

“In This Together”: Post-socialist Transformations to Capitalism in the Realm of Interpersonal Relationships

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Introduction

“When my friend got married, it did not impact our friendship at all (...) Our relationship broke off, strangely - but tellingly - with the fall of the GDR. Fundamental differences in our character revealed themselves, ones we were tacitly aware of, but which had not impacted our friendship before.”¹

This statement was published as a letter to the editor in the daily *Berliner Zeitung* in spring 1992 as part of a series on how friendships were impacted by the *Wende*. For many, the transition was perceived not primarily as a political, economic or cultural change, but as affecting all of these domains at the same time (Offe 1996). In this paper, I ask how change was experienced and acted on in interpersonal relationships. While interpersonal relationships might be studied as a separate institution, I draw on Karl Polanyi to argue that it is theoretically rewarding to conceptualize them as a *context* of social action that pervades other domains, specifically the economic.

The topic remains somewhat understudied and undertheorized in the social science literature on post-socialist transformations. My aim is to combine one major argument advanced by Karl Polanyi with propositions from social network scholarship and cultural sociology to arrive at a discussion of how social relationships were affected by the transformation. In a nutshell, the argument is that the spread of the market principle shatters social bonds and principles of community cohesion, yet these bonds are necessarily re-constituted against the background of a concrete historical experience. Today, 25 years after the end of socialism, insights can be gleaned from long-term processes of social mobility and status differentiation.

How can something as opaque and ubiquitous as “interpersonal relationships” be conceptualized? The Simmelian way to think about relations is to distinguish between social forms, classifying for instance ties of “friendship”, “comradeship”, “kinship” and describing ways these are characterized both by mathematical properties such as scope or frequency and by patterns of domination, competition, cooperation or comparable dynamics (Simmel 1950). Another tradition in social network analysis has emphasized the significance of trust for any kind of institutionalized, whether economic or political, process. The central theoretical argument was made by Mark Granovetter (1973) who distinguished between “strong” and “weak” ties by demonstrating that formal institutions are so deeply entrenched in logics of personal trust (strong ties) that ties to an institution’s outside world (weak ties) become a main predictor of non-redundant information flows.² This argument has also set the stage for research on social homophily, a concept by which researchers commonly subsume the observation that “similarity breeds connection” (cf. McPherson et al 2001). For American society, it has been argued that above all, similarity in race and ethnicity, but also levels of education and religion are good predictors of “strong ties” between individuals (Marsden 1988, diPrete et al. 2011). These connections, in turn, have wide-ranging consequences for the distribution

of information, influence, social credentials and personal reinforcements, in turn structuring opportunities in a capitalist labor market (Lin 2002).

Though this paper will not be concerned with a formal analysis of networks, it draws on the discussion of “strong ties” and social homophily in order to understand how the transformation from socialism to capitalism affects patterns of interpersonal relationships. Does capitalism bring about the “atomization” of social relationships, or does it promote a specific relational logic of social closeness and distance? Rather than studying causal effects, my goal is to highlight substantial processes and formulate a theoretical vantage point from which a number of further questions can be explored.

The post-socialist Polanyi

There is excellent social anthropological work exploring the links between community and economics in post-socialist societies drawing on Polanyi (see Hann and Hart 2009). Unfortunately, social scientists concerned with building generalizable theories from post-socialism have not engaged him in the same way. Polanyi had initially set the stage for the argument that economics is subject to social communities, and not the other way around, in three distinct ways. First, from a micro-perspective, economic action serves social, not economic goals (individuals ultimately aim at social recognition); second, from a macro-perspective, there’s no free market without state action behind it (“laissez-faire was planned, planning was not”, see Polanyi 2001, 151) hence there’s a community subject organizing de-regulation; third, the market principle will necessarily be contained by a social community (the “counter-movement”), because the encounter between the unfettered market and the community principle challenges the survival, or the sense of survival, of the community.

