Neoliberal Takeover? How the Social History of Economic Ideas Contributes to Historicising Post-socialist Transformations

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Abstract


Current historiography on the post-socialist transformation of East Central Europe is broadly dominated by antagonistic master narratives such as "return to Europe" or "neoliberal takeover." In order to overcome these well-entrenched interpretations stemming from intellectual or political history, this contribution proposes another approach to historicising post-socialist transformations: a social history of economic ideas. Focussing on Poland, it makes the case for investigating the interplay between market-oriented ideas adopted by economists and intellectuals on the one hand, and the mundane practical experiences of markets and private economy that spurred their broader social acceptance on the other hand. This perspective helps to understand how neoliberal ideas have been recast and incorporated into the seemingly adverse legacy of the Solidarność movement during the late 1980s. Bringing together both intellectual and social drivers of change, this approach offers insights capable of revising narrowly intellectual or political interpretations of the sweeping transformation taking place before and after 1989.

One generation after 1989, the post-socialist transformations of East-Central Europe are turning history. As archival documents become accessible, the intertwined processes of economic, political and social extrication from state-socialism—the subject of social scientists’ study for decades—are attracting more and more scholarly attention from contemporary historians. Yet, this emergent historiography of the post-socialist transformations remains broadly dominated by competing master narratives stemming from prominent eyewitness judgements and politicised public discourse. Academic historians who have hitherto tackled the subject have predominantly focussed on political history and tended to neglect the social and economic dimensions of transformation.¹ This article discusses the contributions of intellectual history to the current historiographical state of the art, and calls for a social history of economic ideas as a way to overcome existing shortcomings. The possible benefits of this approach are exemplified later by outlining a few insights from prior research focussed on Poland.

Civil society luminaries facing the henchmen of global neoliberalism

Until now, two antagonistic tales of post-socialist transformations have been on offer. Liberals tell a story of success beginning with the dissident and opposition movements, whom they portray as vanguard prophets of human rights until finally joined by civil society at large. Then, in autumn 1989, bottom-up resistance against communist rule gave birth to a wave of peaceful revolutions across the region, which in turn opened the door for a collective—and ultimately successful—thrust towards a “return to Europe”. If economic and social hardships are mentioned at all, such difficulties are justified as the inevitable price that had to be paid for the swift establishment of the new order. In this account, democracy and capitalism are basically seen as two sides of the same coin, and are believed to deliver wealth for everyone, if only in the long run.

Meanwhile, right-wing revisionists accuse the left-liberal faction of the dissident movement as traitors to the cause of the anti-communist revolution, blaming them for the decision to compromise with “the reds” and co-opt the latter to the common endeavour of “building capitalism” instead of crushing them once for all. This line of reasoning is arguably strongest in countries like Poland and Hungary, where the 1989 breakthrough had indeed been negotiated or even to a certain extent “regulated”. Still, the notion of an “unfinished revolution” has become a favourite slogan for right-wing populists across the region. The economic aspect of transformation plays a more prominent role in these revisionist accounts, as their proponents strive to capitalise politically on accusations of excessive tolerance by the liberal post-transformation elites for asset-stripping by former communist directors and for selling out state-owned assets to foreigners.

In spite of the obvious political edge to these two mutually exclusive narratives, intellectual history has played a more substantial role in supporting them than it may appear at first sight, in fact providing crucial building blocks for both the liberal master-narrative and its right-wing alternative. Namely, by focusing attention on the intellectual trajectories of “dissident celebrities”, such as Václav Havel, György Konrád, or Adam Michnik, intellectual historians have contributed considerably to elevating these dissidents to key figures in the liberal transition story, while neglecting the social and political heterogeneity of

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the opposition movements in East-Central Europe. By idealising Eastern European “civil society” as a pure emanation of noble “anti-politics”, scholarship mistook the most visible expression of opposition action—texts circulating in samizdat prints—for its substance and privileged the political impact of ideas over practices, both individual and collective. Perceiving anti-communist opposition primarily within the framework of transnational human rights talk and glossing over its deep engagement with religious culture or the national politics of history, Western scholars closed their eyes to the less enchanting—in their view—national, economic and social roots of popular resistance to the late communist regimes in East Central Europe. The selectiveness of contemporary Western perceptions of Eastern European dissident intellectuals had in fact been essential in crafting and reinforcing the latter’s prominent discursive position at home. In a similar way, intellectual historians of dissent who followed this trail further after 1989 proved instrumental in attesting to the plausibility of the triumphalist “return to Europe” story. Instead of acknowledging the multi-faceted social and economic dynamics that drove the revolutions of 1989, they preferred to celebrate the uprising as the miraculous outcome of “the revolt and the revival of the independent mind.”

