

NEWS WRAP

AGD

The communist system rapidly collapsed in eastern and central Europe between 1989-1995. Change in Russia was initiated from the top and from within the Communist Party. The ideas of dissidents like Andrei Sakharov partially influenced the reforms of Gorbachov. The radical reformer Boris Yeltsin followed, but it was a new cadre of bureaucrats that oversaw reforms. In eastern and central Europe, strong Nationalist anti-Russian sentiments dominated. Poland's Solidarity derived popularity from ingrained anti-Russian nationalism linked to Roman Catholicism. Similar sentiments played important roles in Hungary, Czechoslovakia, Baltic republics, especially in Lithuania and in Georgia. Poland, Hungary and Czechoslovakia had indigenous dissident movements that fought for change from below, and mobilized public opinion.

In post-communism eastern Europe, rapid marketization neglected the social strata, that suffered from the abolition of welfare coverages provided by communism, stretching from retirees, workers in rust-belt, Soviet-style industries, and provincial residents. While Poland, Hungary and the Czech Republic built strong multi-party systems and transformed their economies successfully, Russia faced problems with political and economic changes. Under Boris Yeltsin, state power in Russia was dispersed to quasi-feudal regional fiefdoms, overseen by a less than competent central government. Commanding heights of the Russian economy were captured by robber-baron oligarchs, who rose from rapid privatization. Real democratic transformation was obscure in Ukraine, Romania, Bulgaria, the Baltic states and the former Soviet Central Asian republics; and corruption became widespread. Vladimir Putin re-established central authority in Russia and controlled the regional leaders. The corruption of the economic oligarchs was halted, the state Duma became an arm of the executive, and rising oil prices re-established Russia's prominence in the international sphere. In contrast, Yugoslavia became overwhelmed with nationalist wars and pre-communist ethnic hostilities.

In current times, the 1989 coalitions in eastern Europe have split, and old populist, Nationalist forces have re-emerged. Populist outcries against the costs of economic liberalization, have been accompanied by anti-European Union sentiments in Poland and Hungary; tinged with xenophobia, anti-semitism, and prejudices against the Vatican. As a cause to fight atheism, abortion became an issue in Poland. The losers in post-communist political and economic developments, joined populist and nationalist movements. Membership of the European Union by the post-communist countries provided guarantees against any Russian invasion, and adherence to democracy, liberalism and market economics. Countries in eastern Europe are finding it hard to borrow more as a response to recession, owing to huge debts. The central bank in Poland has cut interest rates sharply, after increasing them in 2008. Falling industrial production, will have inevitable effects on tax revenue in Poland. Hungary is the most indebted country in east Europe, and is maintaining tough fiscal measures. The burden of adjustment of currencies in the Baltics and Bulgaria to the euro, is now wholly on wages and output; whereas formerly currency pegs ensured stability.

A country of 2.4 million, Latvia is the sixth biggest debtor to the IMF. Tough conditions imposed by IMF and other foreign lenders provoked a recent riot in Latvia, resulting in 40 people injured, including fourteen police officers. About 106 were arrested. Similar tough wage and spending cuts and tax rises in Lithuania, led to violent protests in Jan 09. The post-cold war settlement in eastern Europe, fortified by a decade's rising growth, is now threatened. The government in Latvia failed to effectively

