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FAILED EXPECTATIONS
Or What is Behind the Marshall Plan for Post-Socialist Reconstruction

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first publication

Introduction

Politics is full of irony. What only yesterday was praised as the great success story, in a while becomes revisited, reconsidered, and critically reassessed. For a few decades, scholars and politicians of different ideological orientations treated the *European Recovery Program*, commonly known as the *Marshall Plan*, with reverence that hardly any political program, plan, or doctrine of the 20th century could boast. Evoking its perceived success, foreign aid to the Third World countries for decades has been wrapped up in *Marshall Plan* rhetoric. In the late 1980s and early 1990s the end of socialism raised numerous calls for the *Marshall Plan* for Eastern Europe and the former Soviet Union. Indeed, the Soviet collapse introduced an unprecedented chance for the West to go global. What would be a better way of doing so, if not the promise to implement the most successful aid program in the post-socialist world?

There has also been a very important aspect of the post-socialist setting that made appeals for the new *Marshall Plan* so popular. Prior to 1989, the focus of scholarly attention, particularly among the academics of leftist orientation, has concentrated on the transition from capitalism to socialism. The issues of reverse transition have not been given much consideration, other than, perhaps, in some fiction books or philosophical works. When they suddenly emerged in the late 1980, requiring an immediate action, there has been no model case or historical precedent to follow. Retrospectively, it appears that neither the West, nor the East has ever really seized the historic opportunity. The promptness with which the developments occurred left no time for in-depth analyses and considerations of unfamiliar alternatives. Under these circumstances the idea that »we have once reconstructed Western Europe, we can do it again east of the Elbe«, was applied to »real world« situations in the post-socialist Eastern Europe and a few years later in the former Soviet Union. What went largely ignored amidst the efforts to reapply the success formula of European economic recovery were the actual economic accomplishments of the post-war *Marshall Plan*.

In this article I will demonstrate that in contrast to conventional wisdom, the *Marshall Plan* did not play the key role in the extraordinary economic success of Western Europe. Rather, the reform of domestic economic policies was the touchstone in restoring the viability of West European economies. The assistance plan that is so commonly considered a showcase of successful aid program and a great act of philanthropy was in fact a self-interested policy of the US driven by inherently political motives. Despite the *Marshall Plan* rhetoric of aid donors, it will be shown that assistance to post-socialist world bears little similarity with the *Economic Recovery Program*. Not only the structure of aid for post-socialist transition was altogether different, but also aid in the 1990s lacked the historical legitimacy of the original *Marshall Plan* as well as the international context in which it originated. Similarly to the *Marshall Plan*, assistance to the post-socialist world is at best a partial success. Therefore, re-examination of the *Marshall Plan* economic achievements raises critical questions not only about its perceived success, but about the very efforts to remodel this highly acclaimed foreign aid program in post-socialist countries, or elsewhere, more generally.

The Marshall Plan: Political Success, Failed Economic Model?

In his speech before the Senate vote on the *Marshall Plan*, Arthur Vandenberg warned about the prospects of aid to Western Europe: »[...] there are no blueprints to guarantee results. We are entirely surrounded by calculated risks.«[1] Yet, in retrospect, hardly any transfer of resources has been so commonly considered equally successful. From 1948 through 1951 the *Marshall Plan* is said to have achieved its objective of increasing productivity, stimulating economic growth, and promoting trade. It is alleged to have improved living standards and strengthened the economic, social, and political structures in participating countries. It is believed to have established political stability in the region and to have greatly contributed to containing the spread of communism. While the political success of the *Marshall Plan* within the Cold War context goes largely unchallenged, the assessment of its economic achievements has recently become a much debated issue . Thus, Melanie Tammen argues against the conventional

1 De Long, J. Bradford / Eichengreen, Berry: The Marshall Plan: History's Most Successful Structural Adjustment Program. In: Dornbusch, R. / Noelling, W./ Layard, Richard (Eds.): Postwar Economic Reconstruction and Lessons for the East Today. Cambridge, Massachusetts: MIT Pr. 1993; pp. 189-230 at p. 223.