Polanyi’s argument about the central role of the state in shaping free market trajectories has been confirmed for post-socialist transformations by scholars studying the “varieties of capitalism” in post-socialist Eastern Europe (Bohle and Greskovits 2012). This literature, just like Polanyi himself, foregrounds institutional analysis. In the *Great Transformation*, Polanyi argues that an institutional mechanism, the gold standard, holds the global order together. Likewise, his point about the “counter-movement” is that communities will set up institutional frameworks that they expect to protect them against the destructive forces of the market. In this sense, the study of interpersonal relationships is not genuinely a Polanyian perspective.

Yet, the end of state-socialism as a historical process illuminates Polanyi’s third point about the dynamics of the “counter-movement” quite well. Post-socialist societies have certainly not seen the resurgence of a strong state enacting effective social policies. But most have seen a forceful and *rapid* counter-movement in terms of a resurgence of the logic of moral community, as testified by the

rise of nationalism, religion and identity politics more generally (see Ost 2005). And it is a genuinely Polanyian insight to consider not only processes of fragmentation in social bonds and communities, but also processes of re-creation and re-assertion of the “social” against the market. Social relationships must be at the center of this perspective. When it comes to the idea of “protecting” a community against an external threat, social relationships necessarily are symbolically charged.

Fragmentation of structures and close-knit ties

In socialist societies, the workplace was a space of social homophily. Since labor was commonly in shortage, it was easier for individuals to feel that one’s labor was needed and to perceive one’s worksite as a space of social and economic continuity. Even if workers were increasingly alienated from party ideology in late socialism (with the “consumerist pact” also came a total and fateful irrelevance of socialist ideology for most workers, see Bartha 2013), the sense of self derived from the workplace as a social space did not wither. Socialist labor was subdued to forms of economic competition, but this rarely targeted the individual level. Instead, risk, as much as economic decision-making, was generally assumed where resources were allocated, that is, on the level of the collective (Verdery 1996).

It is reasonable to assume that the strong sense of workplace identity and the absence of economic competition on the individual level allowed people to enter into relationships with others more easily than in capitalist societies. This is of course one of the central themes of nostalgic accounts of socialism, so it deserves some critical scrutiny. For the East German case, some scholars have offered a contradicting account by arguing that secret police networks caused general distrust and forced individuals to withdraw into their protective “niche” of family ties (Völker and Flap 2001). Others have argued that mutual economic dependency at the brink of poverty was the reason why people stuck together closely and that accordingly, most “strong” ties never went far beyond instrumental relations (Srubar 1991). However, survey-based evidence presented by Martin Diewald and Jörg Lüdicke (2006) shows that these two interpretations are flawed, as cross-cutting, non-instrumental and strong ties were the rule rather than the exception: „There was a high probability of being perceived as member of a community, which neither required to the same degree as in western societies the choice of a specific lifestyle, nor did it stop at the borderline of selected, well-defined types of relationships and milieus“ (ibid.: 198).

With the breakdown of state socialism, some existing structures were hit harder than others. The general pattern can be described as a shift from large organizational structures to small ones. In political-economic terms, the transformation from socialism to capitalism is commonly understood as liberalization, deregulation and privatization. In Polanyi’s terms, these constitute the “first

movement”, the spread of the market principle aiming to increase the competitiveness of a national economy. In post-socialist societies, these three processes hit the agricultural and industrial sector hardest (with the latter suffering additionally from the ramifications of global processes of de-industrialization). In the agricultural sector, collective farms were privatized and in many cases dissolved and the remaining small-scale businesses often proved economically untenable under the new conditions of free-market competition. For instance, the transforming Czech Republic has experienced a decline of around 71% of jobs in agriculture (from 10% to 4,5%) from 1989 to 2004; and around the year 2000, 70% of the small private farms were operating at a loss (Berend 2009, 144-146). Industry was subject to massive downsizing, especially heavy-industry like coal or steel. Again in the Czech Republic, the number of people employed in the coal industry dropped from 186.000 in 1989 to about 64.000 in 2003 (ibid., 153). While the service sector grew during the transformation, job security suffered in all three sectors. In each transforming society (with East Germany as the only exception), privatization meant that the public sector was no safe haven either. In fact, in the public sector, wages were depressed *and* remained at a minimal level during the past two decades.

