

# *Second Thoughts from the Second World: Interpreting Aid in Post-Communist Eastern Europe*

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While some aspects of the socialist past made aid essential to political and economic transition in eastern Europe after 1989, other socialist legacies seemed to undermine aid programs. As a result, aid ended up actually reproducing characteristics of socialist practice that it was intended to redress. This article accounts for such an outcome by outlining the special problems of aid in the post-communist context. It then draws on case studies of aid in Bulgaria and Russia to illustrate these suggestions. Attention to the east European case also suggests broader lessons for aid providers, notably the need to pay greater attention to local interpretations of the idiom of aid in the post-Cold War era, when competing spheres of influence no longer motivate aid efforts.

**Key words:** foreign aid, development policy, transition, socialism; eastern Europe

The collapse of the communist bloc not only opened up new possibilities for the countries of eastern Europe, it also allowed western countries to reassess relations with their former enemies. Yet, in retrospect, the actual options available to either side at the time appear quite limited. In the still highly polarized political environment of 1989 the radical rejection of communism left western democratic capitalism as the only perceivable alternative, in which case the West had little choice but to applaud and promise support. All the "new" possibilities boiled down to differences of degree rather than kind: how fast the transition would proceed and how much help the West would provide. While these two questions quickly became intertwined (the quicker you change the more we'll give; the more you give the quicker we can change), more analytical attention has been focused on indigenous policies and responses within eastern Europe. We suggest that the actions of western governments in regard to aid have also shaped contemporary

events in significant ways, although not always in the directions intended.

Two major models for western assistance to eastern Europe emerged from the ruins of socialism.<sup>1</sup> The most ambitious called for a new Marshall Plan with massive financial investment on par with that given western Europe after World War II. Of course, not all those championing this idea agreed on who should foot the bill, but the idea continued to receive support even in the apparent absence of the necessary financial largess. While this option revived a "First-World" model, the other possibility followed traditions of "Third-World" assistance: limited bilateral, multilateral or non-governmental aid often targeted to particular objectives or projects. While the two models of aid were radically different, they actually shared an unfortunate characteristic: a denial of the historical significance of the "Second World" itself. In both approaches the particular characteristics produced by five to seven decades of socialism were irrelevant. Thus, just as there was little interest in a "third way" within eastern Europe after 1989, there was no alternative aid model envisioned by the West, and while the First-World paragon was held up as the ideal for the region, Third-World models were actually implemented.

The result of applying preexisting and inappropriate models has been disappointment on all sides. Aid relations between donor and recipient nations quickly became strained. More seriously, frustration with aid programs among east Europeans appears to have contributed to an increasing disillusionment with the "market economy," a rising popularity of socialist parties, and a growing attraction to less-than-legal means of capital formation, including the revival of old "mafia" networks and the creation of new ones. Strained relations and disappointment have also dampened the interest of western governments in providing assistance, which exacerbates

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frustration on the recipient side and may limit future transition possibilities.

While we argue for attention to the specific legacy of socialism in the aid experience, some of the lessons learned in the east European context are transferable, especially the importance of local interpretations of aid in determining the outcome. The impact of foreign aid is shaped not only by a particular project's compatibility with the recipient culture, as anthropology has demonstrated through exhaustive critiques of wrongheaded development projects, but also by how local people interpret the *idiom* of aid itself. Such concern may seem tangential to more concrete analyses of actual dollar figures and their sources, destinations and objectives, but perceptions must be taken seriously. For example, how aid is interpreted by local people clearly affects whether or not aid can be convincingly targeted by nationalist demagogues as an example of foreign control. In this way, perceptions can actually determine "success" or "failure."

To a great extent, the "success" of aid programs hinges on the interpretation of aid as "help" by the recipients. The concept of international aid unites political, economic and socio-cultural operations and objectives into a novel package morally validated as assistance, what Geof Wood (1985) refers to as the "donative rhetoric" of foreign aid. Having been established as a legitimate, even admirable, type of activity, the concept of aid becomes a powerful discursive tool that can be invoked to validate related activities not driven solely by helpful motives, such as common capitalist investment or money lending. In support of this claim, Marianne Gronemeyer (1992:55) argues that "However obviously fraudulent use of the word 'help' to describe development aid may be, the word continues to be taken as the gospel truth, not least by those upon whom the fraud is committed. The concept of help appears to have forfeited scarcely any of its moral self-justification. Its suggestive power remains unbroken." We argue, on the contrary, that in eastern Europe its suggestive power has finally been broken, and that the break renders aid incapable of performing many of the objectives it is intended to achieve, from reviving the economy to engendering political good will and influence. The break is due in part to the political interpretation of aid encouraged by socialist experience: aid to eastern Europe cannot be depoliticized and as a result cannot fulfill either political or economic objectives. The fracture also reflects the general association of aid with the Third-World context: when this connection is violated, the aid edifice itself is destabilized.<sup>2</sup>

To make these points we start by discussing the distinctive legacies of socialism that structured the interpretation, reception and outcome of international aid. We then illustrate our claims with cases of privatization aid in Bulgaria and Russia, focusing on efforts of the United States Agency for International Development (USAID), which administers US assistance. The privatization of state-owned resources has been determined by western donors, especially the United States, to be the most critical need and the linchpin of the entire transitional process.<sup>3</sup> We focus on Bulgaria and Russia because there is clear evidence of aid frustration in these countries (Engelbrekt 1994; Kliamkin 1995). More importantly, we have ethnographic experience with the reception and implementation of aid programs in both cases, and it is in the local context that the causes and consequences of aid discontent become clearer.

Obviously we cannot provide an extensive survey of the socialist system here; rather we focus on those elements that are particularly consequential to the outcome of aid projects. The results revolve around a central paradox: some of the characteristics of socialism made aid useful, even essential, to political and economic transition, but other socialist legacies doomed aid to failure in that very role.

The first factor in this dynamic concerns the role of the state. The state was so central to east European socialism that western analysts often characterized the system as "state socialism" to distinguish it from the utopian variant in which the state was expected to wither away. The key to state power was its expansionist bureaucracy with its monopoly over the allocation of resources (Verdery 1991). In a shortage economy, where demand always outpaced supply, control over resources insured state power. After the political and economic collapse of 1989, there was less to allocate and increasing avenues of allocation, which undercut the means by which the state maintained power. While this eroded the centralized power of the Communist Party, the fact that new leaders and parties had little to allocate meant that they sometimes had difficulty expanding their own authority over the previous Party bureaucracy, at least locally, especially after the euphoria of "transition" had passed. At the same time, the ability of new governments to maintain legitimacy hinged on their ability to deliver the goods not provided by the previous regime. Aid was one potential resource with which new political leaders could wield influence and assert control. So the need to fill the perceived power vacuum and the fear of entrenched local communists made aid a focal point for both eastern and western politicians. Both saw it as a way to wrest control from the old communists, ironically through the same means as the communists before them, by bureaucratic allocation. The importance of aid in political outcomes was thus related to the degree of state centralization and control under socialism.

