

# SOCIAL ATOMIZATION AND STRUCTURAL VIOLENCE IN THE TRANSITION FROM SOCIALISM

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## **Culture and Economy in Contemporary Theory**

An increasingly influential and interdisciplinary area of scholarship views varying cross-national economic stability and performance as a function of cultural differences. This neo-Weberian approach argues that lesser developed countries have failed to thrive in the global economy because of cultures and norms antithetical to the “rational” and “interest-driven” demands of global capitalism (Harrison 1985; Harrison and Huntington 2003). Space does not permit a full critique of this work, but its application to the transitional countries of Eastern Europe merits consideration, particularly that of Francis Fukuyama.

Fukuyama’s work makes broad pronouncements about the end of history given the collapse of state socialism in Eastern Europe and the Soviet Union. One of the great problems with postsocialist Eastern Europe and the former Soviet Union, he argues, is that they have tried to establish democratic political institutions without the benefit of functioning capitalist economies. The lack of firms, entrepreneurs, markets, and competition not only perpetuates poverty, it fails to provide critical forms of social support for the proper functioning of democratic institutions. In particular, he argues that:

The market itself constitutes a school for sociability, by providing the opportunity and incentive for people to cooperate with one another

for the sake of mutual enrichment... [and] The ability to cooperate socially is dependent on prior habits, traditions, and norms, which themselves serve to structure the market. Hence it is more likely that a successful market economy, rather than being the cause of stable democracy, is codetermined by the prior factor of social capital. (Fukuyama 1996: 356)

Indeed, Fukuyama observes that the Eastern European countries that appear to have the greatest chances for success as democracies are Hungary, Poland, and the Czech Republic, which retained nascent civil societies throughout the communist period and were able to generate capitalist private sectors in relatively short order. While there are ethnic conflicts and irredentist claims in these countries, he notes that they have not yet flared up into violent conflicts because the economy has been sufficiently vigorous to provide an alternative source of social identity and belonging (1996: 361). He ends on an unequivocally triumphant note, “Now that the question of ideology and institutions has been settled, the preservation and accumulation of social capital will occupy center stage” (1996: 362). Drawing on the work of social capital and social trust theorists who view the emergence of “civil societies” as a function of stocks of social capital (Putnam 2001; Granovetter 1983), Fukuyama unequivocally makes the claim that the accumulation of social and cultural

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capital is the clear precursor to economic development and political democracy.

This approach, one that I call the/a “cultural determinist” school of thought in comparative political economy, relies on the concepts of social and cultural capital to establish that cultural resources are critical factors determining economic performance. More recent research in sociology has taken a similar approach. Eyal, Szelenyi, and Townsend (1998) argue that the types of social capital among communist elites have allowed them to convert such resources into gains in the postsocialist context. Similarly, Stark and Nee (1998) understand the processes of transformation as ones in which pre-existing assets are re-fashioned into new ones, whether they are ties to the former party-state executives or networks of trust among elites. With a particular focus on gender differences in postsocialism, Fodor argues that stocks of social and cultural capital may in fact give women, despite continued gender discrimination in the labor market, an advantage over men in securing employment (Fodor 1997; 1998). She argues that women’s educational credentials may evolve into a highly valued form of “cultural capital” – not only in terms of academic achievement and credentials, but also in terms of skills such as “fluency in languages, analytic skills, better self-presentation, and more flexible retraining possibilities” (Fodor 1997: 486). While it is clear that forms of social and cultural capital may indeed help elites with pre-existing stocks convert them into advantages in the postsocialist context, this in no way completely validates the theoretical model that the simple accumulation and conversion of such capital in a market-oriented economy will translate into economic success.

There are two main problems with the reliance on social or cultural capital as a proxy for cultural skills and attributes amenable to economic development and stability. The first is that social capital fails conceptually because it reifies and conflates use-value and exchange-value. In this

respect the concepts resemble those of neoclassical economics rather than those of classical political economy. *Use-value* refers to the specific qualities that goods have which are useful, such as the durability of a hammer or the entertaining quality of a film. Hence differences in use-values are qualitative. *Exchange-value*, by contrast, refers to how much any particular good can be exchanged for a certain amount of another. When these theorists use concepts like social and cultural capital they conflate the use-value or worth, with the exchange-value. The failure to distinguish the two has important consequences. It is one thing to have a use-value represented by a particular skill or trait—say specialized technical training—but it is an entirely different matter for that trait to have exchange value in the labor market. This leads to the second problem—that these concepts and their application to Central and Eastern Europe have led to an oversampling and study of elites with a complete elision of the increasing proletarianization of vast segments of the working population.

