The article addresses the process of neoliberal transformation of the Soviet Bloc in the late 1980-ties and early 1990-ties as analyzed on the example of Poland. Its trajectory generally confirms Loïc Wacquant’s thesis put forward in his article Three steps to a historical anthropology of actually existing neoliberalism, that neoliberalism tends to rather capture and use than simply dismantle and weaken state structures and power mechanisms. The author shows that the transition from planned to market economy in the former Soviet Bloc was also accompanied, backed and made possible by powerful ideological operations that reshaped the construction of subjectivity and made it compatible with the neoliberal capitalism. This proves that two modes of analyzing neoliberalism – structural analysis of state power and focus on governmentality – should be treated as complimentary tools of understanding neoliberal transitions. However, contrary to Wacquant, the author claims that in this respect there is nothing new about neoliberalism as a practice, since capitalism has always required a help from the state to maintain a seemingly autonomous rule of the market.

**Key words:** neoliberalism, governmentality, transformation, transition to capitalism, Central-Eastern Europe, ideology
There’s a huge steelworks plant near the place I was born in southern Poland. It was designed and built by the Soviets right after World War II to serve a dual purpose: the first was to boost the industrial capacity of the country ruined by the war. The Soviets applied in their Bloc the same logic of development through heavy industrialization that was established in the USSR in the frame of NEP in 1921. But the steelworks was also intended to be a device of social engineering. It was built near Krakow, the medieval capital of Poland, once a vibrant artistic and intellectual center with a university that was established in 1364 and educated throughout the ages such scholars as Nicolaus Copernicus in the 15th century and Bronisław Malinowski in early 20th. This historical aura gave Krakow a bourgeois-aristocratic character that Stalin tried to fight by boosting the city’s working class. Thus the steelworks was designed to be a huge plant: it employed 50 thousand people (the entire population of Krakow was around 400 thousand at that time) and produced 6.7 million tons of steel per annum during its peak performance throughout the 1960s and 1970s. Despite this huge effort the Soviet social plan didn’t really work – although the district built next to the plant has technically been a part of Krakow for more than half a century now, it has never really integrated with the city and has functioned as a satellite town ever since.

After the 1989 collapse of so-called “communism”, the plant, as well as the entire district, rapidly suffered from social and economic degradation. Poland, like the rest of the Soviet Bloc, went through a deindustrialization that took its toll, first and foremost, on heavy industry. The steelworks went almost bankrupt by the end of the 1990s. It managed to survive only by drastically reducing its staff and output. Then, in 2004, it was bought by Ispat International, a company founded and run by the richest Indian – Lakshmi Mittal. After changing its name and merging with Arcelor to form ArcelorMittal, the corporation now controls 70% of Poland’s steel industry. From a failed tool of Stalinist social engineering, the steelworks has thus become a toy of global capitalism. It currently employs only 3.5 thousand people and produces under 1.5 million tons of steel annually.

1 Industriestadtfuturism: 100 Jahre Wolfsburg/Nowa Huta, eds. M. Kaltwasser, E. Majewska, K. Szreder, Frankfurt am Main 2007.
That is, however, only half of the story. An even more symptomatic transformation has taken place on a rather symbolic level. The plant was first called Vladimir Lenin Steelworks and there was a huge statue of Lenin overlooking the Central Square of the Nowa Huta district. The original town’s design was an urban and architectural masterpiece. Built next to the huge industrial plant in the middle of nowhere, among agricultural fields and inhabited by migrants from the countryside who had become workers in the plant, this renaissance-like modernist “city of gardens” – as it was called because of its parks and meadows – was a symbol of the social emancipation and economic development of a backward Central European country destroyed by the war. In harmony with this vision, Lenin was depicted by the statue in a dynamic, almost sublime way: walking in a long coat with his hands crossed behind his back. By the mid-1990s the steelworks was almost dead, most of its former workers unemployed, and the statue long torn down. However, this symbolic void did not linger for a long time. The Central Square got a new name in 2004 to celebrate the person who – as most Poles believe – along with John Paul II and Lech Walesa, destroyed the Soviet Empire and helped to establish capitalism in its former realm: it was called Ronald Reagan Square.
The end of history

It is impossible to not see the deeply ironic character of this symbolic twist. The main social force opposing the Soviet regime in Poland appeared in the scene of history as a workers movement: the trade union Solidarność (Solidarity). At its peak between August 1980 and December 1981 with 10 million members it was, of course, more than just a working class movement, but its original force stemmed from protests of industrial workers. This very same class was the one to pay the biggest price for the capitalist transformation of the early 1990-s and Nowa Huta – the town built around the steelwork that fired 90% of its employees – was the place, where social and economic degradation caused by the new neoliberal regime was felt as strong as it could have been. And with the plant itself overtaken by international capital, the workers were literally dispossessed of something that was supposed to be a tool of their emancipation. Yet, the very same people decided to name the central square of their community after the man who was one of the fiercest advocates of the very logic of this dispossession. What it clearly shows, is that the biggest winner of the cold war was not the oppressed citizens of the former Soviet Bloc, who got freed from a domination of...
the Bolshevik Russia, and neither the so-called West, but neoliberal capitalism itself. As I’ll try to show, this victory was an important—maybe even decisive—step in the genealogy of the contemporary neoliberal order in its social, economic, and ideological dimension.

Of course, Poles were not the only people in the former Soviet Bloc who fully embraced the capitalist mode of production with all its social, cultural, and economic consequences. In early 1990, world media reported on the opening of the first McDonald’s restaurant in Moscow. The event was attended by virtually tens of thousands of people hungry—physically, but also ideologically—to get a McMeal that represented for them freedom, modernity, and, ironically, wealth of the capitalist world. The restaurant achieved an instant success and, according to “The New York Times”, it not only became the busiest McDonald’s in the world on the first day of its service, but kept this rank continuously in the following decades³.

