeply entrenched hostilities between Solidarity and the communist era official trade union OPZZ (considered to be regime collaborators by many) have also been ameliorated. The impact of the neoliberal assault on labour has been substantial and labour's capacity for mobilisation has been substantially diluted at both national and individual enterprise levels. The pattern of social responses has been "massive exit from the formal economy" and the most frequent rejoinder has been "not strikes but a shift to the informal economy", as labour increasingly embraces the neoliberal project.<sup>96</sup>

The question that this begs is what has happened to the once-dissident class in Poland?<sup>97</sup> It is now overwhelmingly conformist and imbricated into the neoliberal mainstream. The beginning of the problem materialised during opposition which naively focused on an idealised set of values in distinction to communism. This emphasised Western-style political institutions, freedoms and standards of living without consciously promulgating notions of the market or neoliberalism (Zubek, 1997). Demands for democracy were miraculously luxurious, skimming it like cream from the Western economic system (Szacki, 1995: 122). This feature of opposition was replicated after 1989 when the main actors involved had little idea of what they were doing (Staniszki, 1991). Instead the reform process was hijacked when apart from Balcerowicz's neoliberals, the Polish intellectual and political elite lacked a clear programme or vision for reform (Shields, 2003). The turbulence and instability this lack of knowledge inculcated into the postcommunist period can be clearly seen in the changes fortunes of the postcommunist centre-left and rural social forces in particular the communist party successor the Democratic Left Alliance (*Sojusz Lewicy Demokratycznej*, SLD) and their interminable implication in

corruption allegations which has invoked widespread popular dissatisfaction with electoral politics.

Prior to 2004 the Polish political system was characterised by electoral competition between the left, derived from the former communist party, and the right, descendants of the former opposition. A model of reasonable stability and efficiency in governing as well as in a peaceful alternation in power, Poland, and SLD in particular, have been frequently held up as the paradigmatic cases of transforming a former regime party into a modern, electorally successful social democratic party (Grzymala-Busse, 2002; Orenstein, 2001; Grzymala-Busse and Innes, 2003). The astonishing neopopulist surge and growing apathy and alienation from the political system would appear to illustrate the obverse. To briefly sketch the SLD success since 1989, it is worth looking back to 1993 when they returned to power, benefiting from popular disillusionment with the post-transition recession, though they were unconcerned with articulating a genuine alternative to the neoliberal norm, relying on stressing the importance of correct macroeconomic environment. SLD won the 2001 election in coalition with the smaller *Unia Pracy*, the Labour Union, defeating the incompetent Jerzy Buzek-led Solidarity successor party Solidarity Electoral Action (*Akcja Wyborcza Solidarnosc*, AWS). Following that success, despite economic recovery, unemployment remained high and a widespread sense of social and individual dislocation spread throughout Poland. Despite this the two centre-right parties, the neoliberal Civic Platform (*Platforma Obywatelska*, PO) and Law and Justice Party (*Prawo i Sprawiedliwosc*, PiS), failed to offer any serious credible alternative.

Substantial changes began to occur as the 'Rywingate affair' broke on Boxing Day 2002. Prominent Polish film producer Lew Rywin<sup>98</sup> was alleged to have offered Adam Michnik (editor of *Gazeta Wyborcza*, Poland's first and largest post-communist daily newspaper) modifications to a draft law that would have severely curtailed print media access to buying radio and television firms for an appropriate enticement. Throughout Rywin alleged he was acting for a group holding power. From the New Year, televised hearings of the Polish Parliament's Rywin investigation commission opened up 'the murky nexus between business and politics, between legality, sharp practice and corruption', to public examination (Blazyca, 2003: 229).<sup>99</sup> The corruption allegations failed to stop there. SLD and PSL MPs were accused of accepting bribes relating to a new gaming law, in connection to allegations concerning organised crime, money laundering, and corruption in the health service and local government. Further investigative commissions and criminal proceedings corroborated these claims (Szczerbiak, 2007). In May 2004 the second commission investigated circumstances surrounding government interference in the security services to arrest the president of PKN Orlen, Poland's largest energy company. This

extended to include wider government misuse of the security services and matters of Finance Ministry economic supervision and energy security. A third commission commenced in January 2005 examined alleged irregularities in the 1999 privatisation of the insurance giant PZU (Millard, 2006: 1012).

Further neoliberal austerity measures introduced towards the end of 2003 further aggravated the impact of the scandals. Attempts at forming a right wing electoral coalition were abandoned in favour of consolidation around the three main existing parliamentary parties PO, PiS, and the clerical-nationalist League of Polish Families (*Liga Polskich Rodzin* LPR). Of the other main left parties the Polish Peasant Party (*Polskie Stronnictwo Ludowe*, PSL), which, alongside SLD, was often asseverated as a characteristic point of stability in the post-1989 party system (Bakke and Sitter, 2005: 247), was probably the most significant. Despite the EU presenting a major source of hardship for most peasants, from the deregulation and competition of the 1991 European Agreement to subsidised EU food imports, PSL was subject to an abject slide in support. Too closely associated with its coalition partner SLD government, PSL was increasingly marginalised from 2001 and eventually forced out of the coalition. PSL has struggled to maintain a discrete articulation in opposition despite its traditional representation of agricultural interests in Poland as the emergence of *Samoobrona* (Self-defence), questions the very survival of PSL.

The rural party that has proliferated in the postcommunist period is *Samoobrona* with its iconoclastic leader Andrzej Lepper. Formed in 1992 as a trade union to protect heavily indebted farmers *Samoobrona* has directed its ire equally towards other peasant organisations as it has the EU. Lepper accuses all of participating in a state authorised network of rural movements or the tarnished nomenklatura-run postcommunist political system. *Samoobrona*, as a rural anti-EU party received a surge in support capitalising on the waning SLD and PSL. *Samoobrona* is uniformly anti-Communist and anti-Solidarity and a major discontinuity with what it considers to be a Warsaw-Brussels status quo. The party only had one per cent of the vote and no seats in the 1997 election but by 2001 won 53 seats. Lepper and his colleagues did even better in the following year's local elections. It not only draws from its own peasant constituency but increasingly, it correlates with opposition against privatisation, the EU and foreign capital. *Samoobrona* expresses the fears of a petty bourgeois class whose experience of capitalism has been negative: market stall holders, debt ridden farmers, small businesses, office workers and the former worker aristocracy from the sunset sectors threatened by mass unemployment (McManus-Czubinska *et al.*, 2003; Krok-Paszowska, 2003). Given the failure of post-communist unions to resist the worst excesses of neoliberalism, the next section explores how resistance has coagulated around a set of nationalist, populist social forces.