It soon turned out, however, that those on the political right who opposed this view found important—if improbable— allies in the field of transnational intellectual history too. Their counter-narrative, which pictured the post-socialist transformation of Eastern Europe as a neo-colonial takeover by Western capitalists with the assistance of a few domestic henchmen, resonated surprisingly well with scholarship devoted to the intellectual origins of neoliberalism and its rise to global hegemony from the late 1970s. Although scholars of neoliberalism have typically perceived their own work as a critical, left-wing endeavour, the way they conceptualised the shift towards neoliberalism in the West evidently fit the political outlook of their right-wing counterparts in East Central Europe. The main reason behind this improbable congruence seems to be that much of the academic debate on neoliberalism ultimately gravitates towards “an ideas-centred conception of social order and change”, and places dependency relations between the powerful capitalist centre and the peripheries in the foreground. Searching for concrete, traceable concepts governing

the forces of expansion of global capitalism, scholars have conceptualised neoliberalism as a set of economic and political ideas that originally developed in capitalist centres and would then “travel” or be disseminated to more remote parts of the world. More sophisticated variations of this diffusionist approach conceive of neoliberal ideas as products of transnational “thought collectives” that succeeded in strategic agenda-setting by placing ideological companions in key positions of intellectual power around the world.9 While scholars like Cornel Ban have emphasised the crucial role of “embedding” global neoliberalism into local institutional contexts by way of the translation and adaptation of ideas,10 the main strand of neoliberalism studies has provided plenty of arguments for framing the profound social and economic changes in post-socialist Eastern Europe as a hostile takeover from outside. Referring to the “Washington Consensus” of international financial institutions as a code word for the self-interested forces of “neoliberal hegemony” and pointing to the stream of fly-in-consultants who came to the region in order to instruct local elites how to “build capitalism”, critics of neoliberal transformation found it easy to extend the “Road from Mont Pèlerin” straight into the Marriott hotels of early 1990s Warsaw, Prague or Budapest.11

Bringing in vernacular imaginaries and experiences

As intellectual history approaches to dissident civil society and neoliberalism have become closely attached to well-entrenched master narratives of the post-socialist transformations, it is necessary to go beyond such elite-centred approaches in order to overcome the pitfalls of politicised memory. The ideas discussed by dissident thinkers and highbrow oppositionists, or by neoliberal economists and Western consultants for that matter, were certainly influential for the direction taken by the post-socialist countries. Though, they did not owe this influence to their intellectual lucidity or plausibility alone. In fact, it still remains murky how exactly neoliberal ideas gained political traction in the course of such rapid transformation. Even if we consider a certain degree of top-down imposition legitimised by the notion of politics of exception—as was openly claimed by Leszek Balcerowicz, among others—12—as well as significant pressure from foreign creditors, especially in the case of highly-indebted countries such as Poland or Hungary, this is only one side of the story. Capitalism was evidently not introduced in East-Central Europe against the will

of the majority of the people, but with considerable—albeit nuanced—social support. The deep-seated disappointment with the economic performance of late socialist planned economies boosted popular expectations for a better life in the future market order.\textsuperscript{13} These hopes were more mundane and certainly less sophisticated than dissidents’ debates about political—or even “anti-political”—freedom, or economists’ ideas about monetary stabilisation and market forces. The point here is that popular imaginaries of capitalism, and of the economy broadly conceived, played a crucial role in making those more sophisticated ideas socially attractive and politically viable. Therefore, in order to move towards a differentiated historicisation of the transformation period, more attention should be devoted to what could be called the “social history of economic ideas.”\textsuperscript{14}

