



EXECUTIVE SUMMARY

Summer School

Central and Eastern Europe: Twenty Years After

20-25 July 2009
Vama Veche, Romania

Introduction

The Luxembourg Institute for European and International Studies (LIEIS), in association with the Black Sea University Foundation and the European Cultural Centre of Bucharest, organised a seminar on 'Central and Eastern Europe Twenty Years After' from 20 to 25 July 2009 in Vama Veche, Romania.

Since 1994, this seminar has been part of a long-term project of summer courses involving students from the wider Black Sea area and neighbouring countries. Past topics in this series have included the nature of conflicts in the international system, conceptual and practical issues in relation to European and world security problems as well as, more recently, the question of *mentalities* (2005), the quest for *European values* (2006), *Telos, Ethos and Demos* in the European Union (2007), and ideas for a *viable society in the 21st century* (2008).

In line with this tradition, the goal of this seminar was to have an open and frank debate about the evolution in Central and Eastern Europe since 1989. The objective was to think collectively about core topics and key issues in relation to this theme, without any a priori assumptions, prejudice or stereotypes. Rather than having long alternating presentations, this was a free-wheeling debate and a brain-storming exercise with a clear focus on interdisciplinary concepts and theories, with diverse and even clashing perspectives, as well as attention to some empirical evidence. The ambition of the organisers was, first of all, to develop new insights and ideas beyond the conventional thinking in European capitals, where ruling elites are all too often unaware of the real problems which confront ordinary people and

countries in the European periphery, and, secondly, to raise the awareness of the youth and possible future leaders of the region on these issues of utmost interest and importance.

As in previous years, the seminar brought together a number of lecturers from across Europe and about 20 students from the Black Sea area. The group of lecturers was as follows: [Dr Armand Clesse](#), Director of the LIEIS; [Professor Christopher Coker](#), Head of the Department of International Relations at the London School of Economics and Political Science; [Professor Mircea Malitza](#), Founder and President of the Black Sea University Foundation and Vice-President of the European Cultural Centre; [Professor Gerhard Michael Ambrosi](#), Jean Monnet Chair in European Economic Policy at the University of Trier; [Mario Hirsch](#), Social Scientist and Director of the Pierre Werner Institute in Luxembourg.

The group of students included a wide range of different levels and profiles: some senior undergraduates, others doing Master degrees, yet others were PhD candidates. Several have studied abroad and gained professional experience at international level. Mostly, they originated from Romania, but there were also participants from Bulgaria, Croatia, Russia, FYR Macedonia, Greece, Moldova, Poland as well as observers from Albania, Romania, and France.

The seminar was divided into ten sessions¹, on conceptual issues such as mentalities, promises, frustrations and opportunities, on domestic and international factors that have and still do shape South East Europe, and on the empirical evidence of the current situation in the region. In addition to the eight plenary sessions, the students debated in separate working groups during two sessions. The results of these debates were summarised in two reports drawn up by the students themselves which can be found in the Appendix I and II.

This report does not outline in a chronological order the presentations given by the lecturers or the questions posed by the students. Rather, it seeks to provide an overview of the discussions and to highlight the main questions and conclusions that emerged from the lively exchange of ideas. The topics of debate of the summer school can be divided into eight categories:

- 1) The current situation: Democracy still in transition
- 2) Achievements in historical perspective
- 3) Societal change and Western influence
- 4) Psychological repercussions
- 5) On the end of ideology
- 6) On the necessity of myths
- 7) On mentalities
- 8) The future

In short, there was wide agreement that Europe, and in particular Central and Eastern Europe, has changed. However, the outcome is ambiguous, legacies of the past remain, problems persist, and the remedies proposed by both the West and the relevant experts triggered significant negative repercussions. Both students and lecturers recognised that the Central and Eastern European Countries (CEEC) are still in transition, both economically as well as

¹ Agenda available at the Appendix III.

politically and socially. The communist past of these countries has often been a common denominator of discussions concerning persistent problems, current apparent cultural inconsistencies and counter-productive mentalities. A relevant central debate revolved around the consequential choice and the methods of transition from communism towards economic liberalism and democracy. Were these choices necessary? Could the transition period have been less socially severe? Why did the CEEC not complete the transition process properly? What are the prerequisites for effective change? Did the West have any other choices or not? What are the criteria for the evaluation of democracy?

As the discussions proceeded, a divergence between lecturers on specific issues became evident. First of all, the utility of social myths was challenged. From one point of view they represent a necessary ingredient of social cohesion, whereas from another point of view they create distortions and wrong expectations. Another concept that generated heated debate was the contemporary assessment of ideology in the West. Whether we think of 1989 as the end of ideology or an interruption of ideology, the outcome has nevertheless been the same: a European political landscape that is inconsistent and confusing for voters. Additionally, the existence and the necessity of a social contract in the CEEC was debated. Two schools of thought clashed. Should societies be based on conceptual social constructions or on interests? The outcome of such debates are consequential for the ex-post evaluation of the transition period in the CEEC and for the assessment of democracy promotion in current global politics. Last but not least, the summer school provided a base for the evaluation of these European developments in the context of globalisation, the emergence of a multi-polar world and the seemingly diminishing importance of the European power pole.

1. Introductory Remarks

A. Clesse opened the proceedings of the seminar with an evaluation of the current situation in Central and Eastern European Countries. He pointed out that f. ex. the events of 1989 in Romania were not a revolution but a ‘coup d’état’ which led to a transition from a system that was falling apart towards a ‘democratic regime’ that is still in progress. A. Clesse stressed that the CEEC are not actually going towards a new society but are still carrying their burdensome past. The people of these countries do not have enough trust in their democratic systems since the latter are characterised by inadequate justice and continue to be blighted by authoritarianism, like in the recent communist past. Moreover, the evolution of these regimes, in combination with the current global economic crisis, has led them to accumulate more debt and not to converge, as their own goal was, with Western societies. Instead they are experiencing a rise in right-wing extremism, which represents a kind of introversion in these hard economic times.

A. Clesse went on with his introductory remarks and firmly linked the current economic crisis with the future of the CEEC. He also wondered whether or not these countries had been admitted too early to the European Union, and how this may have influenced their current capability of confronting the credit crunch as well as their future as members of the EU. In other words, are they going to diverge or converge with the older members of the EU? Thus, he set the tone for the rest of the discussions around two tantalizing questions. First, how successful was the EU in transforming these countries and how successful was the self-transformation process of the CEEC? Secondly, what are the advantages and disadvantages of

the two different transformation models that were adopted by the countries? For example, Poland introduced the so called ‘shock therapy’ while Hungary followed a more gradualist transition path.

In view of the harsh impact of the economic crisis on the CEEC that A. Clesse acknowledged, M. Hirsch argued that the convergence criteria of the EU are a non-functioning ‘straightjacket’ that works effectively when all is well but not during crises, as the credit crunch has demonstrated. Moreover, following the previous remarks on the timing of the enlargement, he made explicit reference to the situation in Western capital cities and their initial surprise, followed by reluctant reactions at the time of the collapse of Communism. In fact, the Communists gave up too easily in favour of the Western security system. Therefore, initially, the West was not positive towards these changes since it had got used to the predictability of the status quo ante.

In accordance with the previous doubts concerning the effectiveness of the transition period in the CEEC, C. Coker developed a typology of the prerequisites for a regime change. Some of the necessary elements include:

- political lustration (like in the Nuremberg Trials),
- purification of the bureaucracy (like the de-nazification in post-WWII Germany), and
- reconciliation (like in post-apartheid South Africa).

These are the characteristics of the politics of rule of law that every society needs in order to re-write its history and to be able to progress. Unfortunately, despite the importance of these characteristics, CEEC did not proceed in this way. C. Coker insisted that major changes were only observed in Poland which largely experienced both cultural and political transformation. By contrast, the rest of CEEC have developed entrenched interest groups that keep the system in a morally and financially corrupt course. The palace revolutions obviously led to some changes, he added, which can be observed in the different makeup of the newly emerged regimes, but in reality they only represent shallow changes by replacing the old elites with new ones, thereby leading to a kind of conservatism.

2. The Current Situation: Democracy still in Transition

The discussions that followed revolved around the democratic state of affairs in the CEEC. A. Clesse stressed that the CEEC are still in a transition period from monolithic regime systems towards pluralistic party systems based on new constitutions and a new distribution of power. Nevertheless, he questioned whether democracy in the region is adequately consolidated or if it is still frail, vulnerable and reversible. Afterwards, he invited the participants to analyse their countries’ evolution and to conduct an assessment.

Following A. Clesse’s prompting, the students started discussing the Polish success. One participant contended that Poland is in a stable situation. She argued that the lack of genuine political debate has set the scenery for a lopsided political landscape where the majority of the political dilemmas and social changes are debated only on the left, while the right-wing

majority avoids raising such issues. Nevertheless, despite the conservatism of the society, the participants recognised, in reply to A. Clesse's question, the decline in political extremism. For instance, they mentioned that parties with xenophobic and anti-Semitic ideas did not make it into the Polish parliament. M. Hirsch affirmed that Poland has progressed and overcome the 'occupation syndrome', thereby setting an example for the rest of the CEEC.

