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HKA: Your work straddles the fields of political science and sociology in particular, and is based on a profound understanding of the historical context of developments in society. We would like to ask you the number of questions about the current state of the world, and what do social sciences offer by way of explanation and understanding. The first question has to do with the events that took place in this part of world 30 years ago. How would you describe the fates on the revolutions in Central and Eastern Europe? What is your analysis looking back at 1989, and what has become of it all after the last 30 years?

CO: I do remember the events during the last months of the year '89 quite vividly. In some countries like Poland, it meant the culmination of a ten-year struggle. In others, such as Romania, it was a sudden process of less than ten days. Everywhere else the process leading to the breakdown of the old regime was in-between. Everywhere, and that includes outside observers from Western Europe and all over the world, there was a great deal of excitement and (mostly) euphoria. Such excitement made me accept an invitation to participate in a ten-year research project<sup>1</sup> to investigate cases of post-communist transformation, i. e. the

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<sup>1</sup> Offe's work on the subject includes: Jon Elster, Claus Offe, Ulrich K. Preuss et al., *Institutional Design in Post-Communist Societies: Rebuilding the Ship at Sea* (Cambridge: Cambridge University Press, 1998).

historically unprecedented transition from state socialism to democratic capitalism. One of the major turning points in subsequent developments took place in Copenhagen in 1993, the agreement of the EU-15 on the conditions that would apply to those states in Central and Eastern Europe wanting to become EU members.<sup>2</sup>

These conditions demanded a liberal-democratic political system, a viable market economy, and sufficient state capacity to implement EU rules and regulations. This set of conditions was meant to be the offering of a deal. The West Europeans stated to the Central and East European states: If you engage in a political modernization and aim at becoming a 'normal' state, we reward you by granting you EU membership status and access to markets for goods and labor plus assistance to modernize your economy. If you fail to live up to those conditions, you are not going to have such access (which you are, given the severity of the transformation crisis after the breakdown of state socialism, in urgent need of). The West was clearly also interested in the completion of this deal, both for the sake of political stabilization of the region after the end of the Warsaw Pact as well as for the sake of winning a vast investment outlet in the region with its cheap and skilled labor. The expectations were very high and optimistic on both sides of the former Iron Curtain. The prevailing expectation was that within far less than one generation, the transformation would end in the achievement of a consolidated order of 'normal' democratic capitalism. The zone of Soviet/Russian influence would be pushed back to the Russian border, and eventually to the east of Moldova, Ukraine,

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<sup>2</sup> The so-called Copenhagen criteria include: (i) the stability of institutions guaranteeing democracy, the rule of law, human rights, and the respect for and protection of minorities; (ii) the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the EU; and (iii) the ability to take on the obligations of membership, including adherence to the aims of political unification as well as Economic and Monetary Union (EMU).

and even Georgia. So, it was a very optimistic perspective, though not free of a great deal of perceived Western paternalism and arrogance: you have to emulate us, and if you succeed in doing so, we will reward you. This arrogance came soon to be resented, understandably, by elites and non-elites in Central and Eastern Europe who were averse, after having escaped the regime of Soviet foreign rule, to submit to what some perceived, and increasingly so, its western equivalent.

An interesting problem became how to explain the mutual disappointment that soon set in. The West was and is more and more disappointed with the failure of the new member states who joined the EU in 2004, 2007 and 2013 to adopt standards of political modernization: liberalism, constitutionalism, the rule of law and the division of powers. Instead, western observers complained about phenomena such as oligarchs, widespread corruption, ethnic conflicts, and symptoms of soft authoritarianism that defied basic standards of rule of law and constitutionalism. Conversely, countries in the region are equally disappointed and frustrated with the failure of 'convergence' in economic performance and prosperity. In the latter respect, though definitely not in the former, Poland with its impressive growth performance, as well as the Baltic states, were shining exceptions, while Bulgaria and Romania have largely failed to catch up in economic as well as in political terms. One vicious circle caused by such disappointment is a veritable emigration crisis. In all Central and East post-communist states, between 10 and 20 of their working age population has left the country seeking a better life in

Western Europe and elsewhere.<sup>3</sup> They succeed the better the better their skills are; and the better these skills are, the more consequential the negative impact on the economy of their country of origin. Such pattern of migration follows a logic of individual advancement, not collective advancement. Another obstacle to great economic advancement is the problem of 'making capitalism without capitalists'.<sup>4</sup> To an unknown extent, the assumption seems plausible that cultural dispositions and mentalities are missing in countries of the region that are conducive to successful in market competition and entrepreneurial achievement. Analogously, one might hypothesize about difficulties in building democracy without democrats.