Underlying this importance was not only the legacy of socialism, but the fallout from the global Cold War in which communism contended. Cold War competition and propaganda had increased east Europeans' expectations for western aid. The embrace of east European defectors by western countries, western investment in propaganda tools such as Voice of America and Radio Free Europe, and the concern for the victims of communism espoused by western diplomats in international arenas, all convinced those behind the "iron curtain" that the West was waiting to come to their aid. This belief preconditioned east Europeans to see the West not only as saint, but even as savior. The late Rita Klimova, former Czechoslovak ambassador to the United States, characterized her countrymen's expectations in the heady days following the collapse of the communist bloc: "People imagined the United States to be a kind of rich Soviet Union" (Wedel 1992a:132). In other words, they expected a lot of cash to be coming their way. Some observers have even compared these expectations to Cargo cults (Smollett 1993:12). When aid failed to materialize or come in sufficient amounts, there was a tendency to lose faith in the system that spawned this hope. During fieldwork in 1994 and 1995, Bulgarian villagers taunted Creed with sarcastic comments about the aid and assistance they had expected from the United States: "We are waiting for all that western help;"

“Things will be fine when you [US] deliver all the help you promised.” Such commentaries were intended to highlight the West’s apparent hypocrisy.

Western countries attempted to counter this outcome by making a big deal about the aid they provided. But since resources were limited, their attempt to advertise their assistance only generated greater disappointment and questions about where the aid went. Poland’s chief coordinator of foreign assistance, Minister Jacek Saryusz-Wolski, confided to Wedel in 1991: “When people in Poland hear that billions of dollars come to eastern Europe, they expect that Poland gets one-half to one-third of that money...Very often people ask us what happened to it” (Wedel 1994:304). In a 1994 letter to Wedel, Czech aid coordinator Pavel Rozsypal wrote of the prevalence of “cynicism on the part of the local beneficiaries regarding just who is the intended beneficiary of foreign assistance; criticisms in this regard are widely circulated in Czech government offices.” Hungary’s chief aid coordinator, Minister Bela Kadar (1993:5) raised the question: “The public learns from official statements that the Western world has transferred resources on the order of \$40 billion to \$70 billion so far to promote transition in the post-communist countries. One has to ask, where have all these billions gone?” Worse yet, many people in eastern Europe had a ready answer from the days of socialism: to the pockets of political elites. This response in turn exacerbated discontent with aid and its providers.

All this produced a positive feedback loop of frustration: as people expected more aid, there was a tendency for politicians in both the East and the West to emphasize the aid that was already being provided. This escalating rhetoric, however, only increased concern over where the aid went, culminating in greater disenchantment. As recipients became more and more disappointed, so did donors, who promoted and defended their programs even more vigorously, leading to further frustration among recipients.

Not surprisingly, this dynamic eventually escalated into questions of intent; apparently, the West did not really want to help. Western enthusiasm for assistance thus appeared to disappear along with the communist system itself, and this exposed the political self-interest of Western governments. Furthermore, the stipulations of aid programs certainly were not seen as disinterested help. As a Bulgarian villager expressed it, “the IMF gives us money but says ‘this is exactly what you have to do with it.’ Not what we want or need, but what they say. Is this democracy? What kind of help is this?” Here again, the cold-war legacy plays a role. For years rhetoric berating the West was broadcast across eastern Europe. As Kideckel (1994a:136) points out, “the chronic economic difficulties and shortages in the socialist states were regularly blamed on the machinations of the imperialist powers, Wall Street bankers, and financial lackeys like the International Monetary Fund.” Such propaganda was not necessarily taken to heart at the time, but when the West failed to live up to its expected role as savior, the old rhetoric gained new credibility.

These ideas were encouraged by other socialist legacies. Since state propaganda was untrustworthy and contradicted by everyday life, east Europeans learned to “live in the lie” as Havel (1985) describes it, and as a result, to doubt intuitively all officially proffered explanations. Furthermore, because so much had to be “arranged” under the table in economies of shortage, many transactions were shrouded in secrecy. Everyday

life thus required considerable political skill: who was doing and getting what, and people’s real motivations and loyalties, were often not what they appeared. This led to interminable speculation and suspicion throughout society, from a villagers’ explanation for his neighbor’s good fortune to a political leader’s interpretation of her colleague’s demotion. Thus, it is not surprising that many eastern Europeans did not view the “neutral” technical advice they received from Western experts as neutral at all. Across the region, charges of industrial espionage were common. As a Polish manager who worked with foreign consultants put it, the region has become a “paradise for [Western] spies.”<sup>4</sup> Bulgarian officials suspected agricultural advisors sent from the European Union (EU) of spying to assess Bulgaria’s potential competitiveness in agricultural products. One high ranking official even intimated that their advice was intended to sabotage Bulgaria’s ability to compete with European producers.

Obviously, for aid to perform its objectives most efficiently, it needs to escape these political accusations. It must be seen as apolitical, allowing it to operate outside standard political debate and contestation. This does not mean that aid cannot have political consequences. On the contrary, James Ferguson (1990) argues convincingly that in Lesotho the depoliticization of development aid facilitated the preeminently political operation of expanding bureaucratic state power. However, political objectives are best submerged beneath economic ones, otherwise aid risks being rejected on political grounds, especially in the highly politicized and unstable political situation left behind by the communist collapse. But depoliticization is exactly what the socialist legacy prevented. The socialist state’s obsession with allocation meant that the economy was fully controlled by the political apparatus. In fact, economic control was one of the basic premises of the socialist system, reflected in the concept of a “planned economy.” Every aspect of the economy was regulated according to Communist Party priorities. This history of political and economic integration made it nearly impossible to depoliticize subsequent aid. It was inconceivable for most east Europeans that economic activities could be devoid of political motives or that such motives could even be secondary. In short, then, the socialist legacy made the depoliticization of aid both essential and impossible.