Another student focused on Russia and raised the issue of the quality of democracy in Russia. According to him, and in spite of various doubts expressed by other participants, Russia is a functioning democracy characterised by appropriate procedures: elections, political parties, human rights, freedom, and relevant institutions to protect them. M. Hirsch shared his experience as an election observer for the OECD in Russia for the 2000 Presidential elections and confirmed that there were no irregularities observed.

Nevertheless, A. Clesse continued the vivid debate by questioning whether Russia is a *de facto* democracy or not. In fact, he pointed out that democratic procedures can lead to non-democratic outcomes as well. A typical example was the "democratic" election of Hitler in Nazi Germany. In this line of argumentation, participants from Moldova underscored that Russia is not a democratic country but an authoritarian one, either because of the tradition or because of the size.

At that point C. Coker intervened in order to facilitate the debate and clarified the different reasons for which democracy is valued. He enumerated three, namely:

- instrumental: democracy as social value (i.e. enables to mobilise human resources),
- existential: democracy as enabling factor for revolt against injustice and tyranny (i.e. difference between a good and a bad monarch),
- absolute: democracy as value in itself (i.e. democracy per se and the human rights are self-evident)

In addition, C. Coker made a distinction between values and norms. While values signify the degree of importance, norms represent the relevant practices and interpretations. Nevertheless, due to different cultures, modernity has been interpreted in different ways. So there are similar values but different norms, as Professor Shmuel Eisenstadt has extensively written about. For instance, the difference between the American and Russian democracy lies in their traditions. First of all, the US has a civic 'religion' because this is what its democratic practices and values require. Secondly, it has a marketplace of ideas where they are confronting each other. Thirdly, it has a tradition of the will of the people since 1776 onwards. On the other hand, Russia maintains a monopoly of ideas, it has no tradition of the will of the people, despite Alexander Kerensky's effort during the first Russian democracy in 1917, and its distinctive feature is an incomplete effort to find a balance between justice and order in the state of affairs, where order is necessary. Russia's democracy is clearly a work in progress, whereas the American is not. Moreover, in the US there is reconciliation between the state and religion, while in Russia this is not the case; hence the danger that democracy may degenerate into crude materialism. Additionally, the danger of advocating democracy as an absolute value is the possibility to vulgarise it. The same stands for capitalism as well, which can lead

to the commodification of human life. Such would be, for instance, the case of young girls selling their Barbie dolls on commission.

Some students advocated that people in Russia, as well as in the CEEC, do not really understand what democracy is. In fact, people are incompetent in choosing their political affiliations. For example, they often choose a party they will vote for only not to be stigmatised as communists. Others pointed out that in these countries there is no real democratic culture, only the pretention of it.

3. Achievements in Historical Perspective

Subsequently, A. Clesse started the discussions on the CEEC's achievements when looking at the raw data of the last 20 years. His questioning of the real achievements gave rise to a big controversy. To be precise, in 1989 the CEEC's trade with the West represented 35% of the total commercial exchanges but 16 years later, in 2005, this percentage had doubled and reached 70%. Moreover, the unemployment rate in the Czech Republic, Hungary, Poland, Slovenia and Slovakia was 10% in 1995, 10.3% in 2007 and increased dramatically in 2009. In the Baltic region it was 13.5% in 1995 and went down to 6.9% in 2007. In the Balkans it was 16.3% initially but remained very high and in 2005 was still 15.7%. What is more, the real wages have significantly fluctuated. When taking the real wages figures of 1989 as the basis of comparison (100%) the real wage in 2003 compares as follows to 1989 levels: Bulgaria 52%; Lithuania, Latvia, and Slovenia 70%; Hungary 111%; Poland 131%; Estonia 169%. These are data provided by the European Commission but due to the current economic crisis they have already much deteriorated.

In spite of certain achievements and the initial macroeconomic stabilisation, the issue, according to A. Clesse, is whether these countries have substantially and not on the surface converged with the rest of the EU. Moreover, there are other particulars which should be taken into account such as the rule of law, human rights, the respect for minorities and other quality and social indexes in these states which are often downgraded in favour of statistics. A. Clesse summed up the aforementioned in a concise statement: these countries are in political and economic turmoil.

Then M. Hirsch continued the discussions by linking the CEEC's under-achievements to the change of attitude of the EU regarding possible enlargement towards the east in the early 90s and onwards. Initially, the EU was taken by surprise but then gradually realised that it had to respond in a structured way and recompense these countries for choosing the democratic option. Therefore, the EU reconsidered its reticent attitude and signed the association agreements with specific countries of the former Soviet bloc. The EU leaders were convinced that in doing so they could control the developments. However, the dynamics that the system produced were too strong for them. Therefore, the initial volition for a conservative step by step enlargement starting with Poland and the Czech Republic was soon reconsidered in favour of all eight CEEC. Nevertheless, this generosity was partial, since it was intended to be limited. The transition aid and the structural funds were kept to limits, in line with the so called 'phasing in' approach. According to this approach, once these countries would become members, they would not really be equal regarding specific benefits. It would take a number of years of adjustment until they could receive funds according to the same criteria which are

applicable to the older member countries. Therefore one can say that the CEEC have received less money in comparison to the other countries of the previous enlargements.

A. Clesse challenged again the conventional wisdom and contended that it is hard to assess the changes that have materialised in these countries and the rest of EU, especially since the transition period in CEEC was underfunded. Indeed, he questioned whether the structural funds will ever continue to gradually increase, in order for the CEEC to catch up with the older EU members. However, he doubted the success of the initial expectations, namely an increase in intra-EU trade volume as well as in global competitiveness due to the increase in productivity and decrease in labour costs. Introducing a more complex argument, he turned to the outcomes on real wages and cited a few examples. For example, countries like the United Kingdom or Ireland are full of Polish workers that confront the dilemma of staying in these countries which provide social benefits, but with an uncertain future in the midst of the credit crunch, or of returning to Poland and receiving lower wages. Having described a bleak picture of the future of the workforce of the CEEC, A. Clesse then wondered whether this region could become the European Union's lasting social periphery. He also stated that during the last two centuries Eastern Europe was most of the times diverging from Western Europe in terms of GDP.

In his intervention, G.M. Ambrosi underscored another economic issue, that of absorption of EU funds in the recipient countries. A substantial amount of funds are not used, although earmarked, because of the lack of absorption capacity. A case in point is Romania that has not enough capacity to monitor and absorb all the relevant EU funds, hence the money ends up going back to the EU budget for other uses. This is a problem of substance, since important national infrastructure such as roads and other public works could be co-financed with these sums.

On a more optimistic note, G.M. Ambrosi talked about migration and regional development. First of all, nowadays, as in the past with the Mediterranean countries, certain older EU members fear that they will receive less from the structural funds due to the enlargement process and they will be confronted with increased immigration. However, recent history has examples showing that such fears are probably exaggerated. Integration into the EU promoted regional development. Interesting cases in point are Portugal and Ireland. The fear of an excess migration influx has been overestimated in the past. In fact, according to G.M. Ambrosi there is concern that the regional mobility of labour is too low within the Euro area. According to Robert Mundell's theory of optimum currency areas there must be high mobility of labour within those areas so that regional demand shocks do not lead to long-lasting imbalances.

4. Societal Change and Western Influence

Following Karl Polanyi's book, 'The Great Transformation', A. Clesse compared the disruption of the social institutions in colonial Africa with the equivalent in the CEEC. In these European post-socialist and post-communist countries which were entirely differently organised before, with different logics and a different representative paradigm, the market economy disrupted their social bonds and traditions like it did in colonial Africa. Additionally, A. Clesse referred to Karl Polanyi and quoted that 'social calamity is primarily a

cultural not an economic phenomenon that can be measured by income figures. Not economic exploitation, as often assumed, but the disintegration of the cultural environment of the victim is then the cause of the degradation'. He concluded that the similarities of the two cases are immense and that the European countries have shown both signs of progress as well as stagnation. More precisely, since 1989 poverty in this region has dramatically increased, and a lot of people feel neglected and marginalised in comparison to other EU member states. A case in point is Romania itself that has this kind of disparities even among its own regions. These are the social consequences of the political changes that occurred since 1989. The conceptual issue that A. Clesse raised at that point was whether this was done in the right way, whether the approach should have been more radical or more lenient and milder, alleviating the social pain.

C. Coker followed up by distinguishing two possible ways of producing social change: the evolutionary and the revolutionary way. The first one is what anthropologists call the metamorphic cultural development. Seen from this perspective, cultures have always been interacting and adjusting. The cultures of the CEEC have been interacting and have been absorbed by the West long before 1989. For instance by 1985, 85% of Hungarian TV programs were Western. That explains why in 1989 there was a consumer explosion, what historians have called the first consumer revolt. Actually, they were not revolting against tyranny but they were seeking for a better quality of life, a higher living standard, which socialism could not deliver, as was quite clear by then. This is the metamorphic change or what Fernand Braudel would call the 'longue durée'.

