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Eastern Europe

Eastern Europe faced with the crises of the system

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European construction aroused popular aspirations, which were radically opposed to what is actually happening: aspirations for a continent that would resist antisocial policies while being open to the world, according to a democratic, social, ecological and solidarity-based logic… This was in particular what was hoped for in Eastern Europe, where the populations aspired to live better and more freely. Their hopes were profoundly disappointed, preparing the ground for xenophobic currents…
Understanding what were the turns that history took, where things went wrong, understanding the present crisis is essential for the peoples to be able to re-appropriate their choices and thus their future.

The entry of Eastern Europe into the new world order in the 1980s…

The 1970s had been a decade marked by a crisis of profit and of the world order, striking the countries of the capitalist centre. For their part, the countries of Central and Eastern Europe remained, as was exemplified by Czechoslovakia, dependent on the economic "support" of the USSR, backed up by its tanks… Their debt towards Moscow, in non-convertible roubles (in the framework of the barter relations within Comecon - the Community of Mutual Economic Aid, governing the exchanges between countries with planned economies) was from now coupled with a second debt, this one denominated in hard currencies, and it had become heavy. The USSR was not involved in this debt, as it was still subject to a Cold War boycott, both financial and industrial, that had blocked any imports of cutting-edge technology since 1917. The opening up to Western imports, aimed at a certain acquisition of modern technologies, was thus done (with the agreement of the USSR) by the countries of Eastern Europe which were not subjected to the Western boycott. It also corresponded, for the regimes concerned, to the search for imports of Western consumer goods to attenuate popular discontent after the impasse of the economic reforms of the 1960s. It was also for them a question of obtaining certain Western technologies with the aim of improving the quality and the productivity of their exports: these exports would then make it possible to repay the debts in foreign currencies. But bureaucratic conservatism did very little to make the technological imports effective and the debt steadily increased, accentuated by the rise in interest rates at the beginning of the 1980s.
However, at the same time, the coming to power of Reagan opened up, after the Soviet intervention in Afghanistan, an ultimate phase of the arms race, which weighed heavily on the USSR in the first half of the 1980s. It made it possible on the contrary for the United States to take the offensive on several terrains concerning their own multidimensional crisis: on the internal level, public spending on armaments strongly supported research and innovation, while re-launching the economy (which was in recession at the beginning of the decade); at the same time, on the international level, it was the first phase of a re-conquest of politico-military and technological hegemony that the military interventions in the following decade would ensure. The technological revolution that was underway in the United States and in general in the developed capitalist countries, an essential element for the ruling classes to restructure social relations and the world order, was going to widen the differentials with the USSR and Eastern Europe, whereas these differentials had been historically reduced after the Second World War and up until the 1970s.

The decade of the 1980s was thus marked by a debt crisis of several Eastern European countries - Romania, Yugoslavia, Hungary, Poland and the GDR - which, incapable of profoundly reforming themselves without major anti-bureaucratic social transformations, had launched out in the preceding decade into imports of Western technologies, financed by private credit [1]. This debt crisis opened a new historical phase, making it possible for real external pressures to weigh on the societies of Eastern Europe at the very moment when the USSR of Gorbachev was turning towards an external “disengagement”. This aimed at obtaining Western credits that were necessary for its own modernization. The search for hard currency to pay for imports thus resulted also in new pressures and tensions within COMECON at the end of the 1980s - the USSR from now demanding repayment of what was due to it, and if possible in hard currencies… and making its priority in foreign policy the search for Western finance and technologies: thus a “withdrawal” from any interventionism, exemplified by the agreement negotiated with Chancellor Kohl on German unification…

Meanwhile, the five indebted countries of Eastern Europe had experienced differentiated politico-economic orientations, which all played a decisive part in the historical turning point of the “transition” towards a change of system at the start of the 1980s:

