CHAPTER 5
SOCIAL SYSTEMS WITHOUT INDIGENOUS FEATURES? A CONTRIBUTION TO NEO-MODERNIZATION THEORY

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Introduction

Recent transformations in Eastern and Central Europe cover a broad field in both the terminological and contextual sense, and as such they have received considerable scientific interest. This tectonic change is presumably of a manifold nature and frequently described as having no precedents in any similar process (Offe 1990). Up to now, the world has never experienced the transition from a socialist to a post-socialist or deliberately capitalist system. In view of this novelty, the large variety of phenomena forces scholars to apply different concepts to grasp their "real" nature in detail. The timing of the regime's transition could follow the collapse or breakdown of the authoritarian political subsystems but it must be distinguished analytically and empirically from these upheavals. After decades of a social dormancy, Eastern and Central Europe is undoubtedly experiencing a colorful and turbulent period, although the outcomes are not at all predictable.

The question remains: are the processes under way unique and without precedent? The author assumes exactly the opposite, claiming that similar processes preceded those recently labeled as "post-socialist" transitions. To broaden the analytical framework, I advocate the historical perspective of looking for comparable events and processes. The point is, the post-socialist period brings limitations to these social systems similar to what they experienced in the pre-socialist era. These social systems have already experienced a similar deficiency over autonomous regulation. The following hypothesis contains this assumption: the lower the capacities of indigenous dominant actors, the more significant the exogenous intervention. Hypothetically, over the last few centuries Eastern and Central Europe has already witnessed the low capacity of indigenous actors to fully control the transfer and implementation of any initiative for change. As other studies show, this property is an inevitable feature of any peripheral social systems, though certain analysts claim that this undefined situation can provide an opportunity for the formation of new strategic elite. The author does not share the optimistic view of "post-
socialist" factors and features. By contrast, I assume that the transition in progress is just another attempt to emulate the advanced countries of Europe, a process that has already been tried in Eastern and Central Europe.

A detailed analysis of the Yugoslav patterns of industrial transition will contribute to the verification of the submitted hypothesis. It will be limited to two (former) Yugoslav regions, the Slovene territory and Central Serbia. The outcomes should highlight the most significant properties of dominant actors as the core and decisive factor of this process. Moreover, the author will reconsider the results in the post-socialist perspective to prove that similar social forms were operating through the last few centuries. In view of long-term processes, the indigenous dominant actors with low capacities proved persistently to be the weak link in the chain of modernisation.

**Different Perceptions of Transition Agents**

The Eastern and Central European transition to democracy and a market economy gives some momentum to different analytical outlines, but communist regimes, the Soviet Union, and the reform intentions of new (old?) political elite are common features regardless of the approach. In his recent work Offe considers a triple transition going on in the former Second World of the Soviet Empire, deliberately designing capitalism through democratic regulatory mechanisms, affecting levels of nationhood, constitution-forming, as well as the "normal politics" of allocation. The downward implementing of the change initiative, labeled as the "capitalism by democratic design" (Offe, 1990) deserves particular attention. It will presumably be carried out by a reforming political elite, but as historical evidence shows, this pattern was also a significant trait of the communist elite.

To a certain extent, some countries in other regions of the world have already gone through a similar shift from authoritarian to democratic regimes. Diniz describes the specific character of Brazilian opening ("abertura") as the interplay between two contradictory movements: between regime liberalisation and coercive legal instruments for keeping changes under control (Diniz 1989). Observing the long-lasting economic crisis and authoritarian political regimes in post-socialist transitions in Europe, Misztal finds in the Latin American lesson a certain application for Eastern European transformation (Misztal 1992). However, her remarks about recent low capacities of post-socialist systems lead us to the strategic elite, who assumes the running of reforms.

Regardless of how fruitfully elaborated and productive are the "Western" tools for analysing the dominant actors (Etzioni-Halevy in Alexander, Sztompka 1990; Keller 1991), they fail to "cover" efficiently the "Eastern" present and past. In the territory behind the fallen Berlin Wall, nationalistic ideology evidently supports the political actors from different ideological backgrounds who are either converted communists or counter-communists. By contrast, the new development "engine" is much less transparent and its examination offers different possibilities. For example, Kolosi and Rona Tas advocate the possibility that the new elite is in fact the old communist elite (nomenklatura) converted into an entrepreneurial class. Its advantage is high qualifications and old connections, coming from the communist period allowing it access to strategic resources (Kolosi, Rona Tas 1992). A few years before the upheaval in Eastern and Central Europe, Stark predicted an alliance of new entrepreneurs and the old state socialist elite. Currently they are operating in a context impregnated with corruption, typical black markets and repressed workers (Stark 1989, p.60). Evidently, the indigenous entrepreneurs as powerful dominant actors appear again as a missing piece in this post-socialist "patchwork".