Another example is what the historians called the Atlantic slave trade. Initially they concentrated on the impact of slave trade on North America and the impact on the commercial revolution which was the basis for the industrial revolution. Today historians look at the impact on Africa of the slave trade. Indeed, there were major developments in Africa which fundamentally restructured the landscape of its own political economy. These changes had been neglected due to a different research focus of the scientists.

The revolutionary way of change was the one pre-maturely chosen by most CEEC. They chose to re-direct their trade and to import the Western model too early and to do all which that entailed - always in the name of security. However, had there been no security threat, there would have been no need for speed either. Thus, evolution and metamorphic change might have lead to a better result for peoples' existence, quality of life and happiness. Waiting for 20 years would have allowed history to take its course but in this case politics intervened.

A. Clesse reanimated the discussion by making the distinction between countries that were well prepared and those that were not. Poland and Hungary, for example, had already introduced market reforms prior to the accession period and were prepared for the changes to come, while other countries like Romania were not. He also asked other questions, in accordance with the Polanyi quote, such as whether there was a socialist culture at all and whether that culture was not adequately replaced. Another ambitious question he raised was whether an organisation such as the EU could not do with some socialist qualities, given that the underlying ethos of the whole EU endeavour is to reach a comparable level of development throughout the Union.

He also pointed out that the ethical principle of solidarity and a certain amount of fear affected the West European attitude towards the transition process. In fact, enlargement had to do with solidarity. Nevertheless, the possibility that the CEEC could slip back and fall again under anarchy or totalitarianism was also a real concern. The menace by a reinvigorated and revisionist Russia was another substantial fear. Therefore, the need for the projection of stability in order to deprive the older forces of becoming stronger arose. This was something like a political ‘blitzkrieg’.

The final issue posed by A. Clesse in this set of questions was whether the EU was suffering from enlargement fatigue.² Was the EU prepared for the enlargement? Where is it going to stop? Was this island of prosperity ready for new members, and how well prepared is it for new ones like Croatia? In fact, this situation of uncertainty left people from countries like Croatia with the feeling of unfairness, which may lead to substantial political repercussions.

Subsequently, the students made specific remarks in relation to the above mentioned questions. First of all, there were doubts raised concerning the capability of the CEEC to adopt the evolutionary way of change. The revolutionary mode was considered to be more appropriate since Romania, for example, had lost its Middle Eastern markets and had to reorient its position with an emphasis on the EU. However, since the EU has a highly developed economy Romania is forced to become not only more competitive but also innovative in order to do business and prosper. Others mentioned that if these countries had not become members of the EU they would have experienced an Iceland-like collapse. A complementary question to A. Clesse’s points was whether the EU is tired due to enlargement or due to its lack of a true identity. On more economic grounds, the role of the Foreign Direct Investment (FDI) was mentioned as being responsible for the lack of local know-how. Some students even challenged the EU’s demand for the CEEC’s rapid economic progress while the EU’s economy was substantially dragging behind in the early 1990s, until at least 1994. Another comment was whether EU could transmute into an ‘empire by invitation’. At the end of this particular discussion, the participants from Moldova contrasted the positive and negative pre-dispositions towards Russia of the government and population in their country.

M. Hirsch took up the issue of enlargement and argued that the EU should be more careful in the future. Although Moldova is a small country and one would think that it would not make a difference, other small countries that are already in the EU, like the Republic of Cyprus or Slovenia, have at times tried to instrumentalise the EU’s decision-making process in order to solve their own conflict with their non-EU neighbours, hence creating negative situations for the EU as a whole. As a result, the EU is now much more careful and therefore a European perspective for Moldova would require a solution of the Transnistria problem prior to accession. All in all, the EU cannot go on accepting new countries that by themselves are not united. The other relevant issue which he mentioned was the old minimalist rule, namely that small countries do not make a difference and so less attention can be paid to them. This rule is not valid any more. Certain issues like money laundering have to be taken seriously even if it might seem a minor issue affecting a small country.

² A. Clesse’s point of view is summarized in his article ‘[The enlargement mess](#)’ published in *Europe’s World*, Spring 2008, available online at http://www.europesworld.org/NewEnglish/Home_old/Article/tabid/191/ArticleType/articleview/ArticleID/20805/Default.aspx

C. Coker completed the analysis on post-Communist societies and their Westernisation, providing specific insights into Russia, the archetypical post-Communist country, and its urge to westernise. While the other countries had the choice to westernise, the Russian case was different. In the very last months of the life of the Soviet Union, opinion polls showed that 80% of Russians believed that they could have a better future belonging to the West and only 6% were thinking of the West as an enemy. Today those percentages are almost reversed.

In an effort to discern what went wrong in these 16 years, C. Coker gave three reasons. First of all, the answer to the question asked in the 1990s by the American establishment about who destroyed Russia is that the Russian intelligentsia did it. These people brought in an inappropriate Western model promoted by Harvard professors. Although they were destroyed themselves by the market reforms, they will re-emerge at some point, since every society needs an intelligentsia. It is the perennial problem of the Russian intelligentsia to ask themselves whether they had become sufficiently western or excessively so. 19th-century Russian literature, such as Gogol or Gorky's diatribes against the peasants who cannot be reformed, exemplify this. It is this love-hate relationship with the West that distinguishes Russia as a society from countries like Romania or Poland. It was the Russian intelligentsia who was 100% convinced by this inappropriate Washington Consensus model which destroyed the Russian economy twice in the 1990s and by 1998 reduced Russia's GDP to less than the Netherlands'.

The second reason was the fact that the Bush administration ignored and neglected Russia. Political scientists have coined the term "permissive environment", which is an environment where you can do whatever you like because there is no voice or veto to stop you. So, the West could essentially assume that Russia was weak and unable to respond. Indeed, the West did assume this and fought wars in Kosovo, Iraq and Afghanistan. It expanded NATO eastwards and tore up its agreements with Gorbachev.

Thirdly, there is the challenge to settle for an equal partnership. Obama's policy seeks to stop ignoring Russia and instead to try to form a kind of partnership, which is the only realistic policy that is possible. Putin said that they cannot afford another war with the West. Therefore, a confrontation with the West is not an option. So there has to be a partnership, but a partnership of equals. Obviously what Putin means is a partnership on Russian terms, but the EU would probably settle for some different kind of partnership of equals. The challenge is now that Russia is neither a proper member of the EU nor of NATO, the two organisations that determine the fate in this part of the world. The NATO-Russian Council, as every Russian pragmatist would agree, is meaningless. The special dialogue between Russia and the EU since the Nice Treaty is insignificant too. Moreover, the Russian President Medvedev's proposal of a European Security Treaty would actually only entail an energy pact, settling his concerns: production, processing and selling of energy.

The solution according to C. Coker is a return to the European concert of powers. Russia should become a responsible power and be treated as equal. Unfortunately, the West is unlikely to accept it for certain reasons, especially the recent memories of the CEEC. Nevertheless, Russia is the only Western country that has followed a different post-communist path. Therefore, the great challenge for the West is to avoid the de-linking of Russia from its Western counterparts. Fortunately, Russia is not and will not adopt the alternative choice of becoming a 'Eurasian' country (which reflects a perspective according to

which the US and Russia, both big and inter-continental countries, determine the global affairs) for demographic reasons. It is projected that by 2025 20% of Russia's workforce will be comprised of foreigners and the majority of them will be Chinese. Therefore, the goal should be not only to keep Russia linked with the European concert of nations but to further strengthen those links. The Western countries have hardly begun to address this issue, largely because of Western arrogance and Western hubris, the American unipolar moment and the unipolar view point of the EU, evidenced in the Western will to fight whatever wars it wanted, such as in the Balkans (for the EU the Balkans were its near abroad), with or without the UN Security Council's approval.

C. Coker concluded that this is going to be a humbling experience for the West, which will not easily accept negotiations with Russia on equal terms. What is more, Putin in particular, who is essentially the head of the country (because of what he represents and because he portrays himself as the personification of the Russian domestic politics) is a difficult negotiator.

5. Euphoria and its Aftermath

A. Clesse opened the discussion on [euphoria](#) remembering older conversations he had with Russian politicians, people, officials and advisors who were extremely optimistic in the heydays of perestroika and glasnost. Quite impressively, they were enchanted but had too little substance in their actions or at least much less than their rhetoric was suggesting. They had an almost mystical belief in the market economy and they were euphoric.

After the fall of the [Berlin Wall](#) other people believed as well that there were unlimited new horizons and they overestimated their capabilities. West Germany, for example, united with its Eastern brothers full of optimism but only later realised that reality was more difficult. Eastern Germany still lags behind the western part of the country. Moreover, inflation and stagnation still characterise many CEEC.

