

Look for the Blind Spot where Structural Realism Meets Pluralistic Stagnation

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The predominant traditions in international relations and comparative political economy both failed to anticipate the end of the cold war. The explanation is not that these traditions are flawed; rather it is that they developed in response to different kinds of questions. Structural realism explains the distribution of power in the international system, not the attitudes or expectations of domestic elites. Meanwhile institutionalist traditions at the domestic level focus on explaining stability, persistence or path-dependence and not sudden or sweeping change. Given their focus, these different traditions built on assumptions that were ill-suited to explain the end of communism. They are better suited, however, to explaining what happened to the countries of Central and Eastern Europe once communism fell.

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This is a story about how the union of two theoretical traditions can be worth less than the sum of their contributions to the literature. The traditions are 'structural realism', from the field of international relations, and 'pluralistic stagnation', from the field of comparative political economy. Both traditions matured in the late 1970s to early 1980s and set the research agenda for decades to follow. Individually, these traditions offered insights about different levels of analysis. Structural realism describes balance-of-power politics at the international level, where states use their relative capabilities to pursue the national interest through strategies of co-operation and conflict. Structural realism can explain specific patterns of band-wagoning and balancing and it can predict the implications of these patterns for systemic stability. By contrast, pluralistic stagnation describes collective action at the domestic level, where interest groups use their organisational capabilities to mobilise individuals and lobby key actors in the pursuit of distributive gains. Pluralistic stagnation can explain the outcomes of conflicts between large and small groups and it can predict the logic of appropriateness underlying institutional path-dependence.

These are significant accomplishments. Taken together, however, structural realism and pluralistic stagnation fostered the expectation that the cold war would end in a cataclysmic confrontation or not at all (which is to say, not in the foreseeable future). At the international level, structural realism taught us that the bipolar order is enduring, at least in the absence of strategic miscalculation or exogenous shocks. At the domestic level, and again in the absence of exogenous shocks, pluralistic stagnation taught us to expect only incremental change; great powers



decline, they do not suddenly collapse. These expectations emphasised stability. Although there may be moments of punctuation, the status quo tends to stasis if not equilibrium.

This heavy emphasis on stability left us ill-prepared to anticipate events as they unfolded. The cold war ended without a dramatic conflict between east and west, without an accidental nuclear exchange and without a powerful system shock. Instead, the communist world suddenly melted away. And, apart from the former Yugoslavia and Romania, there was very little bloodshed at the domestic level and in some cases little 'revolution' either. On the contrary, one of the most striking aspects of the end of the cold war is how quickly and thoroughly the communist elite reinvented itself either as authoritarian dictatorships or a new capitalist ruling class. Communist apparatchiks played an active role in the dismemberment of the Soviet state, abandoning the party bureaucracy for the chance to secure private gain through the liberalisation of the market or the capture of the state (Kotz and Weir 1997).

Of course now we know. There is little point in going back over cold war scholarship to criticise ourselves and our colleagues for not doing better. On the contrary, the real goal is to rescue as much of the insight as we can from the cold war period so that we can continue to build on it in a post-cold war context. Doing so effectively depends upon learning from our mistakes—filling in the blind spots in that earlier perspective so that we can understand better what is to come. This goal is slightly different from the agenda promoted by Rey Koslowski and Frederick V. Kratochwil (1994). They make a strong case to move beyond structural realism and to embrace a constructivist understanding of international relations. My point is that structural realism was not the only reason for our failure to anticipate the end of the cold war. Indeed, even armed with a constructivist theoretical position, I am not sure we would have done any better. In making this point, I offer a Whig history turned upside down: it takes what we know to be end of the story and explains how much of what we believed led somewhere else. The conclusion is not that we were wrong; just misdirected and so ill-informed. Now that we know better what to look for, we have less excuse for being caught unawares.

What Did we Miss?

The fall of communism in Central and Eastern Europe was overdetermined. East-west competition over arms and economics played an obvious role; declining life expectancy in the communist countries was important as well. The point to note, however, is that these widely known factors cannot explain the timing of events or the pace of change. For example, they may explain why Mikhail Gorbachev pursued an agenda of glasnost and perestroika, why he embraced arms control and why he tried to restrict the consumption of alcohol, but they do not explain how he lost control of the pace of reform both in Central and Eastern Europe and in the Soviet Union itself.

