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## How culture shapes the post-communist transformations

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In recent analyses of the post-communist transformations cultural dimensions have gained more prominence than they were accorded in early theories of transition to the market and democracy. During the 1990s policy- and market oriented concepts of transition gave way to a perspective on institutions that structure and stabilize processes of decision-making and courses of action over extended periods of time. More recently institutional approaches have come to incorporate those cultural dimensions which provide institutions with legitimacy and authority and offer symbols of collective identity. In the first place, this shift of attention was motivated by differences in the development of the post-communist societies. Not a single 'country in transition' followed the script of 'radical reforms' as designed in the early 1990s by the international financial institutions (IFIs); the liberalist project of systemic transformation turned out to be an illusion (Szacki 2003). The varieties of post-communist capitalism as well as the new boundary of the enlarged Europe, which separates the new members of the EU from both the post-Yugoslav conflict zone and Russia-dominated Eastern Europe, can be related to different cultural contexts defining different perspectives of political change. How to understand 'culture' in this context and how to explain radical social change by 'cultural factors' has however remained a matter of controversy.

First, I would like to sketch out the conceptual reorientations of research on transformation during the last two decades; following this I'll explicate the rather diverse understanding of institutions and culture in the different social science disciplines as far as necessary to understand the cultural dimensions of the East European revolutions and the cultural preconditions of the Eastern Enlargement of the European Union. A sociological reinterpretation of the European integration process underlines that the successful transfer of institutions into the new EU members was possible only because it was supported by the dominant value-patterns of 'Europeanisation'. As a result, two developments ensued: first a break with the culture of the ancient regime; second a bridge between the modernizing elements of east European socialism and west-European varieties of capitalism. This contrasts to the much more arduous attempts to redefine the territorial identity, scope and legitimacy of the state in Russia and other cleavage products of the former Soviet Union.

## Progressive problem shifts: from markets to institutions

Advances in transition research are marked in the first place by the problem shifts which undid the orthodox transition paradigm of the early 1990s. The literature of this time was characterized, on the one hand, by a macroeconomic empiricism, which confused indicators such as growth, disinflation, privatization etc. with political and social modernization. On the other hand, the post-communist countries were classified according to the voluntaristic scheme of 'radical' vs 'gradual' reform policies. This scheme was based on the questionable assumption that optimal 'reform packages' would induce convergence towards liberal capitalism: catching up with advanced capitalism was the task for rational reform elites. Struggles between liberal and post-communist elites were made responsible for the volatile course of reform politics and the post-communist crises (Aslund 2002: 70). This 'actor-centered' perspective was complemented by the political science paradigm of 'Transitions to Democracy': Irrespective of the structural characteristics of a country, its socio-economic

stage, its cultural traditions and ethnic cleavages, autonomous political elites seemed in a position to realize democracy by prudent decision making (Diamond 2003: 2) Referring to history and culture was from this point of view a defensive strategy employed by conservative forces.

Simple schemes of this kind lost their charm in the later 1990s. Transforming the planned economies did not follow any linear track; esp. the countries in the former Soviet Union passed through a long phase of disintegration. The political science focus on elites was confronted with disturbing changes of positions: Boris Yeltsin, widely touted as a 'radical democrat', sunk into corruption and authoritarianism, while the suspect post-communist Alexander Kwasniewski set Poland on the fast track into NATO and the EU. The neoliberal discourse of reform finally collapsed with the Ruble crisis of 1998; a few years later the political transition paradigm was declared obsolete (Carothers 2002).