This euphoria deprived the CEEC of the possibility for any profound debate about alternative models of society. It was thought that there was no time for debate. Ready-made solutions that nobody challenged were introduced. Everything was done quickly in order to avoid a strategic void between the EU and Russia. A euphoric optimism had cast its heavy shadow upon this region of Europe leading to mistakes.

There was an urge to do everything at once, immediately and massively. Despite the two different transition approaches these societies suffered a lot. The first approach, the so-called '[shock therapy](#)' or 'big bang approach', was implemented by Poland. On the other hand, there was the approach that economists call [gradualism](#), according to which reforms are taking place slowly, building upon small achievements, while the state monitors how the economy and the society react.

The decision-makers who introduced the necessary changes believed that moving quickly would deprive the old forces of the capability to resist, even though this would be painful for the people, as indeed it was. Wherever the shock therapy was applied, more or less radically,

it had extremely negative social consequences because there was an enormous decrease of the economic output.

All these countries experienced strong recessions in 1990 and then through 1991-1992. The outcome was a dramatic decline in GDP and hyper-inflation. People suffered terribly. Unemployment rose, jobs were lost, the market was deregulated and the prices increased as well. As a result, certain issues were overlooked: the well-being of people, the right to preserve jobs, family industries, innate culture, and traditional flows of foreign trade.

M. Malitza further emphasised that the transition models – gradualism vs. ‘shock therapy’ – were often not adapted to local particularities because euphoria undermined proper societal debate. Romania, for instance, followed the inappropriate and failed Russian model of perestroika. Russia, M. Malitza continued, paid a high price for adopting the rapid transitional model of perestroika (economic reconstruction) in order to enter the capitalist system. It embraced the worse things from the marketplace of capitalist ideas and that led to depression and inflation. In 1989 for example, all the stores had to close because of the economic crisis. Therefore, M. Malitza commented, Putin is so popular in Russia. He came to power because he promised to avoid previous mistakes, return to order and to re-establish Russia’s important place in the world. By contrast, China adopted a gradual transition method. China’s Communist Party has built an idiosyncratic model of capitalism and now prospers. Unfortunately, Romania adopted Russia’s ‘shock therapy’ model with catastrophic results. M. Malitza mentioned several causes for this failure: the lack of any real social dialogue about the future of the country; the manipulation of the people by irresponsible media; no interest in profound solutions, just in short-term reforms. Furthermore, at that time, it was believed that democracy would be the panacea and that unlimited freedom would solve all the problems. However, the reality was different. For instance, M. Malitza reminded the participants that freedom stems from the will of the people but, more precisely, from the will of informed citizens and not uninformed ones. That is why the dialogue was necessary and its lack was disastrous.

From a more conceptual and psychologically informed perspective, C. Coker explained that euphoria is usually an indication that something is pathologically wrong and it leads to depression. What is more, the natural state of mankind, according to Freud, is unhappiness. But there is a difference between hysterical unhappiness and the real one. According to C. Coker, the CEEC are at the moment extremely unhappy because the euphoria was unnatural, and he cited three specific reasons why this euphoria is manic and not real.

First, there were exaggerated expectations. In fact, the year 1989 was seen as an historical turning point, the end of one era and the beginning of something completely new. However, the reality in the CEEC was that the old forces persisted in all their forms, maybe a little camouflaged. After the fall of the Berlin Wall, people thought that this was the end of, at least, “one phase of history” and the triumph of liberal democracy and the free market. However, around the early 1990s people realised that history had not come to an end, that the free market was not necessarily the salvation, and democracy did not necessarily hold all the answers. Even intellectuals, like Milan Kundera, who had embraced this point of view, changed their minds. Václav Havel for instance, by 1994 was regretting the triumph of the market and gross materialism, which he identified particularly among the youth of the CEEC,

and the loss of any metaphysical ideas. So even the intelligentsia is now disappointed by what has happened.

The second reason was that the euphoria was based on the idea of rejoining Europe after a long historical absence, having been airbrushed out of Europe, essentially by the West. In fact, this process goes back to the European Enlightenment, when Eastern and Central Europe disappeared off the radar, as far as the West Europeans were concerned. Hegel for example, described the Poles as a “people without history”. So there was this great idea and the subsequent euphoria that finally the CEEC rejoined once more the European family of nations. However, it was soon realised that some Europeans were more equal than others. The Croats were more equal than the Serbs. The Poles were more equal than the Romanians. The Hungarians were more equal than the Bulgarians. This classification was largely due to Germany and their idea of a so-called “Germanic world”. All the countries that belonged to this world were favoured. Other countries were also favoured but for other reasons. The Baltic States, for instance, were favoured by the US who had never recognised their annexation by the Soviet Union.

The third reason was a superstitious over-evaluation of everything European or Western. This was most unfortunate because the West was going through one of its bad periods during the 1990s. [Zygmunt Bauman](#) used the term ‘short-termism’ in order to characterise this particular low point in the history of the West, that consisted of the pursuit of instant gratification, instant return on investment, etc. One of the main reasons for the economic crisis was the 9:1 ratio of speculative capital to long term investment, whereas before 1973 this ratio was 1:9, so just the opposite. In this view, it was thought that the enlargement of the EU or even the unification of Germany was going to be quickly and successfully achieved. When this was not the case, Western Europe was very disappointed with the CEEC. In fact, there is a divergence between what the CEEC were and have achieved and what they were projected to achieve.

Additionally, he defined democracy not only in terms of certain procedures, free elections, following the rule of law etc. but also as a specific ethos. Therefore, the opposition once in power has to keep supporting and pursuing most policies of the predecessor, even if they did and still do not agree with them entirely. The lack of continuity in policies is in fact a lack of professionalism which deprived many Central and East European governments of their ability to succeed in their goals. In order for this situation to change, societies must build a different ethos and not just introduce new institutions, models or ideas. However, a new ethos demands much more time.

[M. Hirsch](#) then moved the discussion away from psychological issues and focused on what the Americans call a “reality check”. Every region and applicant country, including the older member-states prior to EU accession, had to submit to this reality check.

At present, the EU is experiencing a downturn cycle that sooner or later will change again. He told the participants of the seminar to bear in mind that human life, and especially economic, social and political life, have been undergoing cycles with ups and downs. The period of transformation and transition could therefore also be described as a cycle that started with euphoria, was followed by disappointment and disillusionment, and is ending up with either apathy or nostalgia. Especially nostalgia is a very interesting feeling that is evident in people’s behaviour in many of the CEEC countries. For example, despite the efforts by Western

Germany to bring Eastern Germany to Western standards, as far as living conditions are concerned, East Germans created a particular expression, the "[Ostalgia](#)", a nostalgia for life in the former GDR.

If everything is cyclical, M. Hirsch then wondered if there will be a return to another state of euphoria. Although some people were surprised by the credit crunch, crises are an innate characteristic of capitalism. Therefore, since an economic crisis is followed by economic growth, the same, he predicted, will apply to the mood of the CEEC in 20 years.

In the subsequent discussion, a number of students intervened and raised the issues of the lack of alternatives for the future of their countries, as well as the need for a change in mentalities. They saw the lack of alternatives for three main reasons. First, there were no other realistic road-paths that could motivate the CEEC to change. Secondly, the EU was offering too many sticks but too few carrots, hence restricting the available choices to Europeanisation and integration. Thirdly, the Western security system was willing to fill the strategic vacuum that was created by the collapse of the former Soviet Union in Eastern Europe. It did this either out of fear of a possible resurgence of a revisionist Russia or because it could take advantage of Russia's weakness. The discussion then turned to the current European state of affairs and some participants debated whether Russia represents a new socio-political model or not. It was advocated that the Russian kind of 'sovereign democracy' was representing a realistic new window of opportunity for a social organisation. Russia, it was argued, has overcome its Gorbachev period of euphoria and is developing its own system of democracy that, for historical and cultural reasons, is partially different from the Western one. Concerning the issue of mentalities, there was widespread agreement that the countries have to change. The euphoria of the early 1990s had initially led to over-enthusiasm and now to a counter-productive disillusionment. This is evident in the youth. It constantly complains about a lot of things but it does not exemplify adequate will to change them.

6. On the End of Ideology

The seminar also revolved around the importance of ideology, both from a practical point of view as well as in conjunction with the relevant philosophical implications.

A. Clesse saw the foundational 'problématique' in the lack of proper ideologies. In the European political landscape, ideologies have been transformed into blurred and fragmented ones. The names of political parties are not indicative any more of the ideology they represent. Therefore, political parties, both in Western and Eastern Europe, fluctuate, disappear and emerge, hence creating confusion amongst voters. There are no clear denominations any more and it is a great misfortune that there are no real debates concerning the differences among parties.

