

Mart Laar

Back to the **FUTURE.**

10 years of FREEDOM in
CENTRAL EUROPE.

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1. INTRODUCTION

In May 1991 a Soviet cosmonaut Sergei Krikalyev was fired into space. At the end of the year he was still circling the earth waiting for to bring him back. He had left a Soviet Union that was still a super-power, he would return to a world from which the Soviet Union had disappeared. The Soviet Empire had just ceased to exist and dissolved itself. One of the biggest experiments of the XX century had ended with failure.

For captured nations of Central Europe this was time a of restoration of their place in the free world. From controlled economies and societies they had now to make transition to market economy, democracy and rule of law. For most countries in Central Europe this transition is somehow some kind of “return to the future”. Transition turns those countries back there, where their normal development was stopped by forceful sovietization. Estonia, Latvia and Lithuania were conquered and annexed to Soviet Union in 1940, Poland and other Central European countries were taken over after the end of the Second World War. People in those countries still had memories of how markets and democracies functioned in the past. In those countries western attitudes were never totally killed.

Much ink has still to be spilled on the causes of communism’s collapse. In January 1990 Time Magazine made Gorbachev “Man of the Decade” using the occasion to publish an article declaring that “The doves in the Great Debate of the past 40 years were right all along”. The author asserted that the Soviet Empire has never been an actual threat, American policy either had been irrelevant or had delayed the Soviet upheaval. The real hero of the Cold War was not

Ronald Reagan but Mikhail Gorbachev. Another version of the same reasoning declared that the West had not really won the Cold War but the Soviet Union had lost it and four decades of effort had therefore been unnecessary, because things would have worked out equally well.

The nations of Central Europe have a different view. The Cold War was won and the people of Central Europe were part of it. Victory in the Cold War was not, of course, the achievement of any single person or event. It came about as a result of confluence of seventy years of communist failure, fifty years of captived nations' fight for their freedom and forty years of Western efforts in Cold War.

Looking back to the second half of the XX century we must always keep in our minds the heroes of Cold War from both sides of Iron Curtain. People of Central Europe will always remember the names of Ronald Reagan and Margareth Thatcher and often nameless heroes of Baltic forest-brothers, freedom-fighters from Berlin, Budapest, Prague and Gdansk. Only basing on their sacrifice can nations of Central Europe now build societies free of hate and violence. Resistance against totalitarianism created conditions for birth of civil societies and is allowing now to move towards Europe "whole and free". It is said that only a nation which has fought for its freedom deserves to have it. Because of their tenacious struggle nations of Central Europe had prevailed.

Most of the politicians and analysts both in the Eastern or Western part of Europe have described problems and difficulties of transition. The people seemed to be too connected with socialist heritage and not ready to welcome the challenges of the new world. This is all true. At the same time we must remember that the readiness of Central Europe to return to the Western world has been higher than anybody had expected. It is very hard to find nations in the Western world who are ready to accept such changes and challenges as the nations of Central Europe did in the first years of 1990s.

Remarkable achievements of Central Europe are showing that those countries are ready to meet the challenges of the new century. In some ways those nations have preserved some values which are partly or totally lost in the modern Western Europe. People of Central Europe know the price and importance of freedom, they know the problems of socialism, they value their national heritage and identity, importance of family and religion. Their readiness to risk and take bold decisions can create good possibilities for development of new technologies and economies. Reintegrating Central Europe into the European Union is in some ways returning to its roots.

The countries of Central Europe have good chances to get better future. But Central Europe can realize those chances only if they chose the right way. Not the first, second or third way, but the right way. This is a story about the Central European way.

2. EUROPE – DIVIDED AND UNITED

2.1. THE FATE OF CENTRAL EUROPE

“From Stettin in the Baltic to Trieste in the Adriatic, an Iron Curtain has descended across the continent.” declared Winston Churchill on 5TH March 1946 in his speech at a small college in Fulton, Missouri, giving the singular metaphor for the gathering Cold War and division of Europe. The people of Eastern Europe now found themselves, as Churchill said, “in the Soviet sphere and are all subject, in one form or another, not only to Soviet influence, but to a very high and in some cases increasing measure of control from Moscow”. He called for “timely action” of the sort that had been lacking ten years earlier against Nazi Germany. Some months later Churchill appealed for “a kind of United States of Europe” to avoid reinforcement of existing divisions.

In USA the opinion on Churchill’s speeches was almost universally hostile. In Great Britain Times announced that “Western Democracy and Communism have much to learn from each other”. One of the few to support Churchill was Count Coudenhove-Kalergi, the founder of the pre-war pan-European movement. He hoped that now when Churchill had raised the European question the governments can no longer ignore it.

Count Coudenhove-Kalergi was right. But it demanded more time than was expected to return Europe to its borders. Most of Europe’s border is determined by its extensive sea coasts. The dividing line between Europe and Asia has been fixed by the ancients from the Hellespont to the River Don and is still there. But geographical Eu-

rope has always had to compete with understandings of Europe as a historical and cultural community. Special emphasis is usually placed on the role of Christianity and on the heritage of “Western civilization”.

Samuel Huntington is stating that “the great historical line that had existed for centuries separating Western Christian peoples from Muslim and Orthodox peoples. It has been roughly in its current place for at least five hundred years. Beginning in the north, it runs along what are now the borders between Finland and Russia and the Baltic states and Russia, through western Byelorussia through Romania between Transilvania with its Catholic Hungarian population and the rest of the country, and through the former Yugoslavia along the border separating Croatia and Slovenia from the other republics. It is the cultural border of Europe and in the post-Cold war world it is also the political and economic border of Europe and the West.”

This explains why the countries, belonging to the Western World but living decades under Soviet dictatorship, are defining themselves not as Eastern Europeans, but as Central Europeans, with common roots transcending the East-West division, making thus a political as well as a cultural statement. The history of those nations is full of fight for the right to belong to the Western World.

In his essay “The Tragedy of Central Europe” Milan Kundera put the history of the successive revolts in the region in perspective. “The deep meaning of their resistance is the struggle to preserve their identity – or, to put it in another way, to preserve their Westernness” he wrote. Kundera argued that the Central European culture is fundamentally Western, set apart from Russia, which is “a singular civilization, an other civilization”.

The old concept “Mitteleuropa” was revived first in the 1980s and

then with new strength after the collapse of communism. There is nevertheless a lack of clear definition of precisely what "Mitteleuropa" means. The current understanding is that the Baltic countries, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Rumania and Bulgaria are Central European countries, Byelorussia, Moldavia, Ukraine and the European part of Russia are Eastern European countries and Bosnia, Albania, Macedonia and Serbia are Southeast European countries. The single conviction shared by most people in Central Europe is that the division of Europe was unnatural and had to be overcome. During the forty years when Europe was divided by the Iron Curtain the concept of European unity could only be kept alive by the people of the widest cultural and historical horizons. It demanded serious efforts to resist not only the attempts of Communist Russia to break the links with the Western World, but also the view of a Europe based exclusively on the prosperous West.

At the same time the countries of Central Europe had been through most of their past normal parts of Europe. Prague is farther West than Vienna. During the history Central Europe has not only once saved Europe from onslaught from East. Without Central Europe, Communism could easily have spread to Western Europe soon after bolshevist revolution in Russia. To unite the revolution with German workers the first task of communists was to take over newly independent Baltic States and to reach East Prussia. By December 1918, the Red Army had captured Latvia and Lithuania and was advancing to Tallinn, the capital of Estonia. 30 km from the capital Estonian forces succeeded in stopping the Red Army's advance, and thereafter, pushed it out of Estonia, much to the surprise of the Red Army. Supported by British naval units and Finnish volunteers, Estonian forces created a hole in the western flank of the Red Army. Elite units of the Red Army moving to the borders of East Prussia were stopped and turned

against Estonia. Lenin's first attempt to export the revolution to Europe was ruined.

Next attempt was made in 1920 when Russia concentrated forces to launch long-postponed offensive against Poland. To interrupt the enemies' preparations Pilsudski decided to attack first and won by his surprise-attack ground and time for Poland. In July Red Army launched its counter-offensive with the order "To the West! Over the corpse of White Poland lies the road to world-wide conflagration". The commanders of Red Army boasted of "clattering through the streets of Paris before the summer is over". The Poles were pushed back, fighting for their lives. The Western governments looked Red Army's progress till the five days march from Berlin with big interest but did not send reinforcements or any real help.

Poland and Europe were saved by "Miracle on the Vistula" or more precisely by Polish a furious counter-attack. In the last great cavalry battle of European history the Red cavalry was defeated and Lenin asked for peace. The British Ambassador to Berlin, who had viewed the battles near Warsaw from his Rolls-Royce coupe, wrote "If Charles Martel had not checked the Saracen conquest at Tours the Koran would now be taught at the schools of Oxford. Had Pilsudski and Weygand failed to arrest the triumphant march of the Soviet Army at the Battle of Warsaw, not only Christianity would have experienced a dangerous reverse, but the very existence of Western civilization would have been imperilled." In reality the Poles had won no more than a breathing space: the Soviets' advance into Europe had been repulsed, but not abandoned.

The Central European countries tried to use this space as well as they could. It was not easy. Whilst struggling to establish stable political regimes they were forced to carry the economic consequences of the collapse of the empires. More or less industrialized but still largely

agrarian in character, their economies started life under the multiple burdens of hyperinflation, post-war industrial recession and loss of the previous markets. Nevertheless clear advances in modernization of societies were made. In this light the great achievements in landreforms and parcelling out the large estates, in education and in urban development command much respect. Their economies were integrated to Europe and in fast growth. At the end of 1930s Central Europe seemed to have good possibilities for better future.

It is said that one problem for current Central Europe is lack of democratic traditions. In reality Central Europe in the inter-war period followed the path of most other European countries, where hardly a year passed when one country or another did not see its democratic constitution violated by one or other type of the dictator or authoritarian leader. Even the most undemocratic countries in Central Europe were before the Second World War more democratic than Germany, Italy or Spain from Western Europe.

So there was unity in good and in bad. Mentally and culturally Central Europe was a most normal part of Europe. Unfortunately the political divisions did not respect the cultural roots of the region. During the Second World War Europe was cut to pieces and divided for decades.

2.2. THE SECOND WORLD WAR AND CENTRAL EUROPE

One of the tragedies of the modern World is that after the First World War European democracies were in poor shape to meet the challenge posed by two dictators: Stalin and Hitler. The European states were absorbed with their own affairs and this gave space for dictators and time to grow. The leaders of the democracies told their peoples that

henceforth the world order would be based on a higher morality. Such attitude built the way for the policy of “appeasement” which began in the 1920s and accelerated with each new concession. For over a decade Germany had been throwing off the restrictions of Versailles one by one. The Munich treaty in 1938 was the culmination of this attitude. To achieve “peace for our time” democratic European state Czechoslovakia was pressed to disarm and give away large part of its territory. European leading democracies had no need to concede any part of Hitler’s demands without creating cast-iron arrangements for Czechoslovakia’s security, but they did. The Czechoslovakian President Benes had no right to give away his country’s integrity, but he did. After one year Czechoslovakia had ceased to exist.

The Munich treaty must qualify as one of the most degrading capitulations in history. Winston Churchill wrote that Britain had a choice “between shame and war. We have chosen shame and we will get war”. Munich convinced Hitler and Stalin that further peaceful aggression would bring further cost-free dividends. Stalin and Hitler were already in possession of war machines that far outstripped anything else in Europe. If Stalin and Hitler joined forces, the West would be powerless to stop them. Throughout spring and summer 1939 Stalin carelessly signalled that he was ready to entertain a German proposal. Both Hitler and Stalin were wary to make a first move hoping they would get better terms from Great Britain and France.

But once Stalin and Hitler had cast their suspicions aside they rapidly realized the scale of opportunity. After secret negotiations Ribbentrop was invited to come to visit Moscow on August 23TH, 1939 and signed on the same day a pact of non-aggression with Molotov. The treaty was supplemented by a secret protocol, where Hitler and Stalin carved up Eastern Europe into spheres of influence. Finland, Estonia and Latvia (later Lithuania) were moved to the Soviet influ-

ence sphere, Poland was divided and Soviet's interest in Bessarabia recognized.

The so-called "pact of non-aggression" or Molotov-Ribbentrop pact was the perfect blueprint for aggression which was both for Hitler and Stalin licence for war. Each of the signatories was now free to assault its neighbours without hindrance from the other. On 1TH September 1939 Hitler invaded Poland and the Second World War started. German army moved forward and on 17TH September Red Army's troops poured over Polish eastern border. Poland capitulated on 4TH October 1939 and was divided. The double occupation of Poland brought two examples of totalitarian terror into being side by side. In the Soviet zone between 1 and 2 million people were arrested or deported to Siberia and Central Asia. Some 26 000 Polish prisoners of war were shot in a series of massacres known under name of Katyn.

In late September 1939 Soviet Union began exercising liberties it had been granted in Baltics , extending an ultimatum to Estonia to sign a treaty allowing deployment of Soviet military troops on Estonian soil. Although most of the population supported the rejection of Soviet demands, Estonian political leaders decided in favor of the only peaceful solution. The Soviet Union assured that the treaty in question would in no way dictate or change the economic or governmental system of Estonia. After the signing of the treaty, the Red Army marched in October 1939 into bases allotted to it. The Soviet Union signed analogous pacts with Lithuania and Latvia.

Finland, however, resolutely rebuffed similar Soviet demands, and defended its decision heroically in the Winter War 1939-1940. Despite its heavy material, territorial and human losses, Finland succeeded in retaining its most cherished treasure – its national independence. Finland avoided the fate of the Baltic States and kept through resistance its place in the Western World.

Across the Finnish Gulf, the fate of the Baltic States had already been sealed. In June 1940, the Soviet Union extended another ultimatum to the Baltic States demanding agreement to the deployment of “supplementary military units” on their territory. With this, the Baltic States fell under total occupation. Under Soviet orchestration, legally elected governments were replaced by Soviet-style “people’s governments” manipulated by Soviet deputies and defended by Soviet tanks. These “people’s governments” organized new elections according to the Soviet model, which permitted only one candidate for each post and which guaranteed that Soviet-named representatives won all seats. Baltic States were now declared a Soviet states which asked to be admitted into the “friendly family of Soviet nations”, a request that was granted in August 1940. Most major Western states never recognized the legality of the annexation and incorporation of the Baltic States into Soviet Union.

The people of the occupied countries, however, holding fast to the principles of democracy and justice, continued their fight for freedom. This fight seemed to have support from the tenets of the Atlantic Charter, approved by Franklin D. Roosevelt and Winston Churchill at Placentia Bay, Newfoundland in August 1941. The Charter affirmed “the right to restore self-government to nations who have forcibly deprived thereof” as an important premise for victory in World War II, providing moral justification and encouragement for the freedom fighters to persist in their struggle. Four months later, Winston Churchill’s flagship during the summit “Prince of Wales” was sunk by Japanese dive-bombers off Singapore. The principles of the Atlantic Charter sunk only a little-bit later.

Hitler’s and Stalin’s friendship did not last very long. Both sides prepared for war. Stalin had entered his pact with the Nazis not to win time for defence, but to outplay Hitler in the game of calculated

aggression. He prepared a surprise offensive against the Reich, but was beaten to the draw. Hitler was faster and attacked at the dawn on 22nd of June 1941: the war between Russia and Germany had started. The German attack immediately transformed the world's diplomatic alliances. This opened the way for Great Britain and later for United States to join the Soviet Union and to rebuild new version of the First World War "Entente". Churchill explained Great Britain's decision to support Stalin: "If Hitler invaded Hell, he (Churchill) would at least make a favourable reference to the Devil".

Early in the war, Stalin was clearly eager for an arrangement on the 1941 frontiers, indicating even his flexibility on the issue of his eastern border. Henry Kissinger writes that "Stalin might have been willing to trade the recognition of the 1941 borders for his acceptance of the Eastern European governments-in-exile (which he had not yet challenged) with a caveat for the Baltic States to return to their 1940 independent status and permit Soviet bases on their territory. This might then have led to an outcome for Eastern Europe on the Finnish model – respectful of Soviet security but also democratic and free to conduct a nonaligned foreign policy."

Unfortunately United States had another ideas. Why Roosevelt believed that he can manage Stalin and considered no assignment more important than overcoming Stalin's distrust, is not clear. Roosevelt tried to concentrate on the war effort rather than stand against Soviet expansionism. The reinvention of Stalin, organizer of purges and recent collaborator of Hitler, into "Uncle Joe", the paragon of moderation, was surely the ultimate triumph of hope over experience.

This gave for Stalin possibility to delay political discussions and seize as much booty as he could. He needed to make no concessions as long as German Army was still in the field. If a postwar settlement was ever to have been negotiated at any summit, the appropriate time

would have been in Teheran in November 1943. Unfortunately Roosevelt was reluctant to undertake a full-scale discussion of the post-war world. He only agreed to Stalin's plan to move the frontiers of Poland westward and indicated that he would not press Stalin on the question of the Baltics. If Soviet armies occupied the Baltic States, he said, neither the United States nor Great Britain would "turn her out" – though he also recommended holding a plebiscite.

Roosevelt preferred to see Stalin as an avuncular friend rather than as totalitarian dictator. As a sign of the "new appeasement" he wrote about Stalin: "I believe he is truly representative of the heart and soul of Russia, and I believe that we are going to get along very well with him and the Russian people – very well indeed"

Churchill understood what was taking place, but Great Britain was not strong enough to oppose by itself Stalin's creation of a Soviet sphere in Central Europe. So the Western leaders flew to the summit in Yalta in February 1945 without having agreed "how to handle matters with a Bear who would certainly know his mind". As a result of this the Summit in Yalta was a clear victory for Stalin. Churchill and Roosevelt accepted Russia's 1941 borders and put their stamp and signature to the Red Army's territorial conquests. For those countries which were thus absorbed by the Soviet bloc, this sentence was to last 45 years. Stalin's concession to his allies was a Joint Declaration on Liberated Europe, which promised free elections and the establishment of democratic governments in Eastern Europe. As the weeks passed after Yalta, it became clear that Stalin was doing nothing to carry out the Yalta agreement. On March 6 the Russians imposed a Soviet-dominated government in Romania. Andrei Vyshinski, the Soviet deputy commissar for foreign affairs, stormed into the King's study, slammed his fist on the table and demanded a new, pro-Moscow government. When the King of Romania noted that the Yalta

agreement guaranteed free elections, Vyshinski looked at his watch. "I will announce the new government in exactly two hours and five minutes". This was to prove the pattern of things to come.