In order to explain the unexpected timing of events, analysts have keyed on two frames of reference. The first is that the end of the cold war was due more to developments at the domestic level than at the international level. The competition

with the United States was important and yet not decisive; what matters is what happened within the communist countries themselves (Garthoff 1994, 753). The second frame distinguishes between elites and followers. Whether in the Communist party or across civil society, the force for change came from among elites and intellectuals (Kupferberg 1999, 37–39). The people had a role to play, as did social movements (Kenney 2002, 12), but it was political and social elites that proved decisive (Mason 1992; Tismaneanu 1992).

A narrative of the collapse starts with the promulgation of human rights norms through the Helsinki Final Act of 1975 (Thomas 2001). When the communist leadership signed up to Helsinki, it unwittingly provided a catalyst for the crystallisation of opposition groups within civil society. Some of these groups were largely symbolic, like Charter 77 in Czechoslovakia, and others were more pragmatic, like the KOR in Poland. Nevertheless, all of these groups helped to underscore the corruption of the communist regime, they heightened the sense of cynicism and hypocrisy among communist elites and they helped to recast economic problems as existential rather than progressive: communism was moribund and so hardships could no longer be framed as sacrifices in the name of progress. Contemporary observers were well aware of this change in perspective. Marek Thee (1982) stressed the malaise that had spread throughout the communist system and Thomas Oleszczuk (1982) noted that the emphasis on Helsinki-style freedoms is what distinguishes the dissidents of the late 1970s and early 1980s from the reform communists of the 1950s and 1960s.

This normative re-framing of communism collided with the poor performance of its political and economic institutions and the subsequent need for people to develop private relationships in order to get by. As Valerie Bunce (1999) argues, the paradox of communism was that the dominance of the market by the state and the state by the party was self-defeating. Not only did this formula lower the efficiency of the economy as a whole, but it made it inevitable that would-be elites would try to wrest the market away from the state. It also meant there would be a mounting demand for parallel relationships, private networks and illicit markets. For Thee (1982) the crisis in Poland in the early 1980s was emblematic of a grave threat to the stability of the system: not only did events in Poland underscore the structural weakness of economic performance, but they also showed the potential for power to move away from the party (to the army in the Polish case) and they showed the limits to which any domestic regime can be propped up from abroad.

In this context, communist leaders found themselves caught in a bind between the requirements of the international system, the preservation of their domestic political influence and the maintenance of their support through effective policy-making at home. On balance, this complicated set of pressures fostered conservatism, as communists worried about unleashing forces they could not control (Linden 1982). Indeed, this was true at the international level as well as the domestic one. Vojtech Mastny (1999) uses archival evidence released after the end of the cold war to suggest that the Soviets were reluctant to invade Poland in the early 1980s both out of concern that this would antagonise the domestic situation and for fear that it would invite retaliation from the west. At the crucial moment in December 1981,

Youri Andropov conceded: 'even if Poland were to be ruled by Solidarity, so be it', only later to explain that 'we have to take care of our own country' (Mastny 1999, 204).

Despite this conservatism, however, communist elites were also aware that stasis was not an option. The system would decline inexorably without reform. As a result, a competition arose within the Communist party between reformers and hardliners: those who hoped to save communism (or some progressive form of social democracy) by liberating the market from the state and those who sought to maintain their privileged position in the party-dominated system despite the mounting costs of doing so (Bunce 1993). Such divisions among elites are a normal feature of any regime change. By themselves, however, they are not enough to explain either the timing or the extent to which events moved outside political control (Haggard and Kaufman 1997). Moreover, the ruling elites were not the only group that was divided. The opposition to communism was divided as well. This was particularly true in Poland, where Wojciech Jaruzelski's efforts to suppress and then rehabilitate Solidarity revealed the tension between intellectuals and activists, and between the labour movement and the Catholic church (Korbonski 1999).

