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## **9 The End of Alternative Spaces of Globalization? Transformations from the 1980s to the 2010s**

As the contributions to this volume illustrate, during the early decades of the Cold War, alternative practices and projects of globalization subsisted in the framework of economic relations between countries in Eastern Europe and the Third World. By the 1980s, however, at different paces in different countries, many paradigms and institutions that had sustained commitments to these alternative forms of globalization came under attack. This did not mean that trade or economic connections between these regions declined – in terms of volume, they did not. Rather, the values that underpinned these exchanges were no longer sustained by a belief in an alternative modernity. This shift did not happen by a popular revolt and the fall of state socialism. Rather, many Eastern European elites themselves were shepherding their countries away from these alternative forms and projects of globalization and oriented their economic policies towards further integration with western markets long before 1989. The approach adopted in this volume encourage us to revisit how we see these changes: the fall of state socialism was not the entry of the region into globalization, but rather a choice between its forms.

### **Debt and Financial Capitalism as End of Alternative Globalization**

Through the 1970s and 1980s, many Eastern European countries increasingly resorted to borrowing money to maintain standards of living necessary to secure the Communist parties' short-term legitimacy. In order to satisfy domestic consumer demand, and with a view to modernizing their industries to be competitive on the world market, Eastern European states started to borrow the so-called 'petrodollars' that had flowed out of energy-producing states at low rates of interest from the early 1970s. With the spiralling costs of raw materials and rising interest rates in the late 1970s, countries from Hungary to Bulgaria became ever more mired in debt. When the US drastically raised the Federal Funds Rate

to curb domestic inflation, the Polish government soon announced that it was no longer able to fulfil its obligations to international creditors.<sup>1</sup>

This debt crisis occurred not only in Eastern Europe but also across Africa and Latin America, and significantly reduced the economic and political independence of socialist and developing countries. Most debtor countries in Eastern Europe, the Middle East, Africa, and Latin America now depended on further loans from international banks and Western-dominated institutions like the International Monetary Fund (IMF). As a consequence, they prioritised the payment of hard currency to their creditors over the fulfilment of their obligations to each other. In 1989, many Eastern bloc states would be owed huge sums: the Soviet Union alone was owed USD 150–160 billion by 61 countries, making it a net creditor, but without much hope of ever seeing again most of the money it had furnished around the Global South. This turn of the socialist and developing world towards the West had a corrosive effect on the earlier solidarity-type values, which had underpinned these world regions' attempts at an alternative globalization. Socialist states outside Europe were viewed less and less as the object of Eastern Europe's developmental support.<sup>2</sup> In the 1980s, far more emphasis was placed on profitability and payment in hard currency instead. Large sums were earned as a result of arms exports from the Eastern Bloc to Africa, which were partly used to pay off the socialist states' debts to the West.

Overall, their increasing indebtedness brought the Eastern European socialist countries closer to the West. Eastern European obligations to international creditors rose tenfold in the 1970s. A number of East European states were barred from further access to cheap private credits and thus lobbied international institutions, which in turn drew them further into the world of

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<sup>1</sup> Debts in Eastern Europe rose from USD 20 to 200 billion between 1971 and 1979. See A. Fabry, "The Origins of Neoliberalism in Late 'Socialist' Hungary. The Case of the Financial Research Institute and 'Turnabout and Reform'", *Capital & Class*, 42 (2017) 1, pp. 12–17. Of Hungary's USD 20 billion debt, only USD 4–5 billion was invested in increasing productivity. I. T. Berend, "Global Financial Architecture and East Central Europe Before and After 1989", in: U. Engel, F. Hadler, and M. Middell (eds.), *1989 in a Global Perspective*, Leipzig: Leipziger Universitätsverlag, 2015, pp. 56–57; S. Kotkin, "The Kiss of Debt. The East Bloc Goes Borrowing", in: N. Ferguson et al. (eds.), *Shock of the Global. The 1970s in Perspective*, Cambridge, MA: Harvard University Press, 2010, pp. 80–93.