We have now a number of more or less dependent economies in Central East Europe, largely controlled by Western investors attracted by low costs of labor, such as Hungary. Some of them seem precarious in terms of their long-term viability. At the same time, liberal democracy, constitutionalism and rule-of-law are at best fragile in many places and contested by widespread practices of populism and "illiberal" soft authoritarianism. Other major problems in the region, well-known to outside observers and internal victims, are corruption, cronyism, and poor "governance". Voters are being "bribed" through amazingly generous style of family-centered social policy designed to serve pro-natalist aims. Neo-authoritarian political leaders have managed to gain political control of virtually all sectors of society: the media, the

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<sup>3</sup> Mark Rice-Oxley and Jennifer Rankin, "Europe's South and East Worry More about Emigration than Immigration – Poll," *The Guardian* (March 31, 2019), <https://www.theguardian.com/world/2019/apr/01/europe-south-and-east-worry-more-about-emigration-than-immigration-poll>)

<sup>4</sup> Gil Eyal, Szelényi Iván, and Eleanor R. Townsley, *Making Capitalism without Capitalists: Class Formation and Elite Struggles in Post-Communist Central Europe* (London: Verso, 2000).

business sector, the universities, schools, regional governments, religious and other cultural institutions.

Another current problem is that of admitting new member states to the EU. There is an unresolved conflict in which some member states - France in particular - are opposed to the accession of the Western Balkans states, such as North Macedonia and Albania. Although most political forces in most EU member states want to keep the political and military influence of Russia, as well as that of China, out of the region, the EU's reluctance to allow for a road accession to states of the region has resulted in the Russian-controlled territorial fragmentation of Ukraine, Moldova and Georgia.

HKA: There are clearly tensions in democratic capitalism, including liberal democracy and undemocratic neoliberalism. You mentioned them in your answer. How would you describe the origins of these developments, both politically and socially?

CO: The origins are surprising, and largely bad news. The anticipation was that some political convergence would take place. Instead, as Mr. Orban put it so succinctly: "we used to believe that Europe is the future of Hungary. Now we know that Hungary is the future of Europe." And he certainly has some evidence to point to. Soft authoritarianism and rightist populist forces have spread all over the place in Western Europe, too. They are motivated by fear - fear of negative economic developments and of downward mobility, also fear of challenges to "collective identity" and fear of the arrival of non-European migrants and the security risks

widely associated with them. Another evolving pattern that we observe all over Europe (and beyond, e. g. Turkey) is the deepening of economic, political and also cultural divides and disparities between metropolitan areas and rural areas and small towns. These divides are evident in all the electoral maps, in the West and the East. In Poland, for example, the major cities are all ruled by liberal governments, but the countryside is the source of support for soft authoritarianism. Also, there is the long shadow of the past in the former Eastern bloc countries. A paternalistic and authoritarian state lasted for the 40 years after World War II in most countries. That legacy leaves its traces. And it is involved in the explanations of these developments. The political learning and socialization process appears to be powerful for a long period of time.

HKA: Clearly populism and identity politics are implicated here. What is your analysis of populism and what role does identity politics play when we look at Central Eastern Europe at the moment? The same question also goes for the US and the UK.

CO: The jury is still out on that question. Dozens of our social science colleagues have written about rightwing populism. There are the two schools of thought: identity politics as a driving force versus economic decline and the fear of precarity, insecurity and unpredictability. The two can easily be combined at the analytical level, as proposed by Dani Rodrik in a recent lecture: economic fears generate a demand for narratives that provide for comfort and solidarity, and that is exactly what the reactionary rhetoric of ethno-nationalist populism is ready and capable to supply. The evidence of globalization intensifies the desire of people

wanting to be "masters in their own homes" and over their own affairs; they come to angrily resent the influx of migrants, foreign goods as well as the perceived influence of foreign creeds and foreign and supranational authorities. This rhetoric can be deployed in quite reactionary ways. There is a perception that the governments are incapacitated by the forces of globalization to take care of and protect its own population, so they switch to a politician like Boris Johnson who promise to "take back control" and to build fences, walls, and protective tariffs. It is that simple, as well as utterly unlikely to succeed in a world in which the imperatives of multilateral cooperation are so massively evident in policy areas from climate change to security, and financial markets to public health.

On a deeper level, we need to note that the term "liberalism" refers to two very different contexts. One is *political* liberalism as a principle of government: division of powers and regular elections, constitutionalism, individual freedom and political equality. This is the political version of liberalism that we intellectuals and many other people of course approve of and describe as the most desirable form of political organization.