As more recent research on political dissent has emphasized, intellectual elites did not operate in a social vacuum, but owed their capability to promote certain ideas and discourse to their social embeddedness in dissident communities of varying size and status. While Jonathan Bolton’s pioneering inquiry into the social “worlds of dissent” remained close to the circles of the most prominent Prague dissidents,\textsuperscript{15} Piotr Wcislik has made the point to consider the broader activist communities built through samizdat media practices a major driving force of oppositional meaning-making.\textsuperscript{16} With regard to Poland, where underground publishing reached unequalled levels of professionalism and labour division, Mateusz Falkowski has more specifically highlighted the impact of everyday market practices on the activists in the independent publishing movement.\textsuperscript{17} However, his suggestion to interpret such mundane market-related practices as a prefiguration of the broader turn of the Polish opposition towards liberal market thinking in the late 1980s has been hardly followed up on as of yet. A continued reluctance by scholars to engage more intensively with the economic side of oppositionists’ life-worlds and meaning-making apparently reflects the sceptical distance towards money issues expressed by many contemporary opposition activists. It may as well stem from a certain uneasiness to scrutinise the conflicts aroused by the stream of Western financial aid


\textsuperscript{16} WCIŚLIK 2021.

and its distribution among opposition groups.\textsuperscript{18} Be that as it may, there is a considerable gap between the booming Polish research on the social embeddedness of opposition activism and the rising interest in the social and economic dimensions of transformation.\textsuperscript{19}

At the same time, intellectual historians approaching the economy under state socialism and post-socialism have begun to broaden their scope from the narrow focus on economic doctrines and academic debates typically applied by scholars with a disciplinary background in economics.\textsuperscript{20} Czech research by Michal Kopeček and others, who investigated the role of professional expert cultures in the transition from late socialism to post-socialism, can be regarded as a forerunner of this more grounded strand of intellectual history.\textsuperscript{21} By focusing not on isolated ideas but on their embeddedness in professional milieus, the approach challenges the crucial impact attributed to fly-in consultants from abroad and accentuates the role played by local experts in numerous dimensions of social transformation. In doing so, it calls into question the notion of a unilateral neoliberal takeover. This change of perspective seems most appropriate in the Czech and Slovak cases, where foreign consultants indeed played a less prominent role than elsewhere. In a similar way, Tobias Rupprecht has traced the intellectual roots of neoliberal reform policies in post-Soviet Russia to home-grown circles of pro-market economists emerging in the late 1980s.\textsuperscript{22} Yet by definition, these positions continue to focus on intellectual or professional elites without considering their interaction with ordinary people’s dreams and ideas a constitutive element of historical change. While masterfully analysing the scope and the dynamics of the neoliberal shift among elites, these approaches do not really bother with how the arrival of neoliberal—or simply capitalist—imaginaries was experienced by everyone else.

Drawing on the author’s research focusing on the turn towards market thinking and neoliberalism in Poland, the region’s pioneer in momentous market-oriented social change since the late 1980s, the unexpected breakthrough of market ideas and the sweeping adoption of neoliberal capitalism cannot be fully understood from within a narrow focus on dissident intellectuals, professional economists, or negotiations by the late Jaruzelski regime with emissaries from

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\item For the first, see e.g. OLASZEK, Jan. Trust in the Underground: The Case from the History of “Solidarity”. In \textit{East European Politics and Societies and Cultures}, 2021, vol. 35, no. 3, pp. 703–727; for the latter, see PRZEPERSKI, Michal – WICENTY, Daniel (eds.) \textit{Transformacja ustrojowa w Polsce. Nowe perspektywy}. Gdańśk; Warszawa : Instytut Pamięci Narodowej, 2022.
\item KOPEČEK, Michal (ed.) \textit{Architekti dlouhé změny: Expertní koreny postsocialismu v Československu}. Praha : Argo, 2019.
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the International Monetary Fund and the World Bank. Rather, we need to scrutinize the social context in which neoliberal ideas adopted by some marginal groups of opposition activists in the early 1980s rose to prominence among both dissident and regime masterminds towards the end of the decade. In order to understand how capitalism—with a neoliberal tint, indeed—won over the hearts and minds not only of elitist academic circles or IMF stooges, but a significant portion of Polish society it seems essential to explore the interplay between economic policy debates, popular economic imaginaries and the everyday economic practices and experiences of ordinary Poles in the decade preceding 1989. Only taken together do these dimensions add up to such shifting in the interpretative framework of society that the scales finally tipped in favour of the broad (albeit passive) social acceptance of radical shock therapy implemented by the first post-Solidarność government in late 1989.