<sup>2</sup> For an early account of this shift, see L. Csaba, *Eastern Europe in the World Economy*, Cambridge: Cambridge University Press, 1990, pp. 127–129; P. Germuska, "Failed Eastern integration and a partly successful opening up to the West: the economic re-orientation of Hungary during the 1970s", *European Review of History* 21 (2014) 2, p. 278. 226 firms had arranged joint ventures across Iron Curtain, but only 7 per cent in third markets. See Vera and Donald Blinken Open Society Archives at Central European University, Budapest, 300-2-5-Box 49.

international finance.<sup>3</sup> To stave off financial collapse in early 1982, Hungary joined the IMF. In this sense, debt operated as a ‘school for capitalism’: Hungarian national banks in particular, which managed loans from both western and Middle Eastern sources, had become well versed in the workings of western finance long before 1989.<sup>4</sup> The need for hard currency re-oriented these countries westwards in other ways too. Some turned to international tourism: Yugoslavia had abolished visas, and, by 1989, hard currency revenue from tourism amounted to USD 2.5 billion per year.<sup>5</sup> Yugoslavia also allowed its nationals to be guest workers earning hard currency in Western Europe, their remittances eventually contributing almost 20 per cent of their country’s GDP. Established relationships with Third World partners were increasingly structured around obtaining hard currency: when the socialist allies of the German Democratic Republic (GDR) in Mozambique could no longer serve the credits that they had been given to buy East German products, GDR demanded a share of their black coal, which was immediately sold on the world market before the ships reached the Baltic Sea. Contract workers from Mozambique had to work off their state’s debts to the GDR in East Berlin like modern indentured labourers.

The shift of emphasis in the socialist governments’ foreign economic policies towards financial profitability took its political toll: by the 1970s many Eastern European states were relinquishing an approach to trade based on political sympathies. In 1977, for instance, the Hungarian Central Committee officially abandoned the prioritisation of trade with socialist-oriented countries.<sup>6</sup> New technocratic arguments presented Western capitalism as less of a threat, and Western companies as potential partners to help fix economies in the East. Even so, the extent of Eastern European involvement in capitalist foreign trade, often kept secret from their own populations, displayed an ever-greater cynicism. Many bloc countries re-established economic connections with Franco’s Spain in the early 1970s, leading to severe criticism from the Spanish Communist Party;<sup>7</sup>

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3 See the section on “International Organizations” in the introduction of this volume.

4 A. Mong, *Kádár hitele. A magyar államadósság története 1956–1990*, Budapest: Libri, 2012, p. 152.

5 The number of registered tourists peaked at 20 million in the late 1980s (40 per cent of which were foreigners). I. Duda, “Adriatic for All: Summer Holidays in Croatia”, in: B. Luthar and M. Pusnik (eds.), *Remembering Utopia*, Washington, DC: New Academia Publishing, 2010, p. 290; K. Taylor and H. Grandits, “Tourism and the making of socialist Yugoslavia”, in: K. Taylor and H. Grandits (eds.), *Yugoslavia’s Sunny Side: A History of Tourism in Socialism (1950s–1980s)*, Budapest and New York: Central European University Press, 2010, p. 11.

6 Germuska, *Failed Eastern integration*, p. 278.

7 Radio Free Europe Hungarian Situation Report, 22 Sept. 1970 (OSA Archive, Budapest).

the Soviet Union imported much of its grain from the military dictators in Argentina and propped them up with military technology in return.<sup>8</sup> Furthermore, despite having cut official ties with South Africa after the 1960 Sharpeville Massacre of black demonstrators, the Soviet Union continued to process its diamonds with the South African mining company De Beers and amidst the most severe sanctions against the country, Eastern bloc countries still supplied arms and military electronics to the Apartheid regime in the 1980s.<sup>9</sup>