The opening of the first McDonald’s restaurants on Pushkin Square in Moscow in 1990

It’s not only an astonishing economic fact, but also an incredible achievement in the field of social communication. McDonald’s capitalized on a reputation it had in the former Soviet Bloc long before it even

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dreamed of opening a restaurant there. The same was true for all other major world brands in any branch of industry. There was no need for them to create a demand by means of marketing and advertising. The demand – or even lust – was already there. Contrary to the market realities of highly developed capitalist countries, where a manufacturer has to create a need, demand and awareness for the product, in the former “communist” countries, the capitalist merchandise made a huge PR career even before anyone seriously planned to sell it on their markets. This was achieved even before there was any kind of real market at all. This symbolic victory of McDonald’s is a good synecdoche of the entire ideological twist that took place with the fall of the Soviet Bloc and the end of the Cold War.

One of the first intellectuals who got a glimpse of what was going in the late 1980s was Francis Fukuyama. In his essay *The End of History?* published in summer of 1989 he wrote:

> The triumph of the West, of the Western idea, is evident first of all in the total exhaustion of viable systematic alternatives to Western liberalism. In the past decade, there have been unmistakable changes in the intellectual climate of the world’s two largest communist countries, and the beginnings of significant reform movements in both. But this phenomenon extends beyond high politics and it can be seen also in the ineluctable spread of consumerist Western culture in such diverse contexts as the peasants’ markets and color television sets now omnipresent throughout China, the cooperative restaurants and clothing stores opened in the past year in Moscow, the Beethoven piped into Japanese department stores, and the rock music enjoyed alike in Prague, Rangoon, and Tehran.

This passage misinterprets the nature of the conflict and the change that was taking place. It was not a triumph of the West over some Other (or others), but a triumph of one set of Western ideas (free market, parliamentary democracy and private ownership of means of production), over another set of equally Western ideas (a dictatorship of a vanguard party, bureaucracy and central planning of a state-owned economy). Fukuyama was also deeply wrong when he prophesied the end of history as a consequence of the end of the Cold War. Whoever doubted it stopped doing so after the infamous 9/11. However, what he rightly grasped was a major shift in a global ideological paradigm. Whoever supported the basic slogan of neoliberalism – “There Is No Alternative” – before 1989 had at least an intellectual obligation to explain why anyone should have believed it. After 1989 “There Is No

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Alternative” became a sort of common sense, a doxa, and it was an obligation of its opponents to show why anyone should have doubted it. However, what’s crucial here for the genealogy of neoliberalism – not so much as an economic order, but as a powerful ideology – is that this shift was not mainly a result of a real, economic change, but rather stemmed from sentiments and emotions with which this change was greeted in the vanquished Soviet Bloc. “How great that we lost and how great that you won!” seemed to scream its citizens, by naming the squares in the working class neighborhoods after Ronald Reagan, and making McDonald’s restaurant in Moscow the busiest one in the world. It was precisely this Vae victis pronounced by the vanquished ones that allowed Fukuyama to finally declare the end of history without the question mark, paving the way for T.I.N.A. to become the neoliberal doxa of the 1990s.

The thinker who articulated about the same time as Fukuyama, a much more critical diagnosis of the events of 1989 and 1990, was a French philosopher Alain Badiou. In 1991 he published a short book called D’un désastre obscure and devoted to the collapse of the so called communism in the Soviet Bloc. In his eyes “the political crisis that this collapse bears witness to is a crisis in the West just as much as in the East”. According to Badiou, the triumph of capitalism should not be interpreted as a victory of freedom and emancipation. Rather the contrary:

It is precisely here where the obscurity and the difficulty of the moment resides: the fact that the that the Stalinist mode of politics was saturated and moribund – these are all excellent things […]. But instead of opening the path to an eventuality from which the deployment of another mode of politics would proceed, another singular figure of emancipation […], this collapse occurs under the aegis of the “democracy” of imperial owners. That the supreme political adviser of the situation is Bush; that the desire flaunted is that of inequality and ownership, that the measure of all things is the IMF; that “thought” is only the vain reassessment of the most basic and most convenient opinions. If this were really to be the course of things, what melancholy.

This “melancholy” is just another name for the neoliberal tyranny of T.I.N.A.

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6 Ibidem, p. 35-36.
What links Fukuyama and Badiou is that both locate the decisive turning point in the formation of the contemporary global order in the very same moment in time: the rupture of the year 1989. What I’d like to attempt in this essay would be to describe and analyze the conditions of possibility of this rupture. I’ll do so, taking as an example the case of Poland. This choice is justified by two important reasons: Firstly, the decisive sign of the final collapse of the Soviet Bloc was not so much the fall of the Berlin Wall – although it was the most spectacular and the most symbolic one – but partially free parliamentary elections that took place in Poland on June the 4th 1989, more than a year before the events in Berlin. Secondly, due to a massive social (and, as I’ll try to prove, not at all pro-market or pro-capitalist) movement of Solidarity in the 1980s, the case of Poland presents the most ironic example of the triumph of neoliberalism. The paradoxical fate of Polish workers – who vanquished the Party rule just to be vanquished by capitalism that they helped themselves to introduce to the country, yet were still hailing the blessings of free market – epitomizes the crucial ideological victory that enabled neoliberalism to present itself in the 1990s as the only possible option for the entire humanity. This clearly shows that we need some kind of “a third way” of analyzing neoliberalism, as Wacquant\textsuperscript{7} advocates. Structural approach and governmentality studies seem to be complementary, rather than contradictory, paradigms of analyzing neoliberal hegemony as the latter uses both ways – macrostructural capturing of the state machine and ideological micro-management aiming at new modes of subjectivity\textsuperscript{8} – to impose its rule. It seems that the focus on the issue of governmentality alone as the central force of neoliberalism is a byproduct of trust put in its own ideology, namely its claim (even if not advocated by the entire neoliberal theory, ubiquitous in the public discourse of neoliberal politicians) that the state and the market are necessarily opposing each other and we have to weaken the state to enforce the market. What Wacquant shows in a very persuasive way is that neoliberal capitalism needs the state as a condition sine qua non of its existence. However, there is nothing new about the neoliberal capitalism in this respect. Giovanni Arrighi\textsuperscript{9} demonstrates in his formidable

\begin{itemize}
  \item \textsuperscript{7} L. Wacquant, \textit{Three Steps to a Historical Anthropology of Actually Existing Neoliberalism}, “Social Anthropology” 2012, No. 20, p. 66-79.
  \item \textsuperscript{8} M. Foucault, \textit{L’ethique du souci de soi comme pratique de la liberté’}, [in:] \textit{Dits et écrits}, t. 2, Paris 2001.
\end{itemize}
book, *The Long Twentieth Century*, that the state and the market have existed in a perfect symbiosis from the very beginning of capitalist accumulation, and one could not imagine any form of capitalist economy without an active support of the state.