## RESISTING NEOLIBERALISM? HOW THE “TROUBLEMAKERS” CAME TO POWER

During the immediate transition from state socialism to capitalism, one of the most conspicuous characteristics of postcommunist Poland was the paradox of a radical, intransigent anti-communist ideology and the principle of compromise that empowered the peaceful transfer of political power at the Round Table talks in 1988-89. The left oriented position was common in Solidarity during 1980-81, but the postcommunist successor regimes have been neoliberal and elitist.<sup>100</sup> All of this also happened out of contact from the main population, insulated away from the main population in Round Table discussions where the dissidents were co-opted (Kaminski and Soltan, 1989). What has changed is that those not co-opted, the troublemakers, are now in power.

Resistance to neoliberalism in Poland has been centred on a set of anti-political, populist gestures associated with the emergence of a new right and the steady disappearance of the old left since 1989. However, the populist turn embraces a range of diverse and often contradictory political beliefs. As Colas warns, it is

at once a derivative and self-sustaining category; a social movement and an expression of state authority; a revolutionary and conservative form of politics; at times marginal, on other occasions a determining historical phenomenon, the term ‘populism’ can mean different things to different people in different contexts.<sup>101</sup>

Poland’s neopopulists have divided and simplified the social world into two distinct camps by championing the *people* over what Laclau termed ‘the dominant ideology’ (Laclau, 1977: 173). The disparate and heterogeneous demands that constitute the movement have been unified and stabilised under the simplifying logic of exorcising the past to defend the future. The Kaczynskis pledged to end corruption and focus on restoring the moral integrity of Poland that was discarded under communist rule and ignored subsequently during the transition.

On the whole the social forces that offer effective resistance to the current neoliberal variant of EU enlargement are nationalist and xenophobic. The September 2001 elections in Poland introduced two outspoken nationalist, xenophobic and anti EU-parties, the League of Polish Families (LPR) and *Samobrona* (Self Defence) with its iconoclastic leader Andrzej Lepper, into the Polish Parliament whose constituency is predominantly those who have lost most in the transition. The strength of nationalism and xenophobia reflects a broader weakness of technocratic elite social forces to offer effective solutions to

the key problematic social issues of high unemployment and social polarisation in an ever widening gap between the winners and losers of transition societies.<sup>102</sup> Recession is often *wittingly* brought about by governments wishing to decompose labour into a more readily exploitable source of labour power through the imposition of scarcity through austerity – decomposition also having the effect of undermining class consciousness and solidarity. Mechanisms within the EU (such as the ERM) help national states to discipline workers and a large pool of cheap, educated labour in the new members further disciplines western EU workers. Recession is not simply an unfortunate outcome of neoliberal restructuring in transition and enlargement but an integral part of the strategy. Politically, as Mudde claims,

It is only a matter of time before political entrepreneurs in the region will put two and two together, and try to politicize the center-periphery divide by pointing to larger socio-economic and cultural differences. The EU could provide the perfect external enemy to give this argumentation a classic populist spin.<sup>103</sup>

For many, these problems have exacerbated class tensions in Poland and fostered the populist “syndrome of an abandoned society” that prior to the 2005 elections has been addressed principally within a discourse of the stolen revolution.<sup>104</sup> The surprise election in 2005 of the ultra-conservative Prawo i Sprawiedliwosc, (PiS) (Law and Justice Party), has signalled the collapse of former left parties as the obvious party of choice for the malcontent losers of transition. SLD, in government since 2001, had its image irretrievably tarnished by a succession of high-profile corruption scandals and achieved a mere 11% of the vote. The Polish Social Democrats (Socjaldemokracja Polska, SdPL), a new party established by dissenting SLD members, failed to clear the 5% hurdle and did not qualify for Parliament. Instead, this former constituency turned to the populist Samoobrona, the League of Polish Families (Liga Polskich Rodzin, LPR) known for its high profile attacks on gay rights, favours reintroducing the death penalty, and demands a complete ban on abortion, and the Polish Peasants’ Party (Polskie Stronnictwo Ludowe, PSL).

The populists pledged to end corruption and focus on restoring the moral integrity of Poland that had been discarded communist rule and ignored in the early transition. The populist coalition of PiS, Samoobrona and LPR promised a moral revolution adopting an anti-EU position that resonates deeply with long held Polish fears over sovereignty from the 1920s and 1930s. As Janos relates, a hegemonic process of “imperative coordination” has emerged in which liberalisation and democratisation are joined by populist historically generated security objectives exacerbated by divisions between a national rural people and

an urban, cosmopolitan elite; all posited within the contemporary context of national anti-EU sentiment set in contradistinction to an international pro-EU elite who failed so conspicuously in reconstructing Poland's economy and ridding the "nation" of the remnants of communism.<sup>105</sup> The "paranoid style" also rejected the economic problems associated with Shock Therapy and neoliberalism.<sup>106</sup> Oft-repeated historical parallels drawn on today include the May 1926 coup in Poland which inaugurated what has become known as the period of *sanacja* or 'cleansing' and moral action (Plach, 2006: 2). Currently emblematic of the sovereignty paranoia is Polish attitudes to foreign (i.e. EU and German) land ownership (Tesser, 2004), and the government's more recent support for deployment of US missile defence bases in eastern Poland (to guarantee security from Russia). As Smolar relates it, 'their identity, in a political, economic, and social sense, has been moulded around the rejection of this model'.<sup>107</sup> What are the wider political economy implications of this? Did the Kaczynski government signal a clear and decisive resistance to neoliberalism? Smolar, continues,

The defining characteristics of this government are its verbal radicalism, its untiring attacks on various different groups of society, and the announcement of all-decisive changes at the same time as inaction in the economic and social sectors.<sup>108</sup>

The suspicion must be that the nascent Polish middle class is polymorphous and gains expression through a variety of hybrid forms that do not conform to neoliberal ideal types, and some reconciliation between Poland's middle class and the populist rejection of neoliberalism seems plausible in a way as it is in Latin America. As illustration of the strength of the emerging neopopulist discourse even PO, direct descendants of the neoliberal line attempted to realign along more socially conservative lines altering the party's approach to the EU, in particular opposing the new voting provisions contained in the EU constitutional treaty, which would have been less favourable to Poland.<sup>109</sup> This rearticulation of neoliberalism benefited PO in the short run when it emerged as the most popular party in opinion polls at the beginning of 2004 and won the largest share of the vote in the June 2004 European Parliament election and the subsequent 2007 general election. The outcomes of neoliberalism at the national level are a complex series of negotiations reconciling neoliberalism-in-general with institutional hybridity, path specificity and uneven development in, but not exclusive to, the national social formation. All neoliberal transitions are thus distinctive and may walk hand in hand with populist forces, but each case negotiates its own re-authoring of the relationship between the national and the global.