One type of fragmentation caused by economic change can be observed in processes of organizational re-structuring. People were laid off massively across the transforming post-socialist world in the early 1990s. In the East German case, around half of unqualified workers or employees and around 40% of those qualified were unemployed at least for some time (cf. Mayer 2001, 351). In many cases, the very structure of former employment disappeared. The majority of workplaces were lost permanently and according to one estimation, about three fourths had left the place where they had worked in 1989 (Mayer 2006, 21).³ In some cases, some old structures were maintained, re-structured and privatized; here, a minority of former coworkers could keep their jobs, while others had to go. At times, the process of deciding of who has to go next took months, but was generally far from resolved right after the system change 1989-90. These dynamics were challenging the bonds of workplace solidarity and put severe strains on relations between former coworkers.

A second type of fragmentation comes with the restructuring of reward systems. The differentiation of skills and educational credentials can also be regarded as a process of fragmentation, because it introduces a principle of competition between individuals that share an experience of former unity and homogeneity. The transformation in the central European context brought the devaluation of political capital in the form of party connections, but also the re-valuation of cultural capital in the form of educational credentials (but for the continuing significance of political capital in post-Soviet societies farther East, see King and Szelenyi 2005). Within professions, certain educational credentials were increasingly valued, while others were devalued. This initially created a gap between formerly equal coworkers that has widened into a process of differentiation driven by new reward-schemes. To this structural differentiation was added the weakness or almost total irrelevance of unions. Some

Polish businesses proudly claimed to be “union-free” in the 90s, a trend to be reversed only in the late 2000s (Mrozowicki 2011, 34-36).

These two processes of fragmentation are embedded in social relations, and consequently, economic institutions changed together with patterns of interpersonal relations. For East Germany, Diewald and Lüdicke (2006, 201) have reported a strengthening of nucleus relationships (family and kinship), but widespread cases of break-up especially of relationships to colleagues and also, though to a lesser extent, friends. This shows that “acquired”, as opposed to “ascribed”, relationships were seriously put to test in the course of the transformation (in turn hinting at agency in shifting social networks). Relationships to co-workers generally became weaker during the transformation (ibid., 210), thereby exhibiting not only a change in frequency, but also a changed understanding of what these relations are about. Unfortunately, the *German Life History Study* (GLHS) on which these insights are based, does not report motives or narrative accounts of such changes.

Capitalism as “atomization”? Social mobility as a process of increasing social distance

In central European post-socialist societies, social mobility and social stratification over time is closely linked to educational credentials and skills, more so than to social or political capital (Diewald, Solga and Goedicke 2006, King and Szelenyi 2005). Age and gender have significant effects as well, but the strongest predictor of economic success is a higher-education degree such as engineering or medicine already acquired under socialism (cf. Bluhm, Martens and Trappmann 2013). Given this strong link between class position and marketable skills, to what extent does economic success or failure in post-socialist economies also explain changes in one’s social environment?

The idea that capitalism encourages the isolation and atomization of individuals is an old and recurring theme in social theory. Yet it has been repeatedly challenged on empirical grounds. Life-course researcher Glen Elder has shown that people stick together in times of material hardship, further strengthening already close bonds such as kinship and family ties (Elder 1974). Evidence also comes from studying how unemployment affects social networks. Unemployment does not necessarily lead to social isolation, as is often presumed. Instead, unemployed individuals oftentimes have significant variation in the scope of their support networks (Marquardsen 2012). Within post-socialism, Beate Völker’s (1995) study of changes in interpersonal networks in Germany in the early 1990s is an empirical case in point. In line with the heavily economic social capital theory, Völker’s central assumption was that instrumental relationships would become predominant over other types of relationships in newly capitalist economies. Yet, this assumption did not stand the empirical test. Instead, she found that people uphold existing support relationships and do not subject their social life to the logic of instrumental rationality.