The upheavals in the Eastern European countries have demonstrated to social scientists in a painful manner that they do not dispose of any adequate theory suited to grasping the dynamics and scope of the processes taking place there (Muller 1992, p.109). In contrast to Muller, Richter advocates concepts in political theory that were elaborated long before these upheavals. These concepts do not explicitly refer to the recent developments - but the theory of convergence and the theory of the capitalist world economy could offer a surprising range of explanation (Richter 1990, p.85). Alternatively, the modernisation theory can help to approach specific modernised social fabrics in this region (for example Gerschenkron 1962, Black 1979). The results make it transparent that two sets of factors significantly influenced this process, these being the exigences of development and modernising incapacity of indigenous actors. Empirical evidence also proves that the greater the indigenous modernisation incapacity, particularly weak autonomous entrepreneurs, the more violent and brutal the modernisation strategies and the more important the institutional and political factors (Gerschenkron 1982). There are also indications that the lower the indigenous capacity to modernise, the greater the exigences initiative and control. Moreover, the "late late-comers" in particular join the global modernisation of the most advanced technologies, regardless of their capacities (Mouzelis 1986, Novak 1991). By contrast, certain other analysts went further towards rethinking the modernisation process in outlining modernisation and dependency theory. They have realised either implicitly or explicitly that application of only one theory brings invalid analytical results (Apter 1987, Mansilla 1974, Tiryakian 1991).

Regardless of the variations of analytical frameworks and methodological paths for grasping the Eastern European upheavals, the author shares Eder's suggestions concerning concepts. What matters is evidently not only the outcome of the process, but the way the (new) social order is produced (Eder 1992). The only way of grasping this is analysing historical evidence of transitions in different social systems, randomly following the same pace and trace of evolution.
Modernisation at the European Periphery

Analytical Outline

In the proceeding analysis the author will attempt to show the main properties of the indigenous strategic elite as a weak link in transition, by employing the modernisation and dependency theory. Similar to other "late late-comers," dominant actors in the Slovene territory and Central Serbia were unable to control strategic resources (Novak 1991). Several sources of reference influenced the contextual framing of the topic on both a global level (Amin 1976, 1988, Apter 1987, Black 1975, Cardoso, Faletto 1979, Gonzalez Casanova 1970, Mouzelis 1986, 1988, Rosovsky 1966, Senghaas 1988, Wallerstein 1979) and on the Eastern and Central European level (Cameron 1985, Gerschenkron 1962, Lampe, Jackson 1982, Pollard 1989). The author has decided to confine her analytical interest to the industrial transition alone and to the dominant actors which had a significant role in this undertaking.

Among the concepts employed, two require specific attention. The necessary prerequisites of industrialisation for the first big spurt deal with Gerschenkron's concept of "early late-comers." The other concentrates on the peripheral transition stressed particularly in dependency theory.

The concept of "early late-comers" reveals some specific properties such as:

1. Establishing of large-scale facilities in heavy and chemical industries, and small-scale facilities in non-propulsive industries;
2. Persistence of an archaic system of agriculture;
3. Governments controlled significantly the concentration of national capital for long-term investments; if this resource was absent, they distributed foreign financial credits (Gerschenkron 1962, p.353-354).

The interplay between exogenous initiatives and indigenous responses of dominant actors provides a basic element for analysing the industrial transition of "early late-comers". Besides, it fits into Gerschenkron's conclusion that the more backward the country, the more important the intervention of exogenous actors. Any thorough analysis of "early late-comers" indicates significant differences among them.