In short, the second problem is that this approach, focusing on culture and the attributes of social and cultural capital deployed by a society, largely ignores the underlying structural foundations of capitalist development. We get an elite-based set of theories supported by surveys of elites—how surprising that the data support the theory! This has, as Michael Burawoy notes, largely been an analysis of the phenomenal form of capitalism, rather than the underlying reality—in short the superstructures rather than the economic base (Burawoy 2001). A view from below—of the very substrate of capitalism’s development in postsocialist regions—demands a close examination of the various forms of structural inequity that are engendered by such processes.

### **Structural Violence and Social Atomization**

While some groups—classes, occupations, etc.—may in fact have “re-valueable”

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resources that are an advantage in the new economy, large segments of the population have been dispossessed and economically marginalized. Following Galtung (1969) I define *structural violence* as harm or injury where there is no actor committing the violence, or where it is not possible to search for actors since such violence emerges from the unequal distribution of power and resources. In short, structural violence is embedded within the structures of society and inflicts its harm through everyday forms of social suffering and marginalization. It encompasses racism, differential access to health care, environmental degradation, and political and social marginalization. The slow, cumulative accretion of “soft knife policies” can collectively cause more social harm than single dramatic forms of violence that occur in periods of war, disaster, and so forth (Das and Kleinman 2003: 1).

In the next section I discuss the effects of structural adjustment, followed by an examination of cases in which the cumulative effects of these policies has further eroded the sociality and social integration of people in and around the town of Samirja, a mid-sized industrial community in southwest Slovakia.<sup>1</sup>

### **Structural Adjustment and the Politics of Dispossession**

Slovakia’s transition towards a market economy has not moved as smoothly as that of the Czech Republic, or some of its neighbors like Hungary or Poland. Several areas of economic difficulty have continued since the collapse of state socialism in 1989. Unemployment remains persistently high, hovering at or just below 19% for the past decade. Chronic unemployment, meanwhile, has become an increasingly important problem, particularly with the introduction of time limits to unemployment compensation and a dearth of job training

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<sup>1</sup> To protect the confidentiality of informants in this paper their names, as the municipalities, have been changed. Samirja in this article refers to both the town and two smaller adjoining municipalities.

and other occupational support services in place. While inflation remains somewhat steady, wage stagnation has also eroded much of the earning power of workers over the past 10 years. Between 1994 and 2004, wages have remained essentially flat after adjusting for inflation.<sup>2</sup>

While unemployment remains high nationally, it varies widely with geography. Some municipalities are as high as 45%, others as low as 7%.<sup>3</sup> In Samirja the unemployment rate has fluctuated between 8% and 17% since 1991. A more useful representation of the labor market effects, however, can be seen in the regional variation of the ratio of job seekers to vacancies. This is because many of those who are officially unemployed are actually working in the second economy, while others may have dropped off of the unemployment program. Also, the long-term unemployed tend to fall off of official unemployment statistics, but are captured by the ratio of job seekers to vacancies. In Samirja and the two neighboring towns included in this study, the ratio of job seekers to job vacancies ranges from 250:1 to 87:1. Even in the best scenario, these are dismal figures.

Additionally, industrial restructuring and privatization have severely reduced the payrolls at firms in Slovakia. This has made firms far more profitable, but it has also contributed to massive layoffs. In Samirja, the local economy that was heavily rooted in collective farming and light industry has been hit severely by economic restructuring. Of the total number of state owned enterprises in 1989, over 40% are no longer in existence.<sup>4</sup> Some have been sold off to private owners; others simply were no longer sustainable and could not find

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<sup>2</sup> See annual economic report, Statistical Office of the Slovak Republic, 2004.

<sup>3</sup> See annual economic report, Statistical Office of the Slovak Republic, and regional labor office estimates. The ones used in this paper refer to reports provided by the regional labor office in Dunajska Streda.