view that between 1948-1952 the *Marshall Plan*, a 1,7 billion program of grants and loans to European nations to buy US products, it was the linchpin of West European postwar recovery.[2] The study by Hadley Arkes reveals that the actual financial impact of the *Marshall Plan* aid was quite small, exceeding at no time 5 percent of the recipient nations GNP.[3] The genuine investment value of the *Marshall Plan* assistance was not remarkable either. The largest portion of *Marshall Plan* money was used to cover imports of agricultural products, raw materials and semi-finished products.[4] Due to the lack of time and insufficient information, the procedure of aid allocation was in many cases deficient. Actual allotments were deposited on accounts of counterpart funds at the disposal of national governments. Used as credits for specific investment, mostly state projects, »these funds supplemented domestic sources of capital, made it easier for governments to direct resources into politically desired uses and thus [...] strengthened state control over Western Europe's economies.«[5] Distributed in such a way, the *Marshall Plan* aid did not serve as an incentive for European governments to change their economic policies in order to attract private capital inflows, but encouraged them instead »to continue with their internal policies of ›planification‹, demand expansion and premature redistribution.«[6] As such, the *Marshall Plan* aid was the driving force behind economic centralism in Germany, Italy, France, Austria, Greece, and other European countries. Tyler Cowen pointed to strong interventionist sympathies of those who directed postwar US foreign economic policy: »When faced with any problem, their instinct was to seek a governmental solution.«[7] Furthermore, efforts of some European governments or officials, like in Italy or Germany, to seek market solutions to economic problems were discouraged or even actively opposed. In some cases, i.e. in Greece, the side effects of a rigid system of increased economic controls were growing corruption and graft.[8]

Ultimate assessment of the *Marshall Plan* as an economic program should be judged by the extent to which the program fulfilled the aims of its creators. It has been repeatedly stated in the speeches and reports of ECA administrators and representatives of OEEC nations that »increased production is the touchstone of economic recovery.«[9] The production programs in the participating countries served as a major criterion for aid allocations. Yet, even from a quick look at the actual increases of industrial outputs in 1949 it becomes clear that most industries failed to achieve the projected production targets. In fact, only three industries have exceeded their planned industrial targets, one has met it, while eight industries lagged behind. [Table 1]

Table 1. Projected and Actual Increases in Output of Selected Commodities 1948/49

Commodity	Projected Increase	Actual Increase
Bread grains	46%	42,1%
Coarse grains	12%	16,9%
Sugar beets	26%	40,1%
Coal	14%	12,7%
Pig iron	68%	62,8%
Steel	50%	46,7%
Lead (metal)	78%	61%
Zinc (metal)	45%	25%
Tin (ores)	38%	52%
Aluminum	37%	27%
Copper	16%	9%
Electric power	9%	8%

Source: Wexler, Immanuel: The Marshall Plan Revisited: The European Recovery Program. In: Economic Perspective. Westport/Conn.: Greenwood Pr. 1983, p. 75.

More importantly, the recovery record of *Marshall Plan* recipients demonstrates little evidence that would prove a steady correlation between the amounts of aid received [Figure 1] and economic performance.

2 Tammen, Melanie S.: Aiding Eastern Europe: The Leveraged Harm of »Leveraged Aid«. In: Policy Anlysis, no. 139 (September 10, 1990) at www.cato.org/pubs/pas/pa139.html

3 Arkes, Hadley: Bureaucracy, the Marshall Plan, and the National Interest. Princeton, New Jersey: Princeton UP 1972 p. 3 qutd. in Cowen, Tyler: The Marshall Plan: Myths and Realities. In: Bandow, Doug (Ed.): U.S. Aid to the Developing World: A Free Market Agenda. Washington: Heritage Found. 1985; pp. 61-74 at p. 63.

4 Food, fertilizers, and feed constituted 32,1% of all ERP shipments, raw materials and semi-finished products 48,3%; only 14,3% was used for machinery and vehicles. Cf. Kostrzewa, Wojciech: A Marshall Plan for Middle and Eastern Europe. In: World Economy 13 (March 1990), pp. 27-49 at p. 31.