On March 13 Churchill telegraphed to Roosevelt: "Poland has lost her frontier. Is she now to lose her freedom? I do not wish to reveal the divergence between the British and the United States Governments, but it would certainly be necessary to make it clear that we are in the presence of a great failure and a true breakdown of what was settled at Yalta". For captured nations the realities were clearer than for the Western World. For them the Soviet advance was only a change of one totalitarian ruler to another one. In Central Europe the Red Army was received at best with mixed feelings. If the Soviet Army brought liberation from the hated Nazis, it also brought subjugation to Stalinism. With it came looting, rape, common violence and official terror on a horrific scale.

For Germany or countries looked by Soviets as German allies the situation was even worse. The first Estonian, Latvian and German villages to be freed from Nazis were martyred. The Soviet troopers were encouraged to murder and rape, provoking panic and chaos. So for those countries the only possibility was to fight. It was clear that the Nazis would lose the war sooner or later, but a new Soviet occupation would be the end of all hope. So for a half a year in 1944 the Estonians fighting in the German and Finnish Army managed to keep the Red Army outside Estonia's borders, giving tens of thousand people possibility to escape the Red Terror.

At the same time in different Central European countries attempts were made to free their countries from Nazis by themselves and create their own independent governments. Using Germany's collapse and withdrawal of German units from Estonia, the National Committee of the Republic of Estonia made in September 1944 an at-

tempt to restore the independence of Estonia. On September 18TH, 1944 the last Prime Minister of independent Estonia Jüri Uluots succeeded in re-establishing the Government of Estonia in Tallinn. Fighting with German units Estonian soldiers hoisted the Estonian national flag over Tallinn. Estonia declared its neutrality in the German-Russian conflict and turned to the Western Powers for help. The information about the establishment of the Government was transmitted via radio to the West. Estonians never received a reply. In three days Soviet tanks arrived and drowned after heavy but hopeless fighting all efforts for freedom. Very few of the Government members were fortunate enough to escape the country. The Red Army swept over the entire land. The Soviet occupation swallowed Estonia and other Baltic countries once more.

Similar attempt was made in Poland, where the Polish legal government and underground Home Army hoped to restore independent government and administration. Warsaw provided the one place where an independent Polish administration could have been established. The Soviet army was approaching the eastern suburbs of Warsaw and on the 19TH the July 1944 Moscow Radio broadcasted an appeal urging the Varsovians to rise. As the Soviets set up a bridgehead forty miles to the south of Warsaw and the patrol of Soviet tanks was sighted in the eastern suburbs of the capital the Home Army Commander General Bor-Komarowski gave his 150 000 fighters the order to start the uprising on August 1, at 17.00. Assailed from all quarters, German garrison began to withdraw.

The plan was to coordinate attacks inside the city with the Soviets final push. But the Soviet Command was not going to help. Soviet Army had used the Polish Underground in all the battles since crossing the Polish frontier, but Stalin did not recognize independent forces and had no intention of letting Poland regain its freedom. So the

Soviets suddenly halted on the very edge of the city. The Soviet Army watched passively from across the river how the Uprising was massacred. General Berlings' Polish army was withdrawn from the Front for defying orders and trying to assist the rising. Moscow Radio denounced the leaders of the rising as "a gang of criminals". Western attempts to supply Warsaw by air from Italy were hamstrung by the Soviets reluctance to let their planes land and refuel.

Churchill appealed to Roosevelt about the Russian refusal to help Warsaw Uprising, persuading the President to join him in sending a joint appeal to Stalin. Stalin replied, rejecting any assistance to "the group of criminals who have embarked on the Warsaw adventure in order to seize power". Churchill tried to persuade Roosevelt to send a further message but the president refused. On September 5 he told Churchill that the problem of relief had "unfortunately been solved by delay and by German action, and there now appears to be nothing we can do to assist them". But the Warsaw insurgents were still fighting on. A quarter of a million civilians died, from shelling, from dive-bombing or from wholesale massacres. Bor-Komarowski capitulated on 2 October 1944 after sixty-three days of fight. The surviving inhabitants were evacuated and Warsaw "razed without trace". The Home Army was broken and no one was left to challenge the communists effectively. The Nazis had done the Soviets' work for them. Poland's pre-war Republic was not restored.

In 1945 Red Army moved to West, seizing new and new territories. In April 1945 Churchill pressed Eisenhower to take Berlin, Prague and Vienna ahead of the advancing Soviet armies, but the Americans refused. Eisenhower like Roosevelt still entertained unrealistic hopes about the possibility of postwar cooperation with Stalin. Stalin at the same time was effectively implementing what he had privately told Milovan Djilas, then a Yugoslav communist leader: "This

war is not as in the past; whoever occupies a territory also imposes on it his own social system. Everyone imposes his own system as far as his army can reach”.

Step by step even Americans started to understand this. On 21 March 1945 Ambassador Harriman wrote to Roosevelt: “Unless we wish to accept the 20th century barbarian invasion of Europe, with repercussions extending further and further in the East as well, we must find ways to arrest the Soviet domineering policy. If we don’t face these issues squarely now, history will record the period of the next generation as the Soviet age”.

2.2.THE SOVIET AGE

The sacrifices of the Second World War did not bring freedom for Central Europe. As Stalin predicted the social and political systems of East and West were destined to follow the positions of the occupying army. Yet the division of Europe was not decided at once. The Soviet Union was weakened and devastated. Stalin had annexed 272500 square miles of foreign territory and needed time to purge and prepare them for the Soviet way of life. Most importantly, the Soviet Union did not yet possess the atomic bomb. So Stalin started the takeover of Central Europe with some caution, basing his first steps on Yalta and Potsdam agreements.

The population exchanges envisaged at Potsdam took effect from the autumn of 1945. At least 9 million German expellees were driven from their homes in Czechoslovakia and Poland. The empty city of Königsberg, renamed Kaliningrad, was repopulated by Soviets as an Russian enclave. Some millions Poles were allowed to migrate westwards from provinces annexed by the USSR.

In the immediate post-war years (1945-1947) Stalin insisted on close control only in the Soviet zone of Germany, in Poland and in Romania. So called peoples democracies were build up with institutional and ideological diversities. In Poland communist policy was specially clear. To liquidate the democratic opposition led by the Peasant Party leader Stanislaw Mikolajczyk, members of the wartime Resistance were arrested and non-communist parties were harrassed. In free elections Mikolajczyk most certainly would have won a sweeping victory, but free elections were repeatedly postponed. The absence of effective Western support made it possible for NKVD to apply increasing doses of terror against the democratic opposition. In 1947, after the manipulated elections formalized the liquidation of his party, Mikolajczyk escaped abroad and the takeover was finished.

In Hungary the situation was more complicated. In the relatively free elections held in November 1945, communists were heavily defeated, polling only 17 percent of the votes as opposed to 57 percent for the Smallholders (Peasant) Party. The Communist response was to intensify the terror and to sponsor the coalition of the "democratic" parties against "reactionary" Smallholders. In 1947 communists pressed the Prime Minister to resign and in the August 1947 "elections" the Leftist Bloc polled 60 percent of the votes.

In Czechoslovakia President Benes seemed still to be at the head of affairs. In Czechoslovakia Soviet prestige was high and Communist Party was popular. In the elections held in 1946 communists polled 38 percent of the votes and President Benes asked the party's leader Klement Gottwald to build the government. Czech communists seemed to be responsible partners in the coalition, consolidating actually their influence, particularly in the police and in the army preparing themselves for the final takeover.

In 1947-1948 Central Europe entered into the new, Stalinist phase.

(1947-1953) All the countries of Central Europe were now forced to accept the type of system then prevalent in the USSR. The institutional and ideological uniformity was demanded, all chinks in the Iron Curtain were to be sealed in response to Western influence. On 4TH of July 1947 twenty-two European governments, all except Spain and the Soviet Union, were invited to Paris to discuss the Marshall Plan for the recovery of Europe. Among other countries Czechoslovakia, Hungary and Poland agreed. Then Moscow intervened. The Czech premier and foreign minister were demanded to Moscow, to be threatened with serious consequences should they accept the Marshall Plan. Foreign minister Masaryk noticed that he had gone to Moscow as the minister of sovereign state, and returned as a Soviet lackey. Poland, Romania, Bulgaria, Hungary, Czechoslovakia all rejected the invitation. In retrospect this has been defined as the moment when the Soviet boot crushed itself openly into the face of Central Europe.

In some years communists took all power in Central Europe into their hands. Pluralism and last signs of democracy were liquidated. Independent press and organizations were closed, civil society was destroyed. All the main features of Stalinism were to be ruthlessly enforced wherever they did not already exist. In February 1948 a Communist putsch in Prague was organized and a communist dictatorship established. Foreign minister Jan Masaryk, the son of the founder of the Czechoslovak Republic, fell to his death from his office window after being almost certainly pushed by communist mob.

The most obvious sign of Stalinism was seen in the series of purges and in the intensification of terror. It was expressed in a continuous series of public and secret trials of various real and imagined enemies of the system. These ranged from former underground leaders in Poland or the "White Legion" trials in Czechoslovakia to a variety of economic sabotage charges. The growing number of arrests throughout

the area resulted in the establishment of a regular system of concentration camps. For example in the 1950s, 244 people were executed in Czechoslovakia and another 8500 died under torture or in prison. At least 140 000 people were imprisoned for acts against the Communist state. In early 1960s, 8706 people were still in prison for political crimes.

The number of identified concentration camps was by Zbigniew Brzezinski 124 in Czechoslovakia, 199 in Hungary and 97 in Poland. Mass deportations from some of the large urban centers were enforced to eliminate former industrialists, soldiers and professionals. In Romania, the Danube-Black Sea Canal project employed prisoners and deported persons, in Poland special units were formed for the most deadly coal shafts in Silesia.

Communist parties in Central Europe were purged through show trials that smote the leadership of communist parties after June 1948. Stalin put the Central European communists through the same "meat-grinder" that he had once used on the Soviet communists. The purges were most violent in Bulgaria, Hungary and Czechoslovakia. By Zbigniew Brzezinski on the average one of every four party members was purged in each of the East European parties.

The terror was even more terrible in the countries formally integrated into the Soviet Union. For example in Estonia during the first year of occupation 1940-1941 the Soviets had murdered, deported to Siberia and sent to slow death in labour camps in Siberia at least 50,000 people from a population of 1.1 million. These horrors made German occupation relatively mild in comparison. In addition to the population losses during the first Soviet occupation, more than 60,000 people now fled to Sweden and Germany prior to the return of the Red Army in 1944. Then in March of 1949, Moscow carried out in a few days the mass deportation of 20 722 people, mostly women and children, to Siberia. Moreover, Moscow took about 5 percent of the

territory of the Republic of Estonia and attached it to the Russian Republic.

Between 1940 and 1955, Estonia lost 25-30 percent of its original population. The number of ethnic Estonians living in Estonia today is smaller than it was in 1939. A large Soviet military garrison and the continued influx of Russian speaking colonists who acted like a 'civilian garrison' replaced the lost population. In order to effect colonisation, rapid industrialisation was launched by Moscow. Agriculture was forcibly collectivised and all private enterprise was abolished. Although outright terror ceased after Stalin's death, discrimination against Estonians and Russification continued. At the end of the war, in 1945, Estonians had been 94 percent of the population. By 1953, they had become 72 percent of the population. The latter figure includes Russian-Estonians. The Nazi 'General plan Ost' had envisaged 520,000 German colonists to reside in the Baltic States by 1965. Instead, by that date, the Baltic countries had received over a million Russian colonists. Soviet reality surpassed Nazi plans. In 1989 the percentage of native people in Latvia was only 52% and in Estonia 62%.

In Lithuania and Latvia Soviet repressions were even bigger. During the first year of occupation alone in 1944-1945 12 000 people were killed and 36 000 were arrested in Lithuania. Between 1945 and 1952 130 000 were deported to Siberia from Lithuania. On the night of March 26 1949 alone 20 722 people from Estonia, 43 230 people from Latvia and 33 500 people from Lithuania were deported to the eastern territories of the Soviet Union.

In the economy nationalization, industrialization and collectivization were demanded, creating some of the most glaring examples of dogmatic application of alien experience. Some of the shortcomings of Stalinist methods were recognized after the death of Stalin. In the

next, post-Stalinist phase (1953-1968), the Soviet satellites were allowed to work their way towards so called "national communism" fixing its own separate "road to socialism". In the economy some liberalisation was tolerated and western participation welcomed. Nevertheless, Central Europe failed to react to the developing trends in the World. Economies and societies stagnated. In the age of modern mass-media, the gulf in living conditions between East and West was evident in every home.

Czechoslovakia, which ranked among the top ten industrialized nations when it was founded in 1918, found it increasingly difficult in the 1970s and 1980s to compete on Western markets with its low-quality manufactured goods. The share of its total trade with less demanding socialist countries rose steadily, from 65 percent in 1980 to 79 percent in 1987.

Comparing the structure of employment and output of the Central-European countries and the OECD countries it is easy to note, that in addition to quite high share of agriculture in employment and GDP, the share of industry is significantly larger than in the OECD countries. The counterpart of the large agricultural and industrial sectors was the incredibly small service sector at the start of reforms - much smaller than that of Western Europe. Industry in Central European countries was overconcentrated, lacking small- and medium-size industrial enterprises. In some countries almost half the industrial enterprises employed more than 300 people compared with about 10% in the European Community. Central European economies were excessively tied to Soviet Union. Increase in production was achieved due to cheap energy and unlimited and unefficient use of raw materials.

Comparing the energy consumption in Central Europe to the energy consumption in other countries we see that communist satellite-states used two to four times more energy in 1990 than might be

expected on the basis of its per capita GDP level compared to other European countries. Energy consumption per unit of GDP usually decreases at higher level of development, but in those countries developments moved to opposite direction. As a result, the technology employed in civilian industries became increasingly backward relative to the West and environment suffered more and more.

We can compare Central European countries with some of the poorer countries of Southern Europe, namely Greece, Portugal and Spain. These are an important comparison group, as Central Europe differed little economically from these countries before the World War II. Some Central European countries, for example Czechoslovakia, were actually clearly ahead of these.

Jeffrey Sachs has compared Poland and Spain starting from 1950s. Poland and Spain were then both largely agricultural, Catholic, peripheral regions of Europe. They arrived in the twentieth century with living standards among the lowest in Europe and lagged behind much of the rest of Europe in economic and social modernization. They both had disastrous experiences just before midcentury: Poland suffered huge losses during World War II and Spain suffering its Civil War. The two countries had about the same population in 1950 and were also very close in per capita income terms.

By 1988, however, Spain's per capita income was four times that of Poland's. Clear difference in income was also reflected in Spain's greater ownership of consumer durables and a much higher proportion of the population in tertiary education. Starting from a similar point in mid-1950s, Spain shot ahead of Poland in the next thirty-five years and started to catch up with the rest of Western Europe, while Poland fell farther behind. The central reason for Spain's success was its shift from being economically and politically isolated from the rest of Europe to being closely integrated with Europe.

In Northern Part of Central Europe Estonian and Finnish scientists Olev Lugas and Pentti Vartia made interesting comparisons between developments in Estonia and Finland. It would be hard to find in the eve of XX century two more similar countries than Estonia and Finland. Heriting both from Finno-Ugric nations, Estonia and Finland are very similar by language and culture. Both countries were largely agricultural, but getting through industrialization in the beginning of the XX centuries. Both countries are Lutheran, peripheral regions of Europe on the border with East. Both declared their independence in the aftermath of World War I and went through fast development during the decades of independence. Finland and Estonia resembled each other a great deal in their socio-economic development between the World Wars in 1922-1938. More or less, Estonia and Finland were just on the same level in 1940. But the subsequent period of fifty years under two different economic and political systems led to vastly different economic structures and behavioural patterns and opened up a huge gap between the development of Finland and Estonia.

Real household income per capita in Finland in that period grew about 3,4 times. According to the estimations household income per capita was in Finland 4,6 times higher than in Estonia in 1988. Very few people had a private car yet 1950s both in Estonia and in Finland. In 1987 there were nearly 400 cars per 1000 inhabitants in Finland. In Estonia the same ratio was 150. The number of private cars in Estonia was in 1987 on the level of Malaysia (91), South Africa (107) and Argentina (125).

The differences in living standards can also be found in the levels of housing. The average living space per person (floor space of the dwelling divided by the number of household members) is a simple and often used indicator of housing conditions. In Finland, there was

31 sq m of housing space per inhabitant in 1988 – in Estonia it was only 21 sq m. The quality of housing is also characterized by the existence of a telephone: in Estonia there were 12 telephones per 100 inhabitants – compared to 45 in Finland and 74 in Sweden. It should be added that the number of telephones (according to 1986 data) in Estonia similar to Turkey (81) and Brazil (88).

Comparisons between Estonia and Finland could be continued, but the result is anyway clear: The Finns level of development and standard of living exceeds by far the Estonian, despite the fact that during the pre WWII period the level was more or less the same. As for Spain, the main reason for Finland's success was its shift to modern market export orientated economy and fast integration with Europe. To achieve those goals Central Europe had to become free again.

3.FREE AGAIN

3.1.Fight against communism

In 1944 and 1945 the Red army descended once again on the territories allotted to the Soviet Union by the secret additional protocols of the Molotov-Ribbentrop Pact. The people of those territories, however, holding fast to the principles of the Atlantic Charter, continued their fight for freedom. Although the Second World War formally ended with the capitulation of Germany in May 1945, the internal struggle continued for many long years. The partisan war continued where the international war left off. The Second World War in Central Europe was not concluded by political conferences at Yalta and Potsdam. It was concluded on the ground, in the woods, in the swamps and on the hills where it had raged with sporadic violence ever since 1939.