Conceptually, this approach builds on insights from a lengthy debate in anthropology and economic sociology over the “embeddedness” of economic action, which has been pushed forward most prominently by Karl Polanyi’s *The Great Transformation* (1944) and Mark Granovetter’s influential article *Economic Action and Social Structure* (1985). On the epistemological level, as Christof Dejung has pointed out, this debate can be read as a “search for the economy” as such. At its core was an endeavour to recognise the functional logic that constitutes the economy as a distinct sphere on the one hand, and to reflect on the haziness of the boundaries that delineate it from other fields of social action on the other. This conceptual reflection on the gist of economic action has obvious implications for economic ideas as well; to conceive of economic action as constitutively embedded into the cultural order of modern capitalism entails thinking of economic ideas as intricately entangled with other notions relating to the social realm. What has been understood as economical in a given historical situation, and which theoretical or ideological categories have been employed to explain or to transform it, cannot merely be presumed on the basis of expert assumptions then, but needs to be empirically investigated with regard to the economy-related meaning-making of the broader echelons of societies under scrutiny.

**Understanding Poland’s winding road to neoliberal capitalism**

In the case of Poland’s post-socialist transformation, the entanglement of economic, social and political ideas was a tricky problem indeed. Most no-

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tably, neoliberal shock therapy was introduced with the explicit support of the Solidarność union movement—or it was at least shrouded by appealing to the myth of the 10-million-people mass movement of 1980–1981 by leading politicians from the former opposition camp.\textsuperscript{26} Therefore, any response to the question about the impact of neoliberal ideas on Poland's post-socialist transformation needs to consider the way neoliberalism was recast and incorporated into the seemingly adverse legacy of Solidarność, which had been founded on principled ideas of self-governance and bottom-up democracy in both the political and the economic spheres.\textsuperscript{27} At the same time, such an answer cannot ignore the marked shift in economic policies of the last communist governments, which should be recognized as significant preparatory steps towards the ensuing transformation. While “market socialism” remained the official buzzword of the day, local bureaucrats and party functionaries drew their own conclusions from everyday contact with private enterprises, the existence of which had been legally secured and encouraged by economic reforms during Martial Law. Towards the end of the decade, many members of the communist establishment did not hesitate to follow their own private interpretation of historical materialism and seized the opportunity to transgress the newly emerging demarcation between the political and the economical by engaging in profitable business themselves. Last but not least, the blatant contrast between living conditions under Western capitalism and Poland’s crisis-ridden state-socialism added an important transnational layer to the economic imaginaries vernacular. Popular expectations raised by the idealisation of Western consumerism certainly did not facilitate the communist government’s struggle to impose austerity on Polish society, which was demanded by Western creditors as a precondition for granting desperately needed new financing.\textsuperscript{28}

Against this background, it might well be a challenging task to count the clandestine editions of Polish translations of Friedrich August Hayek’s and Milton Friedman’s writings in Poland’s underground press of the 1980s, let alone to estimate their print runs and effective audience. It is no less interesting to trace the unswerving publicist battles fought by solitary forerunners of neoliberalism like Stefan Kisielewski, a prominent journalist, or the eccentric Janusz Korwin-Mikke, founder and head of a liberal one-man underground publishing house in Warsaw.\textsuperscript{29} Korwin-Mikke’s journalistic writings even earned him sufficient notoriety to garner an invitation to the annual meeting of the neoliberal Mont Pèlerin Society in 1986, though his participation did not seem to engender