## CONCLUSIONS

This paper has explored the implications for Poland given the contemporary hegemony of neoliberalism. It argued that the first generation of orthodox transitological studies of CEE, the off the peg application of the Washington Consensus previously applied in the Third World and Latin America, had four components: liberalisation, stabilisation, privatisation and internationalisation. This constituted a stylised form of transition treating it as an axiomatically linear process offering a pragmatic, one-dimensional toolkit to solve the problems of the sclerotic Polish economy. At best this provided a set of misguided signposts to follow and, at worse, contributed to the sobering wholesale impoverishment of large proportions of the population as illustrated in the Sachs-Balcerowicz Plan. Despite the mistakes made, this orthodox continued to hold sway in crucial areas like the EU and the finance ministries of the region. Second the paper argued that the changes invoked during transition are also part of a wider series of neoliberal reforms being implemented around the world. EU membership with its prospective application of the European social model failed to ameliorate the present disparities in development as the ideological and policy environment for all transition states, not just Poland, remains profoundly embedded in the technical application of neoliberalism. In the Polish case, EU accession, rather like the initial transition process, is strengthening the neoliberal historical bloc but simultaneously engendering resistance to the hardships spawned by Warsaw, or Brussels-directed reforms. In a more abstract sense the paper begins to develop a theoretical critique of the post-communist state and interrogate its role in the contestation of neoliberalism. Poland provides an excellent contemporary example of a post-communist transition state in the global political economy having pursued fundamental changes within national economic, political, and social spheres of life. At a time when the post-communist state has been comprehensively rolled back; and economic management depoliticised – recent events have challenged this. Therefore discussion of where the transition states *fit* in the global political economy remains vital as the experience of transition and EU enlargement in Poland and CEE might help consolidate our understandings of other recent transformations of the state in an epoch of neoliberal globalisation and possible progressive alternatives.

Finally, I want to suggest three possible future scenarios generated by this discussion. First, further Europeanisation along the lines of the European social model, however, as the paper shows, Europeanisation is configuring intensified inter and intra class tensions. Second, re-nationalisation, as currently implied by the surfacing of disparate alliances between labour, capital and

governments at the national level in the name of national competitiveness and the importance of national sovereignty. This is however, a destructive rather than a progressive response. This leaves a third option of deeper and wider neoliberalisation, as enlargement does not foster neo-corporatist practices, but instead emphasises divergences between social forces on the future of European integration. The fragmentation of the European neoliberal political economy enhances neither national nor European-level alliances and is instead consistent with the latter neoliberal scenario. In strategic terms the additional disadvantage is the danger that by postponing political debate until it is too late, the default option will be the neoliberal model even further entrenched in both east and west.

## NOTES

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<sup>1</sup> Notable exceptions would include Hugo Radice, "The Role of Foreign Direct Investment in the Transformation of Eastern Europe", in Ha-Joon Chang and Peter Nolan (ed.), *The Transformation of the Communist Economies: Against the Mainstream* (London: Macmillan, 1995), pp. 282-310; Peter Gowan, "Neo-Liberal Theory and Practice for Eastern Europe", *New Left Review*, No. 213 (1995), pp. 3-60; Simon Clarke *et al.*, *What About the Workers? Workers and the Transition to Capitalism in Russia* (London: Verso, 1993); Jane Hardy and Al Rainnie, *Restructuring Krakow: Desperately Seeking Capitalism* (London: Mansell, 1996); Adrian Smith and Adam Swain, "Regulating and Institutionalising Capitalisms: The Micro-Foundations of Transformation in Eastern and Central Europe", in John Pickles and Adrian Smith (eds.), *Theorising Transition: The Political Economy of Post-Communist Transformations* (London: Routledge, 1998), pp. 25-53; though I would hesitate to describe any of them as IR/IPE.

<sup>2</sup> By CEE I mean Poland, Hungary, Slovakia and the Czech Republic. The argument applies here more so than further east where there I would contend different historical development of state-society complex, class relations and capitalism preclude direct comparison. For example see Daniel Chirot, (ed.) *The Origins of Backwardness in Eastern Europe: Economics and Politics from the Middle Ages until the Early Twentieth Century* (Berkeley: University of California Press, 1989); Ivan Berend, *Central and Eastern Europe, 1944-1993: Detour from the Periphery to the Periphery* (Cambridge: Cambridge University Press, 1996). Specifically on Poland's relation to the historical conditions of global structural change see Stuart Shields, "Historicizing Transition: The Polish Political Economy in a Period of Global Structural Change - Eastern Central Europe's Passive Revolution?" *International Politics* Vol. 43, No. 4 (2006), pp. 474-499.

<sup>3</sup> Walter L. Adamson, *Hegemony and Revolution: A Study of Antonio Gramsci's Political and Cultural Theory* (Berkeley: University of California Press, 1980), p. 186.

<sup>4</sup> Adam D. Morton, "Structural Change and Neoliberalism in Mexico: 'Passive Revolution' in the Global Political Economy", *Third World Quarterly*, Vol. 24, No. 4 (2003), p. 632.

<sup>5</sup> On CEE see Dorothee Bohle, "Erweiterung und Vertiefung der EU: Neoliberale Restrukturierung und Transnationales Kapital", *PROKLA* 128, Vol. 32, No. 3 (2002), pp. 353-379; Andreas Bieler, "The Struggle over EU Enlargement: A Historical Materialist Analysis of European Integration", *Journal of European Public Policy*, Vol. 9, No. 4 (2002), pp. 575-597; Otto Holman, "Integrating Peripheral Europe: The Different Roads to 'Security and Stability' in Southern and Central Europe", *Journal of International Relations and Development*, Vol. 7, No.

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2 (2004), pp. 208-236; Stuart Shields, "The 'Charge of the Right Brigade': Transnational Social Forces and the Neoliberal Configuration of Poland's Transition", *New Political Economy* Vol. 8, No. 2 (2003), pp. 225-245; Arjan Vliegthart and Laura Horn, "The Role of the EU in the (Trans) Formation of Corporate Governance Regulation in Central Eastern Europe the Case of the Czech Republic", *Competition and Change* Vol. 11, No. 2 (2007), pp. 137-154.