As if socialist predispositions were not sufficient, the political dimension of aid was made explicit by aid providers since the combined collapse of the political and economic systems in 1989 seemed to justify aid targeted explicitly for political objectives. The attempt by western governments to foster democracy and civil society, even while clearly in line with popular opinion in eastern Europe, exposed aid as an explicitly political tool. In some cases aid even went to support particular political groupings and parties. Concomitant claims to political disinterest in other areas of aid, such as privatization or agricultural aid, were bound to be met with skepticism, especially given the suspicions previously mentioned.

Socialist interpretations of aid were all the more likely when, as was often the case, aid programs actually replicated the operation of state socialism. First, aid deployment relied heavily on personalistic relations or connections between and among well-placed individuals. East Europeans had extensive experience with informal social organization through the personal networks that connected the individual to the state

economy and bureaucracy, and which also pervaded these institutions, often enabling them to function. As a result citizens commonly complained that connections were needed to get any desired good or service and that those with connections got everything. These relationships were “particularistic” — dependent on individual connections and criteria — rather than “universalistic,” in which connections and criteria are independent of particular social relations. As we show in the Russian case, aid projects that were “successful” in donors’ eyes appeared to replicate this closed system of personalistic relationships. They often relied upon groves whose members had their finger in all the pies — politics, business, bureaucracy — and could carry out a myriad of activities to circumvent, override or otherwise reorganize political and economic institutions and authorities in order to actualize aid goals. The “catch-22” for aid providers was that to be “successful” in a situation dominated by personalistic connections they had to work through such relationships. To do so, however, lent resources and legitimacy to this particularistic social organization, thereby undermining donors’ celebrated attempts to build “independent institutions” and fomenting resentment against the elite groves that benefited. As a result, one heard the common socialist appellation “Mafia” increasingly applied to post-communist aid recipients.

More formally, aid also replicated the nature of socialist planning with the Western donor replacing the Communist Party in the role of enlightened planner, attempting to achieve particular results on the basis of capitalist, rather than socialist, logic. Thus, what Bennett (1988:16) calls the “myth of planning” in development aid, in reference to its failure to conform to planned agendas, struck a familiar chord among east Europeans seasoned with decades of “planned change” and socialist reform programs. Their appreciation of the political factors behind past reform programs and the disappointing results obtained generated cynicism regarding aid projects as well.

Moreover, the trope of sacrifice so essential to structural adjustment programs of the IMF and World Bank was hard for people raised under the rhetoric of communist sacrifice to understand. They did not expect to trade socialist privation for capitalist austerity. Helweg’s (1994:47-48) account of visiting a USAID office in Romania and being told by a representative that Romanians (most of whom were living at the time without hot water or heat) had to make sacrifices in order to develop, is indicative of the disregard aid providers had for the historical context. To east Europeans who endured years of privation to build communism, the concepts of “aid” and “sacrifice” seemed antithetical, so the emphasis on the latter led to doubts about the former.

Finally, the historical association of aid with the Third World created numerous problems for aid projects in eastern Europe. Western consultants often acknowledged the distinctiveness of eastern Europe in theory. However, their experience with aid was primarily in the Third World, so in practice they tended to bring those (mis)conceptions, such as assumptions of socio-cultural backwardness, to eastern Europe. This was the ultimate insult to people who were proud of historical and cultural ties to the West. Indeed many of those in the central part of eastern Europe considered themselves exemplars of European culture and civilization. They saw communism as a forcibly imposed alien system that oppressed their developed countries. Western

consultants who treated them as communist products in need of capitalist acculturation replicated the very ethnocentrism that locals hated in Soviet hegemony. Those east Europeans who were less historically chauvinistic were equally offended by the denial of socialist developments. Communism failed to deliver on most of its promises, but it did pull several countries of the region into a version of modernity not commonly found in the Third World, and members of these societies did not appreciate being recast as “backward” by aid providers. They sought concessions that would distinguish them from those “other” recipients. So while most east Europeans may have resented the socialist system, they also resented the tendency of aid providers to deny pre-socialist accomplishments or to devalue what they had achieved in spite of socialist limitations.

One of the gravest affronts to east Europeans attendant with Third-World models was the devaluation of local knowledge and the assumption of local ignorance regarding the economic rational of aid programs. In many parts of eastern Europe education and research were equal to that of the First World, in some exceptional cases they even surpassed Western standards. Yet, as one Bulgarian phrased it, “they [Western experts] treat us like we are still living in the trees and do not know the simplest things.” This seems to follow the insights of Mark Hobart (1993) who points out that much of the process of development aid involves denying local knowledge in order to “make” people ignorant and therefore receptive to Western knowledge and advice. He suggests that ignorance may be constructed in different ways: “It is not just ‘not to know’ but may suggest decay and the dismantling of a complex structure...” (1993:20). This would seem to apply perfectly to eastern Europe after 1989; however, it was more difficult to make east Europeans ignorant since many were highly educated in the same traditions as west European and American experts (with the obvious exception of Marxist theory which most students learned perfunctorily). The extent of local knowledge helps explain why east Europeans were particularly unhappy about the predominance of advisors over money in aid packages. Poles even coined a derogatory term, the “Marriott Brigade,” for the “fly-in, fly-out” consultants who stayed at the five-star hotel in Warsaw and dispensed advice based on little if any local consultation.

The imputation of ignorance also carried a tacit challenge to east European political authorities who were recast as mere facilitators or obstructers of aid agendas. János Kornai captured the irony of this outcome:

Those who attach intrinsic value to democratic institutions must consider in their proposals the existing political power relations and the rules of parliamentary democracy. We are not going to achieve much if we rely on advice of this kind: “It’s our job to advise you about what’s good for your country and your job to take our advice. If you don’t take it, that’s your problem. We can’t help it if your politicians are stupid or malicious” (Kornai 1994:5).

Understandably, east European leaders responded aggressively to such affronts. For example, the United States had difficulty in negotiating bilateral aid agreements in five of the six countries where Wedel conducted fieldwork (the four Visegrad countries plus Russia and Ukraine). Of particular concern to recipient officials who declined to sign on the dotted line was the US

request for diplomatic immunity for all technical assistance workers — that is, for aid-paid consultants who did not have diplomatic standing. Officials in Poland, Hungary, the Czech Republic and Slovakia refused, indicating that no other donor had made such requests, and that while such immunity might be justifiable in some Third-World settings, this was not the case in eastern Europe. In Russia this objection combined with others to fore-stall ratification of aid agreements.