\textsuperscript{26} The supremacy of myth over the bottom-up social movement in the crucial moment of economic pathmaking in late 1989 and early 1990 has been emphasized by MODZELEWSKI, Karol. Za-jeżdżamy kobyłę historii. Wyznania poobijanego jeźdźca. Warszawa : Iskry, 2013, pp. 400–401.
\textsuperscript{27} For a more detailed discussion of economic imaginaries inside the Solidarność movement, see PETERS, Florian. Von Solidarność zur Schocktherapie: Wie der Kapitalismus nach Polen kam. Berlin : Ch. Links, 2023, pp. 45–133.
a fruitful exchange of ideas. According to his mocking report in a right-wing underground journal, Korwin-Mikke was rather bored by the meeting in the picturesque spa of Saint-Vincent in the Italian Aosta Valley. In his view, the proceedings were held “in a completely socialist way”, with speakers talking about “the same stuff that everyone has already read anyway,” leaving little room for discussion due to largely agreed-upon opinions.\(^{30}\) Apart from a certain impact as door-openers for other, less pugnacious neoliberalists, free-market extremists like Korwin-Mikke remained marginal figures in Polish politics, even after the former opposition took power in 1989. In fact, Korwin-Mikke was publicly endorsed by no less a prominent neoliberal than Milton Friedman in autumn 1990,\(^{31}\) but even this recommendation did not help in garnering enough supporters to register his candidacy in the ensuing presidential elections. Even so, he has maintained an active position in the libertarian margins of Polish politics until today.

It is therefore an even more promising challenge to investigate how notions of entrepreneurship, the market and private property trickled into the repertoire of oppositional thinking—through the subtle reshaping of the self-conceptions of former union activists who turned into independent publishers or became businessmen in the expanding private sector, for example. While Kisielewski and Korwin-Mikke chose to stay aloof and openly criticised Solidarność for its egalitarian collectivism, the more revealing stories are those of Kraków philosopher Mirosław Dzielski or the Gdańsk liberals group led by Donald Tusk and Janusz Lewandowski, who wholeheartedly engaged in the Solidarność movement in 1980–1981, but returned or moved towards neoliberal positions during Martial Law. Dzielski, who praised Hayek and Friedman as “probably the most outstanding of living economists” and “living classics of liberal thinking”, and even compiled a fictitious interview with Hayek for an ephemeral Kraków underground journal in early 1980,\(^{32}\) admitted that he was “put of his stride a little” by the overwhelming optimism of the collective upheaval of Solidarność and revised his worldview for a certain time.\(^{33}\) Acting as the regional press spokesman of the union and as an advisor for the “Steelworkers Committee” in the Lenin Steelworks of Nowa Huta, Dzielski strove to animate what he called “a grassroots movement of people oriented towards positive economic activities”, albeit in the organisational wrap of workers’ cooperatives.\(^{34}\) After Martial Law, he distanced himself from the Solidarność mainstream and became the mastermind behind the “Kraków Industrial Society,” a semi-official club that

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promoted small-scale private businessmen from the region and aspired to act as the first legitimate lobby group for the interests of emergent private business in Poland. In the final year before his death in 1989, Dzielski lobbied for the establishment of a Chinese-inspired Special Economic Zone in Kraków. Although all of these initiatives met with considerable bureaucratic hurdles, they were quickly emulated in one way or another by the more agile part of the party establishment. Lewandowski, who would soon take office as Poland’s minister for privatisation, went through a similar itinerary in the course of the 1980s. Starting his engagement as a young economic advisor to the Solidarność-aligned workers’ self-management movement in 1981, he found himself collaborating with cooperative leaders and private businessmen in the Gdańsk region a few years later and eventually co-authored the first proposal for a comprehensive and swift privatisation of the Polish economy by handing out vouchers to the population in late 1988.