In Poland the armed opposition to the new order centered in two separate underground organizations – the right-wing National Armed Forces (NSZ) and the Freedom and Independence Movement (WiN), which was partly raised from the ranks of the disbanded Home Army. The NSZ, active in the Holy Cross Mountains, ceased to resist by the end of 1945, when its last brigade forced their way through Czechoslovakia to meet up with US forces. The WiN which was strongest on the vicinities of Lublin and Bialystok, held out to 1947. During the “amnesty” period concluded in April 1947 some 52 277 members of anti-Communist organizations stepped forward, handing over close to 15 000 weapons, including for example 10 cannons and 904 machine guns. Communist losses amounted to 1427 security men and 2000 party members killed in 1945 and about 30 000 between 1945 and 1948.

In addition to organized resistance many rural districts in Poland steadfastly refused to recognize the new authorities. By Norman Davies in the Podhale region round Zakopane the gravestones of assassinated officers of the Citizens Militia attest to the ferocious resentments of the local highlanders led by "Captain Fire" (Jozef Kuras) throughout 1946 and 1947. The last shot of this War was not fired until nearly three years after the ruins of Warsaw had been reoccupied.

As communist authority tightened over Romania, resistance partisans held their ground till the first years of 1950s. Intelligence flowed into Washington during the spring of 1949 when nationalistic partisan units in Transylvania, armed with enough hand weapons and ammunition for defensive tactics were surviving the security forces' repeated liquidation sweeps. There was no less than eleven organized resistance groups, numbering overall perhaps thirty thousand men, in the central Carpathians, the Danube and Prut River lowlands, Bukovina and northern Moldavia. Resistance movement in Romania was crushed in the first part of 1950s.

The partisan movement was most active in Western Ukraine, where national resistance movements had developed soon in the 1920-1930s. In October 1942 Ukrainian Insurrectionary Army (UPA) was founded under leadership of General Roman Shukevich. The UPA perceived both the Nazis and Communists as enemies and fought them both. The UPA succeeded in carrying out an effective mobilization. In 1944 its armed forces numbered nearly 200 000 men. Although the UPA carried out many successful anti-Soviet operations, the UPA was soon forced back into the Carpathians. In 1944-1945 Red Army surrounded a number of areas under partisan control forcing UPA to abandon its system of military battalions and to split into smaller groups. Trapped in 1947 in a three-cornered offensive by Soviet, Polish and Czechoslovak forces most of UPA fighters paid with their lives for their be-

lief in “neither Hitler nor Stalin”, only small groups breaking through to the Germany U.S. lines. Despite the losses the struggle in Western Ukraine went on for a long time till the 1950s.

The guerrilla movement was strong in the Baltic countries as well. Operating in the vast forests (the partisans were called ‘forest brothers’) and even in the cities, the resistance movement had its origins in the first Soviet occupation. Later, their numbers were swelled by those who fled from the Soviet military service or the Red Terror. By international standards, the guerrilla movement in the Baltic countries was extensive. It has been estimated that as many as 30000 forest brothers in Estonia, 40000 in Latvia and 80000 in Lithuania were active in the resistance between 1944 and 1956. Two Baltic émigré scholars Misiunas and Taagepera have stated that, proportionally speaking, the partisan movement in post-war Baltic countries was of the same size as the Viet Cong movement in South Vietnam. The Baltic partisan movement lasted for that many years due to the broad support the native population gave it. However, the forest brothers’ fight was doomed. They received no support from the West and since their hoped-for war between the East and the West did not happen, their resistance was wiped out piece by piece. The last Estonian forest brother was killed in action in 1978.

In the first post-war years Western powers clearly underestimated the strength of resistance in Central Europe. So the armed resistance movements received nearly no help from the West. Only after some freedom fighters succeeded to break through to the West, awareness of freedom fighters on the other side of the Iron Curtain started to grow. In the 1940-1950 Western powers launched first operations sending groups of agents to the different Central European countries. Most of them were betrayed by Kim Philby, arrested, tortured and killed. Resistance movement had to survive by its own.

At this moment Western policy toward Soviet Union was principally changed. Illusions disappeared and the Western World understood that the Soviet Union is not very different from Nazi Germany. On 20TH March 1948 Soviet delegation marched out of the Allied Control Commission in Germany, never to return. On 24TH of June 1948 Soviet troops sealed off Berlin completely, starting the Berlin blockade. The Cold War had begun.

At the same time the West was not prepared to seriously harrass Soviet Empire, to roll it back not only in the words but in the acts. Underestimating first the Soviet threat they now overestimated the strength of the Soviet Union. On 5TH of March 1953 Stalin died. New Soviet leaders understood that Soviet Union was collapsing. As for reformers in the 1980s their only chance was to start with reforms and win time for the modernization of the Soviet Union. "First perestroika", launched by KGB leader Lavrenti Beria, was so radical that Berias comrades had to stop it. Beria was arrested and shot. After some years during the period known as "thaw" some parts of Beria's reforms were nevertheless implemented.

The Western powers looked on all this mess from a distance and did not intervene. The Western world lacked on this moment of time leaders like Margaret Thatcher or Ronald Reagan were in the 1980s. This gave the Soviets time to gather strength and destroy all attempts to achieve freedom in Central Europe.

The first anti-Soviet uprising in the Soviet Bloc took place in Eastern Germany. On June 16TH 1953 construction workers building something called Block 40 of a housing project on Stalin Allee walked off their jobs to protest a rise in production quotas and began to march to the House of Ministers. The march grew, posters sprouted calling for the Party's resignation and free elections. The next day several thousand demonstrators burned the red flag and tried do occupy Party

buildings. Over the next days strikes and protests spread to nearly every city in East Germany. The Soviets reacted immediately and occupied East Berlin. The Soviet military commander of Berlin declared martial law. By the time East Germany was subdued, perhaps a thousand people had been killed. The West had no response.

On February 25, 1956 the new leader of Soviet Union, Nikita Khrushchev condemned at the Soviet's Party Twentieth Congress the personality cult of Stalin and went on to detail a few of the crimes of Stalin. Khrushchev ended with a call for a return to Leninist leadership principles. The so called "Thaw" had started with some liberalisation in the culture and economy. It lightened the climate of fear, but introduced no significant measure of democratization. The Soviet system retained its totalitarian character.

But in 1956 de-stalinization was a shock for the Soviet system. A transcript of the Khrushchev's speech was leaked to the Western press by the Polish communists. The Polish Stalinist leader Bierut died of a heart attack on the spot. Khrushchev's speech propelled a shock-wave right across Central Europe, showing everybody the crimes of communism.

For captured nations of Central Europe this was a sign of weakening of the Soviet system. In June 1956 employees of the Stalin Engineering Works in Poznan went on strike. On June 28 workers stormed the District Office of Security and Party Committee headquarters, the security forces responded by shooting. Independent sources indicate that the massacre had left at least 75 dead and 900 wounded. The answer of Polish communists was to appoint a Party leader with a greater measure of public confidence and a more pragmatic approach to Polish problems. The obvious candidate was Wladislaw Gomulka, the victim of 1948 purges. The Soviets could not see the point in "national communism", the Soviet Army marched

out of its barracks and the Soviet Fleet appeared off Gdansk. In the end the matter was settled peacefully. As long as Gomulka did not touch the essence of communism or Soviet domination, he could rule Poland.

But the Polish virus had spread. In Hungary on 23TH of the October 1956, students began a demonstration of support for the Poles that became an insurrection. The demonstrators entered the Radio building and demanded that their demands be broadcast over the airwaves. The authorities refused and armed fighting broke out. The rebels obtained handguns from the soldiers and armouries. On 24TH of October Soviet tanks arrived. A victim of former purges Imre Nagy was appointed Prime Minister. Nevertheless revolutionaries were involved in armed clashes with Soviet troops in several places.

On the next days demonstrations and armed clashes continued, Revolutionary Committees were formed around the country. At dawn of 28TH October a Soviet attack was launched on the headquarter of revolutionaries, but the revolutionaries destroyed the assaulting Soviet tanks. In the afternoon, Prime Minister Imre Nagy recognized the revolution and announced that he would commence negotiations for the withdrawal of Soviet troops. On October 30, revolutionaries seized the Budapest office of the Communist Party and massacred its occupants.

It became clear that unlike the Polish people, the Hungarians are demanding not the liberalization of the communist regime but its very destruction. On November 1, having already created what was in effect a coalition government, Nagy took the final step declaring Hungary's neutrality and its withdrawal from the Warsaw Pact. At the same time, Nagy asked the United Nations to recognize Hungarian neutrality. He never received a reply. Neither the United States nor its European allies took steps to induce the United Nations to deal with

Nagy's message on an urgent basis. On the dawn of November 4, the Soviets attacked. 200 000 soldiers and 2500 tanks stormed back into Budapest. The tanks swept away the barricades the freedom-fighters had put up against their troops. The workers and students fought with that courage against all odds learned from a century of resistance, but they never had a chance. Some nameless students continued the radio broadcast to the West as the gunshots and the sounds of boots came closer and closer. They appealed desperately for help in the name of the freedom for which they gave their lives. The listening West did not move.

The Western states stuck tightly to the Yalta and Potsdam agreements, which marked out the spheres and limits of mutual influence in Europe. Therefore, when that heart-rending appeal for help came brokenly over the airwaves as the last hero of Radio Free Budapest stayed at his post, they did nothing, nothing at all.

Fights in Budapest continued till 7TH of November, in some places in Hungary till 14TH of November. At least 3000 Hungarians lost their lives, tens of thousand were wounded. Imre Nagy was arrested and executed in 1958. During the time of retribution 229 were officially hanged for "the crime" of direct participation in the Revolution (the total number of people executed is estimated between 300-350), in addition over 20 000 people were imprisoned. Approximately 180 000 Hungarians left the country, escaping to the free World.

At dawn of 7TH of November the members of the government headed by Janos Kadar arrived in Budapest in Russian tanks and were sworn in in the afternoon. During next years Janos Kadar pressed down any opposition, received a great deal aid of from Soviet Union and started to build a socialism it could call its own, "goulashe socialism".

The Communist and Socialist parties of the West, already reeling under the revelations of the Hrushchov's secret speech, plumbed the

depths of shame. In Italy old socialist leader Pietro Nenni sent back the money he had been awarded with his Stalin Peace Prize and took his party into coalition government with the Christian Democrats he had spurned.

But the Western governments stayed quite silent. Kissinger has been right writing: "In the aftermath of the brutally suppressed Hungarian uprising, the question arose, whether a more forceful and imaginative Western diplomacy might have forestalled or eased the tragedy. The American government had itself first raised the banner of liberation. Its propaganda via Radio Free Europe had produced a surge of hope exceeding even what Dulles had predicted in his 1952 life article. During the upheaval in Hungary, America fell far short of its rhetoric. The unwillingness to risk war to overturn communist control of Eastern Europe had been explicit American policy for a decade. But Washington's failure to explore seriously any option short of war in order to affect events opened up a huge gap between what Washington had proclaimed and what it was actually prepared to support".

Western World's policy on Hungary was weak indeed. The Soviet Union was clearly prepared to run bigger risks to preserve its position in Central Europe than the Western states were willing to brave in order to liberate Central Europe. After the death of Stalin Soviet Union was pressed to the corner. If the Western powers had pressed the Soviet Union the way Ronald Reagan did in the 1980s, it is quite possible that the Soviet empire had collapsed significantly earlier.

The suppression of the Hungarian uprising brought an end to all hopes for Western direct assistance to the captive nations. Armed resistance had become meaningless. When the Soviet regime declared amnesty on 1956 and 1957 in different areas of partisan warfare in the Soviet Union, masses of men and women emerged from the forests, giving away their weapons and hope.

But all this did not save the the socialism from stagnation and problems. By the mid-1960s Soviet Union and its satellite countries were pushed to introduce economic reforms. Khrushchev, tired of paying heavy subsidies to support satellite countries' feeble economies, pressed their leaders to listen to reformers. So the first buds of 1968's Prague Spring blossomed in the field of economics, not politics. As the years passed, an even more subversive concept emerged from the economic reforms: the problem with the economy was the totalitarian political system.

The appointment of Alexander Dubcek to Party secretary in 1968 marked the beginning of the eight months known as the Prague Spring. The aim of Czechoslovak reformers was to combine socialism with democracy and economic security with civil liberties, to build "socialism with human face". The abolition of censorship significantly enhanced the political role of the mass media, which became "school of democracy". The role of the Communist Party was clearly weakened and first steps were taken towards multi-party system. At the same time leaders of Communist Party were overwhelmingly popular: Dubcek's team received some 90 percent of popular support in public opinion surveys.

At first it seemed that the Soviet Union can tolerate reforms in Czechoslovakia. But at dawn on 21st August 1968 half of million soldiers drawn from all the Warsaw Pact countries except Romania poured into Czechoslovakia. The surprise was overwhelming, resistance was minimal. At 4. A.M. troops reached the Central Committee building and arrested Dubcek and five other members of the Presidium. The last building to fall was the Radio Prague station, which the Czechoslovaks had barricaded. Not till 11. A.M. did troops overrun it. The Soviets killed 72 Czechs. One of them was a fifteen-year-old boy painting "Go home" on a wall, and another two were a baby

and his mother, who was trying to protect the boy from the trigger-happy psychopath who shot all three from his tank's machine gun. The Soviet invasion caused the most profound shift in the Czechoslovak outlook since World War II: people who were divided in 1948 became united in 1968. The Czechoslovak experiment with humanized socialism and its military suppression destroyed effectively the base of support Soviet Communism had enjoyed in the past.

In November 1968 Soviet leader Leonid Brezhnev spelled out "The Brezhnev Doctrine", stating that Moscow was obliged by its socialist duty to intervene by force to defend the "socialist gains" of its allies. In the next phase of development the Brezhnev Doctrine was progressively challenged by a growing tide of intellectual, social and political protest in Central Europe. In December 1970 strikes broke out in Poland. In Gdansk a crowd attacked the police station and the Party headquarters. On the next day soldiers opened fire with cannon and automatic rifles at workers at Gdansk's Lenin shipyards. The government reported that over the five days of the crisis 45 people were killed and 1165 injured. Nongovernment estimates are much higher.

In some cases protest took extreme and most desperate forms. In January 1969 Czech student Jan Palach burned himself to death in protest against the crushing of the Prague Spring of 1968. Similar act of self-immolation in protest against the Warsaw Pact invasion of Czechoslovakia by a Polish patriot named Siwak in Warsaw in September 1968 went unnoticed, because the Polish media was forbidden to report it. Jan Palach was followed by other patriots in Czechoslovakia and in Lithuania. On 14 May 1972, a 19-year-old student named Romas Kalanta burned himself to death in Kaunas. Rioting, involving several thousand youths, began on the day of his funeral. Young people roamed the streets shouting "Freedom for Lithuania" and fought the police units, who had to be reinforced by paratroopers and KGB. Some 500 arrests were made.

In 1970s protest movements became even more organized. In 1976, Polish intellectuals organized the Committee for the Defence of Workers (KOR), which constituted the first effective independent group to bridge the gap between workers and intellectuals. In the early 1980s Hungary's "democratic opposition" grew increasingly active. In 1976, the members of a silly rock band called "The Plastic People of the Universe" were arrested in Czechoslovakia and charged with crimes against the state for holding a rock concert. This led to the creation of the well-known "Charter 77" movement, which was formed to monitor and internationally report human rights abuses within the country. Its first spokesmen were Vaclav Havel, Jan Patocka and Jiri Hajek. They and many other groups actively resisted the Communist regime, and many of them endured long jail terms for their efforts.

After the suppression of the Prague spring in 1968 the resistance movement in the Baltic countries emerged again in 1970s. In 1971 a petition with 17 000 signatures was sent from Lithuania to the United Nations and to Moscow demanding freedom of conscience. In 1972 several groups of dissidents in Estonia compiled an appeal to the UN and sent it to the West. Despite the fact that most of the people who compiled the document later were arrested, it had made an effect. The West started to show an interest in what was going on in the Baltic States, which meant that resistance received fresh impetus.

The raise of the new dissent in Estonia and Latvia trailed that in Lithuania. There the Catholic Church offered a strong support basis for opposition. "The Chronicle of the Lithuanian Catholic Church", the most durable underground periodical throughout the Soviet empire, began publication in 1972 and several petitions were sent both to United Nations and to Moscow.

Confronted by resistance to Russification, Moscow decided to increase the pressure. A secret decree, issued by the USSR Council of

Ministers on October 13, 1978, launched a new Russification campaign throughout the USSR. The campaign did not bring expected results. On the contrary, it increased the resistance, for pressure will always create counter-pressure. In 1978, the year the Russification started, resistance movement started to gather more strength too. New underground magazines and leaflets were published, on example of "Solidarnosc" first strike-attempts made. In 1979 Baltic dissidents signed the "Baltic Appeal", in which they demanded the elimination of the effects of the Molotov-Ribbentrop pact.

In 1980 Soviet power had to use riot police to dismiss spontaneous youth protest in Estonian capital Tallinn. 40 Estonian famous intellectuals reacted on that with a public protest letter, in which they protested against the violence and suppression of the national culture. The Soviet power answered by repressions and by putting the more famous dissidents to prison. Jüri Kukk who died in prison due to hunger strike became a martyr of the independence movement.

The growth of the resistance movements in Central Europe was not very much noticed in the West. The Western World was in problems and looked necessary to find time for "relaxation" or "Détente". The prime task of United States foreign policy during "Détente" was by Henry Kissinger "to manage the emergence of Soviet power", to educate their Soviet equals into civilized and stabilising behaviour. This was a hopeless task, but won time for the Western World. Nixon thought that time was on the side of the democracies because a period of peace without expansion would strengthen the centrifugal forces within communism.

Kremlin clearly viewed "Détente" as serving Soviet purposes. George Meany, President of the AFL-CIO, described the Soviet position as follows: "Here's how the Soviet Union sees détente. Détente is based on U.S. weakness. Détente means intensification of ideological

warfare. Détente means an undermining of NATO. Détente means recognition by the West of the Soviet Union's ownership of Eastern Europe. Détente means withdrawal of American forces from Europe".

One of the achievements of Détente was the Helsinki Final Act, signed in 1975. The Soviet Union achieved a recognition of Europe's existing frontiers, accepting at the same time an agreement to protect human rights, promote a wide range of cultural and communication projects and to guarantee human contacts. This part of the Final Act was ofcourse totally ignored by Soviet Union.