M. Hirsch added to A. Clesse's remarks and argued that the West is partially experiencing the end of ideology. Especially, the center-left parties have lost a clear definition of where they stand on the political spectrum. Moreover, efforts to create comparable parties in the CEEC, but without local social references that would create inspiration, have blurred the political landscape even further. This loss of ideology, which has been compounded by the inappropriate use of the European funds by the political parties, resulted in a declining

mobilisation of the people. For instance, in the summer 2009 elections for the European Parliament (EP) the percentage of abstention was very high, in fact higher than in previous times. While in old EU members such as Denmark the percentage of abstention was around 40%, in the CEEC it was above 60% and approximately as following: Slovakia 84%, Lithuania 79%, Bulgaria 62.5%, Romania 72.8%. Another outcome was the rise of the extreme right in the elections for the EP which has created the possibility of a bleak future where extremists will play an increasingly significant role in EU politics. Some students confirmed this trend of rising rightwing extremism in their countries.

However, C. Coker intervened and rejected the idea of the end of ideology by clarifying in a nuanced way that the West is experiencing a pause and not the end of ideology. He referred to Daniel Bell who had commented on Fukuyama's 'end of history' thesis by saying that the end of history is not the end of ideology but that the end of ideology would mean the end of history. Daniel Bell had argued that although it is possible to talk about intellectuals in the 16th century or the economy of ancient Rome, or the civilisation of pre-modern China, it is not possible to refer to ideology before the 18th century because it did not exist. Ideology is just the mobilisation of ideas for political purpose. The end of ideology means that people may not use the word 'class' as a reference point either in their personal or political life. However, the West is in a transitional period and people have different reference points such as the environment, sexual orientation etc. There is a whole series of reference points that are extremely important to people. The political parties in the West, and probably in the CEEC as well, will have to change. Political parties try to adjust and adapt in order to have greater appeal. Consequently, we have not seen the end of ideology but a moment of pause, in which the political parties are re-inventing themselves and trying to appeal across the board.

7. On the Necessity of Myths

M. Malitza raised the philosophically unresolved question about the necessity of myths in the organisation and functioning of societies. He contended that the CEEC are a receptor of a lot of philosophies, philosophies of decline as he characterised them, which are a mix of the contemporary culture and old myths.

The myth of individualism is an important one with potentially far-reaching consequences. Nevertheless, individuals never work without their opposite, the society. However, these two notions stand for different logics not opposite ones. The problem begins when people start to create a myth by prioritizing the individual. This philosophy that speaks against solidarity and public interest and in favour of only private interests is a misunderstanding since the happiness of everybody does not pass through the individual's happiness but through common happiness. Everybody is part of a whole, a network. Individual happiness does not exist; it is a myth, which became virulent in Central and Eastern European society where nobody accepts the importance of public interest any longer. The Romanians, for instance, are happy only when they become individuals.

This is very unfortunate because the world is full of inseparable pairs like culture and civilisation, facts and values, image and substance. When people concentrate on one of the notions, they tend to forget the other one. What is of utmost importance is to find the golden

middle way. Pride and greed intoxicate the mind or lead to crisis. In the end, myths lead people to lose their vitality.

A. Clesse responded to the philosophical issues touched upon by M. Malitza and argued that the current crisis is a crisis of values as well. He wondered whether the world would be better if it had applied the right values. Moreover, having observed the movement of ‘alter-globalisation’ since its beginning, he asked where the current values will lead the world. Is the whole system going towards a catastrophe? How deep, lasting or irreversible are the changes we are experiencing? What are the political, social and mental weaknesses? Who is responsible for the failures and hardships experienced by the CEEC? The goal was their stabilisation but everything was done too quickly or even imprudently. The available funds were not enough, and it is doubtful whether the CEEC have a new social contract.

The students expressed their disappointment with their countries and pointed to specific weaknesses. It was mentioned that the CEEC have adjusted to the old members-states both in terms of material interests and of costs of everyday life as well as regarding the respect of human rights. However, they have failed to create new types of aspirations, their administration is ineffective (especially in Bulgaria), there is corruption and a lack of e-governance facilities, and the minorities are not well protected and integrated.

C. Coker rejected M. Malitza’s assessments of myths. He cited Leszek Kołakowski, the late Polish philosopher and historian of ideas, who finds the presence of myth essential to every human endeavour. For instance, human dignity is such a myth. People fight for dignity because they want it themselves, not out of historical necessity. For instance, the myth of a better life in the USA still leads people to migrate, although one tenth of African-Americans is estimated to live in a shelter at some point in their lives. The underlying reason for the emigration to the USA is the confidence of the common man that he will find some respect. By contrast, the societies of the CEEC have developed their own myths. One distinct modern social imagery is respect for human rights for which people fought and are still fighting. Another mythological notion is the social contract, for which people are demonstrating. Yet another case: China is trying to establish a Chinese citizenship for the first time - a new myth of nationality. Cuba also has the social imagery of social coherence in their country. On the contrary, there is no social contract in the CEEC. All in all, C. Coker stated, success and failure are perceived in an ideational and not in a material way.

At this juncture A. Clesse intervened, arguing that Western politicians are cynical, much more than during the communist era and that this may be a way of protecting themselves. C. Coker further elaborated and referred to Richard Sennett who talked about the cynicism of the market and of capitalism. Politics is about reciprocity; what one does for someone, someone does for you - but some people out of a professional calling have vocation: they are willing to go beyond the contract and enter into a covenant with someone else. Nowadays, all we have are contracts. As a result, we are seeing an increasing commodification of education, which leads to the corrosion of characters. Cynicism in fact is the outcome of this lack of character. Today there are only contracts, and we are now experiencing a bad moment in the history of the West where trust is in decline. At that point, A. Clesse pertinently and ironically added that in the cases of the CEEC, what has happened was that those contracts have become the enemy of the social contract.

M. Malitza insisted that social contracts, contracts regarding safety, nourishment etc., are based on interest and not on psychology. It is important, he added, to respect them but it is compulsory to obey the laws. In fact, rights are another face of responsibility. What is more, there were no social contracts under communism; all was imposed on the people without their agreement.

M. Hirsch combined the previous points and commented that Europe does not know what it stands for and therefore the EU does not have the power to become the driving force for peace. It would be necessary for the CEEC to request from the EU to clarify its telos. However, these countries did not act correspondingly, and this is evidence of their inability to provide a convincing political message.

8. On Mentalities

A common concern for all the participants was extremism and mentalities. A. Clesse triggered the discussions by citing both historical examples as well as specific personal experiences. One positive example regarding mentalities is Cuba where there is little corruption despite the generally low income. Its particular ethos and solidarity leads this country to be better than the USA in fields such as healthcare. Another, negative, example is the Roma population whose conditions of living are deteriorating despite official declarations. In spite of all proclaimed efforts, the situation of the Roma is still unacceptable. The only way out will be, according to A. Clesse, a profound change in mentalities of the young civil servants, of the Roma themselves, and of the frequently corrupted politicians.

C. Coker cited a research according to which racism is on the rise in Europe, which can in some sense be described as a kind of ‘euro-pathology’. He then made a distinction between human and civil rights. During the French Revolution the ‘Declaration of the Rights of Man’ was not referring to the people in general but to the citizens. Therefore the whole title was ‘Declaration of the Rights of Man and of the Citizen’. Moreover, Pericles in the Funeral Oration said that a citizen who does not vote is a useless citizen. Rousseau coined the term ‘ethical stranger’, who is somebody who abstains from the social contract and does not talk in public. Furthermore, Kant treats humans as ends and not as means. Racism, C. Coker claimed, was an important phenomenon of the European integration process but it could be handled, although EU has not yet succeeded in curbing it. Racism is still on the increase.

These presentations provided fertile ground for a debate around the issue of mentalities. A. Clesse also urged the students to provide their own opinions concerning the most urgent problems faced by the CEEC which were summarised as mentalities, the political system and the impact of the EU.

Some students denounced the current mentalities of the people in the CEEC as passive and proposed a leap forward towards substance instead of image, fighting for true civil rights instead of giving them up. Additionally, they were in favour of the promotion of solidarity among the people and of the freedom of the press. Dignity and rights, they thought, cannot be given but can only be earned.

Others focused on pressing problems such as the hegemonic attitude of the executive branch of government, the ineffective public administration, the ineffective enforcement of the rule of law, the high levels of corruption, the weak educational and healthcare systems, the rise in nationalism and the lack of a lustration law. The status of the CEEC economies was also of great concern. Thus the participants touched upon the need for an increase in FDI, the lack of a true entrepreneurial spirit and the necessity for radical economic reforms in fields such as the pension system and the privatisation of specific companies. Moreover, the participants agreed that the local civil societies were underdeveloped and voluntary organisations were often funded by the state and therefore the people working in such institutions could not really be called volunteers.