<sup>4</sup> Employer survey, Samirja 2000.

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investors when privatization came, while still other firms have been purchased by employees or employee groups—often with the help of multinational finance via Austrian, Swiss, French, or German banks. In total, the amount of employment lost in the town over the past decade in terms of lay-offs or permanent unemployment is nearly a third of the total working age population.

Sectoral job loss has also affected the labor market significantly since 1989. Many of the service or professional occupations have shifted to the private sector, but the skills are not always transferable; thus many people with qualifications are facing increased job loss in the local economy. In the less skilled occupations—primarily manual labor, some services, and agriculture—positions have not been replaced by the private sector as readily as others. This is largely due to the shift in the composition of the economy from a large public sector to a smaller private one, but also due to the change in industry composition. The majority of the unemployment increase in Samirja has been in agriculture, food processing, and manufacturing, and this has disproportionately affected men in the towns. The food processing and light industrial enterprises were predominantly women's occupations, but men have had higher unemployment rates throughout the past 10 years in Samirja.<sup>5</sup> In the cases that follow, I draw on interviews exclusively with men who have been unemployed, laid off, or seasonally unemployed during the year the research was conducted.<sup>6</sup>

### **Social Fragmentation: The Splintering of Social Ties and Social Networks**

The cases presented here clearly demonstrate that the transition from

socialism has not meant that economic performance and stability will arise simply out of the increased accumulation and deployment of social and cultural capital among the labor force. On the contrary, these workers—all men who have technical and other skills—have not had the types of “re-valued” resources or stocks of social capital that allow them to remain economically stable post-1989. In fact, the exact opposite processes are at work in these men's lives: social isolation, fragmentation, and conflict are increasingly part and parcel of the ways that they experience their newly disposed position vis-à-vis the formal economy.

There are several different types of cumulative social atomization that privatization and industrial restructuring have engendered. The first type I discuss refers to instances where economic competition led to increasing rumor and socially injurious harm inflicted upon former friends and co-workers. In 1994, Juraj, a lathe operator who spent 12 years working in a furniture factory, lost his job when the company was privatized and liquidated. He now employs his woodworking skills in the second economy, repairing furniture and doing odd jobs in the town. He supplements his income with work on a family farm plot, and his wife works full time at the local hospital. He had sought other employment for several months after he lost his job, then eventually stopped looking for work entirely. His friends from the factory, many of whom he had known since his childhood, were primarily unemployed as well. Many had left the town. Some migrated for work seasonally on the construction jobs in Bratislava; others found work nearby, but not in their former industry or occupation.

Juraj has seen his original network of co-workers and friends dwindle from 25 or more to two. Of those, one has stopped speaking to Juraj because he had sought to join in on some of Juraj's furniture repair work. Juraj refused, and asked his friend to obtain his own contracts for repairs—

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<sup>5</sup> Source: Základné ukazovatele 1957-1996 and 1997-2000. Ministry of Labor, Samirja Labor Office of the SR

<sup>6</sup> Grateful acknowledgement is made to the Fulbright Foundation for research support, as well as the Center for International Business Education at the University of Michigan.

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nothing was stopping him, he said. Rumors of Juraj's work began to circulate among some acquaintances and eventually spread across the town. People had heard that his business was a front for moving drugs for the Hungarian mafia. Juraj was shocked, subsequently scandalized, and then forced to close his emerging business. The injuries he attributes to insults, but also to the tensions that emerged when the furniture factory closed and people were increasingly competing for economic activity within a contracting local economy.

An additional consequence of privatization, one that the aforementioned case also illustrates, was the rending of social networks. While the nascent forms of civic engagement established in Czechoslovakia (highlighted by the Prague Spring of 1968) were to a large extent the result of the proliferation of informal networks, often in the workplace or along kin lines, these have been radically transformed by the privatization process. Precisely because the state-owned enterprises engendered shop floor networks of opposition, these relationships carried over into other areas of social life—if someone could be trusted at work, they more than likely could be trusted outside of work. These types of social ties are even more critical to many areas of postsocialist life as the proliferation of informalities, bribes, and network-related resources remain important (Grodland, Koshechkina, and Miller 1998). When firms privatized, several processes of network transformation were unleashed. First, some men who were laid off found work in new firms, and in the process these men lost many or all of the social networks they had in the former workplace. Second, in firms that did not shed all their workers, but instead retained some of the workforce, networks were often frayed as in-fighting and struggles to retain jobs broke out among the workers. As one laid-off worker from a building materials processing plant put it: “friends who looked after one another before [privatization] became mean-spirited, deceitful; they would say anything to keep