At the same time more active contacts between West and East weakened the Soviet system. Soviet satellites in Central Europe were eager to develop economic cooperation with the Western countries, taking loans and letting in foreign investments. After 1956 and 1968 Eastern European governments sought to strike a bargain with their citizens. If the people agreed to remain politically passive, they could anticipate better economic conditions. In Poland party leader Edward Gierek created the illusion of an economic takeoff by borrowing heavily from the West. But with this they actually signed their own death penalty. Loans from the West could not save socialism, actually they moved it nearer to economical collapse. But this was probably not the what Western "détente" minded leaders had in their minds while developing more intensive cooperation with the Soviet bloc.

By the end of the 1970s hard experience had shown that the West had been suffering from serious illusions. Norman Davies writes: "Détente had fostered a hypothesis that has been called "ornithological". The conduct of the communists, it was argued, was dependent on the good conduct of the West. Beastly comments in Western capitals would only encourage the "hawks", kindness would encourage the "doves". In practice, no such pattern emerged. The fact is, the communists did not respond to kindness. As one of the earliest critics

of détente had argued in his “Thesis on Hope and Hopelessness” raising the tension of East-West relations was a dangerous ploy, but it was the only strategy which held out a promise of ultimate success”. And success came.

3.2.TURNING THE TIDES

At the end of the 1970s the Soviet Union seemed to be on top of its strength. Noted economist John Kenneth Galbraith wrote in 1984: “The Russian system succeeds because, in contrast to the Western industrial economies, it makes full use of its manpower. The Soviet economy has made great national progress in recent years”. Arthur Schlesinger declared after 1982 visit to Moscow. “I found more goods in the shops, more food in the markets, more cars on the street – more of almost everything, except, for some reason, caviar. Those in the U.S. who think the Soviet Union is on the verge of economic and social collapse, ready with one small push to go over the brink, are only kidding themselves”.

Actually was communism torn by fatal contradictions. It had huge global and military aspirations but also faced large internal economic and resource problems. By the 1980s, the failed Soviet economy and relative backwardness of the Soviet society was evident even to the Soviet leaders, maybe only not to the Western analysts. In the 1980s, the Soviet Union was a huge, backward country just as had been the Czarist Empire in the previous century. Technological revolution and advancements in communications eroded Moscow’s position in the world.

Western media, especially the television, became a vital factor in the struggle for liberty. Through different sources of mass media people of Central Europe saw the gap between them and rest of Europe widening. Western media helped to spread the knowledge of

where the world is going. Western media may not have inspired the opposition, but it supplied an audience of tens of millions, which protected opposition.

The achievements of Radio Free Europe and Radio Liberty in this struggle were afterwards recognized both by the former opponents and supporters of Soviet system. In 1993 Russian President Yeltsin paid tribute to the Radio Free Europe: "It would be difficult to overestimate the importance of your contribution to the destruction of the totalitarian regime". Vaclav Havel spoke in more personal terms: "For many years, I myself was one of those who could address their fellow countrymen mainly or even solely through the medium of this radio station. I am not sure that I would not have been in prison for another couple of years, were it not for a certain amount of publicity which I had because of these radio stations. During the period of the Cold War, these stations spread objective information about the world, spread the ideas of freedom, democracy, human rights and rule of law".

At the same time we must notice that when discussing the importance of open resistance, it must be remembered that in most countries it was the work of a small minority. The studies of Marju Lauristin and Peeter Vihalem show for example that most Estonians did not participate in the resistance, even if they supported it. By the same token, the number of Estonians actively cooperating with the Soviet system was small, also. Lauristin and Vihalem estimate that in one form or another, about 10 percent of Estonians participated in open resistance.

The same percentage belonged to the Communist Party, which carried out the foreign power's policies. 40 percent of Estonians shunned public life and another 40% participated in public activities outside the Soviet system, such as being members of choirs, book

clubs, cultural circles or a church. The majority of Estonians sought ways for their families to survive in the Soviet system while, at the same time, maintaining their national and cultural identity. A clear majority did not accept the new Soviet identity as their own. Many people who remembered the years of independence still lived. Through them, memories and traditions of a free Estonia were kept alive.

We can see the same picture in most other Central European countries. Strength and activity of opposition movement seems to be in clear correlation with development of a basis for civil society inside the Soviet system. One of the major battlefronts proved to be the preservation of one's history, language and culture and through them, the Western way of thinking. Despite systematic efforts by Moscow to destroy people's their dream of freedom, it never ceased to be. Central Europe continued to consider themselves as a part of the Western culture and mentality, defying thereby the socialist pressures.

The notion of the importance of memory, of keeping the truth alive in the midst of the daily profusion of official lies, was decisive for the future of the captived nations. That is why the communist authorities were defied by contradicting their rewrites of history, passing on to the younger generation the truth about their national legacy, about the long tradition of resistance to Russian and then Soviet domination. That is why it was so important to keep resistance alive, to have something to tell as in the Baltic countries about the fight of forest-brothers or in Hungary about events of 1956 and in Czechoslovakia about events of 1968.

Andrew Nagorsky had stressed that the activism in Central Europe based largely on an aggressive commitment to truth and on a common belief in the liberating impact of truth in the face of a system based on lies. At her trial in June 1975 Nijole Sadunaite, one of the distributors of underground "Chronicle of the Lithuanian Catholic

Church” said: “The Chronicle of the Lithuanian Catholic Church, like a mirror, reflects the acts that atheists perpetrate against believers. Evil is not pleased by its own foul image, it hates its own reflection. The mirror however does not lose its value because of this... Your crimes are propelling you onto the garbage heap of history at an ever-increasing speed”.

Those words were prophetic, but at the moment there was not very many people in the World who believed it. But it took only less than ten years when in his speech to Britain’s Parliament new President of the United States Roland Reagan declared: “It is the Soviet Union that runs against the tide of history. It is the march of freedom and democracy which will leave Marxism-Leninism on the ash heap of history as it has left other tyrannies which stifle the freedom and muzzle the self-expression of the people”.

Some events helped to bring this moment nearer. On October 16, 1978 the former Archbishop of Krakow, Cardinal Karol Wojtyla was elected Pope and took the name of John Paul II. Poland went wild of joy. People stood in line all over the country to ring church bells. As Archbishop of Krakow, Wojtyla had shown himself as a skillful and determined leader. His election strengthened not only the church in Poland, but also the dissidents. “Pope John Paul II, a Slav, a son of the Polish nation. It feels how deeply rooted he is in the soil of history. He comes to speak before the whole Church, before Europe and the world, about those oft-forgotten nations and peoples.”

On June 2, 1979 more than a million Poles gathered on the airport road, on Warsaw’s Victory Square and in the Old City to welcome John Paul II on his emotional return to his homeland. The Pope’s visit to Poland had a tremendous impact on the country. He spoke to millions of people and was enthusiastically cheered everywhere. Order was kept by Catholic laymen and the police was hardly visible. John

Paul II spoke openly about the peoples right “to have God in their lives” and “the right to freedom”. Thirty-four years of communism seemed to vanish overnight as people gathered to cheer their pope. They realized that they had strength in numbers and broke the barrier of fear. This was a prelude to the birth of Solidarity in August 1980.

As church bells rang out across Poland and the streets filled with excited crowds the Soviet leaders reacted with shock and alarm. A Politburo document concluded that Vatican had embarked on an “ideological struggle against Socialist countries”. The KGB believed that the Pope had set out to challenge the foundations of all Soviet bloc.

But by this time the “Slavonic Pope” was not only a problem for the Soviet leaders. On 12TH of December 1979 at a full session of the Soviet Politburo, the formal decision was taken to use Soviet troops to overthrow Amin’s government in Afghanistan and to replace it with more pro-Soviet government. On 27TH of December 1979 as Soviet army entered Afghanistan from the north, the elite Alpha anti-terrorist squad and Soviet paratroopers stormed Amin’s palace and shot him dead. The Soviets deployed a further 50 000 ground troops in the country. The Afghan people immediately took up the fight against the invader. Soviet Union has got its own Vietnam. 15 000 Soviet soldiers died in Afghanistan. The Afghanistan war weakened the Soviet Union and brought the end of the empire nearer.

Perhaps the Soviet administration could have succeeded in deferring the collapse of the communist system as they had at the end of the 1950s, but this was precluded by the mentality of the newly-elected leaders of the Western world. Instead of neutralising the Soviet Union, Ronald Reagan, Margaret Thatcher and Helmut Kohl proposed to destroy the communist system. By expediting the arms race, by supporting the anti-communist movements in Afghanistan as well as in the Central and Eastern Europe, by diminishing the income of the

Soviet Union in the form of forcing down oil prices and essentially imposing an economic blockade, the Western countries succeeded in cornering the Soviet Union and winning the “cold war”.

All this made Reagan and the Iron Lady very popular in Central Europe. Many times my student days passed yelling the song with the victorious ending in the chorus: “I love Thatcher”. This reminds me of the moment when I realised that the collapse of the Soviet empire could not be that far away. Namely, every Monday a senior officer from Moscow held compulsory lectures to potential Soviet officers at the university, and his every word reflected the fear and panic over the “crazy cowboy’s Star Wars”. None of us had seen such panic before. Ronald Reagan was one of the first Presidents of the United States afraid and honoured at the same time by Soviets. Reagan shared Churchill’s view about Russians “that there is nothing they admire so much as strength and there is nothing for which they have less respect than for weakness, especially military weakness”.

As for the captured nations of Central Europe, for Ronald Reagan a fight against communism was fight against evil. In his speech to the National Association of Evangelicals, March 8, 1983, Roland Reagan declared: “Let us beware that while they (Soviet rulers) preach the supremacy of the state, declare its omnipotence over individual man, and predict its eventual domination over all the peoples of the earth, they are the focus of evil in the modern world. I urge You to beware the temptation to ignore the facts of history and the aggressive impulses of any evil empire, to simply call the arms race a giant misunderstanding and thereby remove yourself from the struggle between right and wrong, good and evil”.

But it would have been significantly harder for Ronald Reagan to fight against “the evil empire” if the people of this empire had not struggled against it too. This time it started from Poland. In early

August 1980 authorities caught a forklift operator at the Lenin Shipyard in Gdansk and member of underground Free Baltic Trade Union, Anna Walentynowicz, collecting the remains of candles from graves in a local cemetery. She was gathering the wax to make new candles for a memorial to the 1970 shooting victims. On August 9 she was accused of stealing and fired from her job.

At 6.A.M. five days later, workers in the K-1 and K-3 sections of the shipyard put down their tools and demanded her reinstatement and a 1000 zloty pay raise. Authorities tried to block the strikers. A short, stout electrician and member of Free Baltic Trade Union Lech Walesa shouted to the driver of a heavy lifting machine to hoist him over the steel railings into the yard. Holding onto the back of a big bulldozer he urged his comrades to occupy the whole place. By nightfall the shipyard's 17 000 workers were on strike.

In mid-August the strike committee in the Lenin Shipyards rejected a favourable settlement of their own local claim, on the grounds that doing so they would betray their fellow strikers elsewhere. The Inter-factory Strike Committee was created which presented Communist authorities with twenty-one demands, beginning with free unions, the right to strike and access to the media. The authorities tried to ignore the Committee, but meanwhile, each day, new plants joined the Committee. The news of the strikes were broadcast by the Polish Section of Radio Free Europe and distributed by KOR networks. Faced by the threat of a general strike the Communist authorities decided on a compromise and on 31TH of August the government and Lech Walesa signed the Gdansk accords, granting workers wage increases, more days off, more freedom and free trade unions.

Overnight the country had changed the direction. The fifteen months of Solidarity's legal activity were crowded with projects of reform, disputes, conflicts and agreements. Political life was alive and

active. It was a historic time, a time of hope that it is possible to transform life in Poland. Of the 12,5 million workers eligible to join Solidarity, nearly 10 million did, giving so birth to one of the most effective and large grassroots social movement in the world history.

In the view of both the KGB and the Soviet Politburo, the birth of Solidarity represented the greatest threat to the “Socialist Commonweath” since the Prague Spring of 1968. On October 29 Brezhnev dramatically announced to the Soviet Politburo that “perhaps it really is necessary to introduce martial law”. (According to Vasili Mitrokhin.) Brezhnev was backed by Yuri Andropov and Mikhail Gorbachev. “We should speak openly and firmly with our Polish friends” he declared. “Up to now they have’nt taken the necessary steps. They are in a sort of defensive position, and they can’t hold it for long – they might end up being overthrown themselves”.

At the same time the Politburo was concerned not merely by the situation in Poland itself but also by the effect of Solidarity’s success in some parts of the Soviet Union. The KGP reports declared that “The Polish events have a negative influence and effect on the local population, suggesting that it is possible to improve living and economic conditions on the Polish model”.

So Solidarity had to be stopped. The ailing Brezhnev put the Soviet Army alert, but then decided not to intervene, leaving the job to the Polish army. On the night of 13 December 1981 General Wojciech Jaruzelski executed one of the most perfect military coups in modern European history. In a few hours all communications were cut and military units took over all major institutions. Martial law paralysed all country. Over the next months, more than ten thousand Solidarity activists were detained and interned without trial in prisons all over Poland. Most of the top leaders of Solidarity were caught in Gdansk, after the Solidarity’s national meeting.

The Solidarity activists who remained free fought back with the civil disobedience. A million Poles turned in their Party cards. The Lenin Shipyard went on strike. Tanks entered the shipyard on December 16, crushing the entrance gate and with it the strike. Official reports stated four hundred wounded. At the Wujek coal mine near Katowice two thousand miners called a sit-in strike and barricaded inside, armed with bottles of gasoline and red-hot metal rods. Forty tanks of the ZOMO riot police gathered and attacked. Nine protesters and, four ZOMO police were killed and 41 wounded. Martial law took about a hundred lives. The Solidarity-led congressional committee investigated afterwards 115 deaths that had occurred during martial law.

If martial law was a success, it was a Pyrrhic victory. It eradicated Solidarity, but did not solve Polish problems. Jaruzelski and Soviet leaders had clearly underestimated the strength of United States response to the martial law in Poland. In 1956 and 1968 there were angry protests and speeches, but not very much more.

Shortly after the declaration of martial law, Ronald Reagan spoke with his closest advisers about the situation in Poland and U.S. options. Al Haig had opinion that Solidarity is lost. (According to Peter Schweizer.) Richard Pipes had another opinion. "What worries the Soviets is the survival of Solidarity. They are afraid of infection, that it will spread to the rest of the Soviet bloc – even Lithuania and Russia itself. You don't know the Poles. Solidarity will survive". But Ronald Reagan did not need any encouragement. He ordered to draw up a covert operation to help Solidarity survive this harsh political winter. Ronald Reagan did not only wanted to free Poland but shatter the myth of Soviet invincibility.

In February 1982 first meeting between CIA representatives and Solidarity activists was arranged outside Zurardow. The underground

needed technical help in reorganizing itself. Specifically it required advanced communication equipment. This was smuggled to Poland from Sweden as part of shipment of machine tools for tractors or as engineering equipment. The money channel to Solidarity started in March 1982. It went primarily to support the publication and distribution of underground literature and also to buy radio transmitters. On 12TH of April in 1982 citizens in Warsaw heard the broadcast of Solidarity radio.

Richard Pipes had been right. Solidarity survived. Small group of Solidarity leaders remaining underground established in April 1982 the "Temporary Coordinating Commission". The underground press and underground books flourished more than ever. In this activity, the Solidarity people obtained guidance from the veterans of Polish resistance against the Germans in World War II. Lech Walesa, who had resisted great pressure from the government to issue a public condemnation of Solidarity, was finally released in November 1982. On October 5 1983, when Lech Walesa won the Nobel Prize, the government forbade performance or broadcast of any Norwegian, American or West German music.

Western support played a vital role for survival of Solidarity. Most of printing was done on offset presses smuggled in from the West and as one Solidarity activist put it "printing presses were our submachine guns and bazookas". Underground radio and video studios produced documentaries and news reports. Kenwood Scanners allowed the underground leaders to listen in on police frequencies and get early warning of impending raids. Western radio stations like Radio Free Europe, the Voice of America provided their invaluable steady input, extending the reach of underground publications by broadcasting their contents. Nowhere in Eastern Europe was such organized resistance to communist authority as in Poland. It is true

that activists were few and that the majority of the Polish people offered at most a passive resistance by reading the underground press. However, in the years 1982-89, an "underground society" developed in Poland with its own literature, theatre, and art. Adam Michnik wrote that "Solidarnosc" lasted long enough "to convince everyone that after December 1981 it was not possible to speak again about "socialism with human face". What remains is communism with its teeth knocked out."

All this showed to Ronald Reagan that he is on the right path and convinced him that communism could be defeated, not merely contained. "The West will not contain Communism, it will transcend Communism. We will not bother to denounce it, we will dismiss it as a sad, bizarre chapter in human history whose last pages are even now being written". In early 1982 Ronald Reagan and a few key advisers began mapping out a strategy to attack the fundamental economic and political weaknesses of the Soviet system, The goals and means of this offensive were outlined in a series on top-secret directives which represented a fundamental break with American policies of the recent past.

Signed by the president in March 1982 NSDD-32 declared that the United States would seek to neutralize Soviet control over Eastern Europe and authorized the use of covert action and other means to support anti-Soviet organizations in the region. Approved by Reagan in November 1982 NSDD-66 declared that it would be United States' policy to disrupt the Soviet economy by reducing dramatically Soviet hard currency earnings by driving down the price of oil and limiting natural gas exports to the West. In January 1983 Reagan initialed NSDD-75 which called for the United States not to coexist with the Soviet system but change it fundamentally.

Reagan's most fundamental challenge to the Soviet Union proved

to be his military buildup. Reagan had serious doubts about whether the Soviet Union could afford the arms race economically and whether it could sustain it technologically. Especially SDI or “Star Wars” posed a technological challenge which the stagnant and overburdened Soviet economy could not begin to meet. At a moment when the West was launching the supercomputer-microship revolution, the Soviet Union slipped into technological underdevelopment. Trying to compete with the United States on the field of most modern technology the Soviet Union had less possibilities to finance its conventional forces which were significantly weakened by this.