Eventually, frustration and resentment over Western attitudes led to much bolder responses and initiatives on the part of recipients.<sup>5</sup>As they became more aware of what aid could (or could not) accomplish, they also became more vocal and determined. For example, the Poles and Hungarians requested more capital support and less technical assistance. The Czech government decided to limit its use of foreign assistance altogether and has even refrained from relations with the World Bank. In a speech at the World Bank, Prime Minister Vaclav Klaus (1993) explained that, "After three years of relatively successful fundamental systemic transformation of the Czech economy and society my experience tells me that the role of external factors in this process is relatively small and that the reform begins and ends at home." Zdenek Drabek, former aid coordinator of the former Czechoslovakia, elaborated: "Many Czechs now proudly believe that Westerners have little to teach us, to show us, to advise" (Wedel 1994:306).

The Czech government has used foreign aid to make a statement about that nation's stance toward the West and its place in the world. If being an aid recipient signals difference, and if accepting aid means remaining in a supplicant position, then the Czech government's decision not to accept aid was a way to define the nation as already part of the West. This distinguished them not only from Third-World aid recipients but also from their neighbors who continued to receive aid, making the Czech Republic more attractive and "deserving" in the competition for bigger Western favors, such as membership in the EU. By firmly refusing to accept wounded national pride, the Czechs, in a sense, beat the West at its own game. Their ability to do so certainly depended upon the socio-economic advantages they had over their eastern neighbors, but aid provided a means and a forum to accentuate and advertise those differences. The result was more Western acceptance as a "partner."

Clearly, east Europeans were concerned that aid not be a ruse for a new servitude to the West. The insistence on local input into the aid process no doubt became more significant and justifiable as a precaution against this possibility. This demand certainly stymied aid programs which focused on donor objectives and models, but since many Western initiatives *claimed* to be about establishing democratic participation and getting local people to take initiative away from top-down planners, the resistance generated by the conditions and requirements of aid programs may be their greatest success. Of course, providers of aid are unlikely to see it this way.

For all the above reasons it is clear, at least in hindsight, that the attempt to apply existing models of foreign aid to eastern Europe was destined for trouble. If the providers of aid learned the anthropological lesson of cultural sensitivity in the Third-World context, they failed to see that a significant element of east European culture was people's view of themselves as distinct from the Third World, a distinction they aggressively defended. As the Czech example blatantly illustrates, aid itself

carries a meaning that is not always worth the potential benefits. Thus the very model of aid that has evolved over the decades since the Marshall Plan must be reexamined by aid providers if they intend to influence developments in eastern Europe. Toward that goal we focus on two very different examples from eastern Europe which nonetheless teach complementary lessons.

### *Land Restitution in Bulgaria*

The Bulgarian aid drama includes the usual cast of characters: The World Bank, the IMF, the European Bank for Reconstruction and Development, the European Investment Bank, the Soros Open Society Fund, the EU (through the PHARE program)<sup>6</sup> the International Finance Corporation, the United Nations Development Program, and various national government programs of individual countries. While much less than the EU's investment, US assistance has been significant. It is coordinated by USAID, which opened an office in Sofia in September 1991. In addition to its own programs, USAID coordinates the activities of over 20 other organizations, including the American Bar Association, Land O'Lakes, Inc., the Peace Corps, US Department of Agriculture, a few Universities, and Volunteers in Overseas Cooperative Assistance (VOCA). USAID provides grants to these and other organizations to carry out the work of assistance. According to its activities and its own programmatic reports, USAID puts significant stock in the subcontracting arrangement.

US assistance to Bulgaria began early in 1990 with a \$2 million grant. As of September 30, 1995, nearly \$177 million had been obligated to that nation (U.S. Department of State 1996). A significant amount of this money, especially in the early 1990s, was directed toward agriculture.<sup>7</sup> According to USAID's Gerald Zarr, agriculture was one of the four major categories of assistance and was "seen as a great priority in Bulgaria. We have been working very hard to attract American investors and also to provide a wide range of technical assistance and training in agriculture" (1993:14). Additional assistance included a Department of Agriculture program directed toward establishing an agricultural commodities market, improving statistical tracking of agricultural production/trade, and providing agricultural extension services to Bulgarian farmers.

The latter project complemented the more extensive efforts of VOCA, a private, non-profit organization which solicits American farmers to advise their counterparts in developing countries. In the six months between October 1992 and March 1993 there were nineteen such volunteers in Bulgaria. In the fall of 1993, Creed met an apple grower from Washington state who had come to advise new orchard owners.<sup>8</sup> Although well-intentioned, the man was uninformed about Bulgaria and the general post-communist context. He was full of good advice about irrigation and machinery which could never be actualized without extensive capital investments. He also admitted being confused about whom he should advise since it was not clear who owned the orchards.

USAID was also involved in trying to resolve the ownership issue. In July 1991 USAID authorized a \$10 million grant to "assist Bulgaria in developing a free-market agricultural system" (USAID 1991:15). Specifically, the money was to underwrite efforts to return collectivized farms to their former owners by helping to pay the costs of 1,500 local land councils.

These councils received, evaluated, and processed claims from people (or their heirs) whose land had been collectivized. Aid provided salaries and extensive computer equipment for the councils. In the past few years the PHARE program has granted additional monies to speed up the program and supply additional equipment, such as copying machines.

The land commissions were later supplemented by so-called "liquidation committees." This developed as a result of amendments to the land law enacted after the agreement with USAID. Still it reflected the policies of the major anti-socialist party, the Union of Democratic Forces (UDF), which certainly figured in US aid initiatives. As a result of the amendments, the land commissions and liquidation committees became two components of the same decollectivization initiative. During the spring of 1992 liquidation committees were set up in every collective farm in the country. These committees replaced the old farm management and were assigned the tasks of managing agricultural activities while liquidating farm resources. As their title suggests, the latter objective often took precedence.

As many villagers saw it, the liquidation committees were appointed and installed in order to foreclose the option of cooperative farming. Land was to be returned by land commission decisions, and the liquidation committees were to see that all other collective resources, such as machinery, buildings and livestock were either sold or handed over to private holders on the basis of original contributions to the collective. This would leave no material basis for a cooperative and force any new cooperatives to start from scratch, a daunting if not impossible task. So in the minds of many villagers the restructuring program, financed in part by international aid, moved beyond the stated idea of restoring ownership rights to installing a particular type of production.

This new type of agricultural production was clearly in keeping with the economic *raison d'être* of Western aid to eastern Europe, the establishment of market economies. But there was a political motivation to the project as well. Many leaders and supporters of the UDF viewed cooperatives as distinctively communist and thus anathema to a thoroughly post-communist polity. Decommunization required decollectivization. Thus, American agricultural aid to Bulgaria replicated in part the dynamic discovered by James Ferguson (1990) in Lesotho. It was a depoliticized attempt to work a preeminently political operation, in this case to enhance the political position of the UDF.