<sup>6</sup> Antonio Gramsci, *Selections from the Prison Notebooks* (London: Lawrence and Wishart, 1971), p. 12-13; Craig Murphy, *International Organization and Industrial Change: Global Governance since 1850* (Cambridge: Polity Press, 1994), p. 31.

<sup>7</sup> For very different perspectives on the implications of class analysis and post-communism see *inter alia* Gil Eyal, Ivan Szelenyi and Eleanor Townsley, *Making Capitalism without Capitalists: Class Formation and Elite Struggles in Post-Communist Central Europe* (London: Verso Books, 1998); Andrew Herod, "Impacts of the Transition on Unions in Eastern Europe", in Berthold Unfried and Marcel van der Linden (eds.), *Labour and New Social Movements in a Globalizing World Tagungsberichte 38* (Leipzig: Akademische Verlagsanstalt, 2004), pp. 139-154; Jane Hardy, "The Transformation of Post-Communist Economies in a Globalised Economy; the Case of Poland", *Research in Political Economy*, Vol. 24 (2007) pp. 131-162; Stuart Shields, "Global Restructuring and the Polish State: Transition, Transformation, or Transnationalization?" *Review of International Political Economy*, Vol. 11, No. 1 (2004), pp. 132-154; Michael Burawoy, "Transition without Transformation: Russia's Involutionary Road to Capitalism", *East European Politics and Societies* Vol. 15, No. 2 (2001), pp. 269-290; Stephen A. Resnick and Richard D. Wolff, *Class Theory and History: Capitalism and Communism in the USSR* (New York: Routledge, 2002).

<sup>8</sup> In a non-functionalist sense, Sachs' work is the template for transition. Recognising it as such, helps identify the ideational chain within the hegemonic structure. To paraphrase Murphy, Sachs provides the ideological cement for the construction of the neoliberal historic bloc in Poland; see Murphy, *op cit.*, pp. 26-29, for the architectural analogy.

<sup>9</sup> While many Europeanists now consider the baton of reform to have been passed from the institutions of the Washington consensus to those of the Brussels consensus, e.g. Milada Anna Vachudova, *Europe Undivided: Democracy, Leverage, and Integration after Communism* (Oxford: Oxford University Press, 2005), see World Bank, *Country Partnership Strategy with the Republic of Poland, Report No. 31702 - PL* (Washington: World Bank, 2005); World Bank, *Country Assistance Strategy for the Republic of Poland, Report No. 24783-Pol* (Washington: World Bank, 2002) for clear illustration of the wide array of input from other non-EU neoliberal institutions. The latter provides a particularly straightforward matrix

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that includes operations executed by the World Bank, EU, European Investment Bank, European Bank for Reconstruction and Development, IMF and OECD as well as lesser activities associated with the UK Know How Fund, UNDP, and Global Environment Facility. Some of the issues related to this are discussed in Stuart Shields, "How to Make Transition Economies Work' the Global Promotion of Competitiveness and the European Bank for Reconstruction and Development", *Second World International Studies Conference, University of Ljubljana, Slovenia, (23-26 July 2008)* and Stuart Shields, "From the Washington Consensus to the Brussels Consensus: Regional Arrangements for the Promotion of Global Competitiveness in Post-Communist Europe", *Fourth ECPR Conference, Pisa, (6-8 September 2007)*; see also Paul Cammack, "The Politics of Global Competitiveness", *Institute for Global Studies, Manchester Metropolitan University, espace Open Access Repository Papers in the Politics of Global Competitiveness No. 1 Vol. (2006)*.

<sup>10</sup> Dorothee Bohle and Bela Greskovits, "Capitalism without Compromise: Strong Businesses and Weak Labor in Eastern Europe's New Transnational Industries", *Studies in Comparative International Development*, Vol. 41, No. 1 (2006), pp. 3-25. As van Apeldoorn notes that the European variant of neoliberalism is embedded "to the extent that it recognizes the limits of laissez-faire, ... and accepts that certain compromises need to be made", Bastiaan van Apeldoorn, "The Struggle over European Order: Transnational Class Agency in the Making of 'Embedded Neoliberalism'", in Andreas Bieler and Adam D. Morton (ed.), *Social Forces in the Making of the New Europe. The Restructuring of European Social Relations in the Global Economy* (Basingstoke: Palgrave, 2001), p. 82.

Mainstream approaches tend to conceptualise these emerging forms of governance as Europeanisation, comparing them directly to similar developments during previous enlargements of the EU which provide a clear set of guidelines and lessons for CEE to learn from. This is obviously a developing literature but for a number of defining statements see inter alia Wade Jacoby, "Tutors and Pupils: International Organizations, Central European Elites, and Western Models", *Governance*, Vol. 14, No. 2 (2001), pp. 169-200; Antoaneta L. Dimitrova, (ed.), *Driven to Change: The European Union's Enlargement Viewed from the East* (Manchester: Manchester University Press, 2004); Frank Schimmelfennig and Ulrich Sedelmeier, *The Europeanization of Central and Eastern Europe* (Ithaca, NY: Cornell University Press, 2005); Rachel Epstein, "Cultivating Consensus and Creating Conflict: International Institutions and the (De)Politicization of Economic Policy in Postcommunist Europe", *Comparative Political Studies*, Vol. 39, No. 8 (2006), pp. 1019-1042; James Hughes, Gwendolyn Sasse and Claire E. Gordon, *Europeanization and Regionalization in the EU's Enlargement to Central and*

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*Eastern Europe: The Myth of Conditionality* (Basingstoke: Palgrave Macmillan, 2004); Frank Schimmelfennig, "Norms, Rhetorical Action, and the Eastern Enlargement of the European Union", *International Organization* Vol. 55, No. 1 (2001), pp. 47-80; Frank Schimmelfennig and Ulrich Sedelmeier, *The Politics of European Union Enlargement: Theoretical Approaches* (London: Routledge, 2005).

<sup>11</sup> Paul Kubicek, *Organized Labor in Postcommunist States: From Solidarity to Infirmary* (Pittsburgh: University of Pittsburgh Press, 2004; Marc Ellingstad, "The Maquiladora Syndrome: Central European Prospects", *Europe-Asia Studies*, Vol. 49, No. 1 (1997), pp. 7-21; Roderick Martin, "Central and Eastern Europe and the International Economy: The Limits to Globalisation", *Europe-Asia Studies*, Vol. 50, No. 1 (1998), pp. 7-26; Iliana Zloch-Christy, *Eastern Europe and the World Economy: Challenges of Transition and Globalization* (Cheltenham: Edward Elgar, 1998).