– The Yugoslav Federation, under pressure from the IMF in the 1980s, was paralysed by the rise of social and national conflicts and by three-figure hyperinflation, reflecting the loss of overall coherence of the system. The wars of ethnic cleaning which accompanied the dismantlement of the Yugoslav federation and system, and the impasses of the European and U.N. peace plans, were instrumentalized by the United States to redeploy NATO after the dissolution of the Warsaw Pact: the Yugoslav crisis was a decisive stage towards the Euro-Atlantic integration of the region [2]

– The Hungarian Communist leaders were the only ones to decide to respond to the crisis of the external debt by selling the country’s best enterprises to foreign capital - which initially made it possible to attenuate the internal austerity policy, and made Hungary, in the first years of the following decade of “transition”, the principal host country for foreign direct investment. Nor did they hesitate, following on the new European relations established by Gorbachev, to help to bring down the Wall, for a price…

– On the other hand, the dictator Ceausescu was aiming at paying back the whole of the Romanian debt on the backs of his people – something which the Romanian nomenklatura finally decided was so explosive for itself that it fomented a pseudo "revolution" and arranged the death of the dictator at the end of the 1980s.

– At the same time, the absorption of the GDR by the Federal Republic of Germany was decided on - with the agreement of the USSR, which received some financial counterparts from Germany, accompanying the repatriation of its troops.

– Lastly, after the repression of Solidarnosc under the regime of the Polish general Jaruzelski, compromise agreements made possible the introduction of liberal shock therapy in Poland, backed up by the cancellation of the Polish debt decided on by the United States at the beginning of the 1990s: no expense was spared to win over the new " elites “who were in power to privatizations… and to NATO.

But what kind of “growth” (measured by GDP - Gross Domestic Product) thus emerged from the destruction of the old system under the conditions of a peripherisation (in the sense of subordination to external criteria and financing) which preceded entry into the EU…

It is necessary to distinguish two major phases… and to underline the Slovenian variant, before the reversal of policy in 2008-2009.

From 1989 to the end of the years 1990: a “systemic crisis” and “privatizations without

capital"

The 1990s was overall the decade of the destruction of the old system (privatizations, changes of the criteria of management…) in two stages: the first half of the decade was marked by declines in growth of 20-30 per cent in all the branches of the economy. Then recovery took place [3], unequally, but with job losses and widening of income differentials: "inequality increased in all the economies of transition", which "began the transition with levels of inequality that were among the lowest in the world" [4].

We cannot understand, without these source data, why within the framework of pluralist elections - the main thing that had been won compared to the former regimes - the popular votes went… to the former Communists from the very first years of the 1990s. This was not a question of nostalgia for the one-party state –which was radically rejected - but of the right to employment and to access for all to basic goods and services. Except that the "ex" no longer defended these rights, which were excluded from the kind of growth and "convergence" advocated by the old Europe. From now on, the proclamation of "catching up" was only based on the comparison (East/West) of rates of growth of GDP - which is in no way an indicator of "wellbeing".

The convergence of systems had privatizations as a "marker". But with what money-capital? The old system did not make accumulation possible and those who had formerly run the party-state preferred to be the recipients of privatizations… Thus were invented the "mass privatizations" carried out (in various forms) by the legal transformation of enterprises into private limited companies. Their "social capital" was divided into shares and distributed virtually for nothing, partly to workers and citizens and the remainder to the state. Only Hungary and Estonia chose at the beginning of the "transition" to sell their best enterprises for "real" money-capital" – in other words to sell them to foreign capital [5].

From 1999 to 2008: the "big-bang" of the enlargement of the EU to the East and of profoundly unbalanced growth

The undertaking by the EU to admit ten countries of Eastern and Central Europe [6], decided in 1999, aimed in fact to contain increasing popular discontent. This has been expressed up to now on the electoral level by the rise of the rate of abstention and by xenophobic votes, as well as by the political difficulty of building governmental majorities. The choice of enlargement was thus geopolitical. But it was not accompanied by the means of establishing socio-economic stability.