## End to Fears of Westernization as Peripheralization

In the last decades of the Cold War, the advantages of westernization increasingly appeared to outweigh the potential pitfalls for some regional elites. Since the 19th century, the question of escaping peripheralization on the European continent had been a key question for Eastern European development. Communism itself was in its early years underpinned by the assumption that the nations in this region had to be cut off from the West, and that they would only be able to catch up and escape their historic role as an economic hinterland if they applied autarkic development policies.<sup>10</sup> Against the background of severe economic crisis, the prospect of western integration was not accompanied by a widespread fear of re-peripheralization. Such critiques would only return to the mainstream in the 2010s.<sup>11</sup>

Partly one can trace this to the depth of the economic crisis which beset the region in the 1980s: the alternatives to westernization appeared worse. In spite of

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**8** S. Krepp, “A View from the South. The Falklands/Malvinas and Latin America”, *Journal of Transatlantic Studies* 15 (2017) 4, p. 357; A. Varas (ed.), *Soviet–Latin American relations in the 1980s*, Boulder, CO: Westview Press, 1987.

**9** H. van Vuuren, *Apartheid, Guns and Money: A Tale of Profit*, Johannesburg: Jacana Media, 2017, pp. 269–271; P. Betts, J. Mark, I. Goddeeris, and K. Christiaens, “Race, Socialism and Solidarity: ‘Anti-Apartheid in Eastern Europe’”, in: R. Skinner and A. Konieczna (eds.), *Global Anti-Apartheid. ‘Forward to Freedom’ in South Africa*, London: Palgrave Macmillan, 2019, pp. 153–154, 161.

**10** On the limits of this aspiration for autarchy, see B. Pula, *Globalization Under and After Socialism: The Evolution of Transnational Capital in Central and Eastern Europe*, Stanford: Stanford University Press, 2018, Chapter 2.

**11** V. Šćepanović and D. Bohle, “The Institutional Embeddedness of Transnational Corporations: Dependent Capitalism in Central and Eastern Europe”, in: A. Nölke and C. May (eds.), *Handbook of the International Political Economy of the Corporation*, Northampton, MA: Edward Elgar, 2018, pp. 152–166.

the borrowing incurred to raise technological inputs, most countries were held back by central planning and export regulations. Productivity failed to rise and many countries were unable to create effective export industries that could earn hard currency to pay it back.<sup>12</sup> Moreover, with increased economic co-operation, Eastern European states were most susceptible to changes in the global economy. Across the bloc, new arguments were being made that ended the equation of westernization with a renewed peripheralization. Weaknesses in national economies could no longer be blamed only on external global forces, structural inequalities in the world economy, or western imperialism; rather, change had to come through disciplining local economies, reforming political institutions, and creating 'human capital' from within. The insistence of the IMF that the crises of the 1980s were the result of local failures of governance and were best addressed in national frameworks became more and more influential, particularly in those countries that joined it. In their institutional view, individual national economies could be disciplined toward economic efficiency, with little thought given to the relation between these containers in the context of a broader global economy. For them, the market was the effective disciplinary mechanism for the reformation of human behaviour within states.

Yet, it is important to note that there were economic crises in other socialist states outside Europe that did not lead to calls for greater western integration or, eventually, the collapse of their Communist systems. In Eastern Europe political and economic elites shaped and mobilised the meaning of such crises to rethink questions of peripherality, backwardness, and started – tentatively at first – to turn them into questions about the region's real geopolitical position. This was, however, not true everywhere. For elites and experts in Romania and Yugoslavia, the only two countries in the region that had backed the radical New International Economic Order without major reservations, the roots of the economic crisis were still predominantly located in structural inequality in the global economy, which further westernization would only entrench. Romania's leader, Nicolae Ceaușescu sought to break the hold of western banks, promising to pay off all loans, and re-adopting an autarkic model of development. Even those who opposed him from within the party remained apprehensive about the IMF. Silviu Brucan, a champion of market socialism, declared its structural adjustment a new form of western neo-colonialism.<sup>13</sup>

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<sup>12</sup> Pula, *Globalization*, Chapter 4.