<sup>12</sup> Jacques Rupnik, "Eastern Europe: The International Context", *Journal of Democracy*, Vol. 11, No. 2 (2000), p. 115.

<sup>13</sup> See the selection of cases used in Vachudova, *op cit.*; or Antoaneta Dimitrova and Geoffrey Pridham, "International Actors and Democracy Promotion in Central and Eastern Europe: The Integration Model and Its Limits", *Democratization*, Vol. 11, No. 5 (2004), pp. 91-112.

<sup>14</sup> Carl-Ulrik Schierup, "The Spectre of Balkanism: Globalisation, Fragmentation and the Enigma of Reconstruction in Post-Communist Society", in Carl-Ulrik Schierup (ed.), *Scramble for the Balkans Nationalism, Globalism and the Political Economy of Reconstruction* (Basingstoke: Palgrave, 1998), pp. 1-32; Nikolai Genov, "Global Trends and Eastern European Societal Transformations", *International Social Science Journal*, Vol. 52, No. 166 (2000), pp. 539-547.

<sup>15</sup> Martin, *op cit.*, p. 8.

<sup>16</sup> Michael Burawoy, "The State and Economic Involution: Russia through a Chinese Lens", *World Development*, Vol. 24, No. 6 (1996), p. 1106.

<sup>17</sup> Hugo Radice and Stuart Shields, "Globalization and Regionalization: Reconfiguring the Central and Eastern European Political Economy", *Spotkania Europejskie*, Vol. 1 No. 2 (2008).

<sup>18</sup> Bastiaan van Apeldoorn, "Transnational Class Agency and European Governance: The Case of the European Round Table of Industrialists", *New Political Economy*, Vol. 5, No. 2 (2000), pp. 157-181; Andreas Bieler, "European Integration and the Transnational Restructuring of Social Relations: The Emergence of Labour as a Regional Actor?" *Journal of Common Market Studies*, Vol. 43, No. 3 (2005), pp. 461-484.

<sup>19</sup> The concept of control is a rallying point for a (ruling) class fraction, a comprehensive framework of thought and action that configures the limits of the

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possible in a given social situation. It is integrated and organised to safeguard the interests of particular classes and connotes a managerial and a power relationship. The concept of control is only successful or hegemonic when the particular concept is translated from a specific interest into a general interest. Therefore hegemony is the extent that a class (fraction) can articulate different visions of the world to ameliorate potential antagonisms. This is the expression of the structural/behavioural power of capital, what Gramsci termed the historical bloc originating from the socio-economic relationships between different fractions of the bourgeoisie and labour. The organisational and institutional framework for this is the state. To be effective, concepts of control are transmitted into domestic and foreign policy at the state level with the state acting as the political platform for the articulation of concepts of control and the general safeguarding of bourgeois hegemony. Concepts of control become hegemonic by expressing the general interest through the incorporation and neutralisation of competing visions.

<sup>20</sup> Kanishka Jayasuriya, *Reconstituting the Global Liberal Order: Legitimacy and Regulation* (London: Routledge, 2005).

<sup>21</sup> Robert W. Cox, "Social Forces, States and World Orders: Beyond International Relations Theory", *Millennium: Journal of International Studies*, Vol. 10, No. 2 (1981), pp. 126-155.

<sup>22</sup> Jayasuriya, *op. cit.*, p. 23.

<sup>23</sup> On methodological considerations in the area studies literature see recent statements by Arista Maria Cirtautas, "The Post-Leninist State: A Conceptual and Empirical Examination", *Communist and Post-Communist Studies*, Vol. 28, No. 4 (1995), pp. 379-392; J. Gans-Morse, "Searching for Transitologists: Contemporary Theories of Post-Communist Transitions and the Myth of a Dominant Paradigm", *Post-Soviet Affairs*, Vol. 20, No. 4 (2004), pp. 320-349; Vladimer Papava, "On the Theory of Post-Communist Economic Transition to Market", *International Journal of Social Economics*, Vol. 32, No. 1-2 (2005), pp. 77-97; Steven Saxonberg and Jonas Linde, "Beyond the Transitology-Area Studies Debate", *Problems Of Post-Communism*, Vol. 50, No. 3 (2003), pp. 3-16.

<sup>24</sup> Randall Germain and Michael Kenny, "Engaging Gramsci: International Relations Theory and the New Gramscians", *Review of International Studies*, Vol. 24, No. 1 (1998), p. 3.

<sup>25</sup> *Ibid.*, see also recent work by John M. Hobson, "Is Critical Theory Always for the White West and for Western Imperialism? Beyond Westphalian towards a Post-Racist Critical IR", *Review of International Studies*, Vol. 33, No. S1 (2007), pp. 91-116; and the debate in and between Andreas Bieler, Werner Bonefeld, Peter

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Burnham and Adam D. Morton, *Global Restructuring: State, Capital and Labour* (London: Palgrave Macmillan 2006).

<sup>26</sup> Gramsci, *op. cit.*, p. 377.

<sup>27</sup> *Ibid.*, p. 57-58.

<sup>28</sup> *Ibid.*, p. 161; and Mark Rupert, *Producing Hegemony: The Politics of Mass Production and American Global Power* (Cambridge: Cambridge University Press, 1995), p. 80-81.

<sup>29</sup> Enrico Augelli and Craig Murphy, *America's Quest for Supremacy and the Third World* (London: Pinter, 1988), p. 13-29, and p. 35-41.

<sup>30</sup> *Ibid.*, p. 21.

<sup>31</sup> Robert W. Cox and Timothy J. Sinclair, *Approaches to World Order* (Cambridge: Cambridge University Press, 1996), p. 517-518.

<sup>32</sup> Kees van der Pijl, *Transnational Classes and International Relations* (London: Routledge, 1998), especially chapter 1.

<sup>33</sup> *Ibid.*, and also van der Pijl, "Capital and the State System: A Class Act", *Cambridge Review of International Affairs*, Vol. 20, No. 4 (2007), p. 621-625.

<sup>34</sup> Otto Holman, "The Enlargement of the European Union Towards Central and Eastern Europe: The Role of Supranational and Transnational Actors", in Andreas Bieler and Adam D. Morton (eds.), *Social Forces in the Making of the New Europe: The Restructuring of European Social Relations in the Global Economy* (Basingstoke: Palgrave, 2001), p. 169.

<sup>35</sup> Gramsci *op. cit.*, p. 241.