To be sure, the field of transition research today is not the same as it was in the 1990s. The general category of 'countries in transition', originally applied to 28 countries, has been replaced to a regionalized categorization, which is reflected by new country classifications and regional departments of the International Financial Institutions and new theoretical frameworks. The prospering east-Asian economies of China and Vietnam were reclassified as 'new globalizers' (Dollar/Kraay 2001); in these countries continuity of an authoritarian state is instrumental for a neo-mercantilistic growth strategy while a transition to democracy was off the agenda. In contrast, the post-soviet region of the 1990s suffered from disintegrating state institutions. The post-soviet societies dissolved into neo-patriomonal networks, living through the most profound recessions with dramatically growing inequalities. Russia, which after years of anarchical disintegration reclaimed internal and external sovereignty, is described as a 'democracy with adjectives' (Collier/Levitsky 1997). The seven poorest post-soviet states are classified as „CIS-7"; here the breakdown of communism produced absolute impoverishment and violent conflicts; in central Asia a post-communist 'sultanism' emerged, while the Caucasus region exemplifies the recently introduced category of 'failes states'. The contrasting program of a successful transformation can be observed in the new entrants to the EU; the "Central European 8"(CEE-8) seem now to fall into the domain of European Studies.

Transformation research has adapted to the changed state of affairs and introduced new conceptions to explain the diverging outcomes of post-communist change. In the late 1990s a more sociologically informed perspective underlined the endogeneity of reform politics: the sustainability of political programs is assessed in terms of its practical results. Therefore, not only strategic situations but longer periods of time and cycles of reform have to be taken into account. Moreover a turn towards institutions took place: the narrow focus on markets and elections has been widened to a broad spectrum of institution-building. Under the headline of 'governance' the attention shifted to corruption, legal frameworks, trust-building, and accountable institutions.<sup>1</sup>

Confronted with lessons like these, universalistic approaches to economic and political transition were abandoned. Couched in classic sociological terms, the institutional integration of action and those regulative institutions came to the fore which demarcate the realm of legitimate private interests from obligations towards collective solidarity (cf. Parsons 1951: 36-58). This turn required thinking in terms of more complex institutional constellations, and it seems remarkable how this shift of perspective entered the hegemonic discourse of transformation.

## New institutionalism and its limits

Can complex dynamic problems of this type be grasped by the concepts of institutions and culture, which gained prominence in recent debates? The 'second generation theories of transformation', in particular neo-institutional theories, as now favored also by the IMF (2005: 126-127), offer a unifying vocabulary to economic, political and sociological analyses of social change. Neo-institutional approaches seem attractive as an alternative to simplified

models of markets as universal arrangements since they address well known types of market failure, where rational individual action generates suboptimal collective outcomes. Against this background the idea of spontaneously self-organizing markets giving rise to a middle class as the primary constituency for democratic politics, seems hopelessly naive.

According to the ‘new institutionalism’ successful action already presupposes institutionally stabilized expectations about the actions of others. Institutions provide information, define symbols, cognitive scripts and routines, used by actors to ensure common repertoires and definitions of the situation. As far as individual decisions depend on interpretations of the world and institutions perceived as fair, neo-institutionalist approaches go beyond models of rational choice: the efficiency of formal institutions or contracts is based on the informal infrastructure of cultural world views, norms, convention and (scientific) ideologies.

Applied to postcommunism (cf. North 1997) this approach sheds some light on the unexpected course of transformation. In the countries of Eastern Europe the informal preconditions for radical institutional change were clearly deficient and unequally distributed over the region. The breakdown of communism destroyed the formal structures of the regime but not everyday routines and mentalities. Reform policies, whether radical or gradual, could only try to redefine the formal rules of the game, but not take the compliance of the populations or the cooperation of informal power-groups for granted.

Taking precisely this tension between practices and institutions as a starting point, the new institutionalism offers a more realistic theory of transformation which provides three central insights. First, complex societal change can be controlled only to a limited degree, since it unavoidably sets free unintended if not opposite consequences; second, the introduction of formal identical rules and institutions may produce different results in different societies; third, specific paths of change are made probable by specific cultural traditions, the evolution of which defines a distinct field of research.

Without a doubt, the economic vocabulary of the neo-institutionalist program is highly critical of the abstract universalism of rational choice modeling, and in this respect relevant for political science and sociological approaches. In this sense post-cold war international relations are analyzed no longer primarily in terms power politics and state interests. Under conditions of complex interdependence states are more likely to refer to formalized and institutionalized regimes for coordinating their interests in a more reliable way and defining areas of collective action. Arrangements of this kind become more binding if backed by common political persuasions and the “power of values” (Milner 1998).