At the same time the Soviet Union was seriously weakened by the war in Afghanistan. The tides of war were constantly shifting in Afghanistan. From the earliest days of the war, the Soviets had been bombing mujahedin targets heavily without any fear of air defences. So the decision was made to provide the mujahedin with the best surface to air missile system in the world – the Stinger. Actually Ronald Reagan only realized the advice of Wallace Carroll from 1949 arguing that to stop the Soviets United States must prepare to support guerilla warfare on such a scale as the world has never seen before, providing guerillas with weapons such as guerillas have never used before.

On September 25 1986, a group of mujahedin hid on a small hill only a short distance from Jalabad airfield. By three in the afternoon, a group of eight Soviet HIND gunships approached Jalabad for a landing. Commander Ghaffar gave the order and the three Stinger missiles along with shouts of “Allah Akbar” shot through the air. There were explosions and the HINDs plummeted out of the sky. The mujahedin had demonstrated their new weapon which would ultimately alter the course of the war. Along with the video about first attack Ronald Reagan received the tube of the first Stinger fired in Afghanistan.

The use of Stingers tipped the tactical balance in mujahedins favor. The success followed success, so the mujahedin morale rose and that of Soviets fell. Soviets were even more weakened by Reagan's idea to take the war into the Soviet Union itself. In 1986 first mujahedin groups crossed the Soviet-Afghanistan border and launched first operations on the territory of the Soviet Union. It was more than Soviet new leaders were ready to accept. The bleeding was costing the Kremlin four billion dollars per year and thousands of young lives. The escalation of the war by the Reagan administration had simply made it impossible to win. On 12 December 1986 Gorbachev announced to the Afghanistan puppet-government that Soviet forces would be withdrawn from Afghanistan within two years. Weakening of the empire became now evident to everybody.

Next step in Reagan's plan was to cut the Soviet hard currency earnings by the drop in oil prices. Largely thanks to the American advice Saudi Arabia decided soon in 1985 to rise the oil production. Shortly after Saudi oil production rose, the international price of oil sank like a stone in a pond. The drop in oil prices was devastating to the Soviet economy. Mikhail Gorbachev was counting on hard currency generated by energy exports to purchase of technology and consumer goods to make his reforms a reality. Now all those plans failed. The calculated loss from the price drop was 13 billion dollars. But the full cost of the price plunge was only beginning to be tabulated. The most steady Soviet arms clients in the Middle East were now cash poor and as a consequence Soviet arms sales dropped 20 percent in 1986, another two billion in hard currency put of the Kremlin's coffers. Those losses were too much for Soviet Union.

The USSR was forced into a corner and its only option was reforms which at the end destroyed the empire. The West had won the Cold War. Victory in the Cold War was not, of course, the achieve-

ment of any President or single United States administration. It came about as a result of confluence of seventy years of communist failure, fifty years of captived nations' fight for their freedom and forty years of Western efforts in Cold War. As Henry Kissinger has said: "The phenomen of Reagan sprang from a fortuitous convergence of personality and opportunity. The combination of ideological militancy to rally the American public and diplomatic flexibility, was exactly what was needed in the period of Soviet weakness and emerging self-doubt"

3.3.PERESTROIKA AND THE FALL OF THE EMPIRE

By the middle of the 1980s the communist world had reached a deep crisis. The gulf between Soviet and Western standards of life became more and more evident. The failed war in Afghanistan denoted the vulnerability of the Soviet war machine. The developments in Poland and the survival of the independent trade union movement "Solidarity" indicated that control over the situation in the satellite countries of Central and Eastern Europe was weakening. This, in turn, gave hope for resistance in other communist countries.

The Soviet leaders soon also realised that the cold war was lost and the only way to save socialism and the empire was to escape the pressure by implementing reforms such as the ones in the "thaw" period. This was to become the objective of perestroika initiated by the new Soviet leader, Mihhail Gorbachev. Pressures on the Soviet Union came both from the outside and the inside. In order to cope with these pressures, the new leader of the Soviet Union, Mikhail Gorbachev, decided to transform the Soviet Union, to modernize it and, thereby, save socialism and the Soviet empire.

In high-tech age the Soviet Union could not count on maintaining its military might unless the the country's economic base underwent

major repairs. Gorbachev understood quite clearly that he needed a period of international calm to pursue economical reforms. To gain this breathing space, Gorbachev initiated a major reassessment of Soviet foreign policy. In this respect, Gorbachev's conclusions were not so different from those of his post-Stalin predecessors.

In the Western capitals analysts verbally wrestled over what changes, if any, the Gorbachev era would bring for the Soviet Union. President Reagan apparently even chimed in with "Gorbachev's a new type of Soviet leader – he is the first who actually weighs more than his wife". At the same time Western leaders did not have any illusions on the Soviet Union. Reagan had said according to Peter Schweizer "Mr. Gorbachev may or may not be a new type of Soviet leader. Time will only tell and it may not be for a decade. But I want to keep the heat on the Soviets. I don't want to let up on anything we are doing". The pressure on the Soviets was not cancelled but strengthened, using momentum for full destruction of the communism.

Western leaders were helped in this work by the mistakes made by Mikhail Gorbachev. He failed to understand the nature of democracy: once adopted, central authority diminishes. He did not realize the consequences of his action. Perestroika was a signal to the subjugated peoples that the Soviet system was weakening. The Soviet leaders had forgotten that democracy is like toothpaste—easy to squeeze out but just try to put it back in the tube again. Against all this it was only natural that people tried to quickly use the liberties offered, but always asking the question - how far will they let us go? Soviet leaders clearly underestimated the size of opposition to the communism and strength of national movements inside the Soviet empire.

Actually the 1980s had marked the appearance of a new political generation not only in Poland but in other countries in Central Europe as well. If fear had earlier prevented independent expression of

thought or action, then now it was beginning to disappear. The situation was bad anyway, and it couldn't get worse. And then it is sometimes better to resist it rather than to do nothing. Of course, that generation cannot be said to be of one mind. The one thing they did seem to have in common was an understanding of the Soviet system that made it possible for them to express opposition on occasion. This generation appeared to be well adjusted to the socialist system and even exploited its weaknesses to its own advantage. As a result, the belief had set in that opportunistic collaboration for personal gain did not threaten national survival. Although this generation was largely a generation of dissidents in spirit, more and more of them turned to action.

In Hungary one of representatives of this generation was Victor Orban. He did not participate directly in the dissident movement, but organized student movement using legality and regulations as a political weapon and not creating martyrs. Several small independent learning centers called "Colleges" were organized which offered courses on subjects that could not be taught in the normal curriculum. The first course Orban organized was called "Independent Movements in Eastern Europe under Communist Regimes" and the second one was simply called "Poland". Although the authorities were not pleased with such activism, Orban conducted all their business openly arguing that they were operating within existing laws. Same attitudes were shared by the younger generation in other Central European countries. Student Movement "Young Tartu" in Estonia helped through open activities to restore the memory of people and give them possibilities organize themselves outside of the existing Soviet system.

The cooperation between dissidents in different Central European countries started to gather strength as well. In 1986 Petr Pospichal, a young Charter 77 member, managed to establish contact with Polish

underground. Soon the two sides worked out a pattern of meetings in the mountains on the Polish-Czechoslovak border, using codes to set the time and place for meetings. They included A.Michnik, V.Havel and other leading dissidents of both countries. Using "hikers" groups the Poles arranged to send across the border samizdat journals, prepared by the Czech in their own language and then published on more advanced Polish equipment.

At the same time everything still depended of events in the Soviet Union. In the first years, the effects of Mikhail Gorbachev's "perestroika" were more visible in Moscow. Very rapidly, however, the media in Soviet Union stimulated the radicalisation of public opinion and advised people to make use of the broadened opportunities for public participation. The two issues - environment and history - served as signs of change. Environment and history were both suitable topics for resistance groups, because they had dealt with those problems during years and gathered significant amount of information and experience. During the communist era, Solidarity and Charter 77 activists produced reports on the ecological and health crisis in Poland and Czechoslovakia. In Hungary opposition to a grandiose project to build a major dam on the Danube helped to spur the growth of dissent in the 1980s and stopped the project. In Latvia opposition movement started in 1986 from ecological protest groups to a huge project to build a dam to Daugava river. In Estonia in 1987 it was called "the phosphorite war". The goal of the "phosphorite war" was to stop the opening of phosphorite mines in North-East Estonia. The phosphorite mines project was halted as the Soviet potentates were forced to retreat in front of public opinion and protest demonstrations. This gave rise to self-confidence in the nation and created preconditions for the political protest movement.

It went ever more wrong with history. The Soviet leaders forgot

Orwell's teaching that control over the present and the future is attainable only by controlling the past. One has to admit that it cost them dearly. In a lot of countries namely history became one of the main battlefields between opposition and communist governments, giving strong support for re-awakening of the nations. In first years it looked ofcourse more harmless, dealing with the symbols of national heritage.

In the Soviet satellite countries local leaders started to "play" with history soon in the first part of the 1980s. In German Democratic Republic anniversary of Matrin Luther was celebrated in 1983. In Hungary a statue of Elisabeth, the wife of Hapsburg Emperor Franz Josef, taken down in 1962, was put up again in Budapest in 1986.

But after restoration the memory on national history opposition movements turned to the political history of their countries in XX century. In October 1986, on the thirtieth anniversary of the Hungarian uprising 122 prominent dissidents from Hungary, Poland, Czechoslovakia and East Germany issued a joint declaration announcing their determination to struggle for full reunification of divided Europe.

Nearly at the same time, in Estonia, the Estonian Heritage Society was founded with the goal to restore the memory of the people. The Society very quickly attracted a significant number of national activists from both the younger generation, most of whom were intellectuals, and the older. In less than a year it built up a network of grassroots organisations all over Estonia. The Society also started collecting "living histories" and organized lectures on Estonian history.

The first public protest meeting against the crimes of the Soviet system was held in Latvian capital Riga on 14th of June 1987, on the

day of mass-deportations of Estonians, Latvians and Lithuanians to Siberia in 1941. On the same meeting former political prisoners from all three Baltic countries made a decision to organise demonstrations in all three Baltic States on 23 August 1987 to demand nullification of the Molotov-Ribbentrop Pact and the liquidation of its consequences. Due to the fact that on the initiative of the Baltic refugee community in the United States several US senators made personal pleas to Mikhail Gorbatshev not to prohibit the peaceful demonstrations, the Soviet administration did not dare to publicly interfere, but hoped that fear would still be in the blood of the people and the demonstrations would remain small and insignificant. This was a mistake. Participation in the demonstrations surpassed all expectations and came as a shock to both the organisers and the authorities. Differing accounts indicate a participation of from 2000 to 5000 people at the 23rd of August 1987 demonstration at Tallinn's Hirvepark Park, about 10 000 people in Riga and to 1000 people in Vilnius.

Success of the demonstrations showed that public insubordination to the existing system was becoming possible. The following year witnessed a rapid rise in the freedom movement in the Baltic States. The authorities' attempts to suppress the national meetings, sometimes even with the use of force, were not fruitful. New and new sections of society joined the resistance and in the spring of 1988 Baltic intellectuals also began to demand reforms. In April 1988 in Estonia political leader proposed the formation of a "pro-perestroika" Popular Front which grew into a real mass movement in only a couple of months. By that time the situation in Estonia had radically changed. A significant role was played by the reinstatement of the blue-black-and-white flag and other national symbols. During the preparation process for the convention of heritage clubs in Tartu it was decided to publicly restore the Estonian national colours and thereby trigger

which was replaced. Within the next couple of weeks the authorities gave in on several essential issues. The Estonian Communist Party administration practically took on board the principles of the Popular Front and promised to defend the national interests of Estonia, give a secure status to the Estonian language, fight for implementation of the Estonian programme for economic autonomy, and restore the national symbols.

From Estonia “the singing revolution” was quickly exported to Latvia and Lithuania. The creation of the Popular Front in Estonia was a model for other Baltic states. In Latvia it was founded by intellectuals, environment club and groups of former dissidents. The founding meeting of the Lithuanian Popular Front took place in Vilnius in June 1988. As in Estonia national colours were also displayed in Latvia and Lithuania and powerful national demonstrations were organised. On August 12 1988 major demonstrations celebrating the anniversary of the MRP took place in the Baltic states.

“Singing revolution” in the Baltic States demonstrated to all world the weakening of the Soviet Union. It became evident that the Soviet Union could not control any more even the opposition movements inside the Soviet Union. This created new possibilities for the freedom movements in the Soviet satellite states in Central Europe. Experiences of the Baltic countries were studied in other Central European states. In December 1988 Adam Michnik suggested Baltic model to Solidarity activists during Polish Round Table talks. “We must also cut ourselves off from all those who would defend the right to use force and must aim to achieve a similar modus vivendi to that which has been achieved in Estonia and Latvia”.

The spontaneous strikes had broken out in several parts of Poland in early summer 1988. The young workers, who were children in 1980-81, demanded not only higher wages but also the re-establishment of

Solidarity. More strikes broke out all over the country in August. The government offered to Walesa that if he succeeded in persuading the strikers to go back to work, they would hold talks with him and other Solidarity leaders, also Church representatives, about re-establishing Solidarity. Walesa agreed and carried out his end of the bargain. On August 31st the negotiations began. In September 1988, Jaruzelski appointed a new Premier, belonging to the "reformist" group in the party leadership and favored negotiations with Walesa. Nevertheless the first round of talks ended in a stalemate. In December 1988, a Civic Committee was formed to work for the legalization of Solidarity. This committee became the model for non-communist "Citizens" or "Civic" Committees, or Forums, in Czechoslovakia and Hungary in late 1989s.

On February 6, 1989, Round Table Talks began between Polish government and Solidarity. After hard negotiations, strikes and demonstrations an agreement was signed, specifying that in the forthcoming elections Solidarity would limit itself to contest only 35% of the seats in the House of Representatives. This meant that the Polish United Workers' Party and its allied puppet parties would have 65% of the seats. But there would be completely free elections in the restored Senate (abolished by the communists in 1946). Solidarity also agreed that the House of Representatives would elect General Jauruzelski as President for six years.

The Roundtable set elections for June 4. Solidarity's campaign was simple and effective. Each of the 161 Sejm and 100 Senate candidates on Solidarity's ticket had his picture taken with Walesa, which was made into a poster with Solidarity's trademark and underneath it Wales's scrawl: "We Must Win". On June 5, Poles awoke to find that Solidarity had not lost a single seat in the Senat and had won 160 of the 161 it was allowed to contest in the Sejm.

The Communistic Party was in shock. "This is terrible result"

Jaruzelski said in the Secretariat meeting the day after elections. "It's the Church's fault". But they recognized the results of elections. As a part of the deal the new Sejm elected Jaruzelski president. He appointed Kiszczak prime minister. After two weeks Kiszczak admitted that he did not have the votes to form a government. Then Jaruzelski turned to Tadeusz Mazowiecki and on August 24, 1989, Mazowiecki became the East Bloc's first non-Communist prime minister in forty years. On 22 December 1990 Lech Walesa was elected as the first democratic President of the Polish Republic. He was presented with the insignia of power by the Polish Government on Exile which had preserved the continuity of pre-Communist rule. Soviet Union did not intervene and recognised new government. This gave new strength to all opposition movements in Central Europe.

In Hungary some dissident intellectuals met secretly in September 1987 with the communist leader Imre Poszgay who headed the government coalition called the "The People's Patriotic Front." They agreed to work toward political pluralism. This led to a creation of independent political movements. In January 1989 when soon 700 different independent groups existed in the country the Hungarian government declared itself committed to return to political pluralism.

One of the main battlefields for Hungarian revolution was history or more precisely the 1956 Hungarian Uprising. In June and October 1988 riot police brutally broke up a demonstrations on the anniversaries of the 1956 Uprising. Hungarian communist leader Karoly Grosz declared: "If we were to recognise those events as being a revolution we ourselves would become counter-revolutionaries".

But not more as a year later a 300-thousand strong crowd took part in the funeral of Imre Nagy. During the reburial Victor Orban voiced the sentiments of many of his countrymen by blasting the communist reformers who attended the ceremony for the executed

leader of the 1956 uprising. "We cannot understand that those who were eager to slander the revolution and its prime minister have suddenly changed into great supporters and followers of Imre Nagy. Nor can we understand that the party leaders who made us study from books that falsified the revolution, now rush to touch the coffins as if they were charms of good luck". And he continued: "If we trust in our own strengths, we can put an end to the Communist dictatorship, if we have sufficient determination, we can force the ruling party to subject itself to free elections. If we don't lose sight of the ideals which drove us in 1956, we will elect a government which will not delay in opening negotiations to ensure the immediate withdrawal of Soviet troops".

In July Imre Nagy was rehabilitated and on the same day Janos Kadar died. To demonstrate their orientation to West the Hungarian authorities opened on 11 September 1989 the border with Austria, enabling 15 000 refugees from the GDR to escape to the West. On 18 September Triangular Table Talks concluded with the signing of draft laws on free elections and constitutional changes and on 23 October 1989 a democratic Hungarian Republic was proclaimed.

Hungarian decision to open their border with Austria was bad news for East German communist government. More and more citizens of the GDR attempted to go over to the Federal Republic of Germany. On 9TH of October 1989 70 000 people emerged onto streets of Leipzig, during next weeks large-scale demonstrations were held in other major cities too, demanding free elections. Erich Honecker was replaced with Egon Krenz but this could not stop massive demonstrations demanding now freedom for the press and freedom of association. In Berlin on 9TH of November 1989 tens of thousand people gathered "to take down the Wall". East German border guards stood idly by as crowds on both sides of the Berlin Wall demolished it. The

DDR government had lost the will to fight. On 18 December 1989 Round Table declares itself in favour of establishment of a union of two independent German states. In 1990 Christian-Democrats won the first free parliamentary elections in the GDR and on 3TH of October Germany was unified.

Next country was Czechoslovakia. On 23TH of November 1989, on the seventh day of the “velvet revolution” in Prague, Timothy Garton Ash said to Vaclav Havel: “In Poland it took 10 years, in Hungary 10 months, in the GDR 10 weeks, perhaps it will take 10 days here in Czechoslovakia”. The revolution did indeed take a little longer but the pace of change in Czechoslovakia was truly remarkable. Soon in 1988 thousands of people demonstrated in favor of religious freedom in Czechoslovakia. A retired railway worker Augustin Navratil led a successful drive to collect thousands of signatures demanding the appointment of more Catholic bishops. The government gave in and allowed three new appointments. The weakening of the communist system gave strong push to opposition movement. For the first time in years, many Czechs demonstrated in Prague in 1988 on the twentieth anniversary of the Warsaw Pact invasion of August 1968, but they were dispersed by riot police. In November Czech dissidents tried to hold a symposium to discuss the importance of the years 1918, 1938, 1948 and 1968 for their country. However, the authorities cancelled the symposium.