<sup>36</sup> Philip McMichael, "Incorporating Comparison within a World-Historical Perspective: An Alternative Comparative Method", *American Sociological Review*, Vol. 55, No. 3 (1990), p. 396. I am grateful to Heloise Weber for directing me to towards this reference.

<sup>37</sup> Cited in Mark Rupert, "(Re-)Engaging Gramsci: A Response to Germain and Kenny", *Review of International Studies*, Vol. 24, No. 03 (1998), p. 432.

<sup>38</sup> Andreas Bieler and Adam D. Morton, "Globalisation, the State and Class Struggle: A 'Critical Economy' Engagement with Open Marxism", *British Journal of Politics and International Relations*, Vol. 5, No. 4 (2003), p. 489.

<sup>39</sup> See the discussion in Alex Nunn, "Competitiveness and the New Labour Project", *Papers in the Politics of Global Competitiveness*, No 8 (September 2007).

<sup>40</sup> Gramsci, *op. cit.*, p. 181-182.

<sup>41</sup> Holman, "The Enlargement of the European Union towards Central and Eastern Europe: The Role of Supranational and Transnational Actors", *op. cit.*

<sup>42</sup> Bieler, "The Struggle over EU Enlargement: A Historical Materialist Analysis of European Integration", *op. cit.*

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<sup>43</sup> Eyal, *et al*, *Making Capitalism without Capitalists: Class formation and elite struggles in Post-Communist Central Europe*, *op. cit.*, Shields "The 'Charge of the Right Brigade': Transnational Social Forces and the Neoliberal Configuration of Poland's Transition", *op. cit.*, and Burawoy, "The State and Economic Involution: Russia through a Chinese Lens", *op. cit.*

<sup>44</sup> Accepting \$1 million from the US Congress in 1987 according to Jane Hardy and Andrzej Zebrowski, "Poland and the New Europe", *International Socialism*, Vol., No. 108 (2005).

<sup>45</sup> Jeffrey Sachs, "What Is to Be Done?" *The Economist* Vol. 13th January (1990). It is surely no accident that Sachs' paper so closely follows Mitterrand's 1990 New Year speech that outlined his alternative pan-European vision of the future.

<sup>46</sup> Andrzej W. Tymowski, "Poland's Unwanted Social Revolution", *East European Politics and Societies*, Vol. 7, No. 2 (1993), p. 187-188.

<sup>47</sup> Jeffrey Sachs, *Poland's Jump to the Market Economy* (Cambridge: MIT Press, 1993), p. 83.

<sup>48</sup> Balcerowicz derived the term shock therapy from behavioural psychologist Leon Festinger. The austerity of the plan was based on Festinger's notion that human beings adapt faster to radical change rather than to incremental, see Leon Festinger, *A Theory of Cognitive Dissonance* (Stanford: Stanford University Press, 1957); Leszek Balcerowicz, *Socialism, Capitalism, Transformation* (Budapest: Central European University Press, 1995), ch. 1 & 15.

<sup>49</sup> Balcerowicz, *op. cit.*, p. 233.

<sup>50</sup> Jane Hardy, "Bending Workplace Institutions in Transforming Economies: Foreign Investment in Poland", *Review of International Political Economy*, Vol. 13, No. 1 (2006), p. 136.

<sup>51</sup> Sachs proposes that Western governments must provide "leadership and vision, and far more generous financial support" to CEE. However, the fundamental support from the West is "[incorporating] the East European countries into a common European market", Sachs, "What is to be done" *op. cit.*, p. 24. There is also some discussion of debt relief and development support. But Sachs is essentially optimistic concerning CEE's future.

<sup>52</sup> *Ibid.*, and echoed in Balcerowicz, *op. cit.*, p. 186-199, where "various roads" of transition are collapsed into a typology of privatisation strategies.

<sup>53</sup> Sachs, "What is to be done" *op. cit.*, p. 24, on earlier reforms see also Batara Simatupang, *The Polish Economic Crisis: Background, Causes, and Aftermath* (London: Routledge, 1994). As Berend notes, the Soviets could not halt the erosion of the system from the mid-1970s, so that state socialism in the FSU had "lost all its previous advantages and modernizing dynamism", Berend, *op. cit.*, p. 78. It was clear that while earlier piecemeal and half-hearted attempts at reform

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were insufficient real change was delayed until the late 1980s and early 1990s when discussions in Poland and Hungary were of entire systemic change Andrzej Korbonski, "The Politics of Economic Reforms in Eastern Europe: The Last Thirty Years", *Soviet Studies*, Vol. 41, No. 1 (1989), pp. 1-19. One rationale for this is that the Stalinist form of economic model was only imposed after 1945 in contrast to the FSU, see Paul R. Gregory, *The Political Economy of Stalinism: Evidence from the Soviet Secret Archives* (Cambridge: Cambridge University Press, 2003), whereas in CEE reforms were repeatedly attempted so CEE has an historical memory of capitalism, the market and an autonomous political reality.

<sup>54</sup> Jeffrey Sachs, *Understanding 'Shock Therapy'* (London: Social Market Foundation, 1994), p. 15, my emphasis.

<sup>55</sup> *Ibid.*

<sup>56</sup> Burawoy, "The State and Economic Involution: Russia through a Chinese Lens", *op. cit.*, p. 1106.

<sup>57</sup> Compare Sachs, *Poland's Jump to the Market Economy* *op. cit.*, with World Bank, *Transition: The First Ten Years. Analysis and Lessons for Eastern Europe and the Former Soviet Union* (Washington DC: World Bank, 2002), and the progress report in EBRD, *Transition Report 2006* (London: EBRD 2007).

<sup>58</sup> One illustration of the strength of Balcerowicz's international reputation is this radio interview with Georgian president Eduard Shevardnadze broadcast in August 2000; the transcript reads

"The invitation for Leszek Balcerowicz to come to Georgia is a sign of things to come. It by no means suggests that we do not trust Georgian experts. However, no-one should be offended when reminded of the importance of professionalism, experience, international reputation and other such factors. Balcerowicz is a well-known figure throughout the world. This is very important for our country, especially for our reputation and influence among international investors".

Clearly Balcerowicz now also has his own significant imprimatur alongside the IFIs, Georgia Daily Digest, online at

<http://www.eurasianet.org/resource/georgia/hypermail/200008/0035.html>.

Balcerowicz has been mentioned informally a number of times as a potential head of a significant international organisation.

<sup>59</sup> Government of Poland *Memorandum of the Government of Poland on Economic Reform and Medium-Term Policies, 1991-1993*, (March 25<sup>th</sup> 1991).