The Polish case is interesting because Poland was the most advanced on the path of reform. Divisions within the opposition were also evident elsewhere, where the reform process was less evident. Timur Kuran (1991) explains that this is a result of 'preference falsification', where actors reveal preferences for social reasons that are at odds with their heartfelt beliefs. This is why so many millions signed petitions condemning Charter 77 in Czechoslovakia and it is why even some of the original chartists turned away from the cause of reform.

So long as the opposition remains disunited, divisions among elites are not life-threatening to the regime. It is only when elites look outside the regime for support in their intra-mural competition that instability begins to set in (Bova 1991; Przeworski 1991). The reason is simple: not only do external allies imply limits on what communist elites can and cannot do but they also represent a separate opportunity structure that is different from that represented by the Communist party. Hence the narrative of the fall of communism climaxes when at least one of two factors comes into play: either elites refuse to use the full extent of their capabilities to maintain order or they opt to abandon the regime altogether.

The first of these factors—the reluctance to use force—took hold in each of the communist countries by the end of the 1980s and the surprise was how quickly it had effect (Kuran 1991; Przeworski 1991, 6). Although some, like Erich Honnecker or Nicolae Ceausescu, remained willing to use violence in asserting their control, the upper echelons of the communist system were unwilling to follow the Chinese example and the Soviet leadership was similarly reluctant to compel them to do so. The Polish government recognised Solidarity in January 1989 and the Berlin Wall fell 11 months later. Giuseppe Di Palma (1991) insists that this reluctance to use force has to do with a changing sense of legitimacy. Once-devout communists came to accept that their sacrifices were no longer meaningful because the ideology that gave legitimacy to that meaning no longer offered a coherent world-view.

Di Palma is not alone in that judgement. A number of prominent scholars on Central and Eastern Europe have expressed similar points of view (e.g. Przeworski

1991; Chirot 1999). Their arguments express a common interest in elite disillusionment—a disillusionment that combines both the contradictions that surrounded the Helsinki human rights agenda and the incompetence, corruption and ineffectiveness of communist institutions and policies. This combination of elements brings our narrative full circle. The basic claim is that communist elites were committed to communism as some sort of a chiliastic or millenarian ideology. In turn, the prospect of achieving their final objective legitimated their particular role in society. Yet once that goal proved manifestly unattainable, the ability of these elites to insist upon the legitimacy of their behaviour evaporated. They stopped believing in communism and started changing their behaviour as a result.

The significance of this top-down communist legitimacy is difficult to appreciate, particularly from a western perspective within which democratic legitimacy flows inexorably from the bottom up. It is hard to respect the potency of beliefs you cannot believe. As a result, the first challenge is to accept that communism was not entirely alien to Central and Eastern Europe, and support for liberal democracy was not exactly automatic. The problem has more to do with experience than culture. The brief experiment with liberal democracy during the inter-war period was a failure that led to depression, fascism and violent conflict. Small wonder, then, that there was less than full-throated enthusiasm for another liberal democratic experiment and considerable support for what might prove to be a superior alternative in the early years of the post-Second World War era (Abrams 2003). These are difficult and subtle points to make to a western democratic audience—and most of the standard textbooks spend a great deal of effort making them with the necessary caution and nuance (Crampton 1997; Bideleux and Jeffries 1998; Rothschild and Wingfield 2000; Swain and Swain 2003). Their point is not to deny the totalitarian nature of the communist regimes. Rather it is to stress that there were a number of true believers and that these beliefs were important to their success in the domestic political arena.

The second challenge is to understand how this belief system changed over time. There is no denying that communist politicians were opportunistic—at the international level as well as domestically (Stone 1996). Rather the point is that communist opportunity structures were very different from those in the west. In communist countries, people joined the party and repeated the slogans because that was integral to getting ahead. They bought into the system, and their doing so represents an important part of the social control that underpins the preference falsification mentioned earlier. The difference in opportunity structures between east and west is also an important qualification on the relationship between economic development and political control (Eckstein 1970). Communist elites recognised that the material advantages they received flowed from the system, both as it functioned and as it was supposed to function.