In January 1989 thousands of people demonstrated in Prague on the 20th anniversary of the death of Jan Palach. The demonstrators were brutally dispersed by police using sticks and water cannon, and many were arrested. These events showed that Czech dissent was growing in strength. In October and in November peaceful demonstrators were beaten up by militia and special forces. On 19 November 1989 a free association called Citizens Forum was set up calling people to a two-hour general strike. Massive demonstrations took place in differ-

ent cities. On 23 November 300 000 thousand people gathered in Prague in Vaclav Square, demanding new government and democratic freedoms. On 27 November Czechoslovakia was paralysed by a general strike for two hours. Government had to start negotiations with Civic Forum and on 10 December new coalition government with participation of Civic Forum was formed. On 29TH of December Vaclav Havel was elected to President of Czechoslovakia.

In Romania until late December 1989 the dissident movement was limited to a few individuals. Some intellectuals, including some communists dismissed by Ceausescu, began to criticize the regime. There were reports of student unrest, manifestos, and even of demands for Ceausescu's resignation. In December 1989 the uprising began in Temesvar, spreading quickly to Bucharest and other cities. After bloody battles in Bucharest, where the hated Securitate defended itself to the death, Ceausescus were arrested, sentenced and executed.

The liberation of former Soviet satellite states from the Soviet control supported the fight of the Baltic people for restoration of their independence. It was significant that independence was not considered to be the outcome of some lucky external circumstance, but as the result of the actual effort of the people. An important role was played by the Citizens' Committees movement of the Republic of Estonia, that set their goal as the recognition of the Republic of Estonia and the convening of the assembly of the committees, the Congress of Estonia. There was of course nothing left of independent Estonia but the diplomatic missions in Western countries which had not recognised the Soviet occupation, and our own citizenry.

In spite of all the heated opposition, it was the Citizens' Committees that became the biggest popular movement in Estonian history. The registration of the citizens of Estonia in the Citizens' Committees turned out to be a kind of independence referendum, and gave

every single person a chance to participate in the restoration of independence.

The strive for independence by the Baltic peoples was not looked upon kindly in Moscow. To influence Moscow and demonstrate the will for freedom, the Baltic Popular Fronts organised the Baltic Chain in the Baltic States on 23 August 1989. This was a continuous human chain throughout the three Baltic States. An estimated 2 million people participated in the Baltic Chain, which attracted attention world wide, and thereby helped the Baltic States in promoting their quest for independence. The 1990 elections in all three Baltic countries witnessed the triumph of the supporters of absolute independence, and the trial of strength to recognise the independence of the Baltic States had begun.

Moscow brusquely refused to recognise any calls for independence and tried to influence the Baltic States with economic blockades and other such actions. It was through that the empire could not use force any more, but it was attempted in January 1991 in Lithuania and Latvia. Due to the interference of the Russian leader, Boris Yeltsin, however, no conflict took place in Estonia. The Soviet empire was in the process of quickly falling apart. All this forced the imperially-minded forces in Russia to take one last chance to turn back the clock. But the military coup ended before it really began. After the failed attempt to storm the so-called White House in Moscow, the coup collapsed. Mr. Gorbachev returned to Moscow. The putschists were arrested and actual power passed to Boris Yeltsin, who had already at the beginning of the putsch recognised the independence of the Baltic States.

The Baltic States became independent before anybody could make sense of what was happening. The first Western country to recognise their independence was Iceland, within a couple of weeks all the leading Western countries had restored diplomatic ties with the Baltic States.

After a certain delay the Soviet Union also recognised the independence of the Baltic States. On 17 September 1991 the national flags of Estonia, Latvia and Lithuania were hoisted in front of the United Nations building in New York.

Central Europe was free again.

4. YEARS OF FREEDOM

4.1. Choices of transition.

In 1991 Central Europe was free again, but what kind of freedom was this? Countries and nations had been crushed and ruined. People were poor and shops empty, the money had no value any longer. The struggle for freedom had not left enough time for an effective economic reform and gradual reform approaches of reform-communist governments had not made situation better. Even during the times of the Great Depression of the 1930s industrial production and real wages had not declined so much as in the first years of 1990s and fuel prices risen in some countries by more than 10 000 per cent over the same period. Inflation was running in some countries more than 1000 per cent per annum. There were not many who believed in a better future at this moment. A change from communism to market economy was extremely demanding and a tough challenge. Everybody knows how to make fish-soup from fish, but who knows how to get a fish back from the soup again?

There were times when it looked as if this is not possible at all. Some people argued that to get out of this mess, countries in transition must find their own, so called "third way" between capitalist market economy and socialist command economy. But first results of such attempts showed clearly that this "third way" would lead only to a situation similar to the one of the third world.

Looking on countries in transition we find some choices, which every one of them have to make. The key question that has to be asked at the outset of any major reform process is whether to adopt

the big bang approach or gradualism in the move from the distorted equilibrium of the pre-reform period to the desired new quasi equilibrium or move on more gradual path.

The “Big bang” or all-out approach aims to replace a planned economy with market economy in a single burst of reforms. This includes usually rapid price and trade liberalization, radical stabilization program, opening of markets and initiating wide range of other changes. The second model of piecemeal and phased reform might start with localized experiments, which are expanded as perceived successes emerge. A few repressed sectors as agriculture are liberalized up front. After these first steps, markets are slowly but steadily expanded to the other parts of economy.

The answer to the question what route to select is not easy at all. Experience from hyperinflation and high-inflation episodes points to the advantage of the big bang approach at the inflation stabilization stage. Problem for gradual reformers is that they must be fairly sure that their initial effects of reforms will be positive and that they are able to keep control of the economy in partly liberalized state. This makes a gradual approach impossible for a lot of countries – especially for those with strong democratic traditions or weak central government. Gradualism was by example not an option in Central and Eastern Europe and in former Soviet Union; because in the second part of 1980s the Soviet planned economy was disintegrating from within.

This leads to the problem concerning the relationship between economic and political reforms or moreover it forces us to answer the question, whether political reforms have to anticipate economical reforms or vice versa. Lot of analysts have claimed that political reforms have to anticipate economic reforms for the latter to be successful. Andres Aslund has stated: “What then is a feasible and suit-

able sequence for political and economic reform? This first step must be a democratic breakthrough. It is futile to suggest what this ought to be like, however, for no dictatorship informs its adversaries about when or how it will break down. Much of the ensuing transition will depend upon the nature and pace of the democratic breakthrough, but that is beyond our control. Still, the democratic breakthrough makes possible the transition to a market economy”.

J.Sachs has also marked that the hardest part of the transformation in Central and Eastern Europe has not at all been the economics, but the politics. The democracy in Central and Eastern Europe is fragile. After decades of stagnation Eastern economies must change fundamentally. Sachs writes “There are losers together with winners in Eastern Europe. In many cases, the winners will not be sure about their economic successes for years to come, well before politically important groups identify themselves as potential losers. The great political task is to follow the path of reform in the face of inevitable anxieties, vested interests fighting for the status quo, and demagogues ready to seek political power by playing on the public’s fears.”

Speed is one of the most important factors in this kind of situation. Reform-minded governments are not given much time to take the necessary steps. There are limits to the trust which people have in their politicians and also to the level of pain which they are prepared to take. Exceeding these limits can have extremely serious consequences. One of the architects of Polish economic reform, Leszek Balcerowicz, has described this as follows: “The key to understanding the interaction between the political and economic dimensions of postcommunist transition is to realise that any great political breakthrough in a country’s history is followed by a period of “extraordinary politics” that soon gives way to “normal politics”. . . . The brevity of the exceptional period means that a radical economic programme,

launched as quickly as possible after the breakthrough, has a much greater chance of being accepted than either a delayed radical programme or a non-radical alternative that introduces difficult measures in piecemeal fashion. Bitter medicine is easier to take in one dose than in a prolonged series of doses.”

Balcerowicz’s theory is based on the assumption that liberation from foreign domination and domestic political liberalisation produce a special state of mass psychology and corresponding political opportunities. Both leaders and ordinary people feel a stronger than normal tendency to think and act in terms of the future, of the common good. This gives the government the possibility to take decisions which it could not pass under “normal” political and economic conditions. Even a short examination of Central and Eastern European experiences shows no link between the intensity of social discontent (demonstrations, strikes, etc.) and the type of economic programme pursued. In certain cases it is even possible to see that some necessary and radical decisions can, if delayed, cause serious protests while equivalent measures passed at the right time do not lead to any significant protests. The right decisions taken at the right time can provide countries with advantages and guarantee greater satisfaction of the electorate through more rapid development. The right decisions taken too late are usually still the right decisions, but the results are often not so successful.

Unfortunately, this “window of opportunity” does not last very long. It quickly gives way to the more mundane politics of contending parties and interest groups, which is “normal” in established democracies. Parties are searching for an agenda, an ideological profile to take more care of the practical interests of their voters. Radical decisions are ever harder to press through and the speed of reforms will reduce.

Countries which did not take advantage of the period of “extraordinary politics” to launch a radical economic programme still face the challenge of making the transition to a market economy, but now under more difficult economic conditions. The countries which have missed this opportunity are in danger of moving into some kind of macroeconomic instability, detailed but chaotic state regulation and massive corruption. These countries are usually given a further opportunity after the parties in power have failed so totally that the people give the reformers a second chance. But if they were then to fail again, it would be very hard to convince the people, who have suffered twice the pain and seen no benefits at all, that they should go through it all once more.

National feelings and a strong national mentality also play a key role in the success of reforms. Several analysts have observed that without the strong national feeling of the people belonging together, it is doubtful as to whether the difficulties which accompanied the first period of reforms would have been overcome. An important role was also played by national pride, which saw orientation towards the West almost as a national mission. This in turn created the favourable background for finding solutions to the problems.

The last communist governments in Central Europe tried to reform communist system and failed. If they were not pushed out from power by younger generation of non-communist politicians and clear cut with the communistic past was not made real reforms just failed. Vaclav Klaus, Prime Minister of the Czech Republic and the instigator of some of the most radical steps to reduce the power of former Communists in Eastern and Central Europe, claims that the reason behind the success of the Czech Republic in implementing reforms is as follows: “In our country in the 1970s and 1980s, people like me were definitely on the other side of the barricade and had absolutely

no chance to do anything in cooperation with the government. Such was not the case in other postcommunist countries... We had no chance to be involved. Nobody asked us for advice, and therefore our thinking remained clear and straightforward. We never considered reforming the communist society and economy. We knew that they had to be rejected.”

The correlation between renunciation of the communist past and success is not actually very hard to explain. It is not a matter of revenge against communists for their crimes, but more of a practical need to be free of former leading figures who could not continue their work successfully in the new circumstances. It is not possible to teach an old dog new tricks. People who worked in the Soviet system and made a career for themselves find it hard to adapt to the new requirements set by society. If you have based your entire career not on honest work but on lies and deceit, then it is unrealistic to expect that you will now start to change. The state apparatus, inherited from the old regime, is unsuitable to implement the appropriate policies. It can only transplant corruption and “telephone rights” from the old system to the new one.

Anders Aslund has covered the existence of Soviet *nomenklatura* thoroughly in many of his articles and justified the need to make a sudden break from it. Aslund writes: “In such a dangerous situation the paramount task of the new, non-communist leadership was to build a democratic state as simply and quickly as possible. Speed was of the essence both in breaking the power of the old communist apparatus and in erecting defences against the counterattacks that it might mount after licking its wounds for a time. Moreover, the credibility of economic reform depended on the credibility of political reform: the people at large had to be able to see that the rule of the communist party and its *nomenklatura* had definitely come to an end.

The slower the destruction of the old system, the more trouble and pain the transition brings: given time, communist-holdover officials will find ways to transform their remaining power into property (whether by outright thievery or more subtle methods), thus exacerbating inequalities, undermining public confidence in the state and preparing the ground for potentially antidemocratic populism. Halt-ingly democratised countries where many old communists remain in high office have been particularly susceptible to populist politics.” Once the initial pro-Western euphoria of the collapse of communism wore off, many highly placed communist functionaries discovered that they could salvage some of their political power by a rapid ideological conversion to aggressive chauvinism. This is the origin of the phenomenon called “chauvino-communism”. This is very marked on Slovakia, Bulgaria, Romania and of course in Serbia.

Nevertheless in most Central European countries in first democratic elections former communists were defeated. In Poland the first totally free democratic elections were held in October 1991. The communists (by now renamed the Social Democrats) lost their guaranteed majority in the Sejm, but the multiplicity of parties created a political stalemate. In Hungary the first democratic elections were held in March-April 1990, giving clear victory to Hungarian Democratic Forum. Former communists were heavily defeated. Hungary’s elections gave birth to the christian-democratic three-party coalition government under Jozsef Antall what proved to be one of the postcommunist Central Europe’s most stable governments

But if the post-communist governments were easy to form, it proved significantly harder to hold these together. In Poland the political alliance of Solidarity and other opposition groups broke down after the collapse of the common enemy: communism plus Soviet domination. Lech Walesa, frustrated with being left on the sidelines,

complained that the government was moving too slowly. He forced a presidential election, which he won in the second round in December 1990. Multi-party coalition governments were unsteady and the third government since 1989, headed by Hanna Suchocka, lost power by one vote in Parliament in summer 1993. It continued as a caretaker government until the elections of September 1993.

In Czechoslovakia the Civic Forum, which won handily in the June 1990 parliamentary elections, elected the pro-capitalist Finance Minister, Vaclav Klaus, as its first chairman and later Prime Minister, over President Havel's candidate, Martin Palous. Klaus favored a rapid transition to a free market economy, while Havel and his advisers wanted a gradual transition so as to avoid the economic hardships suffered by the Poles. Vaclav Klaus launched radical economic reforms, turning his country to one of frontrunners of transition in Central Europe. Klaus did not forget advocating actively his reforms among the population, guaranteeing so necessary public support to his policy.

The Slovaks, led by former communist Vladimir Meciar were not satisfied with radical reforms and started to demand full autonomy and afterwards independence. On January 1, 1993, Czechoslovakia ceased to exist. It was replaced by the Czech and Slovak Republics. Vaclav Havel, who had resigned as President of Czechoslovakia, was elected President of the Czech Republic.

To this time political situation in Central Europe had started to change. Against the backdrop of economic decline and painful reforms in Lithuania voters turned from ruling right-wing "Sajudis" coalition in the October 25 1992 parliamentary elections. Former Lithuanian communists under the name of Lithuanian Democratic Labor Party won a thumping victory. Former Lithuanian communist leader A. Brazauskas was elected to President of Lithuania in February 1993.

“Vilnius express” moved quickly to the other Central European countries. On September 19, 1993, parliamentary elections took place in Poland, where the largest percentage of votes, 20%, went to the “Left Wing Alliance” (SLD), a coalition including former communists. Next came the Polish Peasant Party (PSL), with the Democratic Union (UD) in third place. The victory of the Left wing coalition yielded finally a coalition government under the leader of the Peasant Party, W. Pawlak. In December 1995 former communist Aleksander Kwasniewski was elected a President in December 1995, beating Walesa by a few percentage points. The elections of May 1993 in Hungary resulted in a left-wing majority as well, bringing back to power former communistic leader G.Horn. In Bulgaria heavily divided reformers lost the power as well. Only in Czech Republic Vaclav Klaus succeeded narrowly to keep the power.

Success of the former communists in the democratic elections did not mean that Central Europe was reverting to communism. Contrary to the fears that the former communists would halt the country’s drive toward a free market economy they tried to continue economic and political reforms. At the same time their understandings largely based on old thinking. As a result of this reforms in Central Europe lost speed. Former communists were blamed for economic difficulties and pervasive corruption which gave to the former reformers possibility to make their comeback.

In parliamentary elections in Lithuania in October 1996 “Vilnius express” was pushed to move to another direction. V. Landsbergis’ Homeland Union was returned to power and Lithuanian Labor Party was heavily defeated. In Poland parliamentary elections were held in September 1997. Solidarity succeeded to unite its forces and won elections clearly. In Hungary former communists were defeated by Young Democrats (FIDEZS), making Victor Orban European youngest

Prime Minister. In Estonia in 1999 former Prime Minister Mart Laar regained its position as Prime Minister after victory in parliament elections of three-party post-communist coalition. Central Europe achieved new speed and moved rapidly forward.

The problems were harder in the countries where former communists were actually never pushed out of power like in Romania. Unlike most other Central European countries there were no coherent opposition forces to pick up the pieces left by Ceausescu. Opportunist-communist Ion Iliescu – one-time member of Central Committee and the National Salvation Front stepped therefore into a void. The elections of 20 May 1990 brought President Ion Iliescu and his party a total success which continued till the elections in 1998. No real reforms were carried through and Romania developed in a much slower pace than most other European countries.

Situation was only a littlebit better in Slovakia, which was long time ruled by “chauvinist-communists” like Vladimir Meciar. As a result of this Slovakia was ousted from the list of candidates to enter the NATO. Only after narrow victory of democratic coalition under Miklos Dzurinda in Slovak parliamentary elections Slovakia restored its place in Central Europe. In 1997 reform-minded politicians won the elections in Bulgaria, building the government under Prime Minister Kostov. Government launched radical economic reforms, moving Bulgaria through necessary but painful decisions to the way of fast development.

During last ten years governments and government coalitions had changed quite fast in Central Europe. Despite this the political and economic policy in Central Europe has been surprisingly stabile. If the reforms had been once started and first important decisions were made, the train of reforms was not stopped.