But then there is also a dark side of liberalism. This is its *economic* meaning, specifically in relation to "neo"-liberalism. That meaning implies austerity, universal commodification, upward redistribution of income and wealth, growing inequality, a focus on "competitiveness" as the gold standard of all public policy, and globalization as well as financialization. But it is universally known that competition generates losers, not just "efficiency", "innovation" and (at least if things go well) "economic growth". There are two kinds of losers, regardless of whether

we speak of business firms or workers. One of them turns out to be able to extricate themselves and by their own means from the condition of having lost and being rendered temporarily or partially economically obsolete, as when an unemployed worker finds a new job after having acquired new skills that are in demand in the labor market. The other kind of losers consist of market agents who fail to recover by "learning" (e. g., by starting a new line of products) for reasons beyond their control, such as the non-availability of credit that they need to do so. Workers who face this situation depend on the provisions of the welfare state, be it an active labor market policy, an early retirement or retraining program, or continuing education. Likewise, businesses depend on state-initiated industrial policies, subsidies, or fiscal and monetary stimuli in order to regain economic viability. Yet neoliberalism is a regime of economic policy that by and large refuses to rescue failed economic agents, or does so only under very stringent conditions. Neoliberalism thus generates the experience and spreads the fear that losers of the second sort will turn out to be *permanent* losers. Such experiences and fears nurture the doubts and populist resentments that currently undermine nearly every liberal democracy worldwide. The regime built upon political liberalism, that is: representative democracy, rule of law, divisions of powers and regular elections turns out to be incapable of coping with the mess that neoliberalism causes: growing inequality, stagnation, precariousness, indebtedness and a multifaceted sense of insecurity. There is a tension between (political) liberalism and (economic) liberalism which is exacerbated by the decline of social democratic forces that were able to reconcile the two in the past. This tension leads voters to give in to the temptation to follow those who, however unrealistically, offer social,



economic and demographic protection – whatever the price may be in terms of authoritarian perversions of principles of political liberalism.

Again, there is a political deal that is being offered by populist leaders: We provide you with protection, meaning your jobs will be protected from foreign threats (be they migrants or be they suppliers of industrial products from abroad) and you reciprocate with political support for a regime of soft authoritarianism. The new family policy in Hungary borders on a scheme of vote-buying: If you as a woman have given birth to four children (thus helping to compensate for massive emigration and reducing the dependency on immigrants of the national economy), you do not pay any income tax for the rest of your life. A key proposal of the ruling party in the 2019 Polish elections was the call for a “Polonization of the media”. The strategy is to facilitate the government's control over mass media. The deal is: social protection for you and more anti-liberal leeway for us. It has worked astoundingly well so far.

HKA: Now I'd like us to consider the social sciences and reflect on past developments and explore what you would see as possible future trajectories. Looking back, how would you characterize the general development of the social sciences? What are the most important achievements, and what theories have withstood the test of time? What insights would you regard as most critical? By contrast, what have been major weaknesses or even wrong developments?

CO: I think that there is one thing that every student of the social sciences should be taught and made to fully understand in his or her first semester: In contrast to the natural sciences, social sciences talk about agents. Social scientists theorize about agents who theorize about themselves, which is not the case with scientists who deal with molecules or planets. These agents can speak, give reasons for what they are doing, attach meaning to what they, as well as others, are doing and make the rules that they follow or violate. They are subject to law-like regularities and, at the same time, collective authors of moral, social and legal rules. People have amazingly elaborate "theories" – beliefs and explanations - about themselves and about the world they live in and the phenomena that they experience. For instance, what does scholastic achievement depend on? Everyone has thought about this and has an idea. That idea may be badly mistaken in the light of an analysis of the data, or it may be true. Social sciences can help to tell true from untrue explanatory ideas of social realities and share the true ones with their objects of observation. They can even assist in rationalizing processes of rule-making and norm-building in which social agents are invariably involved.

Robert Reich has done a wonderful documentary film ("Inequality for All", 2013), based upon his 2010 book "Aftershock". What is the reality of inequality of income and wealth in the US, how can it be explained, how do people answer the question of its justifiability and what can possibly be done about the situation in case it is deemed unjustified? In both his writings and his lectures, we can see an exemplary social theorist (and, incidentally, a secretary in the Clinton administration) who deals with the reality of self-theorizing agents.

Another interesting and welcome development that builds on the identity of "people as objects of study" and "people as subjects of agency" is the field of "public sociology",

inaugurated by Michael Burawoy in his presidential address to the American Sociological Association (2004). Sociologists must not just observe people and listen to them (as in interviews); they must also speak to them about their findings and explanation, thus triggering evaluative self-understanding and normative reflection. These are promising developments, I think, in the social sciences. They start with the assumption that people often hold demonstrably wrong beliefs about social phenomena and their causation, both because they have been misled about the nature of those phenomena and because of their deceptive appearance. Social science is an enterprise which I not just aiming at valid description and causal analysis. At the same time and in doing so, it can help to erase, in the tradition of "critique of ideology", erroneous beliefs the prevalence of which is itself a major causal factor in shaping social structures and developments.