<sup>13</sup> S. Brucan, *World Socialism at the Crossroads*, New York: Praeger, 1987 and id. *Piață și democrație*, București: Editura științifică, 1990.

## The Third World as Inspiration for Eastern Europe?

Even if many delegations still visited Eastern Europe from a broader socialist world – there was less and less interest in learning from the region’s models of development. In the late 1970s, following the assumption of power by Deng Xiaoping, market socialism was still of some interest to touring Chinese experts who travelled regularly to Romania, Hungary, and Yugoslavia.<sup>14</sup> Likewise, Tanzanian leftists who sought to develop a counter-model to the market reforms imposed by IMF-led conditionality in the mid-1980s looked across the socialist world – from China to Eastern Europe – for socialist alternatives to market capitalism. Nevertheless, these engagements did not have long-term impacts; China, for instance, turned its attention to Japan and the East Asian tigers as models for the liberalization of its economy by the mid-1980s.

Rather, some Eastern European reformers began to look to successful modernization programmes, notably in Latin America and East Asia. The range of Eastern European expertise that had developed to engage and export their models in the 1950s and 1960s now had a role to play in bringing new insights from the global economy ‘back home’. Through the 1970s, Eastern bloc experts had started to construct their region as periphery once again as they struggled for control. One of the pathways to rethinking their position in the global economy was provided by ‘World Systems Theory’ – made famous by Immanuel Wallerstein<sup>15</sup> – which was also developed in e.g. Poland and Hungary, partly as a way of making sense of a more interdependent world.<sup>16</sup> Within this approach, the world was divided between the capitalist “core”, which had industrialised first; peripheral areas which remained subservient to the core and poor; and “semi-peripheral” regions which had not been wholly marginalised, and had a capacity eventually to join the “core”. Reform-minded economists and economic historians began to re-imagine the workings of the world economic system – from a two-world system model in which Eastern Europe was a core player, to a one world capitalist system in which Eastern Europe was semi-peripheral. This in turn led them to look to other successful semi-peripheral integrations into the ‘world system’. Beyond the socialist

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<sup>14</sup> P. Vámos “A Hungarian model for China? Sino-Hungarian relations in the era of economic reforms, 1979–89”, *Cold War History*, 18 (2018) 3, pp. 361–378.

<sup>15</sup> Interview with Mihály Simai. See this influence in Iván T. Berend’s account: I. T. Berend, *History in My Life. A Memoir of Three Eras*, Budapest: Central European University Press, 2009, p. 152.

<sup>16</sup> See footnote 23 in the introductory chapter of this volume.

world, it was particularly Latin America that served as a source of inspiration and cautionary tales. As early as the 1960s, Eastern European economists had come to see the region as occupying a structurally similar position in the world economy, and facing similar domestic issues connected to the dismantling of autarkic development.<sup>17</sup> By the 1980s, the region's early uptake of neoliberal reforms that was of the greatest interest. For instance, Polish economic liberals repeatedly called on Communist leader General Wojciech Jaruzelski to deregulate the economy just as the Chilean dictator Augusto Pinochet had done a couple of years earlier.<sup>18</sup> Economically successful development dictatorships in the Global South thus provided inspiration for possible elite-led transitions in Eastern Europe to capitalism without bothersome democratic procedures.

In the late 1980s, dynamic East Asian 'tiger states' which appeared to be overcoming formerly peripheral economic conditions and successfully integrating into the world economy became objects of fascination in some countries in the bloc – as models for their own integration into the West. Looking to develop the competitiveness of their export industries, reform-minded economists and political elites in Hungary and the Soviet Union looked for instance to pre-1987 South Korea as a model of an authoritarian-led state which had successfully integrated into the world economy.<sup>19</sup> United Nations Conference on Trade and Development (UNCTAD) began to support East Asian regional trade initiatives to open up Eastern European markets to their direct investment – a process which was to lead to significant investment by South Korea in Central Europe after the collapse of state socialism.<sup>20</sup>

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17 B. Kádár, "Main phases of development in Latin-America", *Acta Oeconomica* 13 (1974) 1, pp. 89–115.