5 Ibid.

6 Ibid., p. 33.

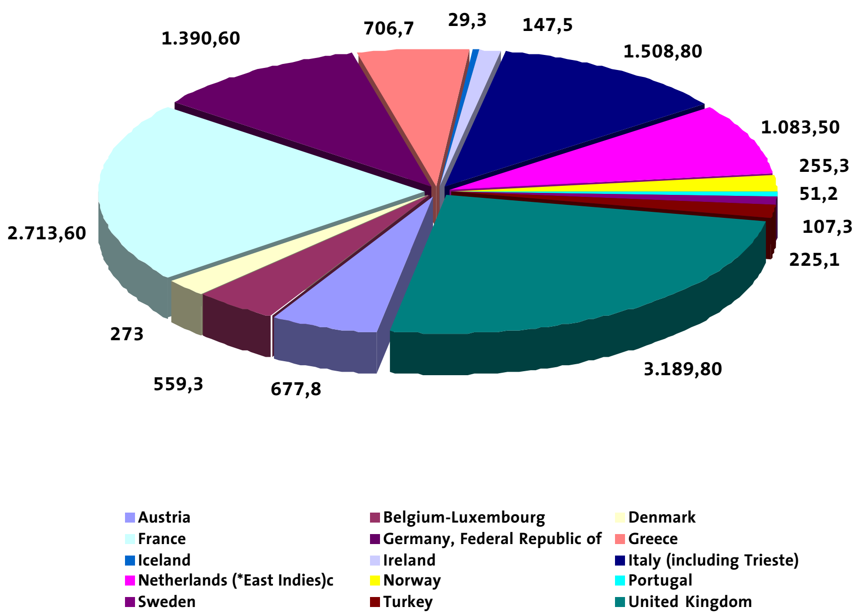
7 Cowen, Tyler: The Marshall Plan: Myths and Realities. In: Bandow 1985, pp. 61-74 at p. 66.

8 Ibid., pp. 65-69.

9 OEEC Report to the Economic Cooperation Administration on the *First Annual Programme*. Paris (October 1948), p. 21 qutd. in Wexler, Imanuel: The Marshall Plan Revisited: The European Recovery Program in Economic Perspective. Westport/Conn.: Greenwood Pr. 1983, p. 71.

10 Cowen 1985, pp. 67-68.

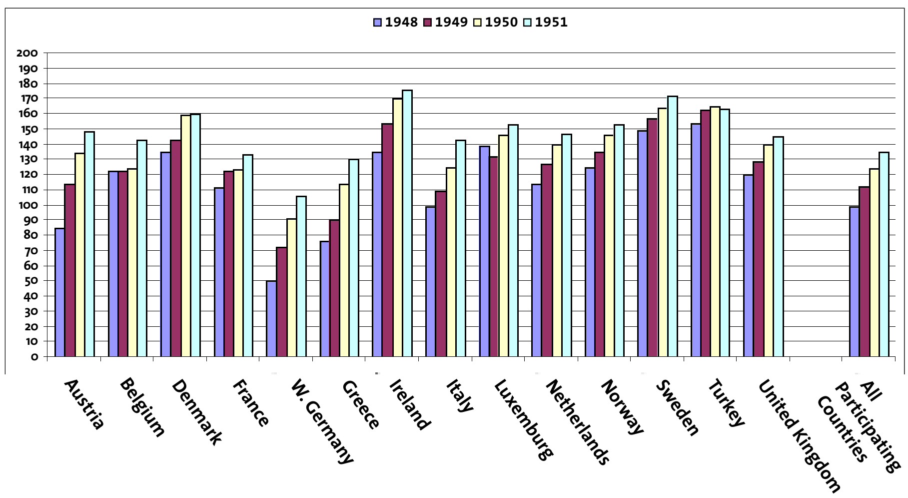
Figure 1. Economic Assistance, April 3, 1948 to June 30, 1952 (in millions of dollars).



Source: Wexler, Immanuel: The Marshall Plan Revisited: The European Recovery Program in Economic Perspective. Westport/Conn.: Greenwood Pr. 1983, p. 75.

The emerging pattern demonstrates that the countries that received larger amounts of aid performed poorly economically [Figure 2.], until the assistance programs were cut down. Great Britain, for example, received more aid than any other European country, but experienced the slowest economic growth rate. France received the second-largest share. In both cases, MP money largely subsidized expenditures to retain British and French colonial empires. Thus the plan not only made it »easier for governments to live beyond their means and to postpone needed belt tightening,« but it also covered »the most objectionable practices of the recipient governments.«[10] Greece and Austria were the recipients of large amount of aid money per capita. However, owing to the flawed monetary, fiscal, and trade policies encouraged by the US in both countries, economic recovery was retarded.

