

SOME ISSUES ON ECONOMIC DEMOCRATIZATION OF POST-COMMUNIST STATES

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ABSTRACT:

ECONOMY DEMOCRATIZATION IN THE STATES FORMER MEMBER OF SOVIET BLOC PROVED TO BE AN AMBITIOUS PROJECT WHICH WAS MEANT TO BE IMPLEMENTED IN A VERY SHORT TIME. WE LOOK AT HISTORY, WE UNDERSTAND THAT SUCH A PROCESS CAN ONLY BE A LONG ONE, THIS IS DUE TO THE TOP OF AVOIDING THE NEED OF DIFFERENT BLOCKAGES THAT MAY ARISE DURING THE IMPLEMENTATION OF POLICIES OF ECONOMIC CHANGE. THE PRESENT STUDY AIMED TO DRAW THE ATTENTION TO SOME ASPECTS OF THE STEPS THAT STATES FROM CENTRAL AND EASTERN EUROPE HAVE IMPLEMENTED IN THE IMMEDIATE AFTERMATH OF THE COLLAPSE OF COMMUNIST REGIMES, STRESSING THAT A FREE MARKET TO THE DETRIMENT OF CENTRALISM.

KEYWORDS: ECONOMY, DEMOCRATIZATION, POST-COMMUNIST CAPITALISM, SOCIALISM

The period 1989-1991 has emphasized in a positive manner on what has meant the collapse of the communist regime in Central and Eastern Europe. Near the moment implosion of the totalitarian regime, states have proven to be forced to restructure. Present subchapter plans to treat economics and explaining steps taken fresh out of a state ruled by the Communist regime but also thinking of mandatory step to go where a state, being for a long time under a totalitarian or authoritarian regime, turning to the democratization process. If this concept of democratization aims to generate democracy in a former totalitarian state, in this case we will focus on economic transition from one type to one centralized democratic type. Specifically, from an economy entirely under state leadership to a capitalist economy in which prices are set adjustable single supply and demand and not by management. Also we understand by examples that we will submit to the continuation of our scientific approach, as the total elimination of the state economic sector is not only impossible but it would produce negative effects in a capitalist economy.²

INTERVENTION OF THE STATE IN A FREE ECONOMIC SYSTEM

In the first phase, the state proves to be bound by applying correct policies in the economic sector guidance for democratic one to prevent the possibility of a blockage of the

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² Do not understand that we support the economy through failure to eliminate state control of the economic sector supervision. We intend, when we do such statements, the state is responsible for overseeing the sector so it can not exist the possibility of excessive monopolization of the sector.

democratization³ process. States are forced to give up intervention on the economy but not entirely since he is the one responsible for factories privatization and market liberalization create the necessary conditions. We mention this starting from the consideration that the State is responsible for overseeing the economy and intervention against commercial difficulties. Sartori believes that states are obliged to intervene in the free market *to release* the monopolistic⁴ damage. Basically we can not talk about total surrender control of the economic sector. Any policies in this regard to regulate such situations *monopolization*, is a form of state control, and since the collapse of the Soviet bloc, most states of the former USSR have known what until then was an obscure word and Member incomprehensible population, namely *freedom*.

Once the communist regime imploded in the former Soviet bloc states, it was understood that the centralized system is one type retrograde and functional. This is when things should flow in a manner totally opposite from what was done 25 years ago. Basically, the *main "riches had been seized, and the main areas of power clans occupied by the old nomenclature, now replicated on nationalism (sometimes liberal discourse) and more or less related to mafia networks - those networks that developed throughout the breast Soviet regime in cahoots, then, with certain elements of the party apparatus."*⁵

Outlined in the article "*Central and Eastern Europe - Necessary construction stages of democracy*"⁶ that the transition to a capitalist economy is closely linked to the democratization process. Basically, the chances of a stable democratic government in a state decomunizat depend largely and economic transformation. R. D. Putnam points out that effective democracy is correlated with economic sector ⁷transformation. Based on the incidence of democracies in the world, Kenneth Bollen and Jackman Robert Additionally democracy in political terms is influenced by economic sector, economic output is variable explanatory determined⁸. The two arrived at this conclusion taking into account two factors: 1) the welfare of the population as an essential factor for social accommodation and 2) growth as the main generator in terms of the expansion of the middle class. Both are closely linked and work together so that we could bring into question amid welfare of the population than economic⁹ growth.

CAPITALISM vs SOCIALISM

Centralized economy has played an important role for the communist regime and definitely should be emphasized that democracy, capitalist economy is a vital point without which the system can not keep. Looking past the communist period, we understand that economic socialism was a failure simply because it proved incapable of creating wealth in the population. Is this a hindrance? We think so, because human nature is found spirit of evolution (including financial). Theoretically, labor (work) we obtain our income we should

³ See Flavius Cristian Mărcău, "Central and Eastern Europe – Necessary stages of democracy construction", scientific magazine Research and Science Today 2(8)/2014, November 2014, 93-102.