One reason for such stability is often seen in clear will of Central European people to return to Europe and join European and Trans-Atlantic structures. The Central European leaders have made clear that the political and economic implications both of the Central European integration and of the "return to Europe" refer to closer ties with the West and greater integration within Europe. The fundamentals of this programme appeared to find wide acceptance among the inhabitants of the Central European states. This understanding is supported by the history of the European Union which demonstrates that deepening and widening have always been the mutually reinforcing processes. No one doubts that the enlargement of the European Union is a lengthy and difficult process. Never before has there been an enlargement process involving so many countries. In the opinions on the candidate countries published in July 1997 the European Commission assessed that none of the candidate countries satisfied the European Union criteria for membership. But the distinction was made between those who had made sufficient progress to start accession negotiations and those for whom further time was required. In 1997 accession negotiations were started with five Central European countries: Czech Republic, Poland, Hungary, Slovenia and Estonia. In 1999 so called "second group" of Central European countries was invited to the negotiations. European Union is planning to finish negotiations with most advanced countries in 2002 to make for them possible to participate as full members of the Union in European Parliament elections.

Another important organisation for Central Europe is NATO. In 1997 NATO decided to take a historical step and start enlargement to Central Europe finishing thereby the division of Europe. First three countries, Poland, Hungary and Czech Republic were invited in 1997 and entered in 1999. At their summit meeting in Washington in April 1999 NATO leaders reaffirmed that the Alliance is ready to continue

the enlargement. Practical advice and feedback is reinforced and given to assist the candidates in their preparations for eventual membership. The existing cooperation structures have been complemented with so-called Membership Action Plan (MAP) which shall help candidates set practical objectives and planning targets and thus to climb next steps leading to full-fledged membership. The MAP can be regarded as evidence of NATO's commitment to continuing the enlargement process. As a part of MAP most of candidate states have made significant progress and are near to reaching demanded targets.

According to Czech President Vaclav Havel NATO members will have in their Summit in Prague to consider future enlargement of NATO, inviting at least Slovenia, Slovakia and three Baltic countries to join NATO. President George W. Bush stressed in his speech in Warsaw necessity to finish with division of Europe. Geography could no longer be destiny. "No more Munich! No more Yalta!" Having this promising state of affairs, it is, nevertheless, clear that the invitation to join NATO will depend on a political decision by the members of the Alliance on whether a candidate country's membership will contribute to the overall security.

Year of 2002 will be in this context crucial for the future of Central Europe. First countries will finish the negotiations with European Union and in NATO Summit in Prague future enlargement of NATO will be decided. The journey of Central Europe may not yet be complete. But the course is clear – and irreversible.

4.2. Reforms in Central Europe.

The transition happening in Central Europe after the collapse of communism should not be considered as extraordinary as sometimes argued. Although parts of the transformation represent uncharted ter-

ritory (such as massive privatisation of industry), many other aspects of Eastern Europe's reform tasks are quite familiar. Many other countries that were once cut off from the rest of the world by inward looking, authoritarian regimes have successfully opened up and become integrated into the global mainstream economy.

Countries in Central Europe had also possibility to copy the experiences of West German's "social market economy". For example, the first post-war Prime Minister in Poland, Tadeusz Mazowiecki, took post-war economic reform in Germany as his example. At this juncture, it should be pointed that there exists the possibility of a grave misunderstanding. In today's Central Europe, the term "social market economy" has acquired two completely different meanings. On one hand it is considered to mean the current German welfare state, characterised by policies agreed in general by all the political parties. Yet it must not be forgotten that this differs significantly from the "social market economy" introduced in West Germany in the second half of the 1940s, which in terms of its radicalism and harshness is comparable in every way to the shock therapy spoken of today. It must also be remembered that, unlike today, at the turn of the 1950s the German trade unions and social democrats campaigned fiercely against Erhardt's economic reforms and that their fate was often left hanging by a thread.

The principles of Erhardt's policy were actually quite clear. The basic task was to maintain a well-functioning price mechanism based on the highest possible degree of competition. Monetary stability would ensure that price signals were not affected by inflationary distortions. Free market entry for new firms and for products from abroad would increase competitive pressure. The institution of private property would stimulate an efficient use of resources and prevent any concentration of the means of production in the most unwarranted hands, those of

the state. A liberal economic policy and freedom of contract would give entrepreneurs the opportunity to make their own choices. Individual self-interest must be linked to the common good. The state was held to be capable of establishing and maintaining a liberal economic order, but not of intervening in economic processes on a large scale. Government must preserve its status as the impartial and incorruptible arbiter of the economic process against short-term interventionist temptations by limiting its own scope to a few essential tasks.

If you add to this the particularly strict budgetary policy and rapid liberalisation of trade which were accomplished during the first period of reform, then the similarities with the more radical of the transition economies become quite clear. The feature common to both Erhardt's social market economy in West Germany and the shock therapy applied in Central Europe in the 1980s-1990s is the preference given to carrying out economic reforms over creating a welfare society. West Germany began implementing extensive social reforms ten or so years after the start of the economic reforms and only attained the standard of its current Western welfare society during the following decade.

It is precisely this kind of welfare society which Western social democrats offered Central and Eastern Europe. The idea is to pay attention to the social effects of reforms right from the start and not to take any decisions which are too radical. Recommendations made by international financial organisations such as the IMF and the World Bank were also criticised strongly.

The proposals to adopt a Western-style social market economy immediately would have brought the transition economies of Central and Eastern Europe to the brink of economic ruin or at very least decreased the pace of their development. In his research Jeffrey D. Sachs has repeatedly analysed the various development possibilities

for Central and Eastern European countries. The two main possibilities noted by Sachs were on one hand VFGEs (or very fast growing economies), the model characteristic of the Asian economy, and on the other hand the economic model in use in the European Union which guarantees greater social security but slower economic growth. Sachs claims that an immediate transfer to the latter of these two models would have made it completely impossible for Central and Eastern European countries ever to reach the level of developed Western European countries. However, the possibilities would be greater if, for a certain length of time, the countries directed themselves towards the more liberal development model and prioritised rapid economic growth to social programmes. "If the CEECs adopt the policies of the VFGEs, the time needed to reach 90 percent of EU per capita income can be cut from 120 to 23 years for Hungary, and from 141 to 31 years for Poland. Similarly, the time needed to reach 70% percent of the EU average can be cut from 36 to 10 years for the Czech Republic, from 45 to 13 years for Hungary and from 65 to 21 years for Poland." If the CEECs grow only slightly faster than the EU, convergence will take several decades. But if CEE countries can successfully boost growth to 5-6% per capita per year, the time taken for the CEECs to reach 90% of EU per capita income would be halved.

At the same time, it must not be overlooked that the conditions for an economic miracle in Germany were undoubtedly more favourable than in Central and Eastern Europe. The democratisation and "denazification" of society in West Germany was accomplished with the help of the Western allies, whilst Central and Eastern Europe had to manage on its own. And if that was not enough, any attempts to "decommunismify" society were generally opposed by the West. A second contributory factor was the existence of financial aid for Germany from the West in the form of the Marshall plan, which relieved some of the difficulties of the transition period and enabled reform-

ists to act more courageously. It is also by no means an insignificant fact that during the early years of reform no resources had to be allocated from the German budget for security as this was entirely in the hands of the Western allies. Nevertheless, it made great sense for the transition economies to use the experiences of the German economic miracle, and this is precisely what the Central and Eastern European countries have tried to do.

First macroeconomic stabilisation was urgently required to halt the accelerating drift into hyperinflation. In most countries this meant drastic action to eliminate the ballooning budget deficit by cutting out subsidies, imposing a freeze on wages in the state sector and instituting a tight monetary policy. At the same time prices were liberalised and state control was removed from most prices. Price liberalisation was necessary to sort out which enterprises should go bankrupt and which would be profitable in a market environment. This required in turn the creation of competitive and open business environment, liberalisation of foreign trade and establishment of internal convertibility of the currency.

If countries started to implement those painful but necessary reforms, macroeconomic stability was achieved in one or two years. Inflation was pressed down, but at the same time production and GDP decreased significantly. A large proportion of enterprises virtually bankrupted overnight. People were given a rude awakening by the shock therapy of macroeconomic stabilisation. Now it was necessary to give them new hope, new prospects. Without a major readjustment of attitudes, the post-communist predicament would have become a trap and the nation would never have moved forward to become a "normal" country with a free government and free markets under the law. In the era of Soviet-imposed socialism people were not used to thinking for themselves, taking the initiative or assuming risks. Many

had to be shaken free of the illusion - common in post-communist countries - that somehow, somebody else was going to come along and solve their problems for them. It was necessary to energise people, to get them moving, to force them to make decisions and take responsibility for themselves.

On the next stage of transition the structure of economy had to be changed. The Most important step was privatisation of economy. In different countries different methods were used with different success. To create good environment for private bussinesses and attract foreign investments to Central Europe necessary laws were passed in national parliaments and in most countries radical tax reforms were introduced. As a result of those steps Central European economies turned out to have (with two or three to) growth which was higher than in Western Europe.

In the first years of the new century Central Europe is moving to a new stage of transition. Central European countries must maintain stabile macroeconomic environment and high growth rate and at the same time strengthen social capital in their countries. It means more investment into education and social sphere and reforms in those sectors. Development of human capital will allow Central European countries to respond to challenges of the new millennium and continue their way "back to Europe".

4.3. Different decisions, different results

Analyses of the results of reforms in transition economies of Central and Eastern Europe reveal rather significant differences between them. Naturally the countries were in different situations when the reforms were first started, but this does not only explain such huge differences in their development. A comparison of forecasts made in the beginning of the 1990s with the actual reality shows this as well.

The states which were generally deemed to have an opportunity to join the European Union were the Czech Republic, Poland, Hungary, Slovakia and also Slovenia. The first group of countries was to be followed by Bulgaria and Romania and then by the Baltic Republics.

Actually the picture is very different. The countries to enter the first round of expansion of the European Union were the Czech Republic, Poland, Hungary, Slovenia and Estonia. The achievement of the Baltic Republics is to be especially valued since they started the reforms later and their initial situation was worse than that of the other states; still, they achieved success quickly.

In order to evaluate the success of Central and Eastern European countries at carrying out the reforms, various indicators, including the pace of changes, need to be considered.

Index of Economic Freedom

	Score	Trade	Taxation	Govt. Intervention	Monetary policy	Foreign investment	Banking	Wage/prices	Black market
Estonia	2,15	1	3,5	2	4	1	2	2	2
Czech Rep.	2,2	2	4	2	2	2	1	2	3
Latvia	2,85	2	2,5	3	5	2	2	2	4
Hungary	2,9	4	4	3	4	2	2	2	3
Poland	2,95	2	3,5	3	5	2	3	3	3
Lithuania	3	1	3	3	5	2	3	3	4
Slovakia	3,05	3	4,5	3	2	3	3	3	3
Slovenia	3,1	4	4	3	5	2	2	3	3
Romania	3,3	2	5	3	5	2	3	2	3
Bulgaria	3,65	4	4,5	3	5	3	3	3	4

GDP Growth (%)

	1993	1994	1995	1996	1997	average 1993-1998	1998	1999
Estonia	-9	-2	4,3	3,9	10,6	2,28	4,7	-1,1
Czech Rep.	0,6	3,2	6,4	3,8	0,3	2,86	-2,3	0
Latvia	-14,9	0,6	-0,8	3,3	8,6	0,64	3	-0,5
Lithuania	-16,2	-9,8	3,3	4,7	7,3	-10,7	5,1	-4
Hungary	-0,6	2,9	1,5	1,3	4,6	-2,1	4,9	4,1
Poland	3,8	5,2	7	6,1	6,9	5,8	4,8	4,1
Slovak Rep.	-3,7	4,9	6,9	6,6	6,1	4,16	4,4	1,5
Slovenia	2,8	5,3	4,1	3,5	4,6	4,06	3,9	3,8
Romania	1,5	3,9	7,1	3,9	-6,9	1,9	-5,4	-5
Bulgaria	-1,5	1,8	2,9	-10,1	-7	-2,78	3,5	2

FDI net (mill. USD/per cap.)

	1993	1994	1995	1996	1997	1998	1999 (estimated)
Estonia	103,3	142,3	134,5	76	89,7	575	300
Czech Rep.	53,6	72,7	245,2	134,8	123,8	2485	4000
Latvia	19,6	62	97,6	150,4	206	303	250
Lithuania	8	8,3	19,4	41	88,6	921	400
Hungary	227,1	112,4	436,6	194,8	163,7	1453	1414
Poland	15,1	14	29,4	71,7	78,6	4966	6642
Slovak Rep.	31,7	47,2	37,4	46,5	32,8	374	650
Slovenia	55,5	65,5	85	89	147,5	154	50
Romania	4,3	15,1	18,5	11,6	54,4	2040	1000
Bulgaria	4,7	12,5	9,8	11,9	59,9	401	500

Inflation (%)

	1993	1994	1995	1996	1997	average 93-97	1998 (estimated)	1999 (prognosis)
Estonia	89,8	48	29	23	11,2	40,2	8,2	3,3
Czech Rep.	20,8	10	9,1	8,8	8,5	11,4	10,7	2,5
Latvia	108	36	25	17,6	8,4	39	4,7	2,2
Lithuania	410,4	72,1	39,5	24,7	8,9	111,1	5,1	1,6
Hungary	22,5	18,8	28,2	23,6	18,3	22,3	14,3	9
Poland	35,3	32,2	27,8	19,9	14,9	26	11,8	7
Slovak Rep.	23,2	13,4	9,9	5,8	6,1	11,7	6,7	10,6
Slovenia	32,9	21	13,4	9,9	8,4	17,1	8	7,5
Romania	256,1	136,7	32,3	38,8	154,8	123,7	59,2	45
Bulgaria	73	96,3	62	123	1082	287,3	22,3	2

Agriculture/GDP (%)

	1993	1997	1998 (estimated)
Estonia	9,8	6	5,6
Czech Rep.	6,5	4,8	5
Latvia	11,7	5,6	4,5
Lithuania	14,9	11,7	10,1
Hungary	6,3	5,8	na
Poland	6,6	5,7	na
Slovak Rep.	6,6	4,8	4,4
Slovenia	4,5	3,7	3,8
Romania	21	18,8	16
Bulgaria	10,3	23,8	18,7

Source: EBRD Transition Report 1999, EBRD Annual Report 1999

A lot of experts and politicians have asked what is the recipe for success. This question is not so easy to answer. We can draw our conclusions from the experiences of different countries but nobody could be sure that similar measures in countries with different cultural and historical backgrounds will guarantee similar results. Still, there are some main lessons which seem to work everywhere, where transition from a totalitarian society and controlled economy to a democracy and market economy is under way.

The first lesson is summed up by the well-known advertising slogan: "JUST DO IT". In other words, reformers must be decisive about adopting reforms and stick with them despite the short-term pain they cause. This is also the answer to the question whether transition economies should apply a "gradual approach" or use "shock therapy". Countries that have attempted to carry out reforms slowly and by stages have met with serious difficulties. The social price of the reforms has been as high as or even higher than in countries where decisive action was taken and, at some point, adopting policies containing more or less "elements of shock therapy" has been necessary.

POLITICS FIRST – is the second necessary message to remember. Politics has to be dealt with first because in order to initiate and sustain radical reforms, there must be a legitimately formed consensus for change. This is possible only through democracy, using regular, accountable institutional structures and free and fair elections. According to Leszek Balcerowicz, the time for such "extraordinary politics" lasts usually two years. The brevity of the exceptional period means that a radical economic program launched as quickly as possible after the breakthrough has a much greater chance of being accepted than either a delayed radical program or a non-radical alternative that introduces difficult measures (e.g. price increases) in piecemeal fashion. To put it shortly - no pain, no gain.

It is also important to do away with the former attitudes and relations, as radically as possible. The ties with the soviet past need to be cut for good. The more radical the change and the more persons and politicians of the previous generations are replaced in the governing bodies, the better the chances of success.

To decrease the role of the government, a country in transition must have a strong and effective government. Effective government means a small government. Thus one of the first reforms of a new government must be to reform the government. The soviet administration must be replaced by representatives of the younger generation not spoiled by the Soviet past. The reformers must do away with the system of decision-making based on personal relationships and political manipulations, characteristic of the Soviet times and present also during the period of transition. New visions must be created. The People must be presented with new perspectives changing their national image: no longer are they members of a suffering, miserable and helpless nation, but are rather part of a nation capable of successful integration with the West.

It would be a major mistake to underestimate the importance of the new modern constitution and democratic legislature on elections. A parliamentary system with a strong Prime Minister and a less powerful President, for instance, tends to be more effective in fighting strong industrial and agricultural lobbies which at a certain stage of reforms could undermine the reform process. The economic reforms would neither be possible without the "rule of law" which guarantees all parties entering in the market a fair chance and, as such, is the underlying principle of market economy. The "rule of law" is also needed in the fight against corruption and organised crime that is emerging fast and can easily make a mockery of the market economy when it becomes access to the power. It is important to bear that in mind since it is often

the case with economic reforms that there is a tendency to cut down the state influence and lay emphasis on complete liberalisation.

LIBERALISATION of economy has in all transition countries of Central and Eastern Europe been the first step on the way of reforms. However, it has often been the result of the collapse of the former command economy rather than a deliberate plan or policy. Therefore, all East and Central European countries have, to at least some extent, experienced the liberalisation of prices and have done away with the command economy. Liberalisation has often brought about a sharp, sometimes even drastic rise in inflation and quick deterioration of the economy.

Thus the importance of the next step after the liberalisation, which must follow the lifted price control as fast as possible - namely STABILISATION OF ECONOMY. To do that, a conservative monetary policy is needed on the grounds for which have been usually laid by a radical monetary reform and which is backed by the balanced budget. Radical budget curbing measures become necessary in several fields of life – subsidies need to be done away with, former support allocation systems for inefficient undertakings must stop. A prerequisite of a strict monetary policy is, as a rule, an independent central bank, which must be guaranteed by law.

As a result of a strict monetary policy the pace of inflation will quickly slow down, the national currency will be stable and the country will come out of the monetary crisis. The implementation of the currency board arrangement has also had a positive effect in that sense – it increases the trust in the stability of the monetary system and as a result helps to lower the interest rates in a shorter period of time. A negative side effect of that, however, is an increased level of bankruptcy proceedings in the business and banking sector, which on the other hand clears the way for viable undertakings to function in the market.