I’ll attempt to trace the conditions of possibility of neoliberal victory of 1989 in three consecutive steps. First I’ll identify the reasons for the crisis and failure of what Badiou calls “the State-Truth” – the mode of social, political and economic organization that seemed to be an alternative to the liberal capitalism for decades. Second, I’ll sketch a short description of Solidarity as an example of an opposition movement within the Soviet Bloc, with a special emphasis on its attitude towards capitalism. Third, I’ll focus on the transition from central planning to free market that took place in the late 1980s and 1990s, analyzing the role played in it by both the opposition and the Communist Party elites. This will show that Wacquant\(^\text{10}\) is right by assuming that neoliberals capture rather than dismantle the state machine. Although Poland was a relatively poor country in the 1980s, its transformation follows the welfare-to-workfare mode postulated by Wacquant, rather than the African mode described by Hilgers\(^\text{11}\). I’ll sum up my analysis by drawing some general conclusions from the diagnosed *modus operandi* of the neoliberal ideology.

**Of the so called communism**

The reader may have already noticed that each time I use the term “communism” I put it in quotation marks or I add the expression “so called”. I believe there are strong theoretical and historical reasons to question the communist nature of regimes developed within the Soviet Bloc in the 20th century. Of course, this is the case if we accept the conceptual framework developed by Marx and Engels\(^\text{12}\) as a point of

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10 L. Wacquant, *Three steps*...

11 M. Hilgers, *The Historicity of the Neoliberal State*, “Social Anthropology” 2012, No. 20. Of course, it does not invalidate Hilgers’ assumptions made in the African context. However, it shows that Poland – and the same remains true for most of Central and Eastern Europe – might have resembled African countries in the late 1980-ties as far as GDP and other macro-economic factors are considered, however its political and social landscape was very different and this difference had a decisive impact on its trajectory towards neoliberal order.

reference. If we adopt a pragmatic-realist approach and say that “communism” is whatever people call this way, then there can be no more discussion. However, this point of view generates some serious problems. The regimes within the Soviet Bloc also called themselves “free” and “democratic” (like the German Democratic Republic). To be consistent in our pragmatic realism we would also have to agree that “freedom” and “democracy” is what was practiced in the Soviet Bloc. This assumption blurs any distinction between democracy and dictatorship into nothingness: if what existed in Poland, Czechoslovakia, Hungary and most countries of Central-Eastern Europe in the second half of 20th century was freedom and democracy, then anything can be called this way, and these terms lose any meaning whatsoever. We must have some external standard beyond any actual social practice to judge the level of democracy and freedom of a given political regime. I believe the same applies to communism.

It’s a surprisingly easy exercise to compare the socio-political reality of the Soviet Bloc with the standard provided by Marx and Engels, even despite the fact that the vision of communist order is not presented in details in their writings. The contrast is so obvious that even a vague (vague?) idea of communism is good enough to serve as a point of reference. Was there anything like social ownership of means of production in the Soviet Bloc? No, there was a state ownership and this is a completely different thing. Were social classes abolished? No, they weren’t, and comparisons were made by economists to show that the level of social inequalities within the Soviet Bloc (expressed by GINI coefficient) was virtually equal to more egalitarian capitalist societies like those in Scandinavia\(^\text{13}\). Was there a dictatorship of proletariat? No, there was a dictatorship of a vanguard party, and only according to Lenin and the Bolsheviks it should be regarded as a mediated rule of the people. Many other communists never accepted their ideas. We can also easily show various constitutive elements of the Soviet order that cannot be found in the Marxist vision of the communist utopia: strong nationalism, secret police and political prisons, to name just the most obvious ones\(^\text{14}\).

\(^{13}\) Nierówni i równiejsi: sprawiedliwość dystrybucyjna czasu transformacji w Polsce, ed. T. Kowalik, Warsaw 2002.

\(^{14}\) Some may argue that the Section II of the Communist Manifesto contains statements and guidelines that look like a masterplan of really existing communism in the Soviet Bloc; these are the features that Collier (S. Collier, Neoliberalism as Big Leviathan, or . . .? a Response to Wacquant and Hilgers, “Social Anthropology” 2012, No. 21, p. 188) refers to in his discussion with Wacquant and Hilgers. However one has to remember that in the preface to the second German edition of the Manifesto,
Of course, the question “how communist was communism?” has been raised and answered many times. There have been three most notable attempts to sort out this issue. First, Trotskyist heretics, like Tony Cliff – calling soviet communism “state capitalism” and showing that as a result of the “Stalinist perversion” the State-Party machine became the sole owner of means of production – i.e. the sole capitalist – and it had acted accordingly ever since. Cliff’s *State Capitalism in Russia* elaborates quite well upon this thesis. The second approach to the Soviet question is the one adopted by Guy Debord, who believed that the Leninist “proletarian parties” turned themselves into a bureaucratic ruling class, governing over a form of spectacle called “concentrated spectacularity”. Debord prophesied its merge with a diffuse spectacle of capitalist states and creation of a “unified spectacle”. Neoliberal globalization of 1990s fits quite well in this vision. The third attempt was undertaken by Immanuel Wallerstein. According to him, Soviet Bloc countries never had a chance to establish a “communist mode of production”. In his perspective, only world-systems can have modes of production, not individual states, or even blocs of states. In a framework of World-System Theory, Soviet Bloc was an integral, semi-peripheral part of global capitalism. Its place in global division of labor was determined not by itself, but by the Core states. “Communist” countries were therefore never able to break away (even if their political elites intended to, which had not been always the

written in 1872, the authors themselves call these guidelines into question as they write: “The practical application of the principles will depend, as the Manifesto itself states, everywhere and at all times, on the historical conditions for the time being existing, and, for that reason, no special stress is laid on the revolutionary measures proposed at the end of Section II. That passage would, in many respects, be very differently worded today. In view of the gigantic strides of Modern Industry since 1848, and of the accompanying improved and extended organization of the working class, in view of the practical experience gained, first in the February Revolution, and then, still more, in the Paris Commune, where the proletariat for the first time held political power for two whole months, this programme has in some details been antiquated. One thing especially was proved by the Commune, viz., that »the working class cannot simply lay hold of the ready-made state machinery, and wield it for its own purposes«”. It looks like Lenin and the Bolsheviks must have missed this very important remark that invalidates the very sense of their whole experiment.