The difference in per capita GDP between the poorest and the richest states of the Union was, with the entry of Spain and Portugal in 1986, from 1 to 4.9. With the arrival of Romania and Bulgaria in 2007, it increased to 20.1. But whereas enlargement towards the countries of Southern Europe and Ireland was accompanied by an increase in the "structural funds" of the European budget, it was the opposite which was decided in the EU's "Agenda 2000". Germany had only given up the deutschmark by obtaining severe budgetary rules; and it did not want to "pay out" for the integration of the countries of Central and Eastern Europe [7]. However enlargement "paid in" for Germany: it delocalized many workshops there, exerting downward pressure on German wages and basing its (weak) growth during the 2000 decade on export surpluses. But the European budget was fixed at a ceiling of one per cent of European GDP (against some 20 per cent for the US federal budget), whereas the Treaty of Maastricht limited debts and public deficits while furthermore prohibiting (in order to join the euro zone) any financing of states by the central banks at reduced or zero rates.

So on the whole these countries were encouraged to turn to private financing, which was supposedly effective and associated with the freedom of movement of capital.

How to attract foreign direct investment (FDI)? By social (reducing wages and social protection) and fiscal dumping. The rate of company tax fell by 8.4 points between 2000 and 2009, the lowest rates being in the East, in particular 15 per cent in Latvia (compared with an average of 23.5 per cent in the EU 27) [8]. In order to respect the "criteria", the contraction of revenues from tax was accompanied in general by cutting welfare expenditure. Hungary, which wanted to increase its budget for education and health between 2003 and 2006, had to turn to the financial markets to finance its deficit, which reached 9 per cent.

But freedom of movement of capital opened another source of private funding: banks. After privatizations without capital, the new decade was that of an organic banking dependence that was encouraged by membership of the EU: in 2008 [9], in the 10 new member states except Slovenia, banking debts were mainly held by foreign banks (between 65 and 80 per cent for Latvia and Poland, and for the seven others between 82 and… 100 per cent).
Slovenia obstinately kept some 70 per cent of its banking activities under public control, and also the bulk of its infrastructures (energy, transport…) in spite of the repeated reproaches of the European Commission, the World Bank, the OECD and the EBRD [10]… The important role of the trade unions (specific to Slovenia) which organized several general strikes, limited the cutting of taxes and wages. Slovenia thus has the weakest "comparative advantages" of all the countries of Central and Eastern Europe as regards wages… and the lowest level of FDI per capita between 1989 and 2008, (1500 dollars, as against an average of approximately 4500 dollars, and more than 6500 for Hungary and Estonia). However, its level of GDP per capita is the highest of all those countries, close to that of Spain…
Which did not prevent it getting "bad marks" for non-compliance with the "rules" of pure and perfect competition… between unequals.

The new East European periphery faced with the test of the crisis

Almost the whole of the 1700 billion dollars of East European borrowing is in fact held by West European banks (between them Austria, Italy, France, Belgium, Germany and Sweden alone hold some 84 per cent). However, private banks gave priority to buying public debt and to consumer credit, facilitating the access of the multinationals to the retail sector… and to investments in real estate. The frenzy of debt-fuelled consumption (in a context of impoverishment) thus underlay the recent leap in growth (in particular in the Baltic States) accompanied by profound imbalances in the balance of trade, particularly in those countries where foreign exchange rates "were stabilized" by being rigidly pegged to the euro (the Baltic States in particular).

At the beginning of the 2000 decade, the international lowering of interest rates had encouraged taking on debt in foreign currencies wherever the exchange rates were favourable. Nearly 90 per cent of Hungarian mortgages since 2006 have been denominated in Swiss francs and the total amount of loans in Swiss francs outside of Switzerland has been estimated to be the equivalent of 500 billion euros. Forty-five per cent of the entire Hungarian market in real estate loans and 40 per cent of all consumer loans are denominated in Swiss francs rather than in the national currency, the forint - which became a trap when interest rates on Swiss francs increased and capital flight made the forint drop in value.

The amount of the loans granted (in particular by Austrian and Swedish institutions) is the equivalent of 20 per cent of GDP in the Czech Republic, Hungary and Slovakia and 90 per cent in the Baltic States. These countries had to refund or refinance the equivalent of 400 billion dollars in 2009 - the equivalent of one third of the region's GDP.