Figure 2. Indices of Industrial Production



A serious damage to Greek economy was caused by the *Marshall Plan* tobacco exports to Western Europe, especially Western Germany. Although in 1947 Greek tobacco sales went down to 35% compared to prewar exports, they still amounted to 17 300 tons per year. With 40 000 tons of American tobacco funded by the *Marshall Plan* and delivered to Europe in 1948, Greek tobacco exports fell to 2 500 tons and never recovered.[11] On the other hand, Belgium began to recover economically before *Marshall Plan* financial inflows. After successful monetary reform in 1944, the country achieved economic stabilization already in 1946 and in late 1940s became a creditor to the rest of Europe.[12]

The *Marshall Plan* contribution to increasing European production was further undermined in the fall of 1950. The European recipients of American aid were not only advised to direct the increasing portion of US assistance to rearmament, but they were also told by ECA officials that defense needs required a »substantial diversion of their own economic resources from civilian to military production.«[13]

The OEEC Secretary-General assessed ECA's Production Program in 1952: »The Marshall Plan,« he said, »has raised productivity during four years. But it has not created a basis for permanent increase in productivity.«[14] In nearly every European country the postwar economic growth occurred after free market economic policies, such as the restoration of liberal regimes and of the monetary and fiscal stability, were launched. Economic viability was attained irrespective of the timing and extent of MP aid.[15] This, however, is not to discard the role of the *Marshall Plan* for the European economic recovery altogether. Even though terminated in an administrative sense in December 1951, the *Marshall Plan* aid served as both, a cushion and stimulus for ongoing economic reforms in West European countries. In economic sense, the *Marshall Plan* was the beginning of European recovery process. And if one looks at tremendous economic achievements of Western Europe during the decade that followed the termination of the *Marshall Plan*, one can indeed praise the *Marshall Plan* as an extraordinary success.

11 Ibid., p. 68.

12 Ibid., p. 66.

13 Wexler 1983, p. 69.

14 Ibid., p. 93.

15 Cowen 1985, p. 63.

In the Kingdom of Distorted Mirrors, or Efforts at Remodeling the *Marshall Plan*

Although actual effects of the *Marshall Plan* aid on the postwar West European economies were mixed at best, the myth that it was a nearly ideal and successful foreign assistance program has dominated and still thrives among both scholarly and popular views. Winston Churchill called it »the most unsordid act in history«. In an appeal to its perceived success, Geoffrey Sachs has recently called for the *Powell Plan*. Since the first plan, designed by the General of the Army, was such a success, now when the US has another military as the secretary of state, mobilization of American technology and finances for the economic development of the world's poor countries »would be a fitting follow-up to *Marshall Plan*«.[16] Building up the modern myth of the *Marshall Plan*, development aid to the Third World has often been justified on the grounds that the lack of capital was the major impediment to economic growth. Thus, the solution was thought to be in the transfer of wealth from the developed to the developing world.[17] However, as Peter Bauer observed, »[l]ack of money is not the *cause* of poverty, it is poverty«, therefore to have money is the »*result* of economic achievement, not its *precondition*«.[18] In fact, aid often contributed to deteriorating economic conditions. Typically the ruling elites in recipient countries exert strict control over aid inflows. This leverage allows them to continue with damaging macroeconomic policies and block comprehensive and consistent policy reforms, i.e. land reform, that could assist in overcoming economic backwardness.[19] Thus, instead of helping developing countries, aid in many cases has contributed to hindering their economic progress.

Unfortunately, throughout post-socialist world the legacy of aid in the Third World with $450 billion of foreign debt in Latin America and per capita income in sub-Saharan Africa lower in 1990 than in 1970[20] has largely been ignored. Most states in Eastern Europe and the former Soviet Union optimistically assumed that foreign aid would allow them to establish the necessary institutions to ensure democracy and capitalism. The mere fact that most advisors were coming to the former Second World and Soviet Union with the experience of aid distribution and implementation in the Third World failed to send a sobering message. Western involvement in post-socialist transition has often been compared to the post-war reconstruction of Western Europe. It has been even referred to among western officials as »Mini Marshall Plan«.[21] To an extent, such an analogy is justified by the fact that both assistance plans targeted at achieving some form of liberal democracy and market economy. However, in the post-

16 Sachs, Geffrey: What's Good for the Poor is Good for America. In: The Economist (July 14, 2001), pp. 32-33 at p. 33.

17 Bandow, Doug/ Vasquez, Ian (Eds.): Perpetuating Poverty: The World Bank, the IMF, and the Developing World. Washington/D.C.: CATO Inst. 1994 (*Introduction*), pp. 1-12.