To understand this objective we must understand the political situation in Bulgaria in 1992. Briefly, the position of the UDF was tenuous. They lost the first free elections in 1990 to the Socialist successor of the old Communist Party, but managed to gain the Presidency for Zhelyu Zhelev and a "neutral" prime minister through a strategy of noncooperation. UDF support was particularly weak in the countryside. There were several reasons for this (see Creed 1995b), but many UDF leaders blamed it on the continuing influence of village communist leaders who maintained power through control over the village economy, specifically the collective farm. The strategy then was clear: get rid of the collective farms.

The United States government was involved extensively in trying to insure a UDF victory in the first elections. Misha *Glenny* (1993:175-176) characterizes the American advisors deployed to Sofia for this purpose as a "diplomatic SWAT team" and "Uncle Sam's Calvary." Their demonstrated concern for

securing UDF power and the subsequent \$10 million grant from USAID to finance agricultural reform should not be dissociated from the UDF's explanation for its political weakness. Aid to promote economic restructuring in agriculture was a depoliticized effort to enhance the power of non-socialists in the country by attacking a bastion of socialist support and a symbol of communism.

The most explicit evidence for this interpretation was President Zhelyu Zhelev's comment, reported by numerous villagers, that getting rid of the communists required eradication of the collective farm system. Whether he actually made this statement or not, an uncompromising perspective is suggested by the UDF's choice of the term "liquidation." Furthermore, once the UDF gained power it also disallowed cooperatives that had been registered under a new Law on Cooperatives enacted by the previous socialist government. Certainly many of these so-called "new" cooperatives were simply old collectives with new names, but many smaller cooperatives had formed in response to the new law and they too were disqualified. Cooperative activity in any guise was suspect. This anti-cooperative sentiment softened significantly after the collapse of the UDF government in the fall of 1992, but it was still evident in 1993. For example, new credit programs provided by PHARE and the World Bank in 1993, totaling 7 million ECU and 50 million dollars respectively, were both targeted exclusively for private farmers. As late as February 22, 1996, Zhelev issued a television appeal for Bulgarians to form local communities to push for the return of land which he said was stalled by narrow party interests and the political prejudices of a few people in the Socialist Party (Krause 1996: on line). Agricultural aid cannot be divorced from these political struggles.

An encounter Creed had with a VOCA representative in Bulgaria back in 1993 convinced us of the depoliticization of politicized agendas through development aid to agriculture. Despite the fact that VOCA calls itself an organization for "cooperative assistance," and despite the fact that it often provides experts on cooperative organizing in other countries, its representative in Bulgaria was committed to the eradication of cooperatives. This attitude was also evident in an interview with VOCA representative Jeffrey Levine published in the Bulgarian English-language periodical *The Insider*:

VOCA has three priorities in Bulgaria: to help with the *privatization* in the production of agricultural goods and with the commercial viability of agriculture; to help *private* producers move into the market of processed goods, because if you export only raw produce, you lose added value; and, most importantly, to help with the laying of the very foundations of *private* agriculture — which means the areas of credit and policy... The key challenge here in Bulgaria is to complete the process of land *privatization*... Agriculture has to begin with people feeling that they own the land. So we have to help speed up land entitlement... Bulgaria also needs laws that favor *clearly private* agricultural activity and recognize the risks farmers take." (1993:25, emphases added).

As a move toward these goals the VOCA representative with whom Creed spoke wanted to change the ZÓame of persistent cooperatives into "corporations." When asked why, he said that the idea of cooperatives was too politicized and that agriculture needed to be depoliticized.

As he put it, the concept of “cooperative” raises a “red flag” (red being the well-known symbol of the Socialist Party, in contrast to the blue symbolism of the UDF). Creed observed that the capitalist-identified term “corporation” might also be extremely politicized, invoking a UDF political platform, or, in other words, raising a blue flag. He further suggested that this might not be the best way to go about introducing agricultural changes to areas of the countryside less than thrilled about the UDF. The VOCA representative acknowledged that this was a potential problem, but he was optimistic because, as he put it, “it’s a blue flag, carried by an American.” He believed this would translate into greater acceptance on the part of rural villagers for the idea of corporations. He stopped short of making the final and logical connection: in making an economic model associated with the UDF and other anti-socialists parties more acceptable, one makes these parties more reputable for rural voters. That US aid enhanced the power of the UDF, then, seems clear. Decollectivization was an attempt by the UDF to eradicate a competing avenue of resource allocation — the collective farm structure — just as Verdery (1991) characterized the socialist bureaucracy as furthering its own control over resources by eliminating competing routes of allocation. More importantly, by financing decollectivization, aid provided a coterie of new bureaucratic representatives at municipal and village levels — the members of land commissions and liquidation committees, most of whom were originally UDF supporters. Aid then provided the UDF with a way of expanding its own bureaucratic state power in a situation where it was unable to completely and confidently tap or take over the prior government’s bureaucratic mechanisms.

As with socialist bureaucratic power, that achieved by the UDF through international aid was closely tied to the party’s political platform (in this case, decommunization through decollectivization). Thus, the expansion of the UDF’s bureaucratic power was not necessarily inheritable by subsequent governments. In fact, one of the first actions of the socialist parliament elected in December 1994 was to reinstall some of the restrictions on the restitution of land which the anti-socialists had eliminated in 1992. This encouraged continued cooperative cultivation and undermined the power of liquidation committees in favor of cooperative farm management. The liquidation committees were subsequently removed altogether.

The continuity of any bureaucratic power built upon external aid, then, is a variable that will depend upon what the resources are, how they are used, and just how depoliticized the effort is. These connections provide additional insight to Ferguson’s (1990) important analysis. They suggest that Ferguson’s claim about depoliticization and the expansion of bureaucratic power are, in fact, co-dependent: aid can *only* provide a lasting expansion of bureaucratic state power when it is depoliticized. If aid is not thoroughly depoliticized, any bureaucratic expansion constructed upon it will be vulnerable to political changes. Inversely, what appears to be an expansion of bureaucratic state power through aid may in fact be an expansion of the power of a particular set of power holders, which seems like general state power due to their hegemonic control over the state in a period of general political stability. The high degree of depoliticization that Ferguson found in Lesotho is nearly impossible to achieve in the post-communist context and thus

the stability of bureaucratic power produced by aid monies is limited to the continued flow of resources.