case) from the capitalist logic of infinite accumulation, nor from structures of economic rationality attached to it. In this perspective the “communist experiment” was an example of mercantilist economic policy aimed at stimulating development in a backward region of a global capitalist world-system. Of course, one could argue that the Soviet regime was on its way to becoming a communist one. This is, however, impossible to verify, and – what’s even a bigger theoretical problem here – according to the orthodox historical materialism, even a primitive society based on slave labor is on its way towards communism. It’s just still very far from it.

It would require a separate paper to fully investigate the nature of Soviet regime. I believe that the most accurate term to describe them would be “Leninist states” as they conformed mostly to the vision elaborated by Lenin between 1917 and 1924. This vision had two crucial elements: **rule of a vanguard party** exercised theoretically in the name of the proletariat, and **state ownership of means of production**. Its goal was to perform an intensive and rapid modernization of rural societies through heavy industrialization, and then to jump quickly into communism. Marx did not envision this kind of development as the most desired one and believed that communism should come to existence in a highly developed capitalist society like England or Germany. Of course, the ideas of Lenin where later distorted by Stalin, but he did not add any important elements to the original model. He rather radicalized some of them – like the role of the vanguard party – and used them for new purposes.

The most important thing for the development of global hegemony of neoliberalism was not so much the nature of Soviet states, but the reasons of their decline. The supremacy of liberal capitalism had been less than obvious, at least until late 1960s and early 1970s. When Khushchev told Nixon during the so called “Kitchen Debate” at the World Fair in Moscow in 1959 that Soviet Union would “overtake America and then wave »Bye, bye!«”, it was greeted with laughter by a crowd of bystanders, but not treated solely as a joke by the US vice president. The US had reasons to believe that the Soviet system was competitive and efficient. It was only under the rule of Brezhnev that USSR and the entire Soviet Bloc went into a rapid decline.

So, what were the immanent causes of this decline that paved the way for the “end of history”? It’s a very Derridian situation, because the

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cure – *pharmakon* – for social misery that was injected in the foundations of Leninist states turn out to be the poison that brought it down. It was the vision of modernization through massive, heavy industrialization. Apart from the role it played in the system of Leninism – a quick jump from agrarian economy to communism was possible thanks to the rapid production of both wealth and industrial proletariat by heavy industry – this policy was cherished for a long time by the Soviet elites, because it proved to be quite handy in the game of international competition. Soviet Bloc could prove how good its system was by pointing to its output of steel, coal, copper, cement, railroads and other products typical for heavy industry. Had it gone in a completely different way – let’s say, towards sustainable and efficient solutions for the poor proposed by Ivan Illich in *Energy and Equity* – this whole game would not have been possible. And most likely the fate of the Soviet Bloc would have been different.

The Leninist mode of development created over time a deadlock impossible to solve within its own logic. The stress put on heavy industrialization caused a chronic and systemic *overinvestment in the production of means of production* (heavy industrial plants, machines, coal to power them, steel to make more machines, railroads to transport coal and steel etc.) and *underinvestment in the production means of consumption* (merchandise for people to buy). This situation is illustrated by some statistics in Table 1.

<table>
<thead>
<tr>
<th>Type of production</th>
<th>1972</th>
<th>1984</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of means of production for the production of means of production</td>
<td>54,1%</td>
<td>50,8%</td>
<td>53,5%</td>
</tr>
<tr>
<td>Production of means of production for the production of means of consumption</td>
<td>18,0%</td>
<td>19,0%</td>
<td>18,1%</td>
</tr>
<tr>
<td>Production of means of consumption</td>
<td>27,9%</td>
<td>30,2%</td>
<td>28,4%</td>
</tr>
</tbody>
</table>

Table 1. The structure of industrial production in Poland between 1972 and 1987.

Apart from supply shortages and social unrest it provoked, such a situation resulted in a constant inflation. It’s a logical consequence: the economies of Soviet Bloc states did produce wealth – in a sense of industrial output – so they produced money; however it was difficult to spend this money on anything useful for an average citizen, because the system produced mainly more means of production. Absence of merchandise and presence of money pushed the prices up. Economic weakness provoked devaluation of currency, and it was more and more expensive to cover the shortages by imports. Imports meant trade deficit and growing debt. Due to the stress put on industrial development, mismanagement caused massive losses, because resources invested in the production of means of production – like a construction of a new plant – remained frozen as long as the plant did not start to produce. And it could not produce even if a small element – like a crucial part for machines – was missing. With growing chaos and declining motivation of managers whose wages were getting smaller and smaller because of inflation, it was taking longer and longer to get any returns form the investments made.

In such a situation, the Soviet Bloc states more than welcomed the possibility to borrow cheaply on international markets of late 1970s. And they all borrowed lots of money. The foreign debt of Poland grew during the “communist” time to 49,3 billions of dollars, Russia – 59,3 billions, Bulgaria – 10,3 billion and Hungary – 21,2 billions, to give just a few examples\(^{22}\). In the 1980s, the price of debt went up, and it delivered a final blow to the economies of the Soviet Bloc.