A common horizon of values becomes even more important, when international cooperation intensifies into projects of regional integration, which lead to supranational institutions. Without cosmopolitan movements which revived the old idea of a politically united Europe and used the leeway of postwar-reconstruction to institutionalize its project, the development of the continent would had taken another course (Kaufmann 2003). The post-war engagement of the US to push forward the “Idea of a European union” had been reflected in cultural terms: as cultivating a closer association of nations “for which the concept of order, as opposed to power, has value and meaning”(Kennan 1948). So, there are many reasons to take the constructive role of values seriously also in macro-sociological analyses of the post-communist transformations which are now merging into the enlarged process of European integration.

But does the neo-institutional understanding of culture match up to social changes as complex as the reconstruction of whole societies and political projects of regional integration?

Does it capture the specific meaning of the East European revolutions? Three objections give rise to some doubts.

First, the neo-institutional vocabulary sticks too close to market processes – to generalized conditions of political, social or economic exchange. Institutions appear as restrictions, which regulate individual behavior in order to lower transaction costs and ensure efficiency, whatever this may mean in specific political or social contexts. Grounded in learned routines and patterns of action they define incentives, sanctions and rules of continuing interaction,

and thus delineate the space of possible behavior. ‘History’ and ‘culture’ are introduced as implicit knowledge or a body of common persuasions and experiences which provide for stability and collective action in situations of deficient information, incomplete contracts and uncertain pay-outs (North 1990: 36). In other words, they are introduced as residual categories which offer a way out of several dilemmas, blockades of suboptimal equilibria. From a methodological point of view this falls back into the very functionalism which a micro-foundation for institutions in individual actions was supposed to leave behind.

Second, culture is reduced to a mental concept: to a “language based conceptual framework for encoding and interpreting the information that the senses are presenting to the brain” (North 1990: 37). The constitution of shared meanings, the discursive processing of experiences and the concomitant conflicts of interpretation can not be conceptualized in an adequate way. Culture is postulated as a functional variable the explanatory value of which remains unclear.

Third, North is primarily concerned with incremental change and, therefore, does not even claim to capture large scale social revolutions which break formal institutions as well as informal routines and establish new definitions of the situation. Discontinuous changes appear risky laden with conflicts and costly; nothing can guarantee that inefficient institutions are supplanted by efficient ones. Confronted with ‘critical bifurcations’ of history, the institutionalist paradigm splits into different branches. “A number of authors have suggested that rational choice institutionalism applies best to understanding the strategic interaction of individuals in the context of specific, well established and well known rules and parameters. In contrast to this, the strength of historical-institutional approaches is precisely in the leverage it provides on understanding *configurations of institutions* and over much *longer stretches of time*” (Thelen 2002: 93).

## Eastern Europe: transformations of political culture

Without doubt, the ‘critical turn’ of history in Eastern Europe displayed the main characteristics of classical revolutions, namely toppling a social formation in its entirety (Fairbanks 2007); they were not designed as principally reversible ‘experiments’ or as controlled social engineering. When Jürgen Habermas, Claus Offe and many others missed sophisticated conceptions and normative designs for a post-revolutionary order they failed to notice the achievement of the involved parties, namely to reformulate the program of radical social change without the use of violence. In fact, the first success of post-communist politics was to transform the authoritarian tradition of nation-building, which had destabilized the East- and South-East European region during the interwar-period, as well as of the Bolshevik cult of revolutionary violence – a not at all self-evident transformation, which was made possible by codifying the break with the past as “Europeanization”.