Diewald and Lüdicke (2006, 203-210) have underscored this point in their study of relational change for the first three years after the East German system transition. Core networks persist and are strengthened, in fact, the transforming family and kinship support networks look much more like a “niche” than the commonly alleged socialist patterns of a small, private world of one’s own. Surprisingly, both those experiencing downward upward mobility have suffered losses in instrumental and non-instrumental relationships; only those with a relative stable trajectory of career mobility did not experience major losses. In terms of losses in emotional closeness of relationships, the authors have documented a larger loss for the upward than for the downward mobile or the unemployed, interpreting this as evidence for increasing social distance.

Based on these insights, one decisive question is to what extent class position creates social homophily, or put differently, how a capitalist economic environment encourages a distinct intergroup morality with strong in-group cohesion and marked external boundaries. This is certainly a Polanyian way of thinking about the problem, because it asks how collectivities react – and in this process, draw up moral boundaries – to emerging structures they feel threatened by. There is evidence from network studies in other contexts showing that inequality spreads in webs of interpersonal relationships. The “clustering” of interpersonal networks – the lack of substantive connections outside of one’s circle of strong ties – exacerbates social and economic inequality (DiMaggio and Garip 2012). For the context of US-American society, scholars have sought to identify the critical moment in stratification processes in which weak ties do not lead outside one’s core group anymore, because underprivileged individuals are “locked in” with other underprivileged individuals. This phenomenon has been referred to as a “triple exclusion” in public, market and private transactions (Clever 2005, Letki and Mierina 2015). The substantive implications of these findings are troubling: People who suffer from poverty, or lighter forms of material deprivation, actively re-inforce their position because they tend to increasingly spend time only with people who are in a similar class position (cf. also Massey 2007, 203). This kind of reaction to the market principle clearly follows a social logic, but one that is split by moral cleavages *within* a community.

Strong ties after socialism: agency in newly emerging group boundaries

With the exception of Diewald and Lüdicke (2006), there is a lack of research on the composition of strong ties for post-socialist societies; and all the more so on the mechanisms of social homophily. A data-based discussion (DiPrete et al. 2011, McPherson et al. 2001) of whether individual attributes such as level of education, ethnicity, or similar economic trajectory after 1989 or perhaps similar understandings and memories of the transformation encourage people to associate, remains desirable. However, existing qualitative and especially social anthropological accounts

provide insights into the types of social agency that might either be the cause or the effect of network changes.

Agency in networks is always constrained, but individuals have power to affect and change their networks. Even if they are inhibited from forming new connections, they can at least choose which relationships they wish to maintain and which ones to terminate. Social distance, as a product of capitalist stratification, should therefore not merely be thought of as an objective property of networks, but as a process that is felt, experienced and acted on. This theme is developed in the cultural sociological scholarship on social boundary drawing (Lamont and Molnar 2002). To combine the cultural sociological and the network perspective allows returning to a meaningful concept of agency in embeddedness, since this concept, formulated in the wake of Polanyi's writings, has arguably been hollowed out by structural network analysis (see Beckert 2009, 43).⁴

Moral-economic in-group perceptions are defined by sense of pride and oftentimes directly referencing a moral understanding of labor (Lamont 2000). In the post-socialist context, it is particularly promising to ask how social boundaries are created along emerging class positions and ideas of individual responsibility for economic upward or downward trajectories, exactly because of the rapid spread of the market principle. Post-socialist group differentiation can be expected to be heavily geared towards moral-economic boundary drawing. Evaluations of status or class have a common point of reference that is genuinely specific to this historical context. Dubbing the year 1989 as the beginning of capitalism makes individuals compare themselves to others the present, but also by looking back on the process since 1989, as this event marks the imagined origin of a private property regime (Tucker 2015). There is no larger hereditary principle at work in the way material position can be justified. Cultural explanations for economic gain or loss must necessarily be based on an idea of legitimate or illegitimate economic action, and specifically, concepts of *deserved* as opposed to *undeserved* labor and wealth in the course of the transformation.