Depoliticization was generally important for all the reasons discussed previously, but it was *especially* relevant to agricultural aid because agriculture had been so thoroughly politicized under socialism (a fact perhaps most succinctly captured in the popular association between communism and collectivization). Furthermore, the focus on agriculture by aid organizations appeared like yet another attempt to make Bulgaria an agricultural backwater as proposed earlier for the Balkans, first by Hitler, then by Soviet leaders (through COMECON specialization). Additionally, the decollectivization program was antithetical to the stated and accepted political objectives of democratization. Clearly the decollectivization program as it unfolded in many villages was not providing local residents a voice in agricultural policy making (see Creed 1995a; Kaneff 1996). Thus, the rhetoric of aid organizations championing both projects appeared contradictory. As villagers realized this they became increasingly suspicious of aid organizations and more suspect of those who were the perceived beneficiaries of aid. In some cases they also became more active in resisting the restitution program.

The particularities of agriculture eventually impressed aid organizations. While a June 1994 USAID update on Bulgaria stated that “Assistance to agriculture and agribusiness are the central focus of the USAID program” ([sic] USAID 1994a), a program description issued the following month said that the “early” emphasis on agriculture “had been shifted” to a range of local democratic initiatives (USAID 1994b). A USAID representative in Bulgaria told Creed in the fall of 1994 that agricultural programs had been frustrating and that USAID was refocusing away from agriculture. In a strategy article anticipating the use of Seed Act monies in 1995-1997, agriculture was noticeably absent among program priorities (American Embassy, Sofia 1994). Agricultural aid faltered because providers failed to consider its potential interpretations among the villagers actually affected. Instead they attended to the political interests of a constituency they hoped to strengthen with agricultural aid. The tendency of aid providers to find like-minded constituencies in the recipient country may thus be a way around the issue of aid interpretation, but it may also be a prescription for failure if this constituency is not the primary or sole group affected by aid.

While agricultural aid failed to secure political power for the UDF, the Party’s connections with aid providers eventually did pay off. The socialist government, elected in 1994, drove the country to the brink of bankruptcy by delaying reforms and facilitating the illicit harvest of state resources. By late 1996 it was clear that any economic recovery would require significant outside investment or assistance. The UDF was then able to present itself as the only party capable of delivering the needed aid. In a televised interview during the governmental crisis of January 1997, a UDF representative asserted that any government without UDF support would receive “not a single *lev* [the Bulgarian currency unit], not a single dollar from outside.” One UDF supporter assured Creed that Western countries were waiting to send aid as soon as the UDF gained power. Such expectations contributed to the rising popularity of the UDF, but they also set the stage for the spiraling cycle of disappointment previously described.

## *Privatization and the "Mafia" in Russia*

The Russian aid story, like that of Bulgaria, includes the usual players: international financial institutions; the EU; bilateral donors, notably the United States, Germany, and the United Kingdom; and numerous private foundations, many of which are at least partially government-funded. The EU and the US are, in that order, the largest contributors of technical assistance to Russia. The EU supplies aid under the TACIS program, the equivalent of the PHARE program for eastern Europe. US aid is handled by the Department of State's "Coordinator" (appointed under the Freedom Support Act of 1992), who is primarily responsible for policy formation and coordination, and by USAID's Bureau for Europe and the NIS, which handles program management and implementation. Unlike in eastern Europe, where USAID has only "representative" offices, in Moscow USAID has a full-fledged mission that has grown steadily and currently numbers several hundred employees. The US Department of State reported \$3.5 billion in obligations and \$2.7 billion in expenditures for Russia as of March 31, 1996.

Since the dissolution of the Soviet Union in 1991, international lending institutions and the foreign aid community have pressed Moscow to rapidly introduce economic reforms and privatize state-owned resources. While a powerful few Russians (e.g., political and economic elites and factory managers) have profited from quick privatization in an unregulated business environment, many others bemoan what they perceive as unfair gain on the part of a new economic elite — sometimes referred to as "mafia." We use "mafia" here as a native category. It should not be confused with the Sicilian mafia and related groups, the activities associated with them, or the political-social constraints under which they flourish. For this reason and others we refer to these groups as cliques.<sup>9</sup>

US economic aid to Russia has been entrusted to one such clique influential in politics, economic reform, and foreign aid: the "St. Petersburg Mafia." These men, natives of St. Petersburg ranging in age from early thirties to early forties, exemplify what Podgorecki (1987) called "dirty togetherness" under socialism, whereby group members inter-penetrate government and business. Just as state control facilitated such behavior under socialism, the environment of transition, with unstable political, legal, and administrative structures, provided myriad opportunities for cliques to penetrate public institutions and access resources. The strength of the clique lies in its ability to do so: to circumvent, connect, and otherwise reorganize political and economic institutions and authorities.

Russian president Boris Yeltsin brought one of the clique's key members, Anatoly Chubais, to Moscow, and he in turn brought others. Yeltsin charged the group to carry out economic reform and gave Chubais the title of deputy prime minister to enhance his standing and the status of reform. By anointing Chubais "the czar of economic reform in Russia" (Bernard 1995:1), Yeltsin ensured that much economic aid flowed through the hands of the clique. The "St. Petersburg Mafia" soon became identified with "reform" in the minds of US foreign policy and aid officials. Thomas A. Dine, USAID's Assistant Administrator for Europe and the New Independent States, put it succinctly: "We will not waste US taxpayer dollars to provide technical assistance where reformers do not, or cannot, flourish" (1995:11). USAID entrusted the St. Petersburg clique, directly

and indirectly, with hundreds of thousands of dollars in aid through a variety of "institutions" set up under its charge to perform privatization, economic restructuring, and related activities. The political dimensions of this support is clear. As reformer representatives Boycko, Shleifer, and Vishny once emphasized (1995:142): "Aid can change the political equilibrium by explicitly helping free-market reformers to defeat their opponents...Aid can help reformers by paying for the design and implementation of their projects, which gives them a greater capacity for action than their opponents have. Aid helps reform not because it directly helps the economy — it is simply too small for that — but because it helps the reformers in their political battles." Support of the St. Petersburg reformers was thus an inherently political decision disguised as a technical matter.

The St. Petersburg clique had a monopoly on crucial activities whose locus was spread over many institutions. An important feature of the clique structure was that its few members occupied many key positions and served as decision-makers at key points of the administrative chain. Chubais, who served as first deputy prime minister, acquired an expansive portfolio, ranging from privatization to legal reform and the development of capital markets and of a regulatory framework for business and securities transactions. A number of commissions dealing with bankruptcies, the inter-firm debt crisis, and tax arrears were set up under Chubais, who also headed the nation's State Property Committee, the GKI. Typically, deputies from the St. Petersburg group performed the day-to-day operations.