Another issue was the need for a change in the image of the CEEC that is projected to the EU. They added that the EU should finally start helping these countries more by setting clearer goals, providing clearer guidance and not just demanding changes, pushing forward the creation of a common EU identity as a motivation towards a common objective, and implementing a common migration policy so as to avoid the emergence of a European migration periphery. Last but by no means least, they suggested that the important local traditions and old historic links which were unacknowledged by the EU, could be used to help improve their political systems as well as to help improve EU-Russia relations, especially with a view to Russia's proposal for a reform of the European security system.

C. Coker suggested that a distinction between the popular and the more precise understanding of the term mentalities was important. Foucault for example was talking about paranoia. Stalin was sending people to the gulags. This is the more general use of the term mentality, which should be broader and relate to the general well-being. The problem in the CEEC is the existence of a culture of corruption and kleptocracy. Middle level officials are often incompetent and corrupted. Specific interest groups continue to be influential despite the 'shock therapies'. This kind of nomenclature is being projected into the future of these countries through a vicious circle that is self-sustainable since the new elites are the descendants of the old ones and they follow this kind of attitudes. C. Coker appeared pessimistic: this situation is difficult to change since there is a lack of intervening factors willing to further push forward the necessary reforms. The case of Poland is a successful example but Poland was fortunate to be influenced by both the EU and Germany.

M. Malitza followed Voltaire who had argued that the art of governance is to make two thirds of the population willing to offer something to the other one third of the population, so as to make them happy as well. This is a proposition that is related to the issue of inequality. However, there are still important changes to be done that undermine, in various ways, the well-being of the population. A case in point is Romania where the people do not cultivate their fields. Romania is a state that imports 95% of food products, although one third of its fields are not being cultivated.

M. Hirsch talked about the state of democracy in the CEEC. Since the democratisation process is a lengthy one and does not happen overnight, he suggested that the CEEC should implement re-education programmes, just like in post-WWII Germany and Japan.

G.M. Ambrosi rejected the notion of re-education, defining it as illiberal and connecting it with authoritarianism. He emphasised repeatedly that any re-education programme was wrong

and counter-productive. The solution, according to him, is to let people become what they want. This would be a future-oriented and not a past-oriented program. Besides, since in the EU all is based on the notions of liberalism and competition, it would be fair that the same applies to ideas, which should be competing freely.

A. Clesse adopted a more cultural perspective and warned that every absolute change has far-reaching repercussions. For instance, the eradication of corruption does not come without any side effects. Every absolute change is a totalitarian project; even the eradication of poverty or corruption. Corruption is in the veins of every society and it cannot be eradicated. Even Switzerland or Denmark have corruption.

What is more, A. Clesse was pessimistic for the future of the CEEC due to the discrepancy between the economic and political dimensions of the EU. Given that the EU, and Germany in particular, will not continue to provide funds forever, it is necessary for these countries to put a stronger emphasis on national solutions and solidarity. Therefore, he pointed out again that what is at stake for the future is whether the CEEC will further integrate or disintegrate with the older EU member states. He also warned against self-complacency which, he observed, is widespread.

These reflections led to a heated debate about people's attitudes. The students claimed that in the last 20 years a lot of things have changed, that they try to improve their future and that the West has not met their expectations as well. The West has been dictating too much and offering too little. It is easy to criticise but much more difficult to act. Moreover, due to immigration towards the rich Western countries, the CEEC have experienced a significant brain-drain effect that undermines their efforts for progress. Furthermore, it was also mentioned that these societies are tired by the rapid and relentless 20-year transition period. What they want to do now is to pause in order to harvest the fruits of their efforts.

9. The Future

A. Clesse opened the discussions on the European future in the global context. According to him, historians will probably judge the current period as one of unique prosperity. However, he emphasised the precariousness of the future. The East is rising, becoming richer and more competitive. On the contrary, the West is sliding into depression and Europe's global role and importance is steadily diminishing. There is an ongoing restructuring of the global political and economic world order and the outcome does not seem to be in favour of the West. Even rich European countries, such as Germany, are facing problems; poverty is increasing, traditional societal structures like the family are being dissolved, anomie behaviour is on the rise etc. Therefore, it is of utmost importance to reach for radical solutions. Nevertheless, he wondered, how will the societies react? Is a European civil war conceivable, as the Marxists have been proclaiming? Will the people react to the impoverishment of their societies and when will they do that? When will they say enough is enough?

Concerning the global state of affairs, he wondered how long the Asian countries will continue to find the Western financial and banking system useful and support the foundation of the American hegemony? Moreover, will the US suffer a secular decline in the next 50 or

100 years? Both the American material and cultural hegemony, its hard and soft power are being challenged and in decline.

A. Clesse predicted a bleak future for the CEEC if nothing will change. These countries, he argued, have to take up the challenges of the future, overcome the current stasis, self-complacency and anti-initiative attitudes. The lack of will to become autonomous is a relic of their communist past that represents a heavy, counter-productive and dangerous burden.

On more theoretical grounds, he concluded that the current situation is obviously indicative of the limits of structural changes. Although the economic structure has changed, the mentalities have persisted and can lead to paralysis. All in all, an economic ‘shock therapy’ cannot be effective without deep mental changes.

C. Coker responded to A. Clesse’s last comment and elaborated on the possibilities for change. He referred to Herbert Simon, quoting that we have to find simplicity within complexity. For example, most of the 20th-century economists tried to diminish inflation. However, this could not happen since it was the result of economic growth. Any attempt to change society does not come in a vacuum and outside of history. Societies are not a ‘tabula rasa’. An example of effective change was ancient Athens. C. Coker mentioned Cleisthenes’ reforms that included the fracturing and restructuring of the society of ancient Athens. Cleisthenes had divided Athenian society in different tribes, thereby breaking up previous social bonds. Moreover, he changed their names. He implemented these changes in a way that no tribe was able to conquer the other, hence creating an inter-tribal balance of power. In other words, he created a democratic framework. He did not establish democracy according to the current Western way. This example, however, is indicative of the limits of any attempt to impose societal models on different societies. Effective change cannot be maintained with new institutions alone in the absence of new behaviours.

G.M. Ambrosi, from an economic perspective, focused on the distribution of capital and its impact on the future capabilities of the CEEC. These countries came from the collapse of socialism – and under that system private ownership of capital was forbidden. For historical reasons, new private capital had only recently started accumulating, whereas other countries, such as the UK, have been doing that since Cromwell. Moreover, the distribution of the productive capital inherited in those countries from the socialist time was ineffective and problematic and often was based on kleptocracy. He emphasised that this was a severe drawback for the future development of these countries which has not been properly focused in economic political discussion so far.

Concluding Remarks

In his concluding remarks, A. Clesse contrasted the present and the future. The EU has indeed experienced unique prosperity. However, new problems or persistent old ones, that intensified due to enlargement, globalisation and competition by the empowered BRIC countries (Brazil, Russia, India and China), will have to be confronted on sociological, political, economic, and cultural grounds. At stake is in effect the future of the EU per se and the future of the CEEC in particular. Will the CEEC diverge or converge with the rest of the EU? Will they become a

kind of European periphery? Will these societies remain self-complacent and yield to populism and to right-wing extremism or will they meet the widespread positive expectations of the early 1990s? A. Clesse urged the participants of the Vama Veche 2009 Summer School to reject self-complacency, to dismiss retrogressive realities and to become advocates for positive change in their countries. However, he concluded, the impact of factors such as globalisation, incrusted interests, the lack of an adequate social protection system, do not provide grounds for optimism.

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Appendix I

Report by the Working Group on Politics

The objective of this report is to examine five groups of countries and rank them (1 to 10) according to the following criteria:

- Political pluralism
- Free mass media
- Civic political culture and active citizenship
- Political transparency
- Integrity of the political actors
- Free and fair elections (correctly organised)

The groups of countries:

- Romania, Bulgaria
- Baltic countries (Lithuania, Latvia, Estonia)
- Former Yugoslav republics (except Slovenia)
- The Visegrad countries (Hungary, Poland, the Czech Republic, Slovakia)
- Former USSR countries (Russia, Ukraine, Moldova, Belarus)

The countries have been grouped taking into account the similarities that they share in terms of political development, civil society, EU integration and the extent to which the countries have progressed according to the EU policies.

The final report attempts to offer an accurate view of the degree of development that the countries have reached until now.

Romania, Bulgaria

• Political pluralism - 9

The grade reflects the diversity of the political milieu in terms of numbers of parties and the ideologies they embrace. The political spectrum varies between the socialists on the left and the radical right (in Romania, this range is exemplified by the PSR and the PRM). There is a real interest on the part of the parties to preserve their ideological stance inside the party, but in terms of governmental policies the ideological background can shift in order to cater for the realities of the social context. (PNL social policies)

There is a high degree of competition between the parties and there are also important ethnical minority parties; and in some cases, they have a strong representation inside government (e.g. UDMR).

• Free media - 6

The press is not critical enough towards governmental mistakes. Journalists are led by political interests, and they are controlled by different media trusts which in turn are

controlled by highly influential businessmen or politicians. The mass media do not fulfill their role of educating the citizens and raising the awareness of the citizenry.