What did this mean? Certainly not a nostalgic look back to the short history of national independence after WW I or the shortest way to the fleshpots of the EU. On the one hand it implied a restriction of political strategies to nonviolent methods to solve internal and international conflict. That other strategies were possible was demonstrated in Yugoslavia, in the Caucasus region, in Central Asia and on the Square of Heavenly Peace. The orientation of transition politics towards the Western consensus to refrain from violence was non-trivial, since it was also for Western Europe a quite recent innovation of post-war politics. On the other hand, “Europeanization” had been the dominant value-pattern which not only guided the break with Moscow but also the reconstruction of the post-communist institutional order – a remarkable projection into the future.

To understand what belonging to Europe means, Shmuel Eisenstadt’s theory of code-configuration is helpful (Eisenstadt 2009). According to this approach, symbols and symbol-traditions are the medium societies and social groups are using to cope with unavoidable conflicts and crises in a time of radical change, to evaluate present realities in relation to possible futures and to organize active participation in social change. Going beyond values

patterns, cultural codes contain programmatic instructions for the distribution of economic and political power, on the relation between power and solidarity, equality and hierarchy. Transforming political culture means to find new legitimacy for exerting political power and to introduce new orientations for social action.

Coming to terms with the post-communist transformation in Central Europe went hand in hand with changed definitions of collective identity and the projection of a desirable future, which was presented as a 'return' to 'European normalcy'. An invented past became a driving force of social change which brought about a far reaching and still ongoing transformation of statehood and national identity. Against this background it makes sense to understand the adoption of the prosaic body of European law less in terms of 'transaction costs' than as realization of the dominant value-pattern which gave orientation to the Central-European transformation.

### “Europeanisation”: conditions of successful regional integration

What insight is offered by a macro-sociological concept of complex institution-building if applied to the enlarged EU? First, that we are not simply concerned with market extension, institution transfer or a further step of integration following functionally from the need of Europe to hold up well in geo-economic competition vis-à-vis Eastern Asia or North America. A comparative view on regional integration agreements in other world regions underlines the neither geographic proximity nor market-extension, functional interdependencies or cross-border externalities would suffice to induce strong common institutions let alone a supra-national layer of politics. The North-American Free Trade Area (NAFTA) did not initiate a process of institutional integration between Mexico, Canada and the USA. The cooperation between the ASEAN-states, which intensified in reaction to the rise of China during the 1990s, imitated the rhetoric of the EU up to stressing 'common values', but refrained from a charter and common institutions for four decades. After having agreed on a common document, secretariat and the motto 'One Vision, One Identity, One Community' in 2008, cooperation is strictly limited to an intergovernmental level based on the principle of 'noninterference in the internal affairs of fellow members'.

Even in a world of ever denser regional integration, the EU remains a singular phenomenon, which reminds us that transfers of institutions and legal systems have succeeded only under very specific conditions. From historical and comparative research it is known that three constellations play a decisive role: (a) the responsiveness of the receiving countries, (b) the structure of the elite, and (c) the mode of transfer (Berkovitz et al. 2003).

(a) In this sense the division which runs through Eastern Europe is, in the first place, marked by *stateness problems* of different intensities, which account for *varied dispositions for institutional innovations*. The economic collapse, internal crises and external insecurity which haunted the region after the dissolution of the COMECON and the Warsaw Pact, aroused interest in external assistance. The Western consulting industry designed programs and promised access to Western markets and credits.

A successful politics of transformation, nevertheless, presupposes the ability to implement foreign models in one's own country. The CEE-8 set up the preconditions for this by stabilizing their stateness by acts of national reassertion against Moscow. This contrasts to the post-soviet area, where state institutions disintegrated, while society relapsed into neo-patrimonial networks of patron-client relations. Particularist orientations, political and economic regionalism as well as informal power politics undermined attempts at political reconstitution. To expect coherent reform policies in this environment, let alone civil self-organization, was illusory from the beginning. Only after a decade of inconclusive policies stateness was recognized as problem and a highly ambivalent re-centralization of power commenced. Similarly, the escalation post-Yugoslav conflicts could be explained by unsolved problems of stateness.