The very collapse of the Soviet Bloc is important for understanding the genealogy of the current neoliberal hegemony for several reasons. The fact that “communist” economies went literally bankrupt allowed liberal forces to appropriate a symbolic credit for their fall. Centrally planned economies failed – the story goes – because they could not withstand the challenge of competing with the liberal ones. There shouldn’t be any doubts that many external conditions and processes had an influence on what happened to the Soviet Bloc, however there is no evidence to support the claim that it was Ronald Reagan, the US and liberal capitalism that destroyed the Soviet Empire and brought freedom to Central and Eastern Europe. The collapse of the Soviet Bloc happened due to the inherent flaws in its economic and social design. Although it was quite handy for Ronald Reagan, “Chicago boys” and other apologists of free market to

An Unexpected Twist of Ideology

declare their victory over centrally planned economy, international market forces had a considerable impact only in the final phase of the decline. The neoliberals and neoconservatives – by the way, Rousseau would have a real intellectual delight seeing how liberal and conservative extremes meet in the “neo-” phase of these ideologies – made a great PR gain by overstating the role played by the global capitalism in this collapse. They acted like a wise king from Saint-Exupéry’s Little Prince, who orders the sun to go down just before the sunset. (And every propaganda specialist knows that appearances are as good as the real thing as long as the majority thinks they are real.) And they were not the only ones to play this game. Many other individuals and organizations tried to take credit for beating USSR. The Catholic Church, Lech Walesa, Solidarity and even Osama bin Laden did the same. Osama mentioned the issue openly in 1997, saying: “After the collapse of the Soviet Union, in which the US has no mentionable role, but rather the credit goes to God, Praise and Glory be to Him, and the Mujahidin in Afghanistan, this collapse made the US more haughty and arrogant and it has started to look at itself as a Master of this world and established what it calls the new world order”23.

The degeneration of centrally planned state economies, and hardship it brought on the citizens of Leninist states, created two very important conditions of possibility of neoliberal hegemony. First, it meant a loss of face for any idea of collective ownership of means of production. Or even any moderate alternative to private ownership. It’s very easy for neoliberal propaganda to present any critique of liberal capitalism as an attempt to go back to the “communist” Soviet past that proved to be so inefficient. The second issue crucial for neoliberal victory in the early 1990s was a glorification of consumer culture that took place in the declining Leninist states, where it was seen as a paradise on Earth. The picture of thousands of people gathering in front of McDonald’s in Moscow shows just the reverse side of what Hungarian economist János Kornai called “economics of shortage”24. Empty shop shelves, that remained an iconic representation of the miserable 1980s for most citizens of the Soviet Bloc, created a sort of psychic condition for channeling all the libidinal energy into building liberal capitalism in the 1990s.

This fact was recently used by the International Advertising Association in a pro-ad campaign. When Polish authorities attempted to limit presence of outdoor advertising in public space, IAA launched a campaign with a picture of an empty shop from 1980s and a slogan “No advertising? We have already known that!”. What’s even more ironic, the campaign was presented as a voice “in defense of freedom of speech and commercial utterance”, whatever “commercial utterance” could mean.
The defeat of Solidarity

However exaggerated and even megalomaniac is the conviction that Solidarity destroyed USSR, it would be unjust to deny this movement any credit for social and political transformation of the Soviet Bloc. Leninist states would have fallen on their own, even if Solidarity wasn’t there, but without Solidarity and its legacy, the 1990s would have looked different in Central and Eastern Europe, and may have been similar to what happened in the Balkans.

Solidarity was an exceptional social and political phenomenon by any standard. It reached 10 million of members, constituting ¼ of the entire population of Poland during its short existence between August 1980 and December 1981, which makes it one of the largest formalized organizations in European history. NSDAP had, for example, only 8.5 millions of members at its peak. Among its contemporaries, Solidarity could easily rival the Communist Party of the Soviet Union that had 11 million members, whereas Poland’s population wasn’t even half that of the Soviet Union. Of course, we are still far from the Communist Party of China, claiming 72 million members, however this number does not amount to even 10% of the Chinese population.

Solidarity originated as a trade union and formally it has remained one until today, though from the beginning of 1990s it has practically func- tioned as a political party. It developed gradually, building upon several confrontations between workers and the Party: in 1956 in Poznan, in 1970 in Gdansk and in 1976 in Ursus near Warsaw, to mention just the most important ones. This fact was stressed in official declarations of the Union (like the Solidarity’s Program formulated in October 1981) as well as by commentators and analysts. American historian Lawrence Goodwyn shows in his book, Breaking the Barrier: The Rise of Solidarity in Poland, how workers developed and perfected their organizational skills throughout three decades of protests (in summer 1980, the Interfactory Strike Committee unified 522 industrial plants in Northern Poland in a very well designed network of communication and coordinated action).

During just a year after its legal registration in 1980, Solidarity lost its purely working class and industrial identity, becoming a movement of the proletariat in Marxist sense – the exploited and deprived of control and ownership of means of production. Its base could not have been narrowed down any further to any social category. Solidarity united

people of almost every possible social identity: industrial workers, intellectuals, teachers, students, taxi drivers, miners, writers, journalists, etc. It was organized in an ultra-democratic, participatory manner in order to give each and every member the biggest possible control over Union’s policies and actions. Big stress was put on internal and external transparency: for example during negotiations with the government at the time of the strikes in the Gdansk Shipyard in August 1980, all talks between workers and government representatives were broadcast in the entire plant through intercoms. It’s an interesting fact that one of the first suggestions made by oppositional intellectuals when they joined the workers in the Shipyard, was that to take part in the talks was to make them secret. This idea was put forward by Tadeusz Mazowiecki, future politician and first prime minister of post-communist government, who introduced neoliberal reforms in Poland in 1989 and 1990.26

There is a myth of pro-capitalist and pro-liberal character of Solidarity. However, even a brief look at the official Program of Solidarity formulated in October 198127 falsifies this claim. In this 60-pages-long document, one doesn’t find even a single appearance of the word “capitalism”. And it was not just a smart rhetoric maneuver designed to fool the censors. There is no other word or term, where “capitalism” appears in disguise. There are few mentions of “market” (but never accompanied by the adjective “free”), however in each and every place the market is described as a supplementary measure intended to work within the frame of a desalinated and socially controlled economy. The same applies to another holy cow of neoliberal capitalist rhetoric: private property and privatization. The word “private” (or its derivative) appears only four times in the document and only two of them actually refer to private companies. There is absolutely no mention of any sort of privatization of state and public property. Actually, the program demands the contrary in an explicit and consistent manner. The term used more often than any other – I counted 144 uses – is “social” in all possible forms and combinations: social justice, social welfare, social protests, social movement, social rebirth, social initiative, social costs of economic reforms and the most important ones, because referring to the question of political economy: social enterprise, social control over economy and a demand communist par excellence – social ownership of means of production. This point is of utmost importance. Solidarity goes even further in a very symptomatic way: it

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26 Ibidem.
addresses the communist Party with a demand of “real socialization of control over economy”. It’s a very Lacanian moment, when the Party gets its own message in a reversed form.