From September 2008 outflows of capital and the contraction of exports started to affect several countries, which called on the IMF, first of all those whose growth had been most dependent on external loans and financing (Hungary, Ukraine, and the Baltic States). But in 2009 only Poland [11] had a slightly positive growth rate; in the other

countries the drop ranged from around 3 per cent to more than 10 per cent and was sharpest in the three Baltic States, accompanied by political and social crises.
Questions began to be raised [12]: “the countries of Central and Eastern Europe were (...), even before the crisis affected them, weakened by the imbalances inherent in their model of growth. So the convergence outlined (...) was probably not an intrinsically sustainable process (...). But it needed what the crisis revealed for that to appear clearly” [13].

However, the concern expressed by the 2009 report of the EBRD is entirely devoted to the safeguarding… of the privatizations and market financing which incarnate “the transition”. It is delighted (and rightly so) that the Western banks which are organically implicated in those countries did not behave like simple speculative funds and withdraw from the region. But there is a contraction of financing in the face of the risks involved.

A look back at the “generous” choices of the “historical” unification of the continent…

The fall of the Berlin Wall in 1989 opened a new historical phase for Eastern Europe. But it also marked a turning point at the heart of neo-liberal globalisation and European construction.

The Treaty of Maastricht in 1992 tried to contain the socio-economic and political heterogeneity of the member states by narrowly monetarist criteria which are applied in none the richest countries of the planet (Japan, the United States…): limitation of public deficits and debt associated with the ban imposed on the central banks of the eurozone financing member states. Behind largely arbitrary criteria, what was being negotiated was Germany â€˜s abandonment of the deutschmark and its distrust of the “laxness” of the peripheral countries - in fact, since the countries of Central and eastern Europe were still far from even being part of the EU, it was the southern periphery of the Union that Germany distrusted as regards the creation of the euro and the future status of the European Central Bank: it was out of the question (and Germany inscribed it in its constitution) that the ECB should assist a member state in difficulty. But while each national budget had to tend towards being balanced, there was no any question of an increased European budget to compensate for this constraint.

Whereas preceding enlargements towards the countries of the South were accompanied by an increase in the European budget (in particular with what were called the funds of “cohesion”) to help those countries whose GDP was lower than the Community average, the new enlargement was going to be done on a minimum European budget. The Franco-German axis imposed in the 2000 decade of the “historical” enlargement towards the East a levelling off of this budget at one per cent of European GDP (whereas the United States has a federal budget of some 20 per cent of GDP): the EU thus has a single monetary policy which has different effects on a heterogeneous whole, without a budget that can compensate for these asymmetries by redistributive measure, and imposing as a common “value”, a right of competition that takes precedence over the principles of solidarity and social protection.

But behind these criteria, there were great asymmetries in the powers that states had, and in particular a “German exception”, codified as such in the draft European Constitutional Treaty: over more than ten years, the budgetary transfers of the Federal Republic of Germany towards the new lÃ¤nder came to more than 100 billion DM per annum (more, each year, that the entire total of private capital investing in Central and Eastern Europe during this whole period). In the course of the decade, these colossal resources were not used to improve the wellbeing of the East Germans (as was demonstrated by their political discontent and the way they voted) but to dismantle the social state, to encourage privatizations and to keep wages under the pressure of competition with the wage levels in neighbouring Eastern Europe…

Relocations were encouraged by the enlargement of the Union. And Germany took advantage of its proximity to the new member states of the East to impose drastic wage austerity: between 2000 and 2007, nominal unit labour costs of fell by 0.2 per cent per annum in Germany, whereas they increased by 2 per cent in France, 2.3 per cent in Britain, between 3.2 and 3.7 per cent in Italy, Spain, Ireland and Greece – with, in the peripheral countries, a nominal increase that was all the greater because inflation was higher there…

And there we had another major destabilizing element of this construction: (weak) German growth was based on export surpluses, with low inflation and weak domestic demand and a sharp drop in wages helped by the relocation of German workshops to Eastern Europe. But to the German surpluses there corresponded growing deficits in the periphery of Southern and Eastern Europe, without however these representing homogeneous entities [14].