18 Bauer, Peter T.: Creating the Third World: Foreign Aid and Its Offspring. In: Journal of Economic Growth. Vol. 2/4 (1987), qutd. in Bandow/ Vasquez 1994, p. 4.

19 Kostrzewa 1990, p. 35.

20 Tammen 1990, p. 1

war case it was the plan of reconstruction, while the post-Cold War assistance was drawn as a plan of transition. Liberal-democratic and market values, institutions and elites did not require a radical change in Western Europe. Capitalism and democracy in their institutional and traditional forms were in place and facilitated the recovery. In the former socialist world the problem was one of building a new order based on the entirely different institutional and cultural foundations, often incompatible with existent mentalities, routines and habits. As noted by Claus Offe, the apparent paradox was that the reconstruction of democratic capitalism proceeded much more smoothly. The »sense of accomplishment«, of being »on the right track«, and of moving »with adequate speed in the right direction« was much more pronounced in the first case. This paradox has been reinforced by the fact that economic conditions in the post-communist world, which largely escaped enormous physical destruction of lives and industrial assets, were much more favorable.[22] In part, the reason few Western policy-makers supported serious commitment of the scale of the post-war *Marshall Plan*[23] was a different international setting, characterized by the lack of antithetical self-identification available within the framework of political, ideological and military blocs.[24] Indeed, the *Marshall Plan* had a very clear political agenda. The post-war reconstruction coincided with the beginning of the Cold War and building of NATO economic and military alliance to contain communism. The post-socialist transition, which resulted from the end of the Cold War and the Soviet breakdown, was devoid of similar legitimacy and historical mission. What would be the rationale for the second *Marshall Plan*, when the communist challenge was no longer there? Indeed, after 1989 the West did not view post-socialist countries with their threatening uncertainties »as valuable strategic partners in commerce and defense, but rather as a more or less unwelcome new burden.«[25] Hence, the lack of political and strategic appeal in the West for a modern-day *Marshall Plan*, which in 1997 – the year that marked 50th anniversary of the *Marshall Plan* – would be equal to approximately 75-90 billion dollars by various estimates,[26] resulted in much disillusionment and frustration with aid among recipients.

While in the early 1990s most new states in Eastern Europe rushed for membership in Western financial institutions, only the Czech Prime Minister, Vaclav Klaus, insisted that reform should begin and end at home.[27] His words proved right soon, when by mid-1990s the bubble of euphoria burst and disillusionment, frustration, and resentment with Western assistance grew among aid recipients. Western aid politics to post-socialist world has become entrapped in the discourse of blame. The recipients blamed the donors for the gulf between actual aid and the *Marshall Plan* rhetoric of aid. The donors accused the recipients for the misuse of assistance money and little or insufficient reform efforts. Poland was among the first recipients to become disillusioned with aid, despite favorable Western disposition and serious commitments to assist in the process of Polish transition. In 1991, Poland's chief coordinator of foreign assistance, Jacek Saryusz-Wolski, articulated a general frustration with aid: »When people in Poland hear that billions of dollars come to Eastern Europe, they expect that Poland gets one-half or one-third of that money [...] Very often people ask us what happened to that money.«[28] In 1992, Poland's President Lech Walesa voiced the growing resentment with aid at the European *Parliamentary Forum* in Strasbourg charging the West for making »good business on the Polish revolution«: »The West,« he said, »was supposed to help us in arranging the economy on new principles, but in fact it largely confined its efforts to draining our domestic markets.«[29]

Indeed, Western assistance after 1989 bore little resemblance to post-war reconstruction aid in that nearly 90 per cent of it came to former socialist countries in the form of technical assistance, export credits, loans and debt relief, not in the form of grants, which made up more than 90% of the total in the case of post-war *Marshall Plan*.[30] The major way that Western donors assisted the countries in transition was through highly paid »fly-in, fly-out« consultants, who would come for a short period of time, stay in luxurious hotels, monopolize the time of local officials too often asking questions their predecessors did only to produce reports and provide advice unsuited for local conditions.[31] The Polish had even coined a pejorative term for them – the »Marriott Brigade«, after their habit to stay in Marriott and other luxurious hotels.[32]

Much of the government-to-government programs swiftly boiled down to »bureaucrat-to-bureaucrat« undertakings stimulating the expansion of large bureaucracies both in the West and in Eastern Europe. Many projects and programs were loaded with mandates for agencies to undertake the kinds of technical assistance efforts that have hardly been successful in the

21 Wedel, Janine: Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998. London: Macmillan Pr. 1998.

22 Offe, Claus: Varieties of Transition: The East European and East German Experience. Cambridge/ Mass.: MIT Pr. 1996, pp. 163-4.