18 M. Dzielski, "How to perpetuate power in People's Poland?", *Merkuryusz Krakowski i Światowy*, Samizdat, 1980.

19 J. Mark and T. Rupperecht, "Europe's '1989' in Global Context", in: S. Pons, J. Fürst, and M. Selden (eds.), *Cambridge History of Communism*, vol. 3, Cambridge: Cambridge University Press 2017, pp. 224–249; T. Rupperecht, "Formula Pinochet. Chilean Lessons for Russian Liberal Reformers during the Soviet Collapse, 1970–2000", *Journal of Contemporary History* 51 (2016) 1, pp. 165–186; C. Miller, *The Struggle to Save the Soviet Economy: Mikhail Gorbachev and the Collapse of the USSR*, Chapel Hill: The University of North Carolina Press, 2016, pp. 23–27; S. Kotkin, *Uncivil Society. 1989 and the Implosion of the Communist Establishment*, New York: Random House, 2009, p. 33.

20 UNCTAD: ARR 40/1929/070: Report from the 2nd Asian Regional State Trading Organisations Meeting, Manila, Philippines, September 1988. Following the failure of North-South dialogue and the increased economic marginalisation of the South in the international system, UNCTAD revived its interest in foreign direct investment and international trade negotiation from the mid-1980s to support the South. See J. Toye, *UNCTAD at 50: A Short History*, United Nations, 2014, p. 77.

## After 1989: Westernization and Deglobalization?

From the perspective of the globalizing projects of the Cold War, 1989 might be seen not as an opening out of Eastern Europe, but rather as a moment of its economic deglobalization, through its cooptation by the West. The big offer of integration that western political and economic institutions made to the East after 1989 in fact destroyed many of the internationalist paradigms and linkages that had existed even in the last decades of the Cold War. Eastern European states lost the Third World as a place for their investment and supply of raw materials. The Communist era represented a moment when Eastern Europe had been an exporter of developmental ideas and expertise; following the collapse between 1989 and 1991, the region returned to its interwar role, as a subject of developmental models imposed from the outside.

Many, but not all, legacies of the Eastern European pre-1989 engagements in the Global South disappeared. Less than the beginning of Eastern Europe's globalization, 1989 marked a weakening of alternative forms of non-western trade and developmental projects for Eastern Europe. This shift was not preordained: economic links had expanded outside Europe in the 1980s. Yugoslav companies successfully built new markets in the Middle East and Soviet Union in the 1980s, commerce grew significantly between Eastern Europe and Africa from the 1970s, and the arms and energy trade between the Soviet Union and the developing world grew exponentially.<sup>21</sup> Following 1989, many projects ground to a halt. Developmental workers became individualised private contractors; large industrial enterprises which had underpinned this engagement were no longer viewed by western investors as viable global players, and were split up into their constituent parts. In other cases, most notably the car industry, western collaborations enabled the continuation of market share in the Global South. Before 1989, Dacia had been a Romanian-French joint venture with Renault providing the engines and design; it would be bought outright by Renault in 1999, significantly modernised, and some of its models directed at

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<sup>21</sup> M. Kramer, "The Decline in Soviet Arms Transfers to the Third World, 1986–1991", in: A. Kalinovsky and S. Radchenko (eds.), *The End of the Cold War and The Third World: New Perspectives on Regional Conflict*, Abingdon: Routledge, 2011, pp. 56–57. On East Germany, see K. Storkmann, *Geheime Solidarität: Militärbeziehungen und Militärhilfen der DDR in die "Dritte Welt"*, Berlin: Christoph Links, 2012.



