

Labour Focus on Eastern Europe

David Truscott MEP

The End of Yeltsin and
the Return of Communism?

Boris Kagarlitsky

Russia Between Elections

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Dirty Politics in Poland

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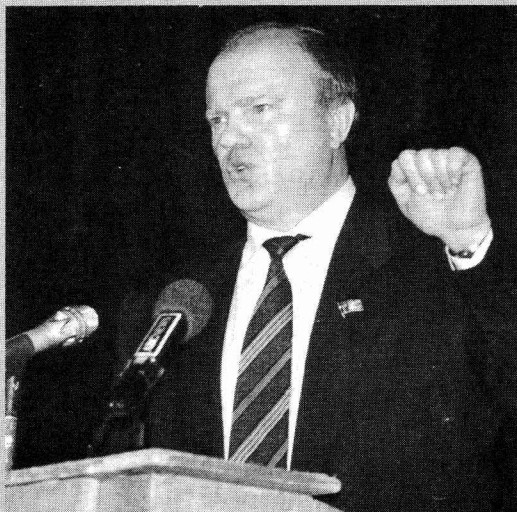
Kornai's Economics of
Socialism

Kirill Privezentsev Greens and Trade Unions in Russia
An Experiment in Co-operation

Hungary's New Left

Declaration of Principles by Socialist Party's Left Platform

RUSSIA'S COMMUNISTS PREPARE FOR POWER



Gennady Zyuganov

a review
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affairs

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**Labour Focus on
Eastern Europe**

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Peter Truscott MEP

Russia's Parliamentary Elections

The end of Yeltsin and the return of Communism?

The elections to the State Duma (lower House of Parliament) in Russia in December 1995 led to predictably heavy gains for the Communists. Barring a last minute miracle, the Communist Party of the Russian Federation is on track to win the presidential elections of 16 June 1996. So it would appear a racing certainty that should the Presidential elections take place as planned, Gennady Zyuganov, Communist Party leader, will become the second democratically elected President of the Russian Federation.

Social Democracy in Russia

Observing the elections in December in Moscow and St Petersburg, it was apparent that the Communists were the leading political grouping on the left. Sadly, the Russian Social Democrats, sister members of the Socialist International, failed to win a single seat in the 450 seat Duma. This was for a number of reasons. Social Democracy is a new political concept in Russia, and the Social Democrats have no natural following, despite unsuccessful attempts to align with the trade union movement. A small membership base (perhaps 10,000) and a lack of funds resulted in a low profile campaign. State-provided election broadcasts concentrating on links to Europe failed to impress the electorate, which was more concerned with bread-and-butter issues, crime and "Russia first" themes. Overall, the Social Democrats scored 0.13 per cent of the country-wide popular vote, receiving 88,000 votes out of a registered electorate of 107

million. With a 65 per cent turn-out and over 69 million Russians voting, the electoral failure of the Social Democrats cannot be blamed on voter apathy.

Communist left

Apart from the Communist Party, the only other parties on the left to register on the political Richter scale were the ultra left communist Toiling Russia, which gained just under 5 per cent of the vote and one seat; and the Agrarian Party, often called the Communists "country cousins". The Agrarian Party scored just under 4 per cent, but returned twenty seats in the first past the post constituency section.

But the big winners on the Left were undoubtedly the mainstream Communist Party of the Russian Federation. Receiving 22 per cent of the vote, the Communists returned 99 MPs from the party-list seats (out of 225) and 58 in single candidate seats (out of a total of 225). This gave the Communists 157 seats in total, over one-third of the seats in the lower House, or Duma. With a claimed membership of 500,000, the Communists also have by far the best party organisation and regional spread in Russia

Nationalists and centre parties

Looking at the other parties in the elections to the Duma, the extreme nationalist Liberal Democrats under Vladimir Zhirinovsky did well but not as well as they might have hoped. Although Zhirinovsky's party came second in terms of the share of the vote, this was still down by half compared with 1993. Prime Minister Victor Chernomyrdin's grouping, Our Home is Russia, came third in percentage terms, but actually pipped Zhirinovsky in terms of the number of seats won (55 to 51). Despite the fact that Our Home is Russia spent a fortune on TV and poster advertising, it suffered because of its perception as the party of the government and establishment, which is currently blamed for much of the country's woes. These factors, combined with Chernomyrdin's closeness to the gas industry (where he was previous director of Gazprom), would almost certainly defeat a Chernomyrdin bid for the Presidency, even if he were to have full government and financial backing. Both are unlikely if Yeltsin presses on with his own presidential campaign.

The main reformist party, Yabloko, under presidential hopeful, Gregory Yavlinsky, scored a modest 7 per cent, coming fourth with forty-five seats, and like Our Home is Russia, did particularly well in St Petersburg and Moscow (especially the former). However, the fate of Western-oriented reform groupings was reflected in the vote for Yegor Gaidar's Democratic Choice of Russia, which polled less than 4 per cent, and won nine seats (down from seventy-six in 1993).

Presidential elections

So what does all this mean for Russian policy and particularly the presidential elections in June 1996? Well firstly, the elections for the Duma can be seen as a barometer of public opinion, especially on the Government's performance and the state of the nation. By any account, this must be worrying for Boris Yeltsin. There was only one avowedly pro-Government party out of the forty-three political groups standing in the election (Our Home is Russia) and that barely received over 10 per cent of the vote. Western-orientated reform parties together scraped another 15 per cent. On the other hand, Communists and their allies received around 31 per cent of the vote, and nationalists about 17 per cent. Both the nationalists and the Communists call for the re-unification of the former Soviet Union, the latter voluntarily and the former by force. The remainder of the vote was split between anti-government groups and independents. None of this can look good for the government in general, and Boris Yeltsin in particular.

Second, faced with such results Yeltsin has rapidly developed a "Russia first" policy direction, as advocated by the victorious nationalists and Communists. This can be seen in his sacking of Andrei Kozyrev, liberal Foreign Minister, and Anatoli Chubais, Deputy Prime Minister and economic reformer. This has been replicated by various changes within the Kremlin, such as the promotion of hard-liner Mikhail Barsukov as head of the Federal Security Service. It has also led to Yeltsin's robust and brutal failure to negotiate with the Chechens over Pervomayskaya, and calls to "wipe-out" Chechen fighters in the breakaway Republic.

It can be expected that Yeltsin will continue to develop this "Russia first" policy in the run-up to the presidential elections in June,

and we can expect further nationalist utterances on the expansion of NATO and Russia's relations with its near-abroad. Economically, while trying to ensure IMF loan facilities, Yeltsin will be tempted to increase social welfare spending and endeavour to pay public employees and pensioners more regularly.

Yeltsin's political reactions and mood swings since the Duma elections give every impression that he intends to stand in the presidential elections in June. However, if he is certain he would lose, he may well be tempted to postpone the elections under the guise of dealing with a national emergency in Chechnya. On the face of it, Yeltsin has little chance of winning in June 1996 if there is a free poll, as there was in the Duma elections. His political handling of the crisis in Chechnya (repeatedly condemned by the old and new Duma), together with the state of the country, have done little to endear him to the electorate. One-third of the population live at or below subsistence level, which for many is a return to the Soviet Union of the 1930s, rather than the 1960s and 1970s, when living standards were higher. Rising crime and a widespread perception of corruption and cronyism, often linked to dubious privatisation practices, have further damaged Yeltsin's image. Some opinion polls have put the President's approval rating at around 6 per cent, although these have not been wholly scientific.

The reformist parties are also in the doldrums. Gregory Yavlinsky and his reformist Yabloko party does not reach hearts and minds much outside the big cities, and therefore his chances of becoming president must remain slim, even if he had the unlikely backing of all the reform groupings in the Duma.

Communist comeback?

So, the presidential election in June may see the nightmare scenario of a run-off between a Communist and nationalist candidate. Vladimir Zhirinovskiy still remains the most likely nationalist candidate to pick-up right wing votes, with other nationalists like General Alexander Lebed, Boris Gromov and former vice-president Alexander Rutskoi making little impression.

Zhirinovskiy cannot be written off entirely, because he harks back to a golden age of Russia as an undisputed superpower, with a

re-created Soviet Union, and the mafia firmly dealt with. He skilfully plays on the sense of betrayal and disgust with current disorder, growing inequalities in wealth and the corruption of the establishment. However, many Russians regard Zhirinovskiy as a political caricature.

Gennady Zyuganov and the Russian Communists are clearly in a different league. Dominant in the Duma, Zyuganov is keen to make allies across the political spectrum. He hopes to follow the examples of Poland and Hungary, which have returned reformed communist parties in Eastern Europe. And who is to say he will not succeed. At stake, unlike in the Duma elections, is the power of the Russian Presidency, with its all-embracing executive authority.

Russia and Western Social Democracy

The left in Europe will be actively courting Zyuganov's Communists, who have proved that they are the pre-eminent force in left of centre politics in the country, if left and right definitions can be applied at all in today's Russian kaleidoscope. Russia's Social Democrats are dead in the water. A greater hope will be to influence the Russian Communists to embrace social democracy, building on their commitment to a market economy and pluralist elections. The development of a working relationship with the Russian Communist Party is not only practical politics if Europe is to influence those with political power in Russia, but essential for global peace and security. If we want to influence Russian political parties to have a positive attitude to Europe, we must engage them politically.

This is doubly true in the case of Gennady Zyuganov, probably the next President of Russia. ■

Boris Kagarlitsky

Russia Between Elections

The view of the results of the Russian parliamentary elections that prevails in official and commercial circles can be summarised as follows: "Nothing terrible has happened, and there won't be big changes." Evidence that this view is shared by the Russian business elite is provided by the relative stability of the dollar exchange rate, which not only failed to burst out of the "rouble corridor" after 17 December 1995, but did not even jump significantly within the bounds which this corridor imposes on it. It is revealing that the leaders of the Communist Party of the Russian Federation (KPRF) did not expect any marked changes to follow the elections either. The KPRF leaders spoke only of the need for the course of official policy to be corrected. In reality, very dramatic changes lie ahead. The relationship of political forces has altered, along with the degree of influence of these forces and their structural coherence. These changes have been so far-reaching that the dynamic of the political process will inevitably change as well. All the old schemes will turn to dust, and completely new situations will arise.

The multi-party system in action

The first result of the elections will be the consolidation, growth and internal structural development of the "big four" parties that were victorious in the elections. So far there are no grounds for stating that the fragmentation of the political spectrum and the mosaic-like character of Russian politics has been fully overcome. Apart from the "big four" - the Communist Party of the Russian Federation (KPRF),

Our Home is Russia (NDR), the Liberal-Democratic Party of Russia (LDPR), and Yabloko - other parties which did not surmount the 5 per cent barrier will also be represented in the parliament, having won seats in single-member electorates. There is no reason to think that the development of a multi-party system will be limited to the swallowing of these small parties and groups by the "big four". This process will obviously occur, first of all on the level of the parliamentary fractions, but at the same time there will be fusions between small parties trying to avoid being swallowed by the "big four". The result could be the emergence of six or seven parties or blocs operating on the scale of Russia as a whole, while all the others gradually wither or are forced off the political stage. If this does not amount to the "Europeanisation" of the Russian political system, then a degree of order and rationality will at least have been introduced into it.

Unlike the triumph of the LDPR in 1993, the KPRF's victory was not the result of a successful television campaign. The gains for the Communists resulted from serious organisational work in the provinces and from shifts in popular consciousness. The swing to the left has mainly benefited the largest left party, to a degree even at the expense of other leftists. The advances made by the KPRF were relatively even, with the party's positions growing dramatically stronger even in traditionally anti-Communist districts. In the Kuzbass coal region the KPRF scored a