Needless to say, the core problem of social science, both in the Marxian and the Weberian tradition, is that of the rationality of action. People pursue their political and economic purposes in rational ways, yet the outcomes they cause are suboptimal at best and catastrophic at worst. Therefore, from Rousseau's *Social Contract* to Habermas' *Theory of Communicative Action*, the key challenge for social and political theorists is to design and propose ways by which rational action can be transformed into reasonable outcomes.

My way of dealing with rationality, but more specifically political rationality, is to make use of a distinction of three dimensions: Reasonable outcomes presuppose that agents act in a fact-regarding, other-regarding and future-regarding manner. But that is just restating the

problem. I think the social sciences can help to strengthen the capacity for rational action of actors in In these three dimensions by criticizing modes of action that are based on mistaken factual beliefs, selfish, and short-sighted.

HKA: Against the background of what we just discussed, over the past half century, how would discuss the trajectory of disciplines such as economics, political science, and sociology?

CO: Economics, as Abba Lerner once said, has become the 'queen of the social sciences' on the basis of solved political problems. Once the institutional parameters of market society and capitalism are put in place and beyond any doubt as to their dominance, social scientists can start calculating and building of powerful models for explanation and prediction. But how did they come into being, and what are their trajectories of change? Once we dare to ask questions like this, it is important to study history and the work of social and economic historians. The current economic system that the economist describes has been put in place during a long historical process starting at the end of the 18th century. The rules of this system have been formed through a political process, with the creation of property rights and contract law and their enforcement through a court system. The establishment of market capitalism was a political project, as we can learn from Albert Hirschman's *The Passions and the Interests* as well as from Karl Polanyi's *Great Transformation*. My impression is that many of today's economists tend to "naturalize" capitalism and market economies as something that has been and will be always the case. But there are also, in spite of the persisting dominance of economists and the prevalence of modes of social science thinking shaped by them, more than marginal and

growing schools of heterodox dissenters. Foundations for new economic thought have been emerging. However, the beauty, the aesthetics and the political influence of quantitative modelling is still overpowering. Yet dissenting thinkers in economics, such as Krugman, Stiglitz, Sen and a few others even get Nobel Prizes.

There is also the new idea that, breaking with a longstanding taboo, perfect rationality may not apply. This comes from behavioral economics, which Schiller for instance, claims that *homo oeconomicus* modelling with subjective expected utility maximization as the key assumption is highly unrealistic.<sup>5</sup> People follow very different rules. Scholars like Thaler use behavioral economics to invert the axiom of basic rationality.<sup>6</sup>

I am a bystander and observer of what goes on in these fields, without being an economist myself. Political science has the virtue of being a very broad roof, a multi-disciplinary field of knowledge and research. It makes use of inputs from philosophy, history, economics, sociology, law, and in some cases, psychology. We can all benefit from the mutual stimulation that these sub-disciplines provide us with. I was trained as a sociologist, but early on I converted to political science.

HKA: And on sociology itself?

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<sup>5</sup> Robert J. Shiller, "Behavioral Economics and Institutional Innovation," *Southern Economic Journal* 72, no. 2 (January 2005): p. 268, <https://doi.org/10.2307/20062111>.

<sup>6</sup> Richard H. Thaler, *The Winner's Curse: Paradoxes and Anomalies of Economic Life* (Princeton, NJ: Princeton University Press, 1992).

CO: Max Weber's category of *Verstehen* or understanding of the meaning that agents have in mind is important, as is the phenomenological school of Alfred Schütz and his concept of "lived experience" and the theory of knowledge and framing are distinctive sociological ingredients; today, they play a role in the "constructivist" school of International Relations theory. Yet sociology today, if you look at Germany, has disintegrated into relatively small and rapidly changing communities of people who believe in certain methods and certain problems and are busy doing research in relatively narrow substantive areas. I think sociology has lost much of its systematicity and ambition. The diversity and incompatibility of sociological theorizing and research is amazing and, in a way, disorderly. If I had to make a decision today as I had to make at age 19 regarding what to study, the answer would be Politics, Philosophy, and Economics (PPE) at Oxford. We only have a few places in Germany that have adopted similar curricula. I think this would be an excellent entry point.

A standard of social science publications should be that all reporting on research should end with a proposal for institutional reform or a policy proposal addressed to political parties, governments, movements, or the general public. Without that feedback to society, findings remain often quite worthless. I also see a place for social science teaching in secondary school curricula. It would be desirable, in my view, to help high school students to "de-naturalize" social life and the rules governing it, thus providing them with a sense of practical contingency: things could conceivably be different from what they are or appear to be, and they can be *made* to actually become different.

HKA: Thank you so much.

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