The passage from this not at all pro-capitalist attitude of early 1980s to the most vicious neoliberalism of the early 1990s happened in two stages. The Martial Law introduced in Poland in 1981 was the first one. It crashed Solidarity in a very literal sense of the word. With tanks on streets and opposition leaders in prisons, Solidarity lost its momentum and never fully recovered from the blow delivered by the military fist. In this sense the Martial Law served its purpose. I would say even more, and claim that Poland was on a way towards a revolution in the early 1980s that – if fulfilled – would dramatically reshape power relations and ideological landscape in Europe. It’s too much to say that it would abolish the global rule of capital, but it would not allow neoliberalism to triumph so ruthlessly in the 1990s and Francis Fukuyama to proclaim the end of history. It would keep an alternative alive. The Party was well aware of Solidarity’s strength, especially after the events of March 1981, when the union called its 10 million members to make a general strike and put the entire country – and I mean “entire” in its literal sense: every single company and enterprise – to a stop. Introducing the Martial Law was the only logical thing to do. Crashing the popular movement of Solidarity ironically also served the interests of capitalism, because it eliminated a strong and viable alternative. In this sense General Jaruzelski paved the way for neoliberal reforms of the 1990s. It also shows that Wacquant is correct when he points to the usefulness and importance of state machine for the neoliberal transformation. One of its function is not only to suppress dissent, but to actively eliminate alternatives that could undermine the capitalist order.

The second step on a road from social revolution to liberal privatization was made in late 1980s. Solidarity reappeared after the Martial Law, but it was changed. It was more and more influenced by intellectuals and other social elites. Liberal ideas were not popular among the workers, but had a considerable support among intellectuals, especially in Krakow (again: one can see how the Stalinist attempt to crash the bourgeois character of this city had completely failed). It was from there that a group of oppositionists started propagating ideas of Milton Friedman

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29 L. Wacquant, Three steps...
and Friedrich von Hayek. Their leader, a philosopher Mirosław Dzielski died before the collapse of USSR, but others – like Tadeusz Syryjczyk or Ryszard Legutko – became members of cabinet and/or parliament.

Another important liberal center formed in Gdańsk in northern Poland in mid-1980s. Their most notable figures were Donald Tusk (current Prime Minister of Poland), Janusz Lewandowski (minister responsible for privatization in early 1990s, currently member of the European Parliament) and Jan Krzysztof Bielecki (Prime Minister in 1991, high ranking official in European Bank for Reconstruction and Development between 1993 and 2003). The activity of these figures, however important, is not solely responsible for the final triumph of neoliberalism in Poland. What opened the way to this victory was a change within the Communist Party itself. Only coupling of this two parallel process – consolidation of right-wing neoliberal opposition in the second half of 1980s and a liberal turn within the Party – delivered a final blow to the vision of a more just and egalitarian passage out of the Leninist state.

Of the so called communists

Looking back at the history of the Soviet Bloc one may wonder, how such a horrible system could have had a support of a considerable part of the population. Despite the way it is often presented by the Polish right wingers, popular attitudes toward the social, political and economic ideas of the Bolsheviks were far from unanimously critical. That was especially true in the years following the World War II. Although the II Republic of Poland that came to existence in 1918 and was conquered by Hitler and Stalin in 1939 is currently idealized and considered to be an ideal state, its contemporary was much more critical. With its anti-Semitism, nationalism, backwardness, clericalism and antidemocratic coup undertaken by Pilsudski in 1926 the II Republic had quite a lot of opponents. The effort of industrialization carried out by new authorities after the war was regarded as an attempt to break away from a condition of peripheral agrarian state that Poland had been stuck in since the 16th century. And it did profoundly reshape social

reality, bringing electricity, roads, schools, industry and social emancipation to some of the most backward parts of Europe.

The situation dramatically changed after the 20th Congress of the Communist Party of the Soviet Union in 1956, when Nikita Khrushchev denounced the crimes of Joseph Stalin. Although his famous speech, *On the Personality Cult and its Consequences*, was delivered during a secret session, its transcripts and translations penetrated the Soviet Bloc immediately. Its cyclostyle copies were sold at countryside bazaars and city markets throughout Poland. Khrushchev aimed mainly at Stalin that he personally hated him for various humiliations he experienced during Stalin’s rule. His ideological intention was to bring Soviet Union closer to the original vision of Lenin that Stalin had deeply distorted. However, his anti-Stalinist discourse strongly undermined the entire edifice of Leninist states. In order to support the Soviet rule before 1956, one could have been just a naïve idealist. After 1956 it required a certain dose (dose?) of cynicism and a strong conviction that goals justify means. This ideological shake-up provoked waves of social unrest in the entire Bloc. Its best known symbolic representation is the attack on Stalin’s figure in Budapest in 1956. Lawrence Goodwyn shows in his formidable book on Solidarity, how the massive workers’ protest in Poznan the same year gave birth to the organized opposition movement in Poland.