Africa, Asia, and South America; its most significant market remained Western Europe, however.<sup>22</sup> Some links did remain, particularly in the arms industry, which had prospered in late socialism and continued to do so after 1989: Omnipol in Czechoslovakia and Serbia's Zastava Arms as well as many Russian producers of ordnance continued to export successfully, both to former partners in Africa and to the Middle East, including the Iraqi and Afghan security forces.<sup>23</sup> According to a study of the Conflict Armament Research a UK-based non-governmental organisation, 97 per cent of the weaponry used by the Islamist terrorist group ISIS in Iraq and Syria had its origins in Russia, Eastern Europe and China.<sup>24</sup>

From the early 1970s, almost two decades before the collapse of Communist systems, Europe was integrating across the Iron Curtain. By the early 1980s, western capital began to shift from Africa to new economic opportunities opening up in Eastern Europe.<sup>25</sup> The more Europe integrated economically, the smaller the percentage of each individual country's trade came to be with the Third World. Many African states were mired in debt, and foreign private investment in the whole continent dwindled from USD 2.3 billion in 1982 to 500 million in 1986.<sup>26</sup> This outflow of capital increased again with the collapse of state socialism and the creation of the European Bank for Reconstruction and Development in 1991, which supported private sector development in the East with more than USD 7 billion.<sup>27</sup> The European Community swiftly funded new programmes such as *Phare* (Poland and Hungary: Assistance for Restructuring their Economies) which embodied the utopian hope in eventually overcoming the continent's sharp economic divides: a growing field of regional science funded by this programme

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22 "Dacia a facut profit mai mare in 2012, din vanzari mai mici cu 8%", *Wall-Street*, <https://www.wall-street.ro/articol/Auto/147366/dacia-a-facut-profit-mai-mare-in-2012-din-vanzari-mai-mici-cu-8.html> (accessed 6 January 2019).

23 "Inside Serbia's Booming Arms Industry", *Radio Free Europe*, <https://www.rferl.org/a/24998852.html> (accessed 15 January 2019); "Ask not from whom the AK-47s flow", *The Economist*, <https://www.economist.com/europe/2016/04/16/ask-not-from-whom-the-ak-47s-flow> (accessed 15 January 2019).

24 <http://www.conflictarm.com/reports/weapons-of-the-islamic-state/> (accessed 21 February 2019).

25 O. O. Ojo, "Introduction", in: Idem, *Africa and Europe. The Changing Economic Relationship*, London: Zed Books, 1996, p. 7. Also, O. O. Ojo and C. Stevens, "Recent Changes in the Former Soviet Union and Eastern Europe: Opportunities and Challenges for Africa", in: Ojo, *Africa and Europe*, p. 133, and pp. 141–142.

26 I. T. Berend, *An Economic History of Twentieth-Century Europe*, Cambridge: Cambridge University Press, 2006, p. 270.

27 Africa Research Bulletin, Economics Series, June 1990, in: S. Decalo, "The Process, Prospects and Constraints of Democratization in Africa," *African Affairs* 91 (1992) 362, pp. 19–20.

argued for a new Europe of interconnected sub-regions which could each flourish through successful management. With eventual membership of the European club, fears of becoming an economic hinterland to the West receded in mainstream discourse, and substantial economic catch-up seemed viable.<sup>28</sup> But even after 1989, doubts remained: some dissenting Hungarian and Polish economists argued that small Eastern European states should resist an uncritical integration into the European Union: it would be better to follow the lead of the independent east Asian tigers, specialise in certain sectors, and resist stagnation as peripheral, low-value locations in the newly emerging 'global factory'.<sup>29</sup>

## After Westernization: New Alternative Globalizations?

The current reawakening of interest in 'entanglements' across the socialist world before 1989 results from new political contexts. The Western triumphalist vision of the 1990s has given way to an acknowledgement that large parts of the former socialist world are not following the path of Western modernization without question. China resisted the 'liberal' in liberal capitalism and has become a very successful global player in Asia and Africa; Russia has turned away from the West and pursues its ideas of a polycentric world in explicitly anti-Western alliances, which were often built on connections derived from Cold War Soviet internationalism. Cuba, Venezuela and Nicaragua were – at least rhetorically – supporting Russia's neo-imperialism in the South Caucasus and Ukraine. The secular dictators of Syria and Egypt enjoyed military support from the Kremlin, just as they did 50 years before. Vietnam, following the Chinese path of communist rule-cum-economic liberalism, remained a strategic partner for Russia in the

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28 F. Schimmelfennig and U. Sedelmeier, *The Politics of European Union Enlargement: Theoretical Approaches*, London and New York: Routledge, 2005, p. 160.