Overall, alongside "new Europe" whose subordinate situation marked the long phase of adhesion, the periphery of the South of the eurozone is a "weak link" of "old asymmetrical Europe": Germany determined, along with France, the Maastricht criteria of but was one of the first not to respect them; Germany holds the purse-strings of the budget, emphasising how much it contributes… without saying what it earns via its exports… It exploits the present crisis by speculating on the euro and on the public debt of Greece, Spain and the most fragile states, in order to consolidate its own options of wage and social austerity.

The instrumentalization of public debt and the recourse to the IMF to impose new austerity plans: from the peripheries to the centre?

It is the power struggles between states, the power of each one of them, and domestic social resistances which determine in fact the criteria of the management of public debt. And the principal countries which have on the level of their discourse preached a "withdrawal by the state" in favour of markets and private savings have experienced for thirty years an increase in their public deficits. These were, in the United States as well as in old Europe and Japan, much higher than during the post-war boom, which was marked by the social intervention of states [15]: as far as incoming revenue was concerned, there was lower tax revenue both because of the slowing down of growth and as a result of the neo-liberal choices of tax exemptions for capital. Welfare spending fell but could not disappear with the rise of unemployment and of social resistance; in the United States, in the 1980s, the last decade of the Cold War, and in the 2000 decade, the rise in arms spending led to a colossal increase in deficits, supporting growth… And in a general way, the recourse to the emission of bonds for public debt (rather than financing of the deficit by the central bank) has been accompanied by an increase in interest rates (and thus of "debt servicing") in order to attract speculative capital…

In other words the new phase of crisis of public debt fits into a long-term framework that is profoundly marked by the failures of liberalism. But it also represents a new phase of the banking crisis of 2007-2009, whose epicentre is located at the United States and which is becoming a worldwide crisis. It is the massive bail-outs of private banks, victims of their own appetites and financial instruments, and the economic stimulus programmes initiated in the face of with the world recession, which have nourished the new crisis that is affecting Europe in particular. The bail-outs of private banks by the central banks and the economic stimulus programmes initiated by states have stopped the drop in growth, but not the lay-offs or the speculative logics, which are still functioning. And today the banks are using the sums they receive at derisory interest rates against the states which bailed them out…
The ideological discourse on public debt seeks on the one hand to camouflage, behind the urgency and "the obviousness" of the necessity of austerity, to what extent this "necessity" is of variable geometry; and on the other, to obscure what are the real causes of debt, associated with the transformations that have been carried out since the beginning of the 1980s. The change in the share of added value to the detriment of wages, considered as costs to be

compressed, has been accompanied by a rise in household debt to sustain consumption… In particular as regards real estate… The increasing share of profits that are not reinvested is directed towards speculative investment associated with various financial operations and with freedom of movement of capital. Liberal promises to bring efficiency and freedom mean today the lengthening of working time, the destruction of social protection and of the environment, and the reign of all-powerful money in access to education, housing and health (and for millions of peasants, to land and water).

Going to the root of the crises…

The three crises whose effects are combining (the crisis of 2007-2009, coming from the US heart of the globalized system; the one that threatens the euro from its weak links; and the one that started to affect Eastern Europe in 2009) have a major common point: whether we are talking about the United States, Greece or the Baltic States, they are the repercussions of a profoundly unbalanced growth, where the weakness of earned income and tax was compensated for by large-scale indebtedness, the source of financial profits; the delirious increase in this debt was facilitated, as in every capitalist crisis since the 19th century, by financial and stock-exchange operations that were taken advantage of by free capital.

The recourse to the IMF in the two “peripheries” of the European Union (the South and the East) is aimed at saving this architecture. Applied in the middle of European construction, it both reveals the fragile features of the Union and accentuates them: what it is about is putting back in place the monetarist straitjackets of the Treaties by protecting private finance, which is however both directly guilty of the crisis and benefits from it. The aim is to impose, thanks to the crisis, a new radicalisation of the policies that have been followed up to now: it is welfare expenditure, pensions based on solidarity between generations, public sector wages, the last forms of social protection which must be ground down. The extreme flexibility of work against any logic of collective rights, incomes and decent status, aims both at generating additional profits and making the unemployed, low-paid workers and those in precarious employment “guilty” of “too many” demands, and to divide them, crush them, atomize them in order to make them unable to resist.