The political elite of Central and Eastern Europe was opportunistic within the communist belief system and its opportunism strengthened communist belief as a system. The more people who joined the party to get ahead, the more the party was able to control access to personal achievement. Once the top-down legitimacy of communism began to falter, however, the integrity of the Communist party and the lip-service to communist ideology began to break down. Unmoored from a

normative commitment to how the system was supposed to function, communist leaders suddenly acquired more freedom to reassess how the system actually functioned. Elites could continue to behave in an opportunistic fashion, but their opportunism was no longer bounded by communism as a frame of reference. By implication, they could become opportunistically capitalist as well.

The abandonment of communist opportunism for capitalist opportunism started almost as soon as the political opportunity became available and even before the onset of economic crisis. David Kotz and Fred Weir (1997, ch. 7) show how all parts of the Soviet elite were implicated in the effective privatisation of public assets, from managers, to scientists, to youth activists, to party bureaucrats. Moreover, they insist that this transformation was more the cause of economic crisis than the result. Output growth was not high by western standards, but it was positive and accelerating in the late 1980s, compared to the earlier part of that decade, as *nomenklatura* privatisation began to flourish. Meanwhile, the process of economic reform ceased to be a means of shoring up the system and became instead the instrument through which pro-reformers sought to outflank their conservative opposition—using carefully chosen rhetorical devices to make it difficult for anyone to reject what previously would have been viewed as unacceptable (Young 1992; Evangelista 2001).

Economic liberalisation was not the only means of escaping the communist system. Political reform offered an outlet as well. Within the communist party, pro-reform elites sought to strengthen the institutions of the state against the party, creating distance from the party bureaucracy while at the same time ensuring that they would remain in charge of the state. Jaruzelski traded his leadership of the party for a short-lived presidency of a reformed Polish state; Gorbachev tried a similar manoeuvre in the Soviet Union; Boris Yeltsin traded the Soviet Union for Russia. Outside the party, pro-reform elites could make an appeal to nationalism as an alternative form of political mobilisation. Here Yeltsin is the obvious example, but we could also look at Slobodan Milosevic in Yugoslavia. The combined effect of these defections was a sudden, unpredictable, stochastic, non-linear collapse of the communist system as a whole (Kuran 1991). The once-communist countries moved rapidly from eastern empire to western hegemony as a result (Janos 2001).

Structural Realism

If this is the narrative of the end of communism, then there is no reason to 'blame' structural realism for failing to anticipate events. Structural realists did not anticipate the collapse of communism within the countries of Central and Eastern Europe because structural realism looks the other way (Waltz 1983). As a theoretical framework, structural realism attempts to explain international relations, not domestic politics, and it focuses on interests and capabilities, not norms or commitments. While structural realists would surely appreciate the domestic political significance of the Helsinki Final Act, for example, they would be unsurprised if states failed to live up to its principles and they would find more affirmation than negation of their views in the document itself. The Helsinki accords place a premium on sovereign recognition and sovereign equivalence, they emphasise

confidence and security-building measures to help avoid strategic miscalculation and they demonstrate the extent to which the superpowers are willing to look beyond their ideological differences to find a *modus vivendi* in a nuclear world. These are all outcomes that structural realists would anticipate.

If the Helsinki Final Act made the cold war less rather than more stable, it is because of its implications beyond the gaze of structural realists. Structural realists bracket agency at the level of the state, not with elites, parties, civil society or other domestic interests. Kenneth Waltz (1983, 93) is unapologetic about the narrowness of this concern. As he emphasises repeatedly in his book, his goal is to understand the distribution of capabilities across the international system and not the evolution of a specific foreign policy *per se*. To do that, he has to look beyond the contextual specificity of national politics and toward more general principles that connect agents and systems. By bracketing the state, he can strip away unnecessary detail and focus on characteristic features instead.

Given his broad objectives, Waltz has a fair methodological point about the need to escape the details of national experience. Nevertheless, the question is whether structural realists can achieve their goal of analysing the international system without problematising the state. This is the central concern of writers like Koslowski and Kratochwil (1994). They believe that the state is influenced by more than just the distribution of capabilities and that changes in state behaviour resulting from these exogenous influences may change the structure of relations between states across the international system as a whole.