Peripheral transition to modern social forms reveals a cleavage in Third World countries. Regardless of the approach, the exogenous actors established propulsive industries and supporting infrastructure to accumulate industrial resources for central economies. This factor severely limited the modernisation of the Third World to the "imitated" pattern of development. By contrast, local agents dominated the local sector since they had neither capacities nor abilities to respond to exogenous initiatives. Traditional sectors of the economy and corresponding social fabrication did not experience the emergence of new forms, replaced forms, while foreign actors dominated new sectors as enclaves through exogenous resources. Following this cleavage a dualism of the peripheral economies is the most feasible outcome. Even the achievement of political sovereignty has not changed the dual pattern of transition (Amin 1976).

The analysis of dominant actors in the peripheral industrial transition demands both the historical evidence and the sociological imagination. Such methodology can enable gathering together of historical knowledge about the long-lasting social processes and sociological knowledge about social fabrication. The model of modernisation flows makes these parameters transparent.

Model: Modernisation Flows

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Theoretical (Re)Consideration

Black's methodological hints (Black 1975) can help analysts of transition processes to avoid some traps that present a severe threat in applying every theoretical framework outside the original social context. A corresponding adaptation of theoretical concepts should follow the transfer. Put more concisely: for the theory to match the data, the theory needs transformation, not the data.

Andre Mairaix's words "If one wants to read the future, one should first read the past" correspond perfectly to the purpose of the following analytical venture. The analysed empirical evidence concerns industrial transitions in two borderlands, the Slovene territory and Central Serbia. In the nineteenth century the two lands were part of two empires, the Habsburg Empire and Ottoman Empire. The dominant actors which initiated and controlled the industrial transition, and the outcomes that have resulted in specific patterns are the major analytical orientations.
The Slovene Industrial Transition: Achieving Prime Position Among the South Slavonic Regions

Before the "Yugoslav" era, meaning in the eighteenth and nineteenth century, the Slovene territory labeled as the Hereditary Slovene Provinces (Dominions) were part of the Habsburg Empire. The Central European institution of the Habsburg Empire was symbolic. The authorities intended to imitate the more developed West and North as the model of industrial development, since the less developed Ottoman Empire presented no serious threat to Habsburg options and strategies. The "Slovene" provinces experienced all these impacts, while the institutional strategies of the Vienna government intended to promote Habsburg industrialization did not share the same fortune. In the middle of the nineteenth century the provinces showed all the characteristics that underlined their peripheral position:

1. Small trade in poor small towns;
2. Peasant trade in the countryside;
3. Small manufacturers who supplied local demand with their products.

During their transitional period the "Slovene" provinces suffered the absence of indigenous actors who were capable of carrying out a modernization of the economy by autonomous strategies. The scarcity of necessary resources was evident in capital, advanced knowledge, propulsive technology, and supply of expertise. Actors who would be interested in long-term commercial investments, urbanized labour force, and good will to respond to exogenous initiatives were also absent. Until the last decades of the nineteenth century no such indigenous actors emerged who might centralize national resources for industrial transition. Before this "break-through", they had no capacities even to carry out the promotional strategies of the Vienna government that should have promoted and supported the industrialization processes all over the Habsburg Empire. Landlords could be those actors but they took different opportunity. Instead of investing into the slowly proliferating industry in the "Slovene" dominions, they preferred to support those in more advanced Habsburg provinces. Other indigenous actors showed a greater interest in small trade in poor small towns and in establishing small facilities to supply local demand, which is why rural areas were vital centers of trade and manufacturing. Slow abolition of feudal bonds additionally limited the formation of the necessary prerequisites for industrial transition. By contrast to other Western European countries, the March Revolution in 1848 brought definite agrarian reform and distribution of land among the people who till it, promoting peasant-controllers to small peasant-owners. Implementing this strategy, the Vienna government managed to calm social unrest in the Empire (Mirkovic 1986, p.200-203).

A significant change arose in the second part of the nineteenth century, when exogenous actors discovered a certain interest in the "Slovene" industrial transition. Foreign bankers and the Vienna government supplied some necessary industrial resources. They provided capital for establishing facilities in propulsive heavy and light industries, building of a transportation system, and accumulation of national capital supply (Som 1979, p.57). Some decades later indigenous actors joined the transitional process by establishing facilities in light industries to supply local demand (Scm 1959, p.20), revealing a sharp division of invested interests between exogenous and indigenous dominant actors. This division was also reflected in the dual pattern of industrial transition.