Both Dzielski and Lewandowski were, for different reasons, far from the influential circles of intellectuals and activists who debated and shaped the political strategy of the underground opposition movement. Nonetheless, their ideas gained social—and eventually political—traction because they resonated with the changing social reality experienced by more and more Poles during the 1980s. While the Jaruzelski regime proved unable and essentially unwilling to initiate meaningful reforms in the state-owned economy and anxiously continued to block or control even the smallest attempts of bottom-up workers’ self-management, one door after the other was opened for the establishment of small- and medium-scale private business. This double strategy resulted in a boom of private trading and production that contrasted starkly with stagnancy and muddling-through in the shortage-ridden state factories, a contrast that left its marks on the popular economic consciousness. The 1980s saw a substantial change in popular attitudes towards marketplaces, illicit trading and working on one’s own account, which had all been regarded with considerable scepticism before. Back in 1981, the communists had succeeded to counter their serious crisis of legitimacy by declaring a “war on speculation” and shuffling off responsibility for the bleak economic situation to dubious profiteers in the ubiquitous black market. Similar manoeuvres to blame “speculators” for the shortcomings of the socialist economy grew increasingly implausible when many of the new private enterprises, especially the so-called Polonia firms supported by foreign capital, evidently worked more effectively than the state-owned companies. It was these practical experiences with an emergent market economy from below, in combination with the reform deadlock in the core sectors of the state-owned economy, that rendered neoliberal eulogies on the power of the market more and more plausible and attractive.

Highlighting such an indirect, practice-based adoption of pro-market thinking in late socialist Poland also helps to explain why neoliberal policies gained ground in large part without active participation of outright neoliberals like Korwin-Mikke, Dzielski or even Lewandowski. Crucial steps towards a neoliberal agenda were taken rather by mainstream oppositionists, who remained rhetorically loyal to the trade union legacy of the Solidarność movement, or by alert communist reformers like Mieczysław F. Rakowski and Mieczysław Wilczek, key figures of the last communist government who sought to capitalise politically on economic liberalisation. Even Leszek Balcerowicz, the main architect of Poland’s shock therapy, took the key office of Minister of Finance in the first post-communist government not because of his neoliberal credentials but rather in spite of them. Tadeusz Mazowiecki, the Catholic intellectual turned Prime Minister in August 1989, preferred Balcerowicz over a group of neoliberal enthusiasts aligned around Jeffrey Sachs and Janusz Beksiak, because the purely theoretical macroeconomist, who was largely unknown outside academia then, appeared more reliable and reasonable to him. Although Balcerowicz turned out to be an orthodox advocate of macroeconomic stabilisation through harsh austerity, his initial stance towards large-scale privatisation was comparably reluctant. Consequently, the privatisation of big state-owned industry, which had been pushed for by neoliberals as a key component of immediate market reform, was launched with considerable delay and emerged as a protracted and much-discussed process. At least in Poland, there was no direct path for neoliberal ideas from intellectual deliberation into the centre of political decision-making. Rather, such thinking gained traction through a cumbersome detour via bottom-up market practices, filling the vacuum left by the implosion of ideological alternatives, such as “third way” market socialism or economic democracy.

To emphasize bottom-up factors in the neoliberal tide that swept East-Central Europe in the early 1990s does not imply negating the considerable impact of the “Washington Consensus” and the “Marriott brigades” of Western consultants on policy-making and restructuring from the national level down to single factories. Sure, heavily indebted countries like Poland had little choice than to comply with the policy “recommendations” of the IMF. This does not constitute the whole explanation, though, since others—such as Czechoslovakia—chose similar paths of their own accord. Western consultants did provide basic know-how and certainly had a share in lending credibility to those who advocated neoliberal approaches to transformation. Still, neoliberal reforms did not gain essential legitimacy thanks to a few technical instructions by some background advisors, but because the practitioners of the private economy had prepared fertile ground for their broader acceptance, and because any possible alternatives had been effectively crushed, most visibly in Poland by means of military repression during Martial Law.

A social history of the economic ideas that were at the cradle of post-socialist transformations in East-Central Europe will not, therefore, result in

41 PETERS 2023, pp. 419–478.
a complete revision of everything we know about the sweeping social, economic and political changes that took place across the region before and after 1989. It may, however, draw attention to important nuances that remain overlooked or underrated in the all too prevalent black-or-white narratives of these changes. Such nuances are key for a more complete historiographical picture that acknowledges both the intellectual and social dynamics at work and avoids subscribing to the narrow intellectual or political interpretations of the recent past.