their jobs—tell lies about what others did just to keep their job or get someone else fired.” Finally, privatization also forced many men to migrate out of town for work, often seasonally, which also disrupted the social ties patiently cultivated during socialism. The loss of social support networks had a clear atomizing effect on many unemployed or otherwise economically dislocated men. More damaging, however, was the personal toll that these forces took on friendships, even within and across kinship lines.

Although social support networks clearly provide avenues for the flow of goods, services, and information, they also provide critical structures for sociality and social integration in an already solicitous social environment. When several of the local light industrial firms began to re-structure, the effects on social networks were direct and manifest, but rapidly the rendering of social networks also increased tensions among close friends and even relatives. The problems were particularly acute when friends or relatives were faced with direct labor market competition. For example, when one of the local furniture manufacturing plants re-opened after a two-year period of inactivity, a significant number of men applied for their old jobs, only to be told that the firm would produce 15 times the product but with 20% of the former workforce! The competition for the small number of jobs strained friendships and kinship relations—relatives with more experience did not want to be the ones to prevent another needy relative from obtaining a job, but often economic necessity dictated that they apply anyway. There were multiple layers of injury here: both in the direct economic hardship, but also in realizing that by taking a job one might be barring a friend or relative from a needed post at the same time. Some families in fact faced instances of domestic violence as relatives physically fought over how to best approach the delicate issue of struggling for employment. In contrast to productive social networks wherein

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information (about things like jobs), goods, services, and so forth flow through systems of balanced reciprocity, in the aftermath of privatization the opposite began to occur: people hoarded information, kept word of jobs secret—and tensions rose dramatically as a result.

A further problem that has eroded social ties within families has been the dramatic increase in labor migration out of Samirja. Hungarian men from the town have left in significant numbers.<sup>7</sup> Men who have left for work have left families behind and this has clearly strained many marriages as well as relations with in-laws. For example, several young men laid off from the local building materials processor migrated to Hungary for 8 months looking for work, leaving wives who subsequently heard rumors of womanizing and criminal activity among the men. When the men returned some marriages were strained beyond repair and separations and divorces ensued. In turn, these types of problems generated social strains further along lines of kin—in-laws seeking to protect their own family members lash out at the philandering husband—which in turn generates responses from his relatives. These small forms of social strain emerge out of an interaction among family members, but they are set off by the economic dislocation and outmigration of men in search of work.

The tension between staying in Samirja and facing a 24% unemployment rate, or leaving town and seeking work elsewhere, has also fractured families. Arguments over staying in town or leaving were particularly common after the first few rounds of voucher privatization between 1992 and 1994. With rapidly changing employment prospects, family members struggled over how to address fleeting economic security. Men who were working in agriculture or

heavy industry faced the most severe blow after 1989 because of very high job losses in these areas. Women in Samirja, however, have actually fared somewhat better due to the expansion of service sector employment and light industry (in fact women's unemployment in town is lower than that of men by two percentage points on average between 1994 and 2004). The problem, however, is that even if the wife has a job, light industry and service employment typically do not pay as much as construction or heavy industry—so some feel that the family is losing out on the higher pay that the man can earn elsewhere. With the capping of unemployment benefits and time limitations being introduced for many social safety net programs, men's economic security is often far more precarious. Debates within families with employed women but unemployed men illustrate the severity of this concern. For instance, several families where women have been the major wage earners for the past few years have had instances of husbands becoming resentful, abusive, and even violent. As a social worker describes it: "these men have seen their social ties eliminated, lost friends, benefits, and now their earning power and role as providers; some feel they have nothing left and transfer it onto their wives—that they have taken these things from them because they have jobs."