23 In 1990 Senator Bill Bradley praised the »genius of the Marshall Plan« and appealed to the Congress to set aside 1% of the defense budget for East European reconstruction. Cf. Bradley, Bill: ›We Can't Afford Not to Help East Europe‹. In: Washington Post (March 30, 1990), p. A23. – Similarly, Henry Kaufman advocated another *Marshall Plan* in his article *Where's the Cash for Eastern Europe?* In: Washington Post (July 7, 1990), p. A19. In March 1992 the former President Nixon issued a memorandum in which he appealed to President Bush and the Congress »to make greater commitments to transform the former Soviet republics into democracies.« In: Nixon's »Save Russia« Memo: Bush Feels the Sting. In: New York Times (12 March 1992).

24 Offe 1996, p. 168.

25 Ibid., p. 168.

26 Bandow, Doug: A Look Behind the Marshall Plan Mythology. In: Investor's Business Daily (June 3, 1997). National Center for Policy Analysis web site.

27 Wedel, Janine R.: Aid and Reform in the Former Second World. In: Hook, Steven W. (Ed.): Foreign Aid Toward the Millennium. Boulder, London: Lynne Rienner Publ. 1996, pp. 141-156 at 147.

28 Beware Western Governments Bearing Gifts. In: Wall Street Journal Europe (January 14, 1992). In: Wedel, Janine: Reaching Through the Opened Door: A Comparison of American and European Approaches to Assisting Central and Eastern Europe. A publ. of the American Inst. for Contemporary German Studies, The Johns Hopkins Univ. 1998; retreived fromwww.aicgs.org/publications/PDF/eastern.pdf, pp. 27-42.

29 Repd. by Harden, Blaine: Poles Sour on Capitalism. In: Washington Post (February 5, 1992), p. A1 in Wedel 1998, pp. 27-42.

30 May, Bernhard: The Marshall Plan: Historical Lessons and Current Challenges in the Balkans. Up-dated paper presented at a Conference in Istanbul in May 1999 organized by the IEWS, New York and DEIK, Istanbul retrieved from http://www.dgap.org/texte/marshallplan.html.

West. Helen Laughlin, a US Labor Department assistant observed that »millions and millions of dollars are being spent on trainers who are not qualified to train. Ignoring its sorry record, the Labor Department [launched] ›train-the-trainers‹ programs in Poland and Hungary.«[33] Subsequently, these newly qualified trainers rattled further East to the post-Soviet states, especially Russia and Ukraine.

Where aid work was contracted to consulting firms and other providers, they were not conducive to innovating and incorporating recipient inputs. As the donors' bureaucracies, largely designed for operation elsewhere, arrived to Eastern Europe with their assistance programs, »they encountered, and colluded and collided with societies that functioned in some fundamentally different ways from their own.«[34] Even the advocates of aid admit that donors tended to operate in isolation from one another, often duplicating already existing projects, pursuing their own strategic agendas and wasting limited resources.

Conclusion: Development Should Begin At Home

In 1999, the Ex-President of Poland Walesa spoke again critically about Western assistance and blamed Western leaders for the lack of serious commitments analogous to the post-war *Marshall Plan*.[35] The series of myths around the *Marshall Plan* engendered a series of myths around aid more generally. Little attention is paid to the fact that transferring development assistance into a different context is an inherently problematic process. Reality simply does not fit any models. The very language of transition presupposed a determinate destination: the former socialist world was to be converted to liberal democracy and capitalism. What stayed largely ignored in the »capitalist system export« projects was the very »real world« they were intended to reshape. This is not to say that the West forcefully imposed the neo-liberal model of development on former Second World. Given a strong aversion toward their communist past, it is no coincidence that for many Easterners Western democratic capitalism appeared as the only perceivable alternative.[36] The Western economic boom of the mid-1980s that seemed to confirm the efficacy of neo-liberal economics has further reinforced this idealized view of the West. Indeed, many East Europeans and their governments welcomed the ideas of liberal democracy, civil society and market economy, but only a small percentage of them had a concrete knowledge or experience of what these in reality were. Throughout post-socialist world when referring to democracy, most people pictured a consumer's, not a democratic society.[37]