The constructivist critique also has merit. As the example of the Helsinki accords makes clear, the promotion of norms and values at the international level can have a profound impact on the functioning of the system as a whole by changing state behaviour. Hence it may be necessary to broaden the spectrum of causal mechanisms to include the constitutive implications of international agreements at the national level. A more complete (if less parsimonious) understanding of international relations may depend upon our willingness to make such a methodological (ontological, epistemological) leap.

By the same token, however, the contrast between realism and constructivism may not be necessary to understand the failure of structural realists to anticipate the end of the cold war. A simpler analysis focuses on structural realist assumptions about the motivations of state actors. Here it is possible to turn to Waltz (1983, 91) for a characteristic statement of basic principles:

In microtheory, whether of international politics or of economics, the motivation of actors is assumed rather than realistically described. I assume that states seek to ensure their survival. The assumption is a radical simplification made for the sake of constructing a theory. The question to ask of the assumption, as ever, is not whether it is true but whether it is the most sensible and useful one that can be made. Whether it is a useful assumption depends upon whether a theory based on the assumption can be contrived, a theory from which important consequences not otherwise obvious can be inferred.

The 'important consequences not otherwise obvious' of the assumption that 'states seek to ensure their survival' include the stability of the bipolar world (Waltz 1983, 176):

It is not that one entertains the utopian hope that all future American and Russian rulers will combine in their persons a complicated set of nearly perfect virtues, but rather that the pressures of the bipolar world strongly encourage them to act internationally in ways better than their characters may lead one to expect ... It is not that one is serenely confident about the peacefulness, or even about the survival, of the world, but rather that cautious optimism is justified so long as the dangers to which each must respond are so clearly present. Either countries may go berserk or succumb to inanition and debility. That necessities are clear increases the chances that they will be met, but gives no guarantees.

So long as communist leaders wish to survive, they will not choose a path of annihilation. Anything else—including what happened, presumably—would be irrational.

This kind of rationality leaves two hostages to fortune: one is the notion of survival; the other is the location of agency in the state. Consider the comparison of states and firms: 'Just as economists define markets in terms of firms, so I [Waltz] define international-political structures in terms of states' (Waltz 1983, 94). This comparison underscores the problem of assuming survival as motivation. At the firm level, the capital and the capitalists are different entities and only capitalists have agency. Hence, managers or shareholders (the 'capitalists') will often seek the destruction of a firm (through acquisition or liquidation) in order to ensure the survival of their capital in some other form. They will create holding companies or investment shells to hive off the bad assets while they concentrate on improving their core business or rebuilding their brand. The capitalists do not change, only their instruments do.

States are supposed to be different. The state is both the agent and—for want of a better term—the capital as well. States offer fewer options for exit than do firms, and they place a premium on voice and loyalty (Hirschman 1970). States also derive their legitimacy from the support of the governed. Hence the survival motive should be more plausible for states than for firms, and so can be used as a building block for theoretical abstraction about how states will interact. But this notion of state as capital assumes a formula for legitimacy that did not necessarily appertain. Some communist leaders, like some managers or owners of large firms, identified their interests with the state, but others did not.

The narrative of the end of the cold war reveals that communist elites were no different in their management of states than capitalist elites are in the management of industry. They were willing to liquidate some assets to concentrate on others; they created shell organisations and looked for golden parachutes. Such machinations sound odd in a western political context, but they would be familiar if the subject was leadership in the capitalist business world. Moreover, and ironically, communist ideology makes this firm analogy and its implicitly instrumental notion of the state more relevant, rather than less. When legitimacy flows from the

ideology through the party, the state as such is only worth preserving so long as it is useful. Indeed, the withering away of the state—however impractical—is part of the chiliastic world-view.

When elites abandoned communism for capitalism, this instrumental state had to be dismantled as well. In this way, the results were less surprising than critics of structural realism are willing to admit: the communist elite survived (and many prospered) even as the states they abandoned disappeared from this earth. The problem was that structural realism was focused on states and not elites. The assumption of survival as a motive was assigned to state institutions and not to groups or individuals. Because of this mis-assignment, the theoretical consequences were incorrectly specified. Communist states were meant to adapt to the exigencies of the international system. Communist elites adapted instead. The end of communism and the bipolar world order was the result.