(b) The relative success of state-rebuilding of the CEE-8 can be explained by the receptivity of their politics for institutional transfer - by an openness for western models, which was sufficiently supported by *socio-structural compromises*. Kligman and Szelenyi (2002) explicate the Central-European and Baltic variety of postcommunist capitalism by the fact, that here a 'neo-liberal capitalism' imported from the west via foreign direct investments impeded unreconstructed elites to subvert the new institutions and to dominate the party systems. Enlightened technocrats in alliance with critical or patriotic intellectuals (and partially integrated working classes) beat back old-style party bureaucrats. 'Neo-liberalism', more than in other countries, referred rather to the rhetoric than to the content of reform politics. With good reasons, since in reality the directions of reforms were determined by the aim of entering the EU and the required institutional conditions: not by the micro-institutions of deregulated markets but by the macro-institutions of European democratic capitalism.

This can be deduced from considerable welfare state activities. Even if it is true that inequality grew to unknown levels all over the region (with Poland and the Baltic countries leading), disparities are still relatively low compared to countries with similar income levels. The middle classes defined in the conventional statistical way make up about 40 percent of the populations. Government spending around 50 per cent of GDP, welfare benefits as shares of disposable incomes above the Danish level, overall progressive tax systems (thanks high exemption threshold even in the 'flat tax'-countries) are not just evidence of a strong 'neo-liberal' orientation. Moreover, in contrast to the Great Britain and the USA, the vast majority gives strong support to redistribute policies (Zaidi 2008; cf. Careja/Emmenegger 2009: 168-170).

On this generalized socio-structural level we find the second condition of the successful transformation of the Central-European countries – a bridge between their egalitarian tradition and a however diffuse 'European social model'. In the CEE-8 the reconstruction of the state was not instructed by a discourse of power but by discourses of justice, solidarity and compensation. In contrast to Russia and the Ukraine, the rise of poverty and social inequality was kept in check.

(c) The third critical condition was the mode of transferring institutions to the east. In contrast to historically frequent cases of enforced transfers of rules, in the case of the EU law was not only the object but at the same time the medium of integration: the CEE-states were reconstructed as states of law. The eminent influence which constitutional courts exercised from the very beginning on the design and functioning of the new political systems inhibited forms of state capture by powerful elites as to be observed in the post-soviet region. Judicial activism defused conflicts between different branches of the political apparatus, compensated for weak party systems and kept authoritarian gestures of power politicians à la Vladimir Meciar at bay. Constitutional courts bridged the gaps between old legislative texts, imperfect legislation and the requirements of democratic governments. That way the strength of constitutional courts was a central factor in consolidating post-communist democracy and, at the same time, correlated "to the depth of penetration of European norms of political institutional design and behaviour" (Sadurski 2009a: 32).

Taking these factors together, it seems evident that bringing the post-communist countries into the EU was surely more than imposing an external regime to the region. The relative success of the CEE-8 did not follow from access to the Common Market or a case by case transfer of specific institutions but from the *normative program* of their reconstruction *in toto*. This was made possible by the deep cultural affinities between the old and new members, which allow for considerable variations but nevertheless define the broad trend towards 'Europeanization'. The two most important elements of this trend have been adopted into all CEE constitutions. First, statehood and the legitimate exertion of power have been redefined in terms of constitutional law including a partial transfer of sovereignty to supranational institutions: several policy areas are under the jurisdiction of the European Court of Justice, which moreover allows individual citizens to claim certain citizenship rights vis-à-vis their national authorities. For the CEE states this had the considerable effect to transform their suspiciously observed nationalism into a more moderate variety (Müller/Pickel 2009).



Second, socio-economic rights as social security, health care, free education etc. have been given constitutional status all over the region; their translation into social legislation is not merely programmatic but required by law (Sadurski 2009). Several waves of welfare reform produced different mixtures of conservative and social democratic elements, but nowhere had they led to a residual model as propagated by the World Bank and IMF at an early stage of transformation (Tomka 2006).