The major problem with foreign assistance is that economic growth is not the result of centrally planned transfer and implementation of models. There is no best recipe for development, because no single ingredient determines variations in economic growth rates. Economies are always embedded in a dynamic international context, culture, geography and social structure. They are always dependent on individual initiative, political stability, and state ability to supply sound legal and economic framework.[38] No policy recommendation can produce a desirable outcome unless it is rooted in local realities. As Michael Edwards once observed, it is not »a particular model of economy and society that produces good results, but people's capacity to develop their own models by blending outside ideas and opportunities with local realities.«[39] It is polity rather than policy that determines the ultimate success or failure of development strategies. Whatever the mixture of the virtues and flaws of the *Marshall Plan*, the post-war economic recovery spurred from the appreciation for Europe's unique situation. Unfortunately, this has been missing in the assistance programs for post-socialist transition. Despite official recognition of East European distinctiveness, Western donors' attitudes and actions in the 1990s strikingly resembled aid experience in the Third World. Socio-cultural heritage and human potential in the former Second World were largely ignored and devaluated. Such approach deeply offended local population and further exacerbated frustration and resentment with aid. Meanwhile, the record of foreign assistance throughout the developing world proves that aid may at best serve as a cushion for reform, but it can never substitute the soundness of domestic economic policies. A remarkable example of economic growth independent of the amount of foreign aid received has been recently observed in Ukraine. Since independence, Ukraine has been much criticized by Western governments and experts for excessive taxation, suffocating regulatory controls, expanding black market, omnipresent bribery to name just a few. Indeed, for a decade Ukraine's macroeconomic indicators would not reach

31 Wedel, Janine: US Assistance for Market Reforms: Foreign Aid Failures in Russia and the Former Soviet Block. In: Policy Analysis, no. 338 (March 22, 1999), pp. 1-20; Silberman, James L./ Weiss, Charles/ Dutz, Mark: Jump-Starting Ex-Communist Economies: A Leaf from the Marshall Plan. In: Foreign Affairs. Vol. 73/1 (1994), pp. 21-27.

32 Wedel 1999, p. 2

33 Tammen 1990, p. 5

34 Wedel 1998, p. 33

35 RFL/RL, 11.99.

36 CF. for example Creed, Gerald W./ Wedel, Janine R.: Second Thoughts From the Second World: Interpreting Aid in Post-Communist Eastern Europe. In: Human Organization 56/3 (1997), pp. 253-264; Dettke, Dieter: Foreword. In: Walzer, Michael (Ed.): Toward A Global Civil Society. Providence: Berghahn Books 1995; Gray, John: Post-Totalitarianism, Civil Society, and the Limits of the Western Model. In: Rau, Zbigniew (Ed.): The Reemergence of Civil Society in Eastern Europe and the Soviet Union. Boulder: Westview Pr. 1991, pp. 145-160; Bryant, G.A./ Mokrzycki, Edmund: Introduction: Theorizing the Changes in East-Central Europe, Christopher. In: Bryant, Christopher G.A./ Mokrzycki, Edmund (Eds.): The New Great Transformation? Change and Continuity in East-Central Europe. London, New York: Routledge 1994, p. 6.

37 Hajek, Milos: The Left in the Process of Democratization in Central and Eastern European Countries. In: Walzer 1995, pp. 251-8 at p. 252.

38 Edwards, Michael: Future Positive: International Co-operation in the 21st Century. London: Earthscan Publ. Ltd. 1999, p. 59.

39 Ibid., pp. 67-8.

40 For more details cf. Gaboutchian, Caren: Ukraine: Further Rally of Assets Expected. In: ING Financial News (September 2000), at http://www.ingfn.com.ua/?section=markets&config[language]=english&cat_id=20031.

above zero (GDP growth in 1992 – 13,7%, 1993 – 14,2%, 1994 – 23,0%, 1995 – 12,2%). Positive macroeconomic growth of 4% was last observed in 1989. In 2000, the country was »punished« by the *International Financial Institutions* and received no funding. Remarkably or ironically, that year for the first time after independence the country experienced unprecedented GDP growth of 6%.[40] Indeed, with or without foreign aid, development should begin and end a home.

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