Pluralistic Stagnation

Even if scholars had focused on elites rather than states, they would have been unlikely to predict events as they unfolded. The literature in comparative political economy has a blind spot as well. To see it, however, it is necessary to construct a theoretical tradition from diverse canonical elements. In doing so, I follow the lead of Stephen Blank (1977), who coined a term from Samuel Beer's explanation for the mechanism behind Britain's economic decline. Beer used the phrase 'pluralistic stagnation' to describe how different groups in society mobilise to protect themselves through the construction and preservation of specific institutions—like employment protection legislation, welfare state benefits, wage indexation or trade unions. In turn, these institutions encumber the welfare state and clog up the functioning of the market. The effect has been compared to arterial sclerosis (hence, Euroclerosis), because it builds up gradually, causing the economy to slow down. It is 'pluralistic' because there are many special interest groups involved in lobbying the state and it is 'stagnation' because of the collective inefficiency that these groups create.

This mechanism is not wholly negative and indeed has strong positive elements as well. Karl Polanyi (1956) used it to describe a 'double movement' through which elites attempted to impose a liberal market that was disconnected from or unreflective of underlying social values and interest groups responded by building institutions to protect themselves from market forces. In Polanyi's view, the effect of the double movement was to embed market structures with the values of societies by redistributing adjustment costs and shielding vested interests. The result, he explained, was a great transformation away from the inherent political instability of the ideological and inorganic liberal marketplace and toward a more predictable and stable welfare state regime.

Polanyi's (1956) *Great Transformation* had a profound impact on the study of comparative political economy. He emphasised the importance of institutions as a reflection and reconstitution of social values, he stressed the role of specific interests as opposed to class interests or other reified groups and he underscored the causal significance of 'society'. Nevertheless, the positive normative associations that

Polanyi attached to the welfare state did not last long into the 1970s and Beer's characterisation of the impact of private interests in terms of pluralistic stagnation hews more closely to the consensus view of the late cold war era. Similar arguments can be found in Mancur Olson's (1982) *Rise and Decline of Nations* and Lester Thurow's (1980) *Zero-Sum Society*. Olson focused on the proliferation of distributive coalitions and on the organisational strength and effectiveness of small groups. Thurow drew attention to the structure of the distributive bargaining and the ability of groups to resist losses. Where these perspectives differ from Polanyi is on the underlying normative significance of the resulting stability. Polanyi would argue that it offers a continuity of values and therefore a form of social survival. Olson and Thurow would complain about the resulting inefficiencies and, for Thurow at least, inequities.

Whatever the normative position, the pluralistic stagnation literature offered a view of society that is more conservative than radical, and certainly not revolutionary. Polanyi celebrated the rescue of society from the market and the inevitable diversity of economic institutions that would ensue. Olson concluded that distributive coalitions would proliferate until economic performance declined. And Thurow worried that zero-sum bargaining would ensure that national politicians could never change course. Hence writers in this tradition tended to reject any easy notion of convergence across countries—whether good or bad—and to emphasise the durability of national distinctiveness. They also stressed the importance of initial conditions on patterns of path-dependence. Moreover, each of these influences could be found at work within the countries of Central and Eastern Europe. Hence the first edition of Joseph Rothschild's *Return to Diversity* could be read as the descent of post-Stalinist communism into an Ottoman decline.

Of course stasis is not inevitable and neither is an Ottoman decline. These are likely trajectories, but the pluralistic stagnation literature allows for others as well. This is where the notion of punctuated equilibrium becomes important. The pluralistic stagnation literature anticipates a specific sequence for revolutionary change. Their assumption is that economic crisis is followed by innovation and entrepreneurship, with new distributive coalitions forming out of the wreckage of old institutions to set the pattern for path-dependent development that would follow. The monograph by Peter Gourevitch (1986) and the edited volume by Peter Hall (1989) are good examples. Their studies revealed how exogenous shocks could punctuate institutional development and how institutional endowments could nevertheless influence the choices for reform.