These developments are hardly compatible with liberalist warnings, that EU-style regulations would stall the recovery of the region. Compared to Mexico's subaltern status in the NAFTA and its failing state institutions the new EU members fare much better. On the other hand, left fears that the EU would incorporate the central- and east-European economy as a new periphery destined for labor-intensive segments of the European chain of value creation seem exaggerated. Given the failure of the planned economies to enter more sophisticated stages of production, an unequal distribution of resources, roles, opportunities comes not as a surprise; but instead of a new *dependencia* in terms of asymmetrical power relations (Bruszt/Greskovitz 2009) and undemocratic interventions 'from above' we see consolidated states, with voting powers in the European institutions which surpass their economic weight by far. No recourse to counterfactual history is necessary to understand the hypothetical prospects of a development outside the hegemony of the EU: the real existing alternatives can be observed in the Balkans and east of the river Bug.

## Russia adrift

The other way round, also the divergence between the Central and Eastern Europe and much of the Post-Soviet area may be explained by differently shaped cultural dispositions. Contrasted to the relatively successful course of the CEE-8 Russia lacked a coherent pattern of transformation from the very beginning. Having lost its appeal in its western periphery during the 1960s, the 'Soviet model' spiraled downward in its home territory over the 1980s. Without a consistent alternative in reach, polarized perceptions of the rules of politics and economic affairs resulted in erratic changes of course. In the post-soviet republics state-capacities fell back to the level of development countries: 'From the East to the South', a scenario sketched out by Adam Przeworski in 1991, became reality at least in this region. Search for a post-communist identity of Russia sometimes showed grotesque traits – up to a national anthem without text. Since Russia's state institutions and state traditions had been deeply intertwined with the imperial project to spread a 'unique' civilization over vast territories the relations between an undoubtedly dominant Russian culture and the internationalist Soviet mission remained unarticulated. Since the institutional order of the old regime had been held together by the parallel structures of the party, the breakdown of communism threw the country not only into institutional disarray but also into a period of cultural disorientation.

Attempts to redefine Russia's future in terms of the market, democracy and "neo-Westernization" foundered in the crisis of the late 1990s and buried hopes of a liberal nationalism; liberal 'new thinkers' were replaced by new 'state-builders' (English 2000: 235-240). 'Sovereign democracy' became the latest ideological formula to legitimize the recentralized, self-centred Russian state in a more assertive way against Western expectations, to regain command over the economy and to reclaim geopolitical weight. This formula aims less to the rule of law than to the consolidation of economic and geopolitical power, in which a nationalistic elite represents its cultural identity (with the orthodox church as integral part) (Krastev 2006). Congenial to this mindset, the leadership suggests as an alternative to the EU the Shanghai-Cooperation Organization: a "new model of successful international cooperation" between "unique civilizations which have all contributed to the overall development of human civilization" (Putin 2006). Whether a restorationist nationalism will serve Russia's interest in the longer term is more doubtful. Especially since an infamous

contempt for its own population, also in terms social and legal subalternity, has always been part of the Russian state tradition.

## Outlook

Will the comparative success of the CEE-8 survive the global financial crisis? Or will welfare spending be levelled down by drastic austerity measures as in the Baltics and Hungary? Will a radical nationalism re-climb the political stage as in Hungary? Will the much cited cohesion between the EU member states erode under the burden of public debts and unemployment? If these questions undoubtedly point to real dangers, these are no longer an East European speciality. Unseen cuts in social spending just happen in the U.K., in Ireland, Portugal and Spain, not to forget Greece, which at first made the new experience of limited solidarity inside the EU. A populist Right is taking ground even in the liberal political cultures of Holland, Denmark and Sweden. On the other hand, Austrian banks stayed engaged in Eastern neighbour countries, deep trade and production linkages with Germany and a surprisingly strong net export helped to soften the blow to the 'emerging Europe'. However these developments may play out over the coming years, it seems clear that the normative foundations the 'European model' are challenged in the EU as a hole.

## Notes

- 1 We have analysed the rationale of this paradigm change more detailed in Bönker et al. 2003: 19-27.



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