In the absence of progressive alternatives, the votes for the far Right, from Hungary to the Netherlands, point to a sad future…

Alternatives

European construction is "going forward", as in each former phase of its installation, because the decision makers (but also the populations, in the absence of credible alternatives) fear that it is worse to stop than to continue. Nationalist and xenophobic reactions are among the worst possible alternatives. But the acceptance of the austerity plans, which are profoundly socially unjust, imposed today by the combined action of the IMF and the European institutions, will actually prepare the way for all the anti-European xenophobes …

Because it is a particular European construction which is in crisis, in the framework of globalized capitalism. The governments that are in power serve the markets (all the European treaties have gone in this direction since the Single Act of 1986) - and the markets serve the dominant states: these states take refuge behind the anonymous “judgements” of the markets and behind the Treaties (which they signed) in order to “note” with fatalism which are the right policies to be followed, always the same ones: to reduce welfare spending, to dismantle public services in order to open up new fields of privatization and financial speculation. The European Treaties and the economic policies which determined them are bankrupt, and they were established, with variable geometry, on the backs of the people and of any democracy worthy of the name. It is freedom of movement and the free choice of human beings that it is necessary to protect, not those of capital. And it is at the level where the decisions are made - in particular at the European level – that it is necessary to build, from below, solidarity-based resistance that contests the Treaties, the financing, the finalities in the satisfaction of needs and basic rights… against the logic of scapegoats ("foreigners") and of the law-and-order policies which accompany the destruction of social gains. The criminalisation of poverty and the ethnicisation of social questions are aimed at facilitating the repression of resistance, to stop people from seeing what are the real causes of the crises and identifying those who are responsible for them.

The unbalanced growth of the Baltic States before the crisis in 2006

	LITHUANIA	ESTONIA	LATVIA
Growth of GDP	7.8%	10.4%	12.1%
Growth of Crédit	35%	53%	52%
Trade balance (as % of GDP)	-9.5%	-14.6%	-21.3%

Source : BIS (Bank for International Settlements)

Average rate of growth of GDP and jobs

	1989-1994	1994-2000	2000-2007
	GDP Jobs	GDP Jobs	GDP Jobs
Bulgaria	-5.7 -5.8	-0.2 0.0	5.6 2.0
Estonia	-1.6 -4.3	5.8 -2.7	8.0 1.7
Hungary	-3.2 -4.2	3.6 0.5	3.8 0.3
Latvia	-11.2 -5.1	4.3 -2.3	9.0 2.4
Lithuania	-11.5 -2.0	4.5 -1.2	8.0 1.3
Poland	-1.6 -3.6	5.7 -0.2	4.0 0.6
Czech Rep	-2.3 -2.0	2.2 -0.8	4.5 0.8
Romania	-4.6 -1.8	0.1 -2.4	6.1 -0.8
Slovakia	-2.4 na*	3.8 -0.6	6.2 1.0
Slovenia	-2.3 -4.6	4.3 -0.3	4.4 0.9

Rate of growth of GDP and jobs (and rate of unemployment) in 2008 and 2009

		2008			2009	
	GDP	Jobs (rate of unemployment	Real wages	GDP	Jobs (rate of unemployment)	Real wages
Bulgaria	6.0	3.3 (5.6)	7.4	-1.6	-2.2 (7.9)	3.4
Estonia	-3.6	0.2 (5.5)	4.1	-10.3	-7.0 (15.2)	-3.6
Hungary	0.5	-1.2 (7.8)	1.5	-6.3	-3.0 (9.9)	-3.2
Latvia	-4.6	0.7 (7.5)	0.9	-13.1	-8.9 (20.9)	-10.8
Lithuania	3.0	-0.5 (5.8)	4.3	-11.0	-7.7 (13.8)	-12.9
Poland	4.8	4.0 (7.1)	3.7	-1.4	-2.3 (8.4)	0.8
Czech Rep.	3.2	1.2 (4.4)	0.8	-2.7	-1.7 (7.1)	2.1
Romania	7.1	0.3 (5.8)	12.0	-4.0	-2,2 (6.4)	2.2
Slovenia	3.5	2.9 (4.4)	2.0	-3.4	-4.7 (6.2)	1.6
Slovakia	6.4	2.9 (9.5)	4.2	-2.6	-1.7 (12.2)	2.5

