From the Soviet Bloc to the European Union

The Soviet Union's dramatic collapse in 1991 was a pivotal moment in the complex history of Central and Eastern Europe, and Ivan Berend here offers a magisterial new account of the dramatic transformation that culminated in ten former Soviet bloc countries joining the European Union. Taking the OPEC oil crisis of 1973 as his starting point, he charts the gradual unraveling of state socialism in Central and Eastern Europe, its ultimate collapse in the revolutions of 1989, and the economic restructuring and lasting changes in income, employment, welfare, education, and social structure which followed. He pays particular attention to the crucial role of the European Union as well as the social and economic hurdles that continue to face former Soviet bloc nations as they try to catch up with their Western neighbors. This will be essential reading for scholars and students of European and economic history, European politics, and economics.

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From the Soviet Bloc to the European Union

The Economic and Social Transformation of Central and Eastern Europe since 1973

IVAN T. BEREND
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Between 1990 and 2003, I worked on and published an informal trilogy on the complex history of Central and Eastern Europe during the nineteenth and twentieth centuries (I. Berend, 1996; 1998; 2003). Now I am going to present a volume on the exciting economic and social history of postcommunist transformation of these countries that led to their joining the European Union. The beginning of the story, however, goes back to 1973, the year when a gradually emerging, long-lasting, and fatal crisis became manifest, signaled a turning point, and undermined the state socialist regime, leading to its collapse in 1989. Without understanding that period and its main problems, one cannot understand the post-1989 transformation process and its difficulties.

Some readers might be familiar with my 1996 Cambridge University Press book, *Central and Eastern Europe 1944–1993: Detour from the Periphery to the Periphery*. The last two decades I discussed in that earlier book will be covered again in this volume. This reexamination is necessary because of the quarry of information I mined during the past decade and a half, the huge reservoir of new statistical and scholarly research, including my research on the most striking and controversial new development of the world economy, globalization (I. Berend, 2008).

The historical perspective on developments after the collapse of state socialism is equally important. It facilitates deeper research and a clearer historical picture of that period. Last but not least, the post-1973 Central and East European trends in this book are compared to the Western economic trends: the drying up of its special sources and the halt of postwar exceptional prosperity. The West, however, embarked on a new road and responded positively to the challenge of globalization. This comparison contributes to a better understanding. This work, consequently, presents a novel approach to the history of the last decades of the twentieth century and a more complex view than the one that I wrote more than a decade ago.
The sudden historical transformation of Central and Eastern Europe inspired a large amount of research and publications. Many of the works discussed either certain periods of that history, or certain countries, and even more often some elements of the complex story such as the process of privatization, the role of foreign investments, rising poverty, elite change, etc. The new feature of this volume is its complexity, covering the entire region of seventeen countries and the combined economic and social process of an uncharted historical road. Furthermore, I have put the region’s transformation into the framework of Europe and of its East–West relations.

This history is yet unfinished. Writing about the unfinished present is like shooting at a moving target. Besides, contemporary history also poses another difficulty. Paradoxically enough this is the overwhelming richness of information. Millions of facts, figures, pieces of information, and highly diverse, contradictory, and controversial evaluations make the picture confusing and sometimes result in a lack of transparency. The puzzle here is how to put these millions of pieces together or, using another metaphor, how to build the mosaic picture, in which small pieces are positioned in such a way that they depict the complexity of the real world. It is a real challenge.

I feel, however, some special encouragement and advantage. The rise of state socialism, its crisis, the 1956 Hungarian Revolution, the attempt at reform, its partial success, strong limitations, deep crisis and final failure, the feeling of the must of change and the longing to join Europe were all part of my personal life. Furthermore, between 1973 and 1993, I was a minor actor in the story I am going to write about. I participated in the reform process, and in the late 1980s chaired a committee of economists and worked out the first transformation, marketization, and privatization plan for Hungary. I was a member of an international advisory committee on transformation for three more years, and in the years I was working on this book I have been member of a European Union-initiated internal advisory Economic and Social Council of Hungary.

Does it mean that I can write this history wie es eigentlich gewesen, as it really happened – as Leopold von Ranke defined the goal of history writing? Most contemporary historians harbor doubts about this possibility in general, and speak about serious limitations of cognizance and cognizability. Presenting the transformation’s decade-and-a-half-long complex economic and social history, the emerging new order in statu nascendi may, however, help a better understanding of the present and also the future of the region. That is the goal of this work. My interpretation, my
view on the events, may – I hope – contribute to a collective effort to discover the truth.

Every study is the result of a collective effort. I am grateful to all of my fellow economic historians, statisticians, and sociologists who published inspiring works over the past decade and a half on various aspects of the Central and East European transformation. Without their results I would have not been able to cope with the immense task of writing this complex and comparative history of economic and social changes.

As always in the past eighteen years, I received inspiration and assistance from the University of California Los Angeles, my working home, which helped my research with its intellectual atmosphere, frequent debates, and conferences. Teaching also gave major inspiration and a permanent incentive for further research. Last but not least I should like to mention the outstanding collection of UCLA’s Young Research Library and the research grants of the Academic Senate that helped my work tremendously.

This book gained its final form with the contribution of my friend, David Summers, who made a superb job of copyediting the typescript. I am also highly grateful for the anonymous reviewers and the professional staff of Cambridge University Press for their essential advice and careful preparation of the publication.

My heartiest thanks go to Kati, my wife, whose love, friendship, and intellectual contribution have had an indescribable role in accomplishing this book.