The force of moral-economic boundaries within a single transformed workspace, a privatized baby-food factory in 1990s Poland, was observed by anthropologist Elizabeth Dunn (2004). Here, a cleavage emerged between those who think of themselves as adapting to capitalism while preserving what was good in the old days and those who want to "purge" their surroundings from "socialist" work ethics. Factory workers continued to define their labor (and its products) as something that belonged to them and was performed in order to benefit their community. For the them, value was predominantly derived from the domain of informal social relationships and specifically, from the relationships of care that were necessary for maintaining a system of mutual favors (ibid., 148-153). In turn, the young, business-school trained generation of management introduced a different regime of value. They operated with the blueprint of a "socialist personality" connoting and condemning ideas of

inefficiency, laziness, or the fundamental incapability and unwillingness to understand attitudes and values required in the corporate world. The Polanyian point about Dunn's study is that the younger, "purging" group is no less reacting to the introduction of a market principle by moral means. They too, re-assert a model of sociability, and are increasingly spending time only with their "kind of people". In other words, strong ties on both sides are created by symbolic action.

Does such a boundary necessarily separate the economic "winners" from the economic "losers" of the transformation? Karl Polanyi insisted that economic motives ultimately have social ends (see Hann 2014). In contrast to this view, if material stratification directly translated into symbolic differentiation, perhaps Bourdieu would be a better theoretical approach for understanding post-socialist social cleavages. Yet there are additional empirical cues that the Polanyian perspective might offer a fruitful understanding of the motives and mechanisms behind symbolic differentiation. Lynn Haney (2002) has documented how Hungarian welfare office workers have (already from the 1980s on) increasingly regarded their clients as morally failing subjects in line with a neoliberal logic of willingness to work (Ibid., 165-172). They do not derive any kind of strategic-economic advantage from drawing these boundaries, rather, they are fearful of being too closely associated with what they have come to understand as an impure and corrupting character of their clients. Adam Mrozowicki (2011) has formulated a similar observation on the basis of an interview project with Polish workers in the mid-2000s. It is not objective economic conditions, but peoples' sense of agency towards economic forces that determines how boundaries are drawn. Social distance therefore primarily serves a symbolic need rather than reflecting an economic logic of differentiation. These findings, though generated in different national and institutional contexts, point to the importance of sharing perceptions and interpretations of economic events (and specifically, ideas about the causal force of events in the course of the transformation) for the moral cohesion of group boundaries in the post-socialist present.

Conclusion

With the rapid spread of the market principle, post-socialist socialist societies have arguably been exposed to a highly compressed "double-movement". In a historically short time span, capitalist markets have both changed and reconstituted institutions and social relations all over the post-socialist world. Structural differentiation along material trajectories and integration of newly emerging social communities or "strong tie" clusters, necessarily go together. If, with Polanyi, there is a social and moral reaction to expanding markets, then this is a rather messy and rapid process that does not follow a clear chronological order. Rather, the post-socialist experience shows that both the first and the second movement go hand in hand.

There is arguably another lesson to be learned about the emergence of capitalism. The processes of social closure that come with material stratification and the unequal distribution of life-chances also engender mechanisms of moral agency in interpersonal relationships and network composition which tend to further exacerbate inequalities. While this point deserves to be researched much more systematically and to be compared across national cases, it seems to be a fateful ramification of the process in which the “social” re-instates its primacy over the “economic”.

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¹ Berliner Zeitung, June 13th 1992, <http://zefys.staatsbibliothek-berlin.de/ddr-presse/ergebnisanzeige/?purl=SNP26120215-19920613-0-54-1930-0> (May 5th 2016)

² This argument effectively dissolves the “public/private” or “formal/informal” binary, and therefore, some central assumptions of modernization theory. Some highly formalized institutions might not work at all without the trust of strong, informal ties, whereas sometimes only weak ties help transcending the redundancy of cohesive, trusting social circles.

³ The transfer of West German institutions into East Germany has led to the disappearance of most East German organizational structures. Perhaps most prominent among the tiny number of East German organizations that both survived and today also operates in formerly West German territory is a fisherman’s club (cf. Sebaldt 2007, 497)

⁴ While bringing together cultural sociological and network approaches is fruitful, it remains to be shown empirically, as well as further elaborated theoretically, what the precise overlap between a homophilous relation and a group boundary is. Andreas Wimmer’s (2013) work on the combination of spatial and moral mechanisms that explain racial homophily better than racial “preferences” is one important step into this direction.