Further, Chubais presided over a series of "institutions" and activities that were funded by USAID. He headed the Russian Privatization Center, or RPC, which was founded with US-government monies and, as of July 1995, estimated to have received 70 percent of its funding from the US government. The RPC, which was to assist companies with economic restructuring and help develop a regulatory framework for business and securities transactions, was established to be an interface between Western donors and governmental privatization efforts. Other members of the St. Petersburg clique (all of whom occupied multiple posts) served in various ways in the governing structure of the RPC, even appointing each other to the various formal positions. For example, Chubais was chairman of the Supervisory Board. Dimitry Vasiliev, another clique member, served as deputy chairman. While the Supervisory Board nominated Maxim Boyko, a member of the clique, to run the RPC, Boyko chose its directors of which Vasiliev was one.

Formally and legally, the RPC was a "private" organization. For administrative and legal reasons, as well as to facilitate the perception of depoliticization, donors found it easier to give money to private organizations. But the "private" label obfuscated its real character: The RPC was created by a government order as a support organization for economic reform. In effect, the RPC was a preserve for clique-member state bureaucrats, masquerading as a private institution.

Although the clique had strong ties to state institutions, it was not synonymous with them. In some instances the two appeared to be indistinguishable because the agenda of the clique was so strongly identified with the government, but some institutions with which clique members were affiliated had their own formal agendas. For example, the institutions set up



primarily to be an interface between western aid agencies and the Russian government had formal statements of purpose and governing structures. These appeared to address the purposes of the aid agencies (and usually were designed by them), but they were easily overruled by the clique (if its members were even aware of them), with donor agencies looking the other way. Thus, these "institutions" seemed more like front organizations in that their stated goals and achievements were far from their real purposes. Their real sources of influence were submerged beneath the facade of formal institutional structure.

Both donor and recipients worked hard to build the trappings of independent institutions. The RPC, for example, had on board some Western aid-paid administrators. Although this helped to disguise the clique structure of influence and to facilitate the perception of depoliticization, the RPC was unmistakably run by the St. Petersburg clique. The clique depended on the state to stand far enough away so as not to interfere with the acquisition and allocation of resources, but close enough to insure that no rivals tapped the flow. This structure enabled groups such as the St. Petersburg one to bypass sources of authority and influence that might otherwise apply, and thereby enhance its own. Unlike democratic governments, the system had little accountability, little visibility, and little means of representation for those under its control.

While USAID was pleased to be funding a "private" organization, which had the double advantage of appearing to be apolitical and upholding the American aid model of supporting private organizations, the RPC received USAID funding only because it was so intimately connected to the Russian *government's* reform agenda and to the reformers. On the one hand, the ability of the "private" RPC to raise funds from aid organizations depended on its being run by the St. Petersburg clique which performed key functions of the state. On the other hand, the ability of "state" bodies to influence and execute policies depended more on personalistic ties than on formal institutional authority.

With the clique as the base of operation, the distinctions of formal and informal, state and private remained, in practice, irrelevant. In fact, it was impossible to accurately describe what was private and what was public: the clique's domain ran through both. As a US aid official in Moscow put it: "the RPC is formally private but the board is all government people and Chubais. [It] may be private but certainly looks political... [Just as] the Heritage Foundation may be private but certainly supports a political constituency... [The] average Russian doesn't make that distinction."

In fact, the distinction was violated in the St. Petersburg clique's use of aid resources for its own political ends. For example, the reformers used USAID-funded "public education" efforts at least in part to further their political interests. Under US aid-funded programs, Western public relations firms engaged in "public education" to explain privatization. In Russia, the first such project involved the voucher auction. It began with informational television spots that explained what a voucher was (and what to do with it) and what shares and auctions were. However, in April 1993, the nature of these efforts changed to convincing Russians of the benefits of privatization. According to representatives of the public relations firm that handled the project, this entailed monitoring the reformer's political competitors and "making sure the right

reformists were getting in [office]." The firm arranged radio and television spots to promote privatization, including some featuring prominent politicians: a "man of the week" series highlighted reformers such as Chubais.<sup>10</sup> The effort came to a head during the election campaign of 1993. Although the project was formally run by a Western firm, the reformers had enough contacts and control over the Russian media to insert their own political slogan into the process, changing it from "Your voucher, your choice," to "Your choice, Russia's Choice." Russia's Choice was the name of Chubais' political party.

This created a small scandal that resulted in USAID's firing the public relations firm that had handled the project. But according to that firm, members of the St. Petersburg clique were responsible for the scandal. They had changed the slogan over the company's resolute protests. In any event, USAID's hiring of yet another public relations firm to continue "public education" work did not stop the reformers' efforts to advance their own agenda. As the representative of the second aid-funded firm explained: The GKI has an "obvious political agenda... We have to be careful not to subscribe too closely to them without demonstrating we're in opposition... My sense is that American taxpayers wouldn't like money spent on what a political party should do." She explained that Chubais had wanted her firm to fund "things of benefit to his political future."

Thus, members of the St. Petersburg clique worked on all sides of the table: they influenced decisions about both the allocation of money to aid organizations and its subsequent disbursal. But since the system operated through personal ties, the efforts of such individuals did not get institutionalized. Instead, clique members are what Polish sociologists Kaminski and Kurczewska (1994) call "institutional nomads;" when they depart, the institutions they empower lose influence or disappear altogether. In effect, then, aid money is being used to bolster networks. There are few formalized procedures — nearly everything is informal and the rules, as many east Europeans put it, "are whatever you can get away with." The system is weak in constitutional terms and lacks outside accountability. This jeopardizes possibilities for the development of a democratic system. Sergei V. Burkov, Chairman of the Duma's Committee for Property, Privatization and Economic Activity, explained: "Everything is concentrated in the hands of the GKI. They don't seek consent, agreement or advice on how to distribute aid." Neither the GKI nor the RPC disclose information, he reported, and the Parliament has no monitoring authority over the executive branch. He concluded that American aid supports one particular political group. The "process needs to be opened up." While such improvisation and informality may be expected to characterize a revolution and its aftermath, they collide with donor standards of bureaucratic accountability.

Of course, donor standards themselves are also politically suspect. Two-thirds of the Russian people, according to one public opinion survey carried out in spring 1995, believe that the United States has a calculated anti-Russian foreign policy (see Khamkin 1995). Part of the public has come to associate the terms "market economy," "economic reform," and "the West" with dubious activities in which a few people profit while others experience a devastating decline in their standard of living, far from the secure, albeit stark, life under socialism. This sentiment helps explain why, after the December 1995 State Duma election in which Communist parties won about

one-third of the popular vote and 42 percent of the seats (Bryant 1996:420-421), reform came under siege and some members of the St. Petersburg clique were placed under investigation. This also helps explain why Russian politicians and the press have periodically attacked reformers such as Chubais. Thus, while USAID purports to promote "structural" changes in the Russian system, its dependence on "reformers" as the mechanism through which changes are to be implemented may actually reproduce aspects of socialist practice.