Hungarians gather around the head of the toppled Stalin Monument in Budapest in autumn of 1956

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32 L. Goodwyn, *Breaking the Barrier*...
The year 1956 was a definite breaking point and marked the beginning of a moral slope down of the entire Soviet project. Retrospectively, this moment can be regarded as the end of the Soviet communism as a noble and morally superior alternative to capitalism. Subsequent events such as Prague 1968, publication of Solzhenitsyn’s, *The Gulag Archipelago*, in 1973, or the Martial Law in Poland in 1981, were just a sequel to the deeply disturbing revelation made by Khrushchev. So the year 1956 is the beginning of the end of history – an event in the strong, philosophical sense advocated by Badiou that created a possibility of new possibility. It was a possibility of overcoming the Soviet regime – something that seemed unimaginable during Stalin years. People around the Soviet Bloc realized it perfectly well, and were taking their protests to the streets regularly until the system’s collapse in 1989. But it was also a possibility of a completely different arrangement on a global scale. This possibility was enacted 35 years later as the neoliberal T.I.N.A.

Soviet regime started losing legitimacy, but it still had power. For this reason it was not so difficult for it to get supporters and staff to fill posts in the power apparatus. However, starting from 1956, an active engagement in the system was motivated less and less by idealism and more and more by pragmatic cynicism. People were still joining ruling parties around the Bloc, though it wasn’t an expression of ideals anymore, but rather a way to get a better job, an apartment, a coupon for a car (centrally planned economy gave the authorities a possibility to manage access to consumption and to use it as another mean of exercising power). As long as the economies of the Soviet Bloc remained functional, this arrangement worked. There was an option of a career within the system, so it kept at least some individuals – and importantly the most active ones – out of looking for alternatives.

The 1980s mark a definite change in the situation. Economic slump at the beginning of this decade, violent protest that followed it, an extremely expensive (both financially and symbolically) failure of the Russians in Afghanistan – it all persuaded not only the opposition, but even the government officials, that “a time for a regime change” had come. And it was this ideological evolution within the Parties themselves that supplied the final condition for the neoliberal transformation of the Soviet Bloc in the early 1990s.

This change of attitudes was reflected by a radical shift towards the liberal model of economy taking place in Poland still under the Party rule in the second part of 1980s. It was called “economic reform” and

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“marketization” and the Party tried to present it as a lift-up of the socialist system (at this stage even the “communist” regimes did not call themselves communist anymore). The slogan to support the change was “Socialism – Yes! Mistakes – No!” But as a matter of fact it had nothing to do with any socialist ideas. What is often omitted or overlooked in the history of Polish transformation, is the fact that first economic changes putting the country on the path of capitalist development were made at the end of Soviet times, between 1986 and 1989. They included liberating prices, abandoning central control over economy, creating a legal system for private enterprise, changing bank regulation to create financial market, reforming the tax law and dozens of other small legal changes. Ironically, it was the Marxist Party that introduced Poland to the International Monetary Fund in the late 1980s. Without this structural change of state mechanisms and their legal expressions initiated by the state and carried out with a help of its repressive apparatus, no systemic change would have been possible; that indirectly proves one of the main Wacquant’s thesis about the use that neoliberals do of the state machine. It’s important to underline that the socialist state did not just pull back, allowing the society to spontaneously develop towards a market economy. The state rather actively created the market economy out of the crumbling remains of centrally planned social economy.

Party members, even high ranking officials, were becoming private entrepreneurs, mainly by taking control over restructured states enterprises. Jadwiga Staniszki showed that 80% of Party elite from the 1980s became private entrepreneurs in the 1990s. This crucial process has to be matched against the changes taking place within the opposition. As mentioned above, the so-called Second Solidarity of late 1980s, as opposed to the First of 1980-1981, had a strong liberal wing. The pro-market and pro-capitalist shift within the Party created an obvious common ground for them to meet and thus enforced pro-capitalist elements within the Opposition. Seeing that the apparatchiks were becoming capitalist entrepreneurs, the oppositionists did not want to lag behind. At the same time – and this is absolutely crucial for explaining the final embrace of neoliberal agenda within the former Soviet Bloc – there were no more socialist or communist idealists within

35 L. Wacquant, Three steps...
the Party itself. As a result, only the right wing of the opposition could find a partner on the side of the establishment. Those who still believed in the original social program of Solidarity remained isolated and were labeled “extremists”, “utopists”, “crypto-communist” or “anarcho-syndicalists” by their peers. It should not be surprising why “the new democratic governments of Poland, Czechoslovakia and Hungary have explicitly rejected the idea of experimenting with a »third way« between capitalism and state socialism, aiming instead to replicate the economic institutions of Western Europe”37.

The change within the Party did not happen without an intervention from the outside. Western countries, especially the United States, put a considerable effort in picking the most active individuals from the elites of Soviet Bloc and “educating” them in neoliberal doxa. It happened through various kinds of grants, scholarships and internships programs. During the Soviet times it was a way easier to get a scholarship in a Western country if one was a Party member, rather than an opposition activist. It was not only due to the fact that the Party made it easier for their members to leave, but also because western institutions providing funds for the exchange – Fulbright Program can serve as the best example – were much keener on bringing the Party members in order to convert them to capitalism rather than oppositionists who were regarded as already converted.

A good example of a Party apparatchik becoming leading neoliberal is Leszek Balcerowicz, the Minister of Finance in the first after-1989 government of Poland. Balcerowicz became a party member in 1969, just a year after an anti-Semite cleansing in the Party made such intellectuals as Zygmunt Bauman or Leszek Kołakowski leave the country. He became closely associated with the government. In late 1970s and early 1980s he worked in Institute for Basic Problems of Marxism-Leninism and was Prime Minister’s chief economic adviser. He spent quite a lot of time abroad in the same period. He received an MBA from Saint John’s University in New York and sojourned in University of Sussex and University of Marburg.