The theory of institutional change developed by Gourevitch, Hall and others is an important contribution to the literature. Yet it is also important for what it omits. They do not examine the possibility that political entrepreneurs could change the system to promote new ideas, with economic crisis as the result rather than the cause. In part this is due to the questions they sought to answer. For Gourevitch the concern was how a limited number of states responded to a succession of economic crises while for Hall and his contributors it was how a larger number of states responded to the same crisis, the Great Depression. These studies were timely in so far as the 1970s revealed that the west was not immune to economic crisis and so it was important to anticipate how western countries would respond. They were

less useful in anticipating what would happen in Central and Eastern Europe. In those countries, civil society turned away from the state and embraced the market. Political elites abandoned existing institutions to create new ones. Meanwhile economic performance collapsed.

The pluralistic stagnation literature failed to anticipate the dynamics behind the fall of communism not only because it waited for an exogenous shock to spark a crisis, but also because it focused too closely on how private interest groups use the state to constrain the market. In the communist context, the focus should be reversed. Groups and individuals did not seek to use the state to restrain the market; rather they used the market to restrain the state. In this sense, Bunce's (1993) analysis of the *Subversive Institutions* of communism mirrors Olson's (1982) argument about the *Rise and Decline of Nations* in the west. The difference is one of emphasis and not omission. Both books explain how political and economic performance collapses under the weight of special interests. Nevertheless, the focus of attention is on how private interest groups destroy the efficiency of political institutions in Bunce's work instead of destroying the efficiency of market institutions in Olson's. By implication Olson's argument was not wrong, and neither was the broader literature on pluralistic stagnation. It was just misdirected.

Restoring the Balance

The communist countries of Central and Eastern Europe collapsed for reasons that could not be anticipated using the assumptions of structural realism. Communist elites regarded the state as an instrument and not as an agent. In the end, they were willing to reshape the state to ensure their own survival. Their actions redistributed capabilities within the international system and changed the nature of the system itself. Structural realists may not have predicted the collapse of communism, but that does not mean that the fall of communism was unimportant for structural realists.

The actions of elites in Central and Eastern Europe could not be predicted using the logic of pluralistic stagnation. Communist elites proved less interested in conserving state institutions or individual privileges than in developing external markets. When confronted with zero-sum bargaining situations, they looked for outside resources and they opted for exit rather than voice. Through their actions, they brought new ideas into the communist system, destabilising old institutions and provoking a crisis in the regime.

These theories failed to predict the fall of communism. That does not mean, however, that they failed to predict what happened afterwards. On the contrary, the capitalist and authoritarian regimes that emerged from the wreckage of the Soviet Empire have behaved much as structural realists and comparative political economists would expect. The bandwagoning of the Central Europeans with the United States and their balancing against Russia can all be described in language familiar to the structural realists. Meanwhile, the development of these countries remains path-dependent as well as being sensitively dependent upon initial conditions once the capitalist regime was put into place (Vachudova 2005). Pluralistic stagnation

emerged suddenly in the dual-regime process and political elites learned quickly to fear those who won more than those who lost (Hellman 1998).

The post-communist states are more suitable to the type of analysis encompassed by the traditions of structural realism and pluralistic stagnation than were their communist predecessors. The assumptions of those traditions are now more directly applicable and the questions they seek to answer are more relevant. This is not to say that we can ignore the blind spots in both traditions—particularly as they are applied to non-western regimes. Rather it is to suggest that the reasons for which these two traditions failed to anticipate the end of the cold war may no longer appertain. The new states of Central and Eastern Europe are more interested in their own survival (rather than the survival of their ruling elites). Indeed, incumbents hardly if ever win elections. Meanwhile policy-makers struggle to strike an appropriate balance between states and markets. They worry about economic crisis and they are learning to prevent those who would seek an alternative to the liberal market economy. The union of structural realism and pluralistic stagnation may have been less than the sum of their individual contributions towards the end of the cold war. Now, perhaps, they are worth more.

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