Any exact analysis defines exogenous actors such as government administration and foreign capital suppliers as dominant actors of the "Slovene" industrial transition. They transferred and implemented propulsive initiatives by supplying advanced technologies and financial credits, supporting national capital centralization, investing in propulsive industrial branches, and providing integration into the international market. By contrast, indigenous actors invested in local industries regardless of their nature, which depended on agrarian capital but not on foreign capital. Local initiatives did not cause extreme distortion, either to the traditional pattern of activity or to the traditional social fabric. Once established, the separate sectors with regard to the dual economy persisted after the change of dominant political actors. No matter how crucial the downfall of dominant actors after World War II, results indicated the poor industrial resources of indigenous actors. They were unable to accumulate any industrial resources on their own, but always with the significant assistance of exogenous actors. This incapacity severely limited their control of industrial transition. The remaining opportunities were investing in facilities on a smaller scale, supplying local demand, and mediating between exogenous suppliers of industrial resources and national natural resources.

Central Serbia: A Broken Spurt of Industrialization

Comparing the indigenous resources for rapid industrialization, Serbia's formation of prerequisites for the first big spurt did not vary much from the Slovene pattern. During the last few centuries under Ottoman domination, rural areas in Serbia were almost de-populated by migration trends. This negatively contributed to the formation of necessary prerequisites for industrial transition. Two of the three migration flows (in 1690 and in 1738) were of significant importance. After Habsburg military interventions, people left their farms because they were afraid of Ottoman revenge. In that period Serbia, that is the Pashaluk of Belgrade, was still an Ottoman province (Mirkovic 1986, p.156). Certain core groups of refugees, these being merchants, artisans, and the clergy, could accumulate resources for industrial transition.

In the beginning of the nineteenth century the Serbs were fighting for freedom from Ottoman domination, and finally succeeded after the second rebellion. By contrast, international political recognition came only after a substantial delay. Serbia achieved full international support at the Congress.
of Berlin in 1878. Regardless of political sovereignty, several Ottoman regulatory mechanisms continued to operate, such as means of collecting taxes, trade legislation, export of goods and functioning of state administration. Much like the "Slovene" situation, the Serbs were incapable of concentrating their national capital resources alone, which is why their industrial investments relied largely on agrarian production and foreign capital supply.

At the end of the nineteenth century some exogenous and indigenous actors started to support the formation of necessary prerequisites (Kukoleca 1941, p.191-213). The grouping of agents of industrialization was similar to the Slovene pattern with one exception. The government administration "sold out" national natural resources and established different privileges to make Serbia's industrialization attractive particularly to foreign investors. The exogenous actors joined Serbia's industrial transition by way of investments (extraction of raw materials), "joint ventures," and financial credits. Foreign investors supplied capital for industry to the tune of 3-5 per cent and financial credits to the tune of 95-97 per cent. Similar to any "imitative" development, the government distributed and controlled credits (Berend, Ranki 1980, p.9). The indigenous actors were of two types: entrepreneurs, and government administrators who invested in small industrial facilities to supply local demand (Novak 1991). The government administration participated to a lesser extent in some monopolistic industrial branches, too, that is in facilities of arms, tobacco, and oil (Mirkovic 1968, p.252, Kukoleca 1941, p.385). The variety of actors reveals the triple pattern as a specific pattern of Serbia's industrial transition. Exogenous actors mostly invested in propulsive industries. By contrast, indigenous actors mostly invested in gradual establishing of non-propulsive industries, and monopolistic branches protected by the state and supported by foreign financial credits.

An additional crucial factor in Serbia's industrial transition was agriculture, which contributed the necessary resources: capital, raw material, and the labour force; and consumed products of local industries. This link between the agrarian and industrial sectors was a vicious circle and was in particular due to the following features:

1. During the twenties the consumption of the agrarian population increased sharply because of increased export of agricultural goods;
2. The increased consumption of the agrarian population, representing the greatest share of Serbia's population gave an impetuous to local industrial initiatives and investments;
3. Merchants trading in agricultural goods did not reinvest the profit in the agrarian sector to increase its productivity and competitiveness in the international market;
4. The Great Depression strongly affected agricultural exports and subsequently stopped capital supply for local investment (Mirkovic 1969).

Unlike in the Slovene social system, these factors caused the break-down of Serbia's formation of prerequisites for the first big industrial spurt and a significant reduction of her modernization capabilities.