Without underestimating the inevitability of successful implementation of a stabilisation programme, at the same time we have to bear in mind that this is not an objective in itself but the means to achieve it. After the stabilisation of economy – inflation is reduced, the decline in production stopped, financial stability achieved – it is necessary to move as quickly as possible to the next stage of reform, which is characterised by the preserving of macroeconomic balance, by microeconomic reforms and the creation of prerequisites for the growth of economy. Therefore, first of all

ENERGISE THE ECONOMY AND THE PEOPLE. This may be the most decisive and difficult task in transition as the most basic and vital change of all must take place in the minds of people. Without a major readjustment of attitudes the post-Communist predicament would become a trap, and the nation would never move forward to become a “normal” country with a free government and free markets under the law. In the era of the Soviet imposed socialism people were not used to thinking for themselves, taking the initiative or assuming risks. Many had to be shaken free of the illusion - common in post-Communist countries - that somehow, somebody else was going to come along and solve their problems for them. It was necessary to energise people, to get them moving, to force them to make decisions and take responsibility for themselves.

In order to achieve this change leaders must wake the people up. First, competition must be supported. Foreign competition is forcing local enterprises to change and reconstruct their production. At the same time it is necessary to cut all subsidies, special supports and cheap loans to enterprises. For old-fashioned enterprises there must be only two options left - to die or to start to work. You will see that surprisingly many will choose the second option.

The creation of favourable operating conditions for enterprise is,

thus, one of the main tasks in the stage of transition concerned. This presumes a decisive decrease in state intervention in the economy and the creation of a legislative and institutional context for operating. The consistent liberalisation of economy has a decisive role here. When we compare the list of successful reformist countries to the “index of economic freedom” compiled in the world, we can see that the countries which are placed on higher positions in the list have been able to move faster also in carrying out reforms.

Radical tax reforms and introduction of a flat rate proportional income tax could give an important effect in matter. Taxes should be kept low and simple. People should not be punished for working hard. All this would not have given any results if a radical change in ownership relations did not accompany this. A country without owners has no future. Therefore, one of the first tasks of a country on leaving behind the socialist system is to

CREATE OWNERS. This should be done as quickly as possible by combining different possibilities for creating owners, for example the restitution of property which was nationalised by the communist governments to former owners, or the quick privatisation of small enterprises. With regard to the privatisation of major undertakings, the Estonian model which combined the German Treuhand model with the Czech voucher privatisation seems to be quite successful. Here I want to underline the fact that the goal of privatisation is not to collect money into the state budget but to transfer the ownership of ill-fashioned state enterprises into private hands. A lot of enterprises were sold for a very small price, at the same time investments and employment were ensured. Enterprises were sold by the Privatisation Agency in open international auctions to one core owner, and minority shares were privatised to people for vouchers. It is also clearly seen that a successful privatisation programme is impossible

without the involvement of foreign capital which brings not only investments but also new technologies, new organisation of work and new attitudes into the privatised enterprises. Therefore it is important to bear in mind also the following principle: BE OPEN.

This in turn presumes that many attitudes will change, that people overcome their fears and anxiety. It is important to clearly identify the strategy for attracting foreign investments into the country. Sometimes special privileges are created for them and then one may just travel around the world requesting investments as a substitute for development assistance. At the same time it is forgotten that foreign investments will not come into a country which is politically unstable or undemocratic. They will not come into a country which looks unhappy and miserable. But they will come into quite many countries which declare that they need “trade, not aid”. Serious investors primarily look for a place with a stable climate for investments and a favourable environment for all undertakings, local and foreign. The same rights - not more and not less – must be ensured for foreign investors and local investors, including the right to buy land.

Foreign investments require a stable environment which can be ensured only by the rule of law and a working court system. To produce a necessary amount of laws is a crucial task for every transition government. It is very important not to make legislation too complicated, then it will be difficult to implement it. Transition countries do not need highly paid Western advisers to work out “the most modern and progressive legislation in the World”, they need legislation which works.

It is definitely easy to recommend, all the above-mentioned but it is not as easy to carry it out. Opposition to reforms may be very violent. Most of the steps taken by reformers are unpopular and it takes a relatively long time before their consequences become visible.

This inevitable time gap between difficult decisions and pleasant outcomes of these decisions may sometimes prove fatal to the reforms. Regardless of this, it may be recommended to all countries and nations who have started out on the path of reform:

DO NOT BE AFRAID! The problems and difficulties which rise in front of you are in no way unique any more. Every country which has started reforms has had to face these and as they have succeeded in overcoming these, you will undoubtedly succeed too.

Upon listing several problems which crop up in different stages of reforms, the ones which are most important and cause greatest problems are the following:

1) the sudden decline in production and in the gross national product in the beginning of the stabilisation process. Strict monetary policy, the balancing of the budget and the suppression of inflation bring about a bigger or smaller depression in economy and decline in the standard of living. At the same time one can be quite sure that the postponement of reforms may reduce the speed of depression to a certain extent but in total it would be even bigger. Therefore, during that period, we require cold nerve. Do not change your policy in any circumstances until the economy has hit the bottom and turned upwards again along the J curve.

2) The relatively high level of inflation as compared to developed countries at the second stage of reforms. While stabilisation was accompanied by the fall of inflation from 1000 per cent below 100 per cent, then its fall below 10 per cent took more time than first presumed. While we considered it definitely necessary not to abandon budget balance and the strict monetary policy, it still has to be admitted that this problem should also be taken relatively easy. To a certain extent inflation seems to be a natural companion to the convergence

of prices brought by the fast increase in international trade and the liquidation of state monopolies. The last factor has probably contributed also to the relatively high level of inflation during the first months of the new year.

3) Negative trade balance and a relatively big deficit in current account. This is a phenomenon which probably inevitably accompanies fast economic growth, and against which it is impossible to fight with protective measures (tolls and other restrictions) but only with the reconstruction of production and development of the export potential. At the same time the structure of importation and the nature of foreign investments which balance the deficit in current account must be carefully observed. If consumer goods take the leading position in importation instead of machinery and equipment, or if extensive portfolio investments replace direct investments in production, there is reason to pay more serious attention to the situation in economy.

As the abovementioned problems characterise almost all Central European transition countries, then numerous other questions which arise from the specific situation and background of each individual country and also the decisions made or not made are added to these. In many ways, for example, the extent of the first recession which followed the period of growth in economy which in different Central European countries might have been different falls here. The increasingly big role was performed by the ability of the government to predict the arrival of more complicated times and to begin with the restrictive financial policy already before. In the event of crisis it is necessary to achieve balance in economy as quickly as possible, and the best measure for that is a strict budgetary and financial policy. Only that way it is possible to re-enter a faster period of growth in economy, at the same time creating thereby the basis for integration into the European Union.

Those are of course only some aspects of experience. Often the realisation of such experience makes the government unpopular and it is overthrown. But this is not important. It is more important that your country has changed beyond recognition. Looking back you can say: this was a dirty job, but someone had to do it. The train which you pushed to move will not stop. And this is actually the only thing which is important. And what is most interesting: besides analysts and writers, also electors remember it. Almost all over the Central Europe the radical reformers who were overthrown in the meantime are in power again and can proudly say: We really came back!

5. THE RIGHT WAY

The turn of the century has brought with it much speculation about what developments the world can expect in the 21st century. The last decades of the 20th century marked relatively significant changes in attitudes and viewpoints throughout the world. The “Conservative Revolution”, associated with the names of Ronald Reagan, Helmut Kohl and Margaret Thatcher, dealt a hard blow to the left wing attitude that, in one form or another, had dominated the world for so long. In the process of overcoming the economic, political and spiritual crisis in the West, the conservatives implemented numerous major reforms, emphasising that humans should be responsible for their actions and their implementation. It became evident that the most effective way to achieve a welfare society, as propagated by the social democrats, was the implementation of liberal economic policies based on the ingenuity of human beings. Consistent proclamation and implementation of its principles enabled the West to corner the Soviet Empire and win the Cold War.

At the same time, it has to be said that victory came to the West as a surprise. For a moment it seemed as if the problems of the world had been completely solved and that the “end of the history” had arrived. This was however not the case. After solving certain problems, the West discovered that it was faced with new and equally complicated challenges. Considering past achievements, peoples’ demands from society had increased. In addition to efficiency, they now demanded humanity and warmth as well.

This created an opportunity for a renewed social democratic way of thought to arise in the West. As an answer to the “conservative

revolution, a new direction, the third way, was suggested which was supposed to unite the liberal innovations that were directed towards the development of entrepreneurship with the "human face" of socialism. This way of thought had much in common with the German Christian-democratic philosophy, copying its position on many issues and making it look more modern on the surface. In reality, the social democrats adopted right wing policies and gave it a more modern package, which the public found more acceptable, and presented it as the new third way. One cannot negate the success of such policies, but the problems with this are now visible as well. Copying has never solved any serious problem. On the contrary, it hinders one from dealing with them. The third way has not been able to come up with any new ideas or solutions for the problems the world is faced with at the start of the new century.

It is not possible to do so because, in reality, the solution does not lay in the first, the second nor the third way. We simply have to choose the right way, recognising that there might be many roads of equal lengths leading to the same goal. At the same time, several principles have become so universal in the modern world that every government has to implement them, be it a right or a left wing government.

For example, no modern government can avoid the concept of sustainable development. This does not only mean caring for our environment, but it applies to activities in many other areas of life. Sustainable development means being aware of the price we have to pay for progress and development. There are no free lunches, neither in the economy nor in any other of man's activities. Sustainable development means, for example, fighting crime and having defence forces and not just the possession of money and food. It also means using a computer instead of a car, as well as using renewable energy sources.

One of the most effective means of sustainable development that has come into everyday use is information technology. To regards in governments, it means being economical or thrifty in governing, avoiding waste and ensuring that expenditure is in balance with revenues.

The policy of sustainable development enables governments to better predict problems they may face in the future, as well as save monetary and mental resources. That in return assists governments in finding the resources that are necessary for achieving their political goals. It is not important whether a government represents right or left wing ideas, the policy of sustainable development creates the possibility to both types of governments to achieve their goals.

The second main principle in governmental activity today is openness. Openness is the relationship with the world, like the relationship of a human being with the weather. The weather cannot be avoided; it brings either sunshine, rain or hail. Openness brings influences that we can either consider to be good or bad, but to be open is in any case better than to be closed and secluded. In today's context this would mean saying "no" to development. Openness strengthens innovation in societies and, thereby, supports faster increases in welfare, which in turn facilitates the spread of tolerance and openness.

As mentioned before, an attitude of sustainable development and openness in politics enables governments to use the resources arising from effective government to achieve their goals despite their political convictions. It has to be kept in mind, however, that certain actions of a government can have consequences that can nullify even the best intentions. This applies especially to left wing policies which have the tendency to underestimate a person's ability to independently decide about, or be responsible for, his or her life, and the state therefore tries in some form or another to establish relatively strong control over the individual. Hoping that human nature will change, it is

believed to be possible to convince a person to act with maximum effectiveness even when the state decides everything for him or her.

Unfortunately this is not the case. Human nature has not significantly changed since pre-history. Texts written thousands of years ago still convey the same message as when they were written. People's yearnings, hopes and dreams have remained the same despite the rise and fall of empires, technological advances and the world becoming more open. There are therefore no grounds for assuming that human nature will change as a result of technological advances or inventions, not to mention social pressure or upbringing.

Concentrating on the welfare state is therefore dangerous and hinders natural development. It is however also possible to fall into the other extreme in believing that human beings are able to make rational decisions in any capacity leading to state intervention in society being abolished completely. This attitude can be as dangerous as a complete welfare state.

There is therefore nothing else to do but to take human beings as they are. The right way is to concentrate on people, making decisions that enable them to assume greater responsibility and giving people the right to decide over their future to a greater extent. This attitude should not be confused with indifference or the reluctance of the state to notice the person and deal with his/her problems. The state cannot be supercilious and selfish with regard to people. It has to be compassionate and understanding. Such politics, which can also be called compassionate conservative politics, should reach every individual, encouraging him/her to use his/her abilities to achieve, risk, move forward and reach a goal that seems unreachable.

Looking at the challenges posed by the new century, we have to see both the problems and opportunities they pose. There is no doubt

that development in the world will speed up during the coming decades. It is clear that at the moment we are not able to predict the number of changes that will take place in the future, because each invention opens the way for new opportunities that we cannot foresee at this time. Undoubtedly, all of this results in increased feelings of at least temporary insecurity. Systems and institutions we have become accustomed to disappear and there is not enough time for the new ones to become known and familiar before they disappear as well.

All of this applies a strong pressure on society. The ties which hold society together have already become dangerously weak. Francis Fukuyama describes in his book "The Great Disruption" the disruptions that have affected the world. These disruptions include weakened family units and other institutions, decreased trust in state structures, decreased morality and increased crime. This creates insecurity and fear, which in turn increases panic and does not allow people to overcome the situation.

Fears are also increased by globalisation which challenges a person, who is not used to it, in ways that are not easy to overcome. A person discovers that the world is small and that his or her future and welfare no longer depends only on what is happening around him or her, but on events taking place in distant and unknown countries. To have the courage to be open and act in a global world, a person needs roots, a secure anchor to help him or her find peace and balance.

In today's world, such an anchor could be eternal values. Just as thousands of years ago, the world today also needs faith, hope and love. Without the restoration of moral foundations and the spiritual rebirth that is necessary for that, it is difficult to hope for a better future. In the 19th Century, it was precisely Christian movements that helped the world to survive the "Great Disruption" affecting the world

then - the transition from an agricultural society to an industrial society. Today, however, we have to be more tolerant than previously of different religions and religious movements. Observing the increasing conflict in the Islamic world, one cannot unfortunately be so certain that it will happen.

The second important step is to restore the meaning of the family as an institution. Researchers have considered the weakening of families to be the catalyst for many negative changes. We have to realise that this is not an easy task. Women work increasingly more and their position in society continues to improve. These are realities that cannot be overlooked. It is possible to restore the meaning of a family only if this inevitable process is taken into consideration and not opposed. State policies that are focused on supporting families and increasing the birth rate are even more important because otherwise the rapid ageing of our populations will result in serious social disruptions in society and populations will no longer be able to replace themselves. Through strong families it is also possible to fight against such phenomena as the spread of drugs and crime, and to support the formation of a learning society. The main goal of right wing parties in the near future is to find ways to strengthen families and to bring forth a rebirth of moral values. This is only possible when one is brave enough to stand against "permissiveness" or "new tolerance" - principles that are spreading throughout society and have made political correctness higher than faith, honesty and ethics.

The third power, which fights against the weakening of society and counteracts globalisation, is considered to be nationalism. Nationalism has been regarded as the biggest evil of the 20th century and it has been blamed for some of the biggest tragedies. On closer observation, however, one can say that nationalism does not have anything to do with these tragedies. It is of course possible to use nation-

alism, like any other social theory, to do evil. Totalitarian systems such as Communism and National Socialism have done that in an especially cunning manner. The latest sad example is that of former Communist leaders using nationalistic principles in the bloodbath in the Balkans, and to a lesser extent, of course, in the isolation of the Slovak Republic that lasted for several years.

At the same time it has been forgotten that nationalism has, over the years, proved to be the most effective weapon against the very same totalitarian ideologies. This was the case with National Socialism and especially with Communism. National movements in Central and Eastern Europe, and on the territory of the Soviet Union, played a decisive role in the collapse of these ideologies. In those days, people were brought to the streets not by abstract democratic ideals, but by national principles and symbols.

Since its inception it has been predicted that nationalism will disappear and be destroyed. A. Toffler stands against nation states in his book that declares a "third wave....." Fortunately, however, in several cases, the state representing the "third wave" is a typical nation state. A good example of this is Finland where national identity and the need to protect the nation are among the most developed in the world, but where their readiness for the new Century is also among the highest in the world.

This is logical because, in reality, openness and nationalism belong together. Only when a person has strong roots and a strong sense of identity does he/she have the courage to be truly open and act in a globalised world. Without roots, he or she is in danger of disappearing or dissolving into the world and this understandably creates a subconscious fear in people. Nationalism gives us the necessary anchors in the modern open world and when we lean on them we are able to realise our possibilities to the maximum.

Nationalism, of course, has its darker side as well. In addition to openness and communication with others, it is also associated with tendencies to become closed - off and isolated. Where such nationalism prevails, the outside world frightens people. Fear is accompanied by feelings of inferiority and internal insecurity, which in turn can find its expression in violence and aggression. Interestingly, such nationalism is often characteristic of larger nations. Therefore, nationalism in the 21st century has to become open nationalism where, in addition to preserving one's national characteristics, a constant learning and exchange process with the rest of the world is taking place.

Stepping into the new millennium, every country looks at the same time into the past and into the future. We may look back and see a generation after generation living in the same villages, cities and countries, learning from their ancestors the same language, skills and experience - thinking local and acting local. One might say that the shift in that thinking took place only when the environmental and health matters became unavoidable, and in the 1980s the famous slogan - think global, act local - was adopted as a new focus of being worldwide. Understanding the consequences of our local activities in global eco-sphere remains important also in the future, but the tools of new technologies start to change our focus to the next phase - we are able to think in our local realm but act as a part of the global information society. Our ideas can turn into new products and businesses worldwide and we have access to the ideas and solutions of other people, as well. Therefore, for countries straining into the "third wave" it is sensible to transfer to a way of thinking "think local, act global" which in brief could also be called "glocalisation".

In one way or another, conservative and Christian-democratic parties have to be able to return to their roots in the new century and proudly proclaim the principles that have created the foundation of

Europe's relevance. In many aspects, it is a classical value that has been inherent to right wing parties since their formation, but which has somewhat changed in its nature during the last half of the 20th century due to the proliferation of left wing ideas. In the past, the main argument against left wing ideas was the higher economic effectiveness of right wing ideas, but after the changes to left wing ideology, right wing parties have had to return to their roots.

In this task Western European parties can be supported by the Central European parties. As the people of Central Europe had to use basic European values to fight the communism they had kept them. Basing on such principles as "truth, family, homeland" conservative parties came to power in most Central European countries. At the same time conservative parties were defeated in Western Europe. Exchange of views and experiences can strengthen conservative parties both in Western and Central part of Europe.

A Europe that is focused on earthly values and money, needs once again to turn to eternal values. The third way cannot offer that. It can be offered by political powers that attempt to differentiate between right and wrong. It is not important if we take the first, second or third way, what matters is that we take the right way.

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