Of course, many of these tensions interact and the effects are magnified over time. The loss of social networks, frayed friendships, and rising mistrust all interact, often contributing to their escalation. The cumulative accretion and effects of these processes is illustrated by the case of Janos, a custodian of the local cemetery. He lost his position working for the state in 1995. A year later he still had not found employment. His connections to the Ministry of the Interior which formerly employed him were no longer useful; those people had since left their posts or been fired. Largely due to a bad back he was unable to work in the growing informal economy of construction work. These problems were compounded

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<sup>7</sup> Figures of local level labor migration are unavailable; however, my own estimates based on household surveys put the figure of outmigration from Samirja at 15% on a regular (yearlong) basis, and as high as 33% seasonally.

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by the termination of his unemployment benefits and the rapid escalation of his housing costs. A widower, his only source of economic security was odd jobs in town. Rather than establishing a steady and secure line of employment, none of the positions ever remained permanent. Eventually, friends of his deceased wife and her relatives offered to help him financially, but this in turn caused strain within those families. Feeling guilty at being unable to support himself, Janos turned increasingly to alcohol, and was eventually admitted to hospital for chronic liver failure. His own plight, in turn, catalyzed a growing dispute within his wife's family over who was to blame for letting him fall into such a state. Even a year after his death, his wife's family members still argue over who was responsible for what they consider his too-early and unjust demise.

### **The Politics of Postsocialist Theorizing**

These cases illustrate the deep cuts of structural violence: injuries whose effects travel further across the social space than the initial trauma. These cumulative processes generated forces counter to the creation of social trust and civic engagement. Rather than produce new areas of sociality and spontaneous interaction or trust, the fragmenting of economic institutions has clearly generated a whole new set of socially atomizing effects. In an ironic twist, the highly atomized and mistrusting society of state socialism that Rev described (1987) has not waned with the collapse of the party state—it has accelerated with the development of capitalism!

The social trust and “cultural determinist” literature overlooks—indeed evacuates the very economic structures from analysis—which render socially atomizing effects characteristic of an ever-changing global capitalism. As these cases show, many of the men in Samirja have faced a situation where their particular stocks of social or cultural capital may not result in any exchange value in the current labor market. As the commodification of labor continues

apace and new firms seek workers who are willing to compete with each other for highly valued positions, the effects of such structural violence do not appear to be abating. In fact, an increasing option for men in Samirja has been outmigration—even of the highly skilled—precisely those with high levels of social capital. Teachers and technicians have left the region in large numbers, often for work in hotel and restaurant industries—the cheap labor of Western Europe—where they earn 6-25 times what they would as a chemist, professor, or tutor in Slovakia. Contrary to the predominantly neo-Weberian approach, the transition from socialism has not meant the smoothly functioning and integrative society that Western intellectuals had hoped for, or that they had envisioned in their shock therapy models and prescriptions for privatization and industrial restructuring.

The collapse of state socialism in 1989 was, as Katherine Verdery notes, quickly incorporated into a broader set of ideological debates regarding the nature of economies and the triumph of market based models of economic organization (Verdery 1996). Many scholars were quick to point to the implosion of state led economies as proof that the neo-liberal prescriptions for economic development—securing private property rights, reducing the effects of states and regulation, eliminating social welfare protections, and so forth—were clearly the best approach. The continued difficulties in the region, particularly Russia, have given pause to theorists of “transition” economies. Rather than explain the difficulties with solid, on-the-ground analyses of social processes, much of the theorizing has simply reiterated ideological positions regarding how culture and economies are related. Discussions have, unfortunately, largely resolved to reproduce a “culture of poverty” argument on a larger cross-national scale (cf. Harrison 1993, 2000; Harrison and Huntington 2001; Dohan 2003; Gans 1996). The disintegration of Yugoslavia, persistent transparency problems and privatization scandals in the Czech and Slovak Republics,

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graft in southeastern Europe, nepotism and cronyism in Ukraine and Russia are all viewed as the corrupting influence of backward cultures which have not developed stocks of social and cultural capital adequate to generate model market economies. As I have documented for the cases in Slovakia, however, the exact opposite processes are at work—it is primarily the creation of a market economy through privatization and industrial restructuring that has led to repeated and cumulative shocks of structural violence. This, in turn, has torn much of the social fabric, and thereby contributed to the very problems that the new market economy was intended to overcome.

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