29 See, e.g., M. Perczyński, "Global Determinants of East-South Relations", in: P. Bożyk (ed.), *Global Challenges and East European Responses*, Tokyo United Nations University, 1988, p. 313. In Hungary, the economist Sándor Kopátsy was the most vocal advocate of this position. See, e.g., his article S. Kopátsy, "Új világrend felé. Vissza és előre ötven évet", *Társadalmi Szemle* 47 (1992) 5, pp. 13–23; Idem, "A magyar privatizáció sajátos vonásai", *Mozgó Világ* 19 (1993) 1, pp. 23–28. For accounts of the South Korean model as inspiration for the Polish transformation, see e.g. A. Jasińska-Kania, *National Stereotypes and Economic Cooperation: Images of Korean in Poland*, Seoul, 1997, p. 10. She notes that in 1991 the Balcerowicz reforms were criticised for following the Argentinian rather than South Korean model.

area of military-technical cooperation. Both Egypt and Vietnam signed free trade agreements with the Eurasian Customs Union, Russia's great 'alternative' geopolitical project under Putin.

By the end of the 2000s, criticisms of westernization began to enter the mainstream in Eastern European countries within the European Union (EU) as well. Across the region, right-wing thinkers contested the values of technocratic rule and liberal cosmopolitanism in post-accession polities. In some countries, such as Poland, Hungary, or Slovenia, such critiques developed into a full-blown rejection of what were now considered "failed transitions".<sup>30</sup> The elites' embrace of neoliberalism and their over-dependence on Western political models was criticized by some on the left too, as economic colonisation and re-peripheralization. Some left-leaning intellectuals in Croatia and Slovenia thought that EU and North Atlantic Treaty Organisation (NATO) membership turned their countries into "insignificant colonies on the periphery of the Euro-Atlantic Empire" which itself was in deep crisis.<sup>31</sup> The notion that the EU was a community of equal nations was firmly rejected, and seen, instead, through a lens of colonization of the South and the East by Northern Europe.<sup>32</sup>

In the 2010s, populist governments looked to revive earlier alternative geographic entanglements to counterbalance what from 1989 was seen the imperative of convergence and catch-up with the liberal West. They saw these exchanges as solutions for declining domestic economic growth and as defensive reactions against perceived EU liberal cultural imperialism. The significant role of China in Eastern European politics and economy in particular provided a new way of imagining the region's relationship with the broader world. After 1989, former socialist states had engaged with China but relations did not amount to a strategic alternative. The financial and economic crisis from 2008 changed this. For populists, the crash symbolised the decadence of Western democracy: in 2010, the new FIDESZ government in Hungary announced a '*keleti nyitás*', or 'opening to the East'. Against a feeling of cultural alienation from the European project, and a deep anxiety about the economic sclerosis of the European

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<sup>30</sup> B. Trencsényi et al., *Political Thought in East Central Europe. Volume II: Negotiating Modernity in the "Short Twentieth Century" and Beyond. Part II: 1968–2018*, Oxford: Oxford University Press, 2018, pp. 281–294.

<sup>31</sup> B. Buden, "Narodu koji je ostao bez svega ostaje još samo iluzija identiteta", <http://www.glas-slavonije.hr/337535/11/Boris-Buden-Narodu-koji-je-ostao-bez-svega-ostaje-jos-samo-iluzija-identiteta> (accessed 11 January 2019).