*na = Information not available

Source : Eurostats and the online database de WIIW (Viennese Institute of International Economic Studies)

Life expectancy at birth in the countries of Eastern Europe in 1970 and 2002, *compared to the figures for France in the same years*

	Average 1970-1975	Average 2000-2005
Bulgaria	98.1%	89.7%
Hungary	95.7%	91.0%
Poland	97.4%	93.5%
Czech Rep.	96.8%	95.4%
Romania	95.6%	89.2%
Slovakia	96.7%	93.3%

Source : United Nations (UNDP), Human Development Report, 2004, New York 2004 – quoted by Jacques Sapir, *La fin de l'euro-libéralisme*, Seuil, Paris 2006, p.95.

[1] In the 1970s , Western banks sought to use the dollars that came from oil revenues by offering plentiful credit to the countries of the South, but also – which is less well-known - to the Eastern European countries mentioned (Yugoslavia, Hungary, Romania, Poland and the GDR): the debt crisis that these countries experienced in the following decade was a decisive vector of the external pressures of Western creditors and of the IMF.

[2] See on my site, articles relating to these subjects concerning the "world disorder"…

[3] Poland was the first to return to growth and to catch up with the level of GDP of 1989… with a cancellation of its foreign debt that is seldom mentioned and a decade of repression marking a very low initial level…In 2000, only the countries of Central Europe had got back to the levels of GDP of 1989.

[4] The World Bank (WB), Regional Overview, 1998. See also WB Ten years of transition, 2002 Report.

[5] You can find the development of these analyses of the "great capitalist transformation" in the East, as well as the eastward enlargement of the EU, on my site http://csamary.free.fr . See also Jean-Pierre Page, Â« Europe de l'Est : économie politique d'une décennie de transition Â», Critique internationale, nÂ° 6, Winter 2000

[6] Apart from the first eight countries which were admitted in 2004 along with Cyprus and Malta, then Romania and Bulgaria in 2007, the Council of Salonika of 2003 promised that the EU would be open to candidatures from the Western Balkans (Albania and the ex-Yugoslav republics – apart from Slovenia which is already a member).

[7] German unification involved a transfer of some 100 billion DM per annum towards the new LÃ¤nder over more than a decade.

[8] Eurostats June 22, 2009.

[9] Source: EBRD (European Bank for Reconstruction and Development).

[10] The report on Slovenia in the Transition Report 2009, p. 224, cites all these complaints.

[11] Apart from the countries of Central and Eastern Europe, Albania still experienced 3 per cent growth in 2009 before going into recession at the beginning of 2010.

[12] See Jason Bush, "Latvia's Crisis Mirrors Eastern Europe's Woes", 03/03/2009, reproduced by Spiegel online.

[13] Conjoncture, January 2010 nÂ°1, Â« PECO, Alexandre Vincent, â€˜la convergence Ã l'épreuve de la crise' Â».

[14] The strategies of growth in the countries of the South were different between Greece (financing a growth in consumption by debt), to Spain which based its growth on a scenario close to the real estate bubble of the United States and Britain. But in the East also the factors of growth were more diversified (therefore less fragile) in Poland than in the Baltic republics. And, since the countries of Central and Eastern Europe (except Slovenia and Slovakia) are outside the eurozone, the diversity of the kinds of exchange and budget policies was even greater.

[15] See the detailed argumentation of Alain Bihr Â« Que cache la croissance de la dette publique ? Â»
http://www.cadtm.org/Que-cache-la-croissance-de-la