Balcerowicz is hailed for designing the so called “Balcerowicz Plan” – a neoliberal “shock therapy”38 that introduced free market economy in Poland. As a matter of fact, it would be difficult to find any element of

37 J. Sachs, D. Lipton, Poland’s Economic Reform, “Foreign Affairs” Summer 1990.
original intellectual contribution made by Balcerowicz to this plan. Its genealogy is rather a part of global neoliberal shift of the 1980s and 1990s. In the summer of 1989, Balcerowicz met with two foreign economic advisers, who traveled to Poland on an invitation from Polish Government and sponsored by the Soros Foundation: Jeffrey Sachs and David Lipton. Sachs brought with him a packet of reforms resembling to what is known today as the Washington Consensus. Balcerowicz was familiar with them, thanks to his experience at western universities, and had similar ideas of how to “repair” Polish economy. Together with three other economists, they created a detailed plan of “shock therapy” for the Polish economy that Lipton and Sachs presented to the public in autumn the same year, in an article written for a Polish financial journal “Gazeta Bankowa” as “a jump into a market economy”. The plan was voted by the Polish parliament in December the same year, and enacted immediately. Poland became the show-case of neoliberal transformation. Liberal capitalism replaced its “last and only alternative” – centrally planned economy of Leninist states. The history came to an end.

Conclusions

Genealogy of neoliberalism as a set of ideas has little or even nothing to do with Central and Eastern Europe. The only thing one could mention in this context is the fact that Friedrich von Hayek was an Austrian, which is not particularly relevant to the matter at hand (although the novels of Thomas Bernhard and Peter Handke or films of Michael Haneke could lead to a different conclusion, but this is already a field of literary and art criticism where I do not intend to venture). However, genealogy of neoliberalism as a practice in the field of society and economy has a lot to do with the recent history of Central and Eastern Europe. It was the collapse of Leninist states and an uncritical embrace of neoliberal ideas in the former Soviet Bloc that allowed neoliberalism to achieve hegemony on a global level and led scholars such as Francis Fukuyama to declare its final victory over any other possible arrangements. In the Hegelian vision of history and society –

adopted by Fukuyama, but also by a lot of important thinkers on the Left – a repetition is the first condition of universalization. From this perspective, the fate of former Leninist states that were treated with a “shock therapy” originally designed in Southern American context, is exactly such a repetition and has to be regarded as a turning point in the history of neoliberal practice. Had these countries gone in a different direction and retained the ideas originally hailed by Solidarity or developed – for instance – a viable example of “the third way”, no one could have claimed that There Is No Alternative. In this sense, the neoliberal transformation of the Soviet Bloc was for neoliberalism – as a practice and as ideology – what the Haitian Revolution of 1791-1803 was for the ideas of the French Revolution\(^41\) – a repetition that paved the road towards universality.

The process of formation of neoliberal hegemony, and a place the Soviet Bloc had in it, provides us with a valuable lesson in the field of social influence and socio-political change. As I tried to show, neoliberalism triumphed, because it found a way to reach both popular imagination of the masses – through a cult of consumption and individual freedom regarded as an exact opposite of the “communist” poverty and oppression – and the elites via various scholarship, internship and scientific exchange programs. The second element accounts for structural transformation as diagnosed by Wacquant\(^42\), however it was the combination of both that secured neoliberals with the ultimate success as it allowed a peaceful and “democratic” transformation: the hungry masses mortified by the “economics of shortage” wanted McDonald’s restaurants more than anything else, so the transformation happened “with a popular support”; the elites were properly indoctrinated, so the revolution turned out to be “velvet”. This situation reveals some universal truth about the nature of neoliberal hegemony. It’s a combination of shaping the elites and providing bait for the masses that makes neoliberalism such a powerful discourse. Anyone who decides to challenge it has to find a way to fight it on both levels. Or to abandon the distinction between the elites and the masses altogether. It’s hard to say which option is more difficult.

\(^42\) L. Wacquant, *Three steps...*
Jan Sowa (1976) – sociologist, writer and activist. He studied literature, philosophy and psychology at the Jagiellonian University, Kraków and University Paris 8 in Saint-Denis. He holds a Ph.D. degree in sociology and is assistant professor at the Faculty of Management and Social Communication of Jagiellonian University. In his research Sowa explores the border of cultural studies, social anthropology, critical theory, art and politics. He wrote and edited several books on society, media, history as well as social and political theory (most recently: Fantomowe ciało króla. Peryferyjne zmagania z nowoczesną formą, Universitas, Kraków 2011). He published around 100 texts both in Poland and abroad.


Dane adresowe:
Katedra Kultury Współczesnej UJ
ul. Prof. Stanisława Łojasiewicza
430-348 Kraków
e-mail: jan.sowa@uj.edu.pl

Cytowanie:

Autor: Jan Sowa
Tytuł: Niespodziewany zwrot ideologii. Neoliberalizm i upadek Bloku Radzieckiego
Abstrakt: Artykuł podejmuje proces neoliberalnej transformacji Bloku Radzieckiego z późnych lat osiemnastego i wczesnych dziewięćdziesiątych analizując go na przykładzie Polski. Jego trajektoria ogólnie potwierdza tezę z artykułu Trzy kroki w stronę antropologii faktycznie istniejącego neoliberalizmu postawioną przez Loïca Wacquanta. Twierdzi on, że neoliberalizm zmierza raczej do przechwycenia i użycia
niż prostego demontażu czy osłabienia struktur państwowych i mechanizmów władzy. Autor pokazuje również, że przejściu od gospodarki planowanej do rynkowej w dawnym Bloku Radzieckim towarzyszyły (a w dużym stopniu w ogóle czyniły je możliwym) potężne działania ideologiczne, które przekształciły konstrukcje podmiotowości oraz sprawiły, że stała się kompatybilna z neoliberalnym kapitalizmem. Dowodzi to, że dwa tryby analizowania neoliberalizmu - strukturalna analiza władzy państwowej oraz skupienie na urządzaniu - powinny być traktowane jako komplementarne narzędzia służące rozumieniu neoliberalnych transformacji. Jednakże, przeciwnie do Wacquanta, autor twierdzi, że pod tym względem nie ma nic nowego w neoliberalizmie jako praktyce, gdyż dla utrzymywania pozornej autonomii władzy rynku kapitalizm od zawsze wymagał pomocy ze strony państwa.

Słowa kluczowe: neoliberalizm, urządzanie, transformacja, przejście do kapitalizmu, Europa Środkowo Wschodnia, ideologia