<sup>60</sup> One of Balcerowicz's favourite phrases according to Maciej Kabaj and Tadeusz Kowalik, "Who Is Responsible for Postcommunist Successes in Eastern Europe?" *Transition*, Vol. 6, No. 7-8 (1995), p. 7.

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<sup>61</sup> Ben Slay, *The Polish Economy: Crisis, Reform, and Transition* (London: Princeton University Press, 1994), p. 113.

<sup>62</sup> *Zalozenia polityki społeczno-gospodarczej*, ('Principles of Socio-Economic Development'), (Warsaw: Polska Agencja Prasowa, February 15<sup>th</sup> 1992) and Auxiliary Planning Document (1992) *Zalozenia polityki społeczno-gospodarczej 1992-1994*, March.

<sup>63</sup> Slay *op. cit.*, p. 114.

<sup>64</sup> Michael Lindemann, "New Government Signals Intention to Slow Down Privatization Process", *Associated Press*, (January 6<sup>th</sup> 1992).

<sup>65</sup> Suchocka was a relatively unknown political figure, who was acceptable because of the antipathy toward more prominent reformers. To strengthen support for her government, she drew heavily on the first three Solidarity governments, and included well-known figures Jacek Kuron and Janusz Onyszkiewicz of the Democratic Union, Bielecki of the Liberal Democratic Congress, Eysymontt of the Polish Economic Programme, and independent Krzysztof Skubiszewski in the cabinet. For Balcerowicz's ringing endorsement see Balcerowicz, *op. cit.*, p. 300.

<sup>66</sup> Gramsci, *op. cit.*, p. 16.

<sup>67</sup> Heather Grabbe, "How Does Europeanisation Affect Central Eastern European Governance? Conditionality, Diffusion and Diversity", *Journal of European Public Policy*, Vol. 8, No. 4 (2001), p. 1017-1018. This situation echoes the treatment of CEE following 1989 when the UK and US governments insisted on a transition process configured through bilateral relations Shields, "Global Restructuring and the Polish State: Transition, Transformation, or Transnationalization?" *op. cit.*

<sup>68</sup> See contributions to Andreas Bieler and Adam D. Morton, (eds.), *Social Forces in the Making of the New Europe: The Restructuring of European Social Relations in the Global Political Economy* (Basingstoke: Palgrave, 2001) and Alan W. Cafruny and Magnus Ryner, *A Ruined Fortress? Neoliberal Hegemony and Transformation in Europe* (Oxford: Rowman & Littlefield, 2003).

<sup>69</sup> The term depoliticisation is used to describe a process whereby important functions of economic management deemed vital to the more interventionist post-war era of state management of the economy (monetary policy, trade policy, etc), are removed from centralised state control and placed in the remit of 'objective' institutions, technocrats, or juridical frameworks, thereby insulating policymakers from political pressures and 'locking in' key reforms by making the future reversal of reforms unlikely or, often, illegal. It is also worth reiterating the added dimension, given Poland's revolutionary history, which emerges when one considers depoliticisation as a process of the recomposition of the

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state, the opposite of incorporation as a state management strategy, and a means of dispelling political confrontation from within the ambit of state institutions.

<sup>70</sup> Jacques Rupnik, "From Democracy Fatigue to Populist Backlash", *Journal of Democracy*, Vol. 18, No. 4 (2007), p. 22.

<sup>71</sup> Holman, "Integrating Peripheral Europe" *op. cit.*, p. 225.

<sup>72</sup> Asbjorn Wahl, "European Labour: The Ideological Legacy of the Social Pact", *Monthly Review* Vol. 55, No. 8 (2004), pp. 37-49; though this should not be taken to imply that CEE or Poland are acted upon by the EU as an external agent or indeed as the transmission belt of neoliberalisation into the national state arena *vis* Robert Cox.

<sup>73</sup> For an account of the changes associated with the rearticulation of Polish exports to the EU see Wendy Carlin, Saul Estrin and Mark Schaffer, "Measuring Progress in Transition and Towards EU Accession: A Comparison of Manufacturing Firms in Poland, Romania and Spain", *Journal of Common Market Studies*, Vol. 38, No. 5 (2000), pp. 699-728.

<sup>74</sup> Jacoby, *op. cit.*, p. 171.

<sup>75</sup> Frank Schimmelfennig and Ulrich Sedelmeier, "Governance by Conditionality: EU Rule Transfer to the Candidate Countries of Central and Eastern Europe", *Journal of European Public Policy*, Vol. 11, No. 4 (2004), p. 671; and Guy Standing, "The Babble of Euphemisms: Re-Embedding Social Protection in 'Transformed' Labour Markets", in Al Rainnie, *et al.* (eds.), *Work, Employment, and Transition: Restructuring Livelihoods in Post-Communism* (London: Routledge, 2002), pp. 35-54.

<sup>76</sup> On a second generation of reforms see Bob Deacon, "Eastern European Welfare States: The Impact of the Politics of Globalization", *Journal of European Social Policy*, Vol. 10, No. 2 (2000), pp. 146-161.

<sup>77</sup> Holman, "Integrating Peripheral Europe" *op. cit.*, p. 225.

<sup>78</sup> Attila Agh, *The Politics of Central Europe* (London: Sage, 1998), p. 56-57.

<sup>79</sup> For an excellent overview see Grabbe *op. cit.*

<sup>80</sup> European Commission, Agenda 2000 - Commission Opinion on Poland's Application for Membership of the European Union 15th July Doc/97/16, (Brussels: European Commission, 1997), p. 33.

<sup>81</sup> See contributions to Dimitrova, *op. cit.*

<sup>82</sup> Jamie Gough, "Changing Scale as Changing Class Relations: Variety and Contradiction in the Politics of Scale", *Political Geography*, Vol. 23, No. 2 (2004), p. 63.

<sup>83</sup> Merje Kuus, "Europe's Eastern Expansion and the Reinscription of Otherness in East-Central Europe", *Progress in Human Geography*, Vol. 28, No. 4 (2004), p. 473  
Alison Stenning, "Out There and in Here: Studying Eastern Europe in the West", *Area*, Vol. 37, No. 4 (2005), p. 381.

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<sup>84</sup> The resonance with earlier historical manifestations of CEE as the *backwards* part of Europe is clear, "In the Europe of the 1990s Eastern Europe will continue to occupy an ambiguous space between inclusion and exclusion both in economic affairs and in cultural recognition", Larry Wolff, *Inventing Eastern Europe: The Map of Civilization on the Mind of the Enlightenment* (Stanford: Stanford University Press, 1994), p. 9 and also Paul Blokker, "Post-Communist Modernization, Transition Studies, and Diversity in Europe", *European Journal of Social Theory*, Vol. 8, No. 4 (2005), pp. 503-525.