In this article we explain the mandatory steps to go in the transition to democracy)

⁴ Giovanni Sartori, *The theory of democracy revisited*, (Iasi: Polirom, 1999), 353

⁵ Michel Beaud, *History of Capitalism. From 1500 to 2000*, (Chisinau: Cartier, 2001), 307

⁶ See Flavius Cristian Mărcău, "Central and Eastern Europe – Necessary stages of democracy construction", scientific magazine Research and Science Today 2(8)/2014, November 2014, 93-102

⁷ R. D. Putnam, *How democracy works. Civic Traditions in Modern Italy*, (Iasi: Polirom, 2001), 99

⁸ Kenneth A. Bollen si Robert W. Jackman, *Economic and Noneconomic Determinants of Political Democracy in the 1960s*", *Research in Political Sociology* (1985), pp.38-39, quoted in Samuel Huntington *The thirth Wave: Democratization in the Late Twentieth Century* (Normal, Oklahoma: university of Oklahoma Press, 1991), 60

⁹ R. D. Putnam, *How democracy works. Civic Traditions in Modern Italy*, (Iasi: Polirom, 2001), 99

make a decent living. Man over time demonstrate a desire to improve life¹⁰, something he could not give communism since he was only able to provide a standard of living of the population at most modest. Inexistence of economic private property but acute shortage of contracts made between participants in economic life led inevitably to entrepreneurs unable to assume the uncertainty of social¹¹ production, in turn allowed the state to assume the role of conductor single economic sector. How was this possible? Through a central office were drawn directive that companies had an obligation to bring them to fruition, were set prices that do not find their counterpart in reality and were set annual quotas for each production unit in part without request be taken into account. In the antithesis of capitalism we find that we understand that a *free market economy*, within which flows through markets products to be established supply and demand. Nothing is produced in excess than if the market demands and what is produced and consumed due to passage through the markets *"is affected by a price which express the relative value in terms of cost and quality."*¹²

Inside you can rediscover two main sectors of capitalism that emerges by itself: 1) production activities and 2) determining goods and services. In the first case dealing with goods markets Intermediate, and in the second case finished goods and services are offered to consumers¹³. This, considering suppliers of goods and services, can be understood as an economy based entrepreneurs¹⁴.

Daniel Daianu starts from two premises when talking about total acceptance of capitalism: the first premise is in the business sector should not be viewed from the perspective of socialism versus capitalism, and the idea of unconditional acceptance of capitalism, with both its positive sides and negative is questionable. This may be very true if we consider the model to capitalism found in countries of Latin America (based oligarchy, extreme polarization of income semblance of democracy) but may be false if we look at the Anglo-Saxon . The second premise starts to understand the operation of markets and the need for public sector to be prevented abuse of dominant position (monopoly)¹⁵.

THE FAILURE OF FORCED ECONOMIC DEMOCRATIZATION

The economy is one of the main points when discussing the democratization of the state, and history confirms this. Thus, an essential condition for democratic institutions to operate in a market economy that is not state-owned enterprises (controlled economy total) but as private property.¹⁶

The transition from a controlled economy to a market economy is one imperiativa private in a democracy but extremely difficult and destabilizing When attempting a short period of time without a well-defined plan that includes, at least in the environment, potential harm. Early 90s, we demonstrated that transformation steps centralized economy market economy through the transfer of rights, creating the possibility of interaction between businesses and state intervention in economic democratization process proved to be difficult,

¹⁰ See Walter Block, *Reconstruction of Liberty*, (Bucharest: Libertas Publishing, 2008)

¹¹ Claudiu Gabriel Tiganas *Political economy of transformation. Dilemma "shock therapy" versus "gradualism"* in Annals of the University "Alexandru Ioan Cuza" University of Iasi, Economics, Volume LII / LIII, 2005/2006, 237

¹² Jean Baechler, *Capitalism*, (Iasi: European Institute, 2001), 82

¹³ Baechler, *Capitalism...*, 82

¹⁴ Baechler, *Capitalism...*,84

¹⁵ Daniel Daianu, *Capitalism, where to? The economic crisis, walking ideas, institutions*; (Iasi: Polirom, 2009), 133

¹⁶ Robert Dahl, *About democracy*, (Iasi: institutul europea, 2003),152; Claudiu Gabriel Tiganas *Political economy of transformation. Dilemma "shock therapy" versus "gradualism"* in Annals of the University "Alexandru Ioan Cuza" University of Iasi, Economics, Volume LII / LIII, 2005/2006,

even we can say that the dream a capitalist markets led to multiple social costs, and that we can impute mistakes policies in this regard.

If democracy find enough examples from various countries where forced liberalization of the economy (in a short period of time) we can not say the same thing. Michael Kaser offers the example of Chile under General Pinochet who tried a rapid transition towards a privatized and managed in 16 years to privatize only 470 inteprianderi and organizations. For the states of Central and Eastern Europe has considered the privatization of thousands of inteprianderi within a too small - a third of Chile during and analyzing this aspect in more than 25 years we can say that the result was a more more negative and this will give various examples in continuing subchapter¹⁷. Also, Catalin Zamfir submit to an analysis of the economy of decomunizate in decomunized states in showing that restructuring the economy suffered a setback in the short, medium or long term. For example Romanian economy after 14 years the economy had not reached in 1989, but the Polish recovered in 1996, 7 years after the fall of communist¹⁸ regime.

States	Year with the lowest GDP	Year with GDP at 1989 level	2002
Czech Republic	1992-86.9	2000-100.1	106.0
Hungary	1993-81.9	2000-104.2	111.7
Poland	1991-82.2	1996-104.5	129.5
Slovakia	1993-75.0	1999-100.4	110.2
Bulgaria	1997-65.7	-	80.0
Romania	1992-75.0	-	85.1
Russia	1998-51.5	-	64.3

Tabel 1¹⁹

CONCLUSIONS

Based on previously reported we conclude that the new democratic governments of the former Soviet bloc states have acted in a manner that caused social instability short and medium term. States economies have recovered from the shock of transition so hard governors plan to transform the economic sector in a too short period was a failure. What some countries have conducted more than 10 years post-communist States wanted to achieve in less than 5 years and the result was not just the one you want (note Table 1).

¹⁷ Leslie Holmes, *Postcommunism*, (Iasi: Institutul European, 2004), 331

¹⁸ Catalin Zamfir, *A critical analysis of transition*, (Iasi: Polirom, 2004), 37

¹⁹ Zamfir, *A critical analysis of transition*, 38

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