<sup>32</sup> A. Čuk, "Rastko Močnik: Rešenje je organizovani izlaz iz kapitalizma", *Danas*, 6 May 2017, <https://www.danas.rs/nedelja/resenje-je-organizovani-izlaz-iz-kapitalizma/> (accessed 11 January 2019).

economic model after the crisis of 2008, Prime Minister Viktor Orbán argued that the authoritarian capitalist models of Singapore, China and Central Asia could be attractive models for his country. In a speech given to the National Association of Entrepreneurs and Employers on 26 July 2012, he argued that power needed to be centralised in Hungary – a natural state of affairs, he contended, for a ‘half-Asian nation’.<sup>33</sup>

An impetus for this remaking of relationships came from East Asia too. By 2012, under President Xi Jinping, Eastern Europe was re-imagined in China in ways that did not coincide with the EU’s understanding of European geopolitics. The Chinese government divided the continent into so-called ‘Europe 1’ consisting of the more economically developed western parts of the European Union, ‘Europe 2’ became the target of Beijing’s “16+1 initiative” to develop a new relationship with a historically and culturally familiar former Communist Europe covering issues such as investment, trade, culture and education. The group includes eleven EU countries (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) and five non-EU countries from the Balkans (Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia). Again, the Visegrád Group led the way because the bulk of Chinese investment and economic presence was in Poland, Czech Republic, Hungary, and Slovakia (though significant infrastructural projects existed also in Serbia and Romania).<sup>34</sup> The interaction with China produced on both sides representations of bilateral friendship based on a communality of exploitation by the West, drawing on tropes recognisable from the pre-1989 socialist era. Viktor Orbán presented Hungary’s ‘global opening’<sup>35</sup> and particularly relations with China to be a crucial facet of FIDESZ’s emancipation of the country from neoliberalism as well as from EU and IMF imposed “debt slavery”.<sup>36</sup> In 2014, he even contrasted “a few developed countries [which] have been continuously lecturing most of the world on human rights, democracy, development,

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33 C. Moreh, “The Asianization of National Fantasies in Hungary: A Critical Analysis of Political Discourse”, *International Journal of Cultural Studies*, 13 March 2015, <http://ics.sagepub.com/content/early/2015/03/12/1367877915573781.refs> (accessed 11-01-2019).

34 E. Maurice, “China’s 16+1 Foray into Central and Eastern Europe”, 26 June 2017, *EUobserver*, <https://euobserver.com/eu-china/138347> (accessed 11 January 2019).

35 J. Mark and P. Apor, “Socialism Goes Global: Decolonization and the Making of a New Culture of Internationalism in Socialist Hungary, 1956–1989”, *The Journal of Modern History*, 87 (2015) 4, p. 891.

36 W. Jacoby and U. Korkut, “Vulnerability and Economic Re-orientation”, *East European Politics and Societies* 30 (2016) 3, p. 500 and 505.

and the market economy” with China’s emphasis on the fact that “everyone has the right to their own social structure, culture, approach, and values.”<sup>37</sup> The President of the Czech Republic, Miloš Zeman, during his 2015 visit to Beijing, stated that the two states were brought together by similar experiences of “one hundred years of humiliation,” as the Czech Republic had been caught between Russia and Germany while its post-1989 governments were “very submissive to the pressure from the US and from the EU.”<sup>38</sup> This did not mean that these countries looked to leave western institutions. Engagement with China was not seen as incompatible with EU membership. In fact, it was a re-affirmation of their sovereignty and agency as Europeans in a changing global environment. Significant voices in Eastern Europe once again returned to a conceptualisation of their region as belonging to a state of “inbetweenness”, allied to the West, but also increasingly critical of such integration, and looking for alternatives.

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<sup>37</sup> A. Suba, “Betting on the Eastern Model: The Cooperation between Hungary and China is more about Politics than Economics”, 11 April 2018, <http://visegradinsight.eu/betting-on-the-eastern-model/> (accessed 11 January 2019).

<sup>38</sup> B. Kowalski, “China’s foreign policy towards Central and Eastern Europe: The “16+1” format in the South–South cooperation perspective. Cases of the Czech Republic and Hungary”, *Cambridge Journal of Eurasian Studies* 1 (2017), p. 7.