<sup>85</sup> Peter Burnham, "New Labour and the Politics of Depoliticisation", *British Journal of Politics and International Relations*, Vol. 3, No. 2 (2001), p. 128.

<sup>86</sup> David Ost, "Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and Postcommunist Class Identities", *Politics & Society*, Vol. 28, No. 4 (2000), pp. 503-530; Stephen Crowley, "Explaining Labor Weakness in Post-Communist Europe: Historical Legacies and Comparative Perspective", *East European Politics and Societies*, Vol. 18, No. 3 (2004), pp.394-429.

<sup>87</sup> Sarah Vickerstaff and John Thirkell, "Instrumental Rationality and European Integration: Transfer or Avoidance of Industrial Relations Institutions in Central and Eastern Europe?" *European Journal of Industrial Relations*, Vol. 6, No. 2 (2000), pp. 237-251; Guglielmo Meardi, "The Trojan Horse for the Americanization of Europe? Polish Industrial Relations towards the EU", *European Journal of Industrial Relations*, Vol. 8, No. 1 (2002), pp. 77-99.

<sup>88</sup> Bohle and Greskovits, "Strong Businesses and Weak Labor in Eastern Europe's New Transnational Industries", *op. cit.*; Dorothee Bohle and Bela Greskovits, "The State, Internationalization, and Capitalist Diversity in Eastern Europe", *Competition and Change*, Vol. 11, No. 2 (2007), pp. 89-114.

<sup>89</sup> Hardy, "The Transformation of Post-Communist Economies in a Globalised Economy; the Case of Poland", *op. cit.*, p. 149.

<sup>90</sup> Pollert, *Transformation at Work in the New Market Economies of Central Eastern Europe*, *op. cit.*; John E. M. Thirkell, Krastyu Petkov and Sarah Vickerstaff, *The Transformation of Labour Relations: Restructuring and Privatization in Eastern Europe and Russia* (Oxford: Oxford University Press, 1998).

<sup>91</sup> EIRO, *Poland: Strikes over 1990 to 2001 Examined Pl0207103fpl* (Dublin: EIRO, 2002).

<sup>92</sup> An upsurge in strikes in 1999 as a result of disputes in education had a significant impact on the teachers' ZNP union. The ZNP transformed itself from an official union loyal to the Communist Party, limited to a social role, into a campaigning organisation with rank and file participation, engaged in industrial action, see Hardy and Zebrowski, *op. cit.*, and Shields "Double the Shock, with

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Half the Therapy: Transnational Capital, Class Configuration and the Social Implications of Poland's Ongoing Transition to a Market Economy", *op. cit.*

<sup>93</sup> Leszek Balcerowicz, *800 Dni: Szok Kontrolowany (800 Days: Controlled Shock)* (Warsaw: BGW, 1992), p. 89.

<sup>94</sup> From the Gierek period onwards there had been repeated crisis consultations according to Jan Adam, "The Transition to a Market Economy in Poland", *Cambridge Journal of Economics*, Vol. 18, No. 6 (1994), p. 614. In the early days of the Mazowiecki government discussions were held with World Bank advisors concerning ESOPs as a legitimate method of privatisation in the Solidarity tradition, though this was decisively rejected by the Balcerowicz team, Tymowski, *op. cit.*, p. 187.

<sup>95</sup> Hardy, *op. cit.*

<sup>96</sup> Bela Greskovits, *The Political Economy of Protest and Patience: East European and Latin American Transformations Compared* (Budapest: Central European University Press, 1998), p. 17; Stephen Crowley and David Ost, *Workers after Workers' States: Labor and Politics in Postcommunist Eastern Europe* (Lanham, MD; Oxford: Rowman & Littlefield Publishers, 2001).

<sup>97</sup> Perhaps the most sublime paradox in Poland's transition was Jacek Kuron leader of KOR the precursor to Solidarity, co-author of a damning Trotskyite critique of the emerging socio-political system in the 1960s (Kuron and Modzelewski, 1965), explaining the necessity of Shock Therapy and the destruction of the welfare state to fellow workers (Staniszkis, 1991: 117).

<sup>98</sup> Whose credits include *The Pianist*, *Schindler's List*, *Europa Europa*.

<sup>99</sup> Transcripts at <http://orka.sejm.gov.pl/KomSled.nsf>.

<sup>100</sup> It is worth remembering that widespread social democratic sympathies preceded the imposition of Soviet domination and the Stalinist turn of 1949, to re-emerge following the 1956 liberalisation as the market socialism debate, proposing the evolution of the Soviet-type regime to converge with capitalism into a new social organisation, combining market, state, and democracy.

<sup>101</sup> Alejandro. Colás, "The Re-Invention of Populism: Islamist Responses to Capitalist Development in the Contemporary Maghreb", *Historical Materialism*, Vol. 12, No. 4 (2004), p. 242.

<sup>102</sup> Noémi Lendvai, "The Weakest Link? EU Accession: Dialoguing EU and Post-Communist Social Policy", *Journal of European Social Policy*, Vol. 14, No. 3 (2004), pp. 319-333.

<sup>103</sup> Cas Mudde, "In the Name of the Peasantry, the Proletariat, and the People: Populisms in Eastern Europe", *East European Politics and Societies*, Vol. 14, No. 2 (2001), p. 37.

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<sup>104</sup> Bogusia Puchalska, "Polish Democracy in Transition?" *Political Studies*, Vol. 53, No. 4 (2005), p. 817.

<sup>105</sup> Andrew Janos, "From Eastern Empire to Western Hegemony: East Central Europe under Two International Regimes", *East European Politics and Societies* Vol. 15, No. 2 (2001), pp. 221-249.

<sup>106</sup> David Ost, *The Defeat of Solidarity: Anger and Politics in Postcommunist Europe* (Ithaca: Cornell University Press, 2005), p. 187, p. 229.

<sup>107</sup> Aleksander Smolar, "Poland: Radicals in Power", *Eurozine* [www.eurozine.com](http://www.eurozine.com), (2006), p. 11.

<sup>108</sup> *Ibid.*, p. 11.

<sup>109</sup> PO predecessor Unia Wolnosci (the Freedom Union) was formed in April 1995 through a merger of two neoliberal parties, the Democratic Union (*Unia Demokratyczna*) and the Liberal Democratic Congress (*Kongres Liberalno-Demokratyczny*), which between them supplied three of Poland's first four postcommunist Prime Ministers.