- **Civic political culture and active citizenship - 6**

There is a low degree of active citizenship because of a lack of civic political culture. The activity of NGOs is rather low, although the number of NGOs is rather large. Civil society suffers from political apathy and one of the reasons is the fact that the citizens themselves do not trust political actions anymore (low percentage of participation in elections).

- **Political transparency - 4**

There was no political will for a lustration law in these countries. The legal system suffers from lack of transparency. There is a historical tradition for corruption, based on the fact that the incomes had always been rather low and the fact that there is a cruel discrepancy between incomes. Whenever some highly positioned politician is discovered to have lied about his fortune, nothing relevant happens because the justice system is rather weak.

- **Integrity of the political actors - 4**

The former communist elites still hold important political and economical positions. Important politicians, who were involved in important political and economical scandals, are still holding their positions.

Many politicians change their party affiliation just to stay in power. They are very populist in their discourse, even demagogical. In many campaigns the important parties simply buy the votes, by offering the citizens money, goods and food.

- **Free and fair elections (correctly organised) - 6**

Even though there is a legal framework for organising elections, sometimes they are organised in order to give the party in power an electoral advantage.

Sometimes the parties practice the so-called “electoral tourism”, meaning that these parties pay the media to manipulate the electorate (writing articles in favour of those parties).

The Baltic Countries

- **Political pluralism - 7**

There are not so many parties.

They don't care much about a coherent ideology. They place themselves on the political spectrum only having in mind their own interests.

- **Free media - 9**

The press is little controlled by the politics or economics.

- **Civic political culture and active citizenship - 8**

They have many NGOs; many volunteers are implied in different activities. The participation in elections is rather good.

- **Political transparency - 7**

They had in the past some problems with the lustration law, but in the case of corruption on a high level law will be enforced, e.g. if a politician is found guilty of corruption he loses his position.

- **Integrity of the political actors – 8**

There are still many politicians who are corrupt.

They often do not keep the promises made during the electoral campaign.

There is a lack of integrity of politicians who are involved in politics and economy at the same time.

- **Free elections (correctly organised) - 5**

The legal framework exists, but the problem is that not all the inhabitants have the citizenship, which means that they cannot vote, even though they live in those countries and pay their taxes.

The Former Yugoslav Republics (except Slovenia)

- **Political pluralism - 9**

There are two major parties and some other small parties. The opposition is free to express itself.

- **Free media - 7**

Two major TV channels. These channels are been criticized by the opposition because they are considered to be pro-government. There are also three major newspapers. The press is rather free but not professional. When a important topic is brought into the public's interest that subject disappears rather quickly because the journalists don't know how to present it in a way that is attractive to the public.

- **Civic political culture and active citizenship - 7**

They have an important number of NGOs, but they are weak because they don't have the financial support (in Croatia, for example, there are 7000 NGOs). The most active NGOs are subsidised by international organisations. The young generation is not so much involved in the societal life (10% of young people – in Croatia), but there is a quite high level of interest in the participation in the elections (50% in Croatia).

- **Political transparency - 7**

Serbia and Bosnia seem to be the most corrupt countries, even though the system is more transparent than before. The political class is seen to be quite corrupt.

People are complaining about the justice system but they don't do much to change the situation. They lose step by step their trust in the government.

- **Integrity of the political actors - 6**

Many important politicians change their party for personal interests. The lack of integrity of the political class and personal ambitions of the politicians lead to a lack of political discipline and serious commitment.

The leaders express important ideas in their political speeches, but they don't do much to implement them.

- **Free elections (correctly organised) - 8**

There is a problem with so-called “electoral tourism” (in Croatia, for example, the Croatians from Bosnia can vote in Croatia too, even though they are not “active citizens”). The legal framework exists, but there are always “electoral incidents” occurring which are reported by the internal or international observers.

The Visegrad Countries

- **Political pluralism - 10**

There are plenty of political parties covering almost all the political spectrum. The parties are formed on the basis of ideologies; those countries have a history in this sense since the fall of the communism. The political environment started to develop rapidly after the fall of communism and this was a good thing for the evolution of the parties.

- **Free media - 9**

There are plenty of TV channels and radio stations. The written press is partly controlled by economic circles but not politically groups. The strongest parties generally have their own newspapers which promote their ideology, doctrine and governmental policies. The evolution of the written press was favourably influenced by the presence of samizdat publications during the communist era (these countries had a real political opposition, unlike the first group of countries, Romania and Bulgaria).

- **Civic political culture and active citizenship - 9**

Civil society is rather developed thanks to forms of political opposition that date back to the communist period: Solidarity in Poland, Charter 66 in the Czechoslovakia, also the first free elections in the Communist bloc were organised in Poland in June 1989. The Czech and the Hungarian intellectuals had a rather intense and active opposition against the Communist regime, and this was reflected by the immediate political activities after the revolutions. Some of those intellectuals became democratic leaders in their respective countries, e.g. Vaclav Havel and Vaclav Klaus in the Czech Republic.

- **Political transparency - 7**

In the early 90s there were lustration laws and in countries like Hungary or the Czech Republic this fact was good for the constitution of a new political class. The politicians do not influence the justice system and when a politician is found guilty of corruption or hasn't declared his fortune, a requirement for all candidate for a political position, that politician might lose his position.

- **Integrity of the political actors - 9**

There are real concrete actions that follow from the political discourse. Normally, the politicians' speeches tackle the real problems of the citizens and trying to find solutions.

- **Free elections (correctly organised) - 9**

There are very few electoral incidents. The media try to report properly the facts during the electoral campaign without influencing the voters. The campaigns are relatively correct. Electoral campaigns have a long tradition. The fact that even in the time of communism there was an opposition, and even some kind of manifestations against the system did take place, helped greatly society after communism.

The Former USSR

- **Political pluralism – Belarus: 5, other countries: 9**

Russia has 7 parties (4 in the parliament). There used to be 15 but they merged into 4.

Ukraine has around 20 parties and 5 of them are in the parliament.

Belarus has 3 parties (1 in parliament).

Moldova has around 30 parties (4 in parliament).

- **Free media - 7**

There are a lot of TV channels in Russia, but only 3 or 4 are important; 3 of them are pro-governmental. The written press: around 14,000 newspapers (national, regional and local). The press is free, but the television is rather controlled.

In Ukraine the situation is almost like in Russia. The main difference is that in Russia there is only one control centre and in Ukraine there are many centres of controlling the press.

In Belarus the media is under control of the regime. There are a few free small newspapers, but their influence is small.

Moldova has only one channel in Romanian language that broadcasts in all the country. In Russian there are more. The regime controls the public television. The written press is rather free of control.

- **Civic political culture and active citizenship - 7**

Voter turnout is rather high in all kinds of different elections. There are many NGOs, but it is difficult to register them, and NGOs have a small financial support. The implication of the citizens in the political life is rather low. The first free elections in former USSR countries were in 1989.

- **Political transparency - 6**

In Russia it is mostly probable that a lustration law will never be promulgated, and this affects the political class as well as the society. The economical oligarchs used to have an important influence in the political life. At the moment the political class is very influential in different societal activities. President Medvedev declared war against corruption in Russia and this might have a good effect on the political class and the society. Declaring their fortune is now mandatory for everybody who wants to run for a public position, but the politicians try to avoid making public all their possessions.

The transparency laws and the situation with the declarations of fortune are much worse in the other countries than in Russia.

- **Integrity of the political actors - 7**

The political leaders mostly understand the needs of the people and their wishes, and they construct a “national interest” based on these wishes. Sometimes the “national interest” consists in defending and promoting daily needs of the citizen (salary, living standards etc.).

The politicians sometimes leave a party for another, so the ideology is rather unimportant.

- **Free elections (correctly organised) - 7**

There is a legal framework, but it is not always respected. The media often influences the electorate during the campaigns. The legal framework is easily changeable, especially in Ukraine, and in Moldova where the communist regime often intimidates the opposition.

Conclusions

According to the evaluation based on the criteria presented at the beginning of this report, the groups of countries which were analysed can be ranked in the following order regarding their degree of democratisation:

1. The Visegrad countries - 53 points out of 60 possible (8,83 the average)
2. The Baltic countries - 44 points (7,33 the average)
3. The former Yugoslav republics - 44 points (7,33 the average)
4. The former USSR - 41 points (6,83)
5. Romania and Bulgaria - 35 points (5, 83 the average).

The results reflect the specificities of the totalitarian regimes: the harsher the system was in the past (oppressing any dissident movements), the less developed is their civil society and political culture now. Countries with an opposition even before the revolutions are in much better shape. Progress has been made, but there is still a long way towards a consolidated democratic system in all the countries mentioned.

There are certain measures that we recommend to be taken into account in order to promote the development of the political dimension in Central and Eastern Europe.

- **Political pluralism**

The legislative system should make it easier for citizens to form associations and political parties no matter what their ideology might be - provided that they are supported by a minimum number of people which represent a relevant percentage of the population of that country.