Findings: Strategic Incapacity of Indigenous Dominant Actors

Any exact analysis defines the exogenous strategic elite such as government administration and foreign capital suppliers as dominant actors of the Slovene and Serbian industrial transition. They transferred and implemented propulsive initiatives by supplying advanced technologies and financial credits, supporting national capital concentration, investing in propulsive industrial branches, and providing integration into the international market. Considering some empirical evidence, agriculture significantly determined their pattern, too. It did not keep up with the increase in productivity, since the land was an important political resource for paying debts. The indigenous actors invested in local industries regardless of their nature, which were independent of foreign capital supply but not dependent on agrarian capital, particularly in Serbia. They were unable to accumulate any industrial resource on their own, but always with the significant assistance of exogenous actors. Moreover, they were unable to control patterns of industrial transition autonomously. Investing in facilities of a smaller scale, supplying local demand, and mediating between exogenous suppliers of industrial resources and raw materials were the opportunities remaining.

Conclusion: Post-Socialist Prospects of Late-comer Social Systems

Since the revolutionaries took over dominant political positions after World War II, the industrial transition experienced a dramatic break-down, too. The communist regime did not substantially increase industrial capacity and resources. On the contrary, socialism started by confiscating private property, by breaking the vital links and flows of capital, knowledge and expertise that exogenous industrialists had established a century ago. In the years that followed, but particularly in the beginning of the seventies, the dominant actors were confronted with a scarcity of industrial resources and prolonged peripheral pattern of development. Incapacity for autonomous integration into the international market and for responding to propulsive exogenous initiatives applied additional constraints to the performance of the economy and development of technology.

Unlike other "late-coming" countries, like Japan in the past (Black 1975, Rosovsky 1986) and Southeast Asia recently (Senghaas 1988), here the indigenous dominant actors did not have the capabilities to respond to the exogenous propulsive initiatives and control their transfer. This factor substantially affected Yugoslavia's joining of the global market. Since the autonomous entrepreneurs were the weak link in the chain at the start of transition in both (the former) Yugoslav regions and, hypothetically, in the
others as well, they started their industrial transition as "early late-comers." The division of the economy into enclaves and the local sector brings both regions close to "late late-comers" and "initiative" development.

The author has no intention to diminish or even ignore the turning point in (former) Yugoslav history, that is the communist era. Moreover, the features of industrial transition should be reconsidered. Evidently, the smaller number of indigenous initiatives was not sufficient to generate and maintain the "auto-centered development". Indigenous actors had neither the capacity nor interest to accumulate industrial resources and autonomously control the implementation of exogenous initiatives, which is why the dual pattern of industrialization was the most feasible outcome. Furthermore, the agrarian sector resisted keeping up with the formation of industrial prerequisites. Dominant political actors misused it as a resource for paying political bribes to the masses as the politicians lacked any other resources.

Considering the analytical findings, the author totally rejects the claim that Yugoslav socialist development is nothing but an extension of the Soviet model of development. If the Communists were to be removed from dominant positions, this extensive model would eventually be overcome. The severe doubts about such options prevent any optimism. Moreover, the author is convinced that a re-establishing of the pre-communist relations would be perhaps the only way out of the current crisis, since it is mostly due to broken vital industrial links. The (Yugoslav) socialist revolution in fact revealed low capacities of indigenous industrialists who were not ready to react to initiatives for change arising in the West. In a way, the revolution as the violent act of change was not merely a free decision to take over political power. To a certain extent it was "imposed" on the Communists. When Yugoslavia was pulled into the Second World War the political authorities left the country and the indigenous entrepreneurs were too weak to "impose" their strategies of governing afterwards. To put it in other words, a "socialist" model of development, which supposedly imitates the Soviet model, is nothing but the pattern of how "early late-comers" have joined the global industrialization. As findings show, socialist development reflected presumably the persistence of the pre-socialist pattern of peripheral industrialization rather than imitated features of the Soviet economy model. If we consider the socialist period solely then we can neither draw such conclusions nor give up the faded attraction of the Communists.

Is the pattern outlined above accidental or is it built into the "genetic code" of this social system? If the latter is the case and if the constant starting from zero and vanquishing of the old world is the late-coming logic of change, the Communists alone should not be blamed for socialist revolution. As the conclusions reveal, the indigenous capacity to modernize seemed to be a weak link in the chain that petrified the genetic code of transforming the social fabric.

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