### *Conclusion*

In both Bulgaria and Russia, foreign aid proved to be an unpredictable political tool. Clearly, in situations of such political instability, the permanence of institutions or policies promoted with aid depends to some degree on their being apolitical. Yet the legacy of socialism prevents depoliticization, either in the actual practice of aid or in its local interpretation, leaving the aid community in a double bind. The practice of aid, then, actually reinforces the interdependency between political and economic spheres characteristic of socialist systems and thereby promotes the same politicized interpretations of aid that undermine its impact or "success." As east Europeans compete for politicized aid, it serves to further fragment societies and reinforces socialist-style networks of political connections. Thus, aid can also work against the building of unity and the rule of law, its ostensible goals. Ironically, aid providers often attribute these problems to the socialist heritage without recognizing how aid actually recreated or sustained these "socialist" characteristics.

While we do not suggest that the Bulgarian and Russian cases are representative of the total aid saga in eastern Europe, anthropological reports from elsewhere in the region corroborate our findings (see Hann 1995:219-221; Kideckel 1994b; Sampson 1996). Moreover, a conference we attended in April 1995 that brought together donor officials with east European aid officials suggested a general applicability for some of our conclusions (see Harper and Wedel 1995). Repeated attempts to emphasize needs assessment as a way to improve aid projects and relations failed to generate support from either aid practitioners or east European governmental representatives. Everyone appeared to be certain of what was needed, although there was no consensus on the issue: politicians had clear political agendas which they wished to promote with aid, while private companies were just as clearly concerned with facilitating their own business interests. Rather than coming to terms with the socialist legacies described in this paper, aid providers seemed to be seeking ways to get around them for their own purposes. One aid contractor advocated involving local people only under the age of 30 because everyone else was "tainted" by socialism. In his practice of aid, some of the most needy individuals in these societies would be excluded.

The heritage of socialism has clearly troubled the traditional practice of international aid. While many donors acknowledge this, the actual differences involved seem to render the medium of aid less effective for donor purposes. Consequently, they cling to old paradigms and deny the discrepancies. This is especially evident in the division of eastern Europe into developed and underdeveloped categories, i.e., the reassignment of the countries of the Second World to the First or the Third.

The more "developed" countries (e.g., the Visegrad countries) are considered candidates for "graduation," and there is a debate in the aid community about when certain countries will be "ready for graduation." Meanwhile, the "less developed" countries, consisting of the Balkans and most of the former Soviet Union, are cast as laggards. Thus, the success of aid as perceived by donors becomes a factor in defining countries as "developed," while failure can be used as an excuse for more strident control by aid providers. The results are self-affirming and self-sustaining; they show how the aid community's discourse can shape outcomes. The new distinctions also mute the challenge that contemporary eastern Europe and post-communism pose to such binary divisions of the world. We would do well to insist on attention to the east European case as an opportunity to challenge these models.

In general, we should not be too surprised by the ambiguities and difficulties encountered by international aid in the wake of the Soviet collapse. Much of the motivation for aid programs since World War II has been to expand spheres of influence in the context of the Cold War. With the end of communist-capitalist competition we should expect major shifts in the deployment, rationale, and interpretation of aid globally. The east European cases may be just the beginning.

### *NOTES*

<sup>1</sup> We use the terms "socialist" and "socialism" to refer to the actually existing characteristics of east European societies during the years of Communist Party control, reserving the words "communist" and "communism" for the ideological system and objectives that legitimized Party control. On this basis the terms "post-socialist" and "post-communist" are perhaps equally (in)appropriate for the period since 1989; we use the latter here.

<sup>2</sup> Bauer and Yamey (1980) and Bruckner (1983) argue that the very concept of the "Third World" is tied to foreign assistance and that what these countries have in common is the fact that they receive foreign aid.

<sup>3</sup> Economic restructuring assistance, including privatization and aid to enterprises and agricultural sector programs accounted for two-thirds of US obligated aid to eastern Europe during 1990-94 (US Department of State 1995). Nearly one-fourth of all US obligated assistance to the former Soviet Union (excluding emergency humanitarian assistance) during 1990-93 went for private-sector development, including privatization, and economic restructuring and finance (figures cited in US General Accounting Office 1995: 48).

<sup>4</sup> Indeed, many "free-market proponents" from the West actually sought monopolies and exclusive deals in countries legally and institutionally ill-equipped to monitor such activities. In some cases Western consulting firms doing asset valuation also had clients who were potential buyers of those assets, creating an incentive to undervalue the properties. A classified report put out in 1991 by the Polish government's chief auditing agency, concluded that accepting the recommendations of consulting firms with respect to asset valuations sometimes resulted in significant losses for enterprises and "serious violations of the interest of the state treasury" (Wedel 1992b).

<sup>5</sup> Wedel (1994) has identified three phases in aid relations: (1) euphoria after the collapse of communism; (2) frustration and resentment; and (3) adaptation that may or may not be viewed favorably by the West.

<sup>6</sup> PHARE stands for Poland-Hungary Assistance for Economic Restructuring, reflecting its early focus on those two countries. After the first year the program broadened its target and became known as

"Assistance for Economic Restructuring in the Countries of Central and Eastern Europe," but the old acronym was retained. It actually coordinates some aid efforts with the international financial institutions mentioned previously (see PHARE Information Office 1994).

<sup>7</sup> The attention to agriculture throughout eastern Europe reflected donors' belief that more could be done with relatively less money than in the difficult industrial sector (see Rust 1990:7 on aid to Poland).

<sup>8</sup> Apple production was very vulnerable. Most prior land owners were unwilling to pay a required fee for the trees in order to take possession of the land, so the orchards languished. By the mid-1990s most experts believed they were unsalvageable.

<sup>9</sup> A clique is made up of dense and multiplex networks whose members have a common identity (Boissevain 1974:174) and promote common interests (Ryan 1978:41) through strategic concentration of power and resources.

<sup>10</sup> According to representatives of the public relations firm that handled the project, a series of "success story profiles" of privatized enterprises was discontinued because the firm had difficulty finding "success stories" and, in many cases, workers being interviewed did not know whether or not their factories had been privatized.

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