- **Free media**

As most countries lack a free and professional press, ensuring a favourable framework for non-biased information for the people is a crucial element in the process of democratisation. This can be achieved by eliminating the interference of the political and economic actors. .

The journalists should also adopt and respect a code of professional deontology, that should state some of the most important principles of this profession and condemn those who don't respect them. The written press should strive to achieve its role as the fourth power in the state; the press should properly exert the role of a watchdog to help the consolidation of democracy.

- **Civic political culture and active citizenship**

The most important tool in raising the strength of the democratic political culture is education. The group therefore strongly advises civic culture to be promoted with more responsibility in schools. This will help the young generation to understand their duties as citizens of a democratic country.

Civil society must act as a real actor both at the national and the international level.

- **Political transparency**

One of the most important actions to be taken in order to improve transparency is to ensure an independent judicial system, able to punish corruption, no matter the position of those accused.

A functional lustration law and free access to the political actors' files dating since the communist period are also necessary.

- **Integrity of the political actors**

Those who do not act in the interest of the citizens should be eliminated from the political arena. The citizens should sanction the politicians by vote, regardless of the possible immediate material benefits they might be promised during the electoral campaign.

- **Free and fair elections (correctly organised)**

The existence of an efficient electoral law that cannot be easily modified.

A real and harsher punishment of those who use what is called "electoral bribery" in order to convince people to vote for them.

Observers representing both national and international organisations should watch over the electoral process.

Appendix II

Report by the Working Group on Economics

Analysis of the Economic and Social Development in CEE countries

Strengths

The majority of the countries were able to achieve a moderately successful transition from a planned to a market economy, managing to overcome the initial recession and to attain higher levels of development.

One of the main strengths was the continuous stability of the banking system, which promoted independent policies. The preservation or the introduction of independent Central Banks further stabilised the situation, as they promoted tight, conservative monetary policies and eliminated the incentive to reduce the real weight of the public debt through price inflation or devaluation.

Foreign banks took over the banking system and brought their expertise and know-how, offering a new credit policy and allowing businesses and population to access credits. The connection to mother banks meant that in times of financial turmoil the local banking systems were supported by the Western headquarters.

The economic criteria to join the Euro and the economic policies and reforms the EU had demanded from countries in the region were an extremely forceful incentive.

The FDI effect had a positive spill-over aspect, but it did not provide a very sustainable development.

The countries managed to control the inflation and achieve single-digit inflation, by overcoming the hyperinflation of the 1990s.

The previous regime emphasised specialisation in the natural science fields and engineering and this means there is a certain level of specialised human capital in the region. People possess the required analytical skills to be competitive on the EU labour market.

The level of home ownership in the region is very high, which means these countries have lower spending on rent, freeing income for alternative use.

Weaknesses

All the countries experienced economic problems at the beginning of the transition, illustrated by the drop in GDP, especially in the first years, as the political and economic elites did not promote the necessary economic reforms.

The employment rate is lower than the target set by the Lisbon Agenda and in comparison with EU 15. These countries have experienced “jobless growth”, which means that these countries have not managed to create a flexible labour market (e.g. the moonshine/grey economy).

The spending share on food is bigger than that registered in developed economies (at about 40%), which illustrates the low incomes of people in these countries. Furthermore, the energy cost is also a very important factor for the economic evolution, since the prices are in dollars which implies big volatilities in this sector as a result of changes in world market energy prices. These big fluctuations are driven by the fact that the economy is very energy-intensive. As a result, these countries are hugely exposed due to the lack of alternative sources of energy and the lack of diversification. Together with the Balassa-Samuelson effect, this leads to a decrease in people's welfare.

The current account deficits in all the countries remain quite high, and this poses a threat to the exchange rate and to the overall economic long-term stability. This requires some buffers in the fiscal stance, which further decreases the ability to use expansionary fiscal policy to stimulate the economy.

Income inequality has been increasing over the transition period: starting from a theoretically equal society, disparities are quickly developing, which causes social tensions and nostalgic frustrations.

There are numerous cases of people on top of the income distribution who became very rich very quickly through corrupt practices. This decreases the morale of ordinary citizens who try to follow this type of behaviour in order to change their social and economic status.

Another result of the employment system developed during communism was an emphasis on participation without any regard to efficiency. This persisted after the change in 1989 and is reflected in the low productivity levels in the region, in comparison with EU 15.

One of the main negative results of these economic particularities is that there is a diminished or very small-sized middle class. The middle class is the entrepreneurial class, which sets up family businesses growing into small and medium enterprises and which are the backbone of a developed market economy, providing for most of the employment and offering innovation.

Opportunities (Recommendations)

To alleviate the problems in the labour market, the countries of the region can bring workers from non-EU countries in the region (e.g. Moldova, Macedonia, Ukraine) or even from Asian countries, with China being the most obvious example.

The countries should make use of European regional policies, especially the border regions, and by making use of available EU economic programs, also by developing their co-financing ability in order to attract money and capital (budgeting procedures, accounting, project administration abilities).

The tax system could be used as an instrument to take out the disadvantages for SMEs. These countries promote the entrepreneurial spirit; small- and medium-sized enterprises should be encouraged more than they are now.

Bureaucracy should be reduced through reforms in public administration (one stop shop in Albania, e-government).

Regarding the agricultural policy, the countries in the CEE should provide a solution to the plots of land that are left unused. They must also increase the productivity in the sector. This would solve the problem of the food imports, which are part of the current account deficits problem.

The countries should create a national brand, and improve the image they project abroad, a possible solution being the creation of a national brand (Slovenia describes itself as a green country).

The states should continue to access FDI and to attract foreign inflows of capital: in the contemporary economy multinational companies are the dominant type of economic entity. They go beyond the borders of particular countries with certain stages of production allocated or relocated to a different country. If it identifies a stage of production that suits the economic framework, then the citizens in the poor regions can be beneficiaries.

The countries should make use of the current macroeconomic stability in order to promote reforms that encourage growth (the low level of indebtedness is one of the main examples).

The incentive to join the Euro zone could provide an incentive for the next years for new EU member states which have not joined the EMU, in order to achieve the criteria set by the Maastricht treaty. Having a common currency decreases the cost of doing business, such as accounting costs, exposure to exchange rate fluctuations. It also brings low interest rates and low inflation.

Threats

The lack of innovation, which is hampered by the lack of property rights and the frailty of the rule of law, means that these countries will not be able to be competitive in the future with the developed Western economies. This could threaten the convergence process at the EU level.

The demographic structure of these societies is an immense threat, as ageing populations, combined with the lack of reforms regarding the social safety net, will have serious implications in respect to the pension and health systems and on the labour market (unemployment and other social benefits).

The increasing of the collusion of interest groups and the lobby influence undermines the trickle down effect which is meant to spread benefits over a larger number of citizens.

In the absence of structural reforms, inefficient administration and the lack of rule of law means that the status quo persists.

The increase in the number of school dropouts in a digital era is a time-bomb, since it dooms this group to low-skill labour and makes them unsuitable for the needs of a 21st-century market economy.

The lack of a vision regarding sustainable development (the main example being urban development, infrastructure, alternative transport), combined with migration to big cities, can lead to social unrest.

A potential threat that has to be addressed is the general discontent and frustration with regard to the inequality of the newly established market economies and the economic uncertainty in the everyday life of the people in the vulnerable layers of the population. The lack of transparency and public debate regarding important issues for ordinary people undermines the fundamental principle of democracy and leads to a lack of creativity and of expression of innovative ideas that may have an impact for the economic development.

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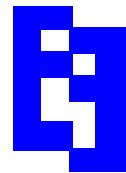
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Appendix III

Summer Seminar

Central and Eastern Europe Twenty Years After



Vama Veche, Romania
20 - 25 July 2009

A G E N D A

Monday 20 July

- 18.00 - 20.00 **Session 1:** Eastern Europe in 1989 and in 2009: the empirical evidence: tangible (economic, technological) and intangible factors (political, societal, mental, cultural)

Tuesday 21 July

- 10.00 - 12.30 **Session 2:** The euphoric phase: 1989-199...
The promises. The frustrations. The disenchantment
- 18.00 - 20.00 **Session 3:** Achievements: political, economic, social

Wednesday 22 July

- 10.00 - 12.30 **Session 4:** Working groups
- 18.00 - 20.00 **Session 5:** Failures: why did so much go so wrong ?

Thursday 23 July

- 10.00 - 12.30 **Session 6:** The unfinished agenda. What remains to be done
- 18.00 - 20.00 **Session 7:** The EU as a rescuer. The EU as a spoiler

Friday 24 July

- 10.00 - 12.30 **Session 8:** Working groups
- 18.00 - 20.00 **Session 9:** Comparing developments in Eastern and Western Europe.
The evolution of Eastern Europe in a global perspective.

Saturday 25 July

- 10.00 - 12.30 **Session 10:** The next twenty years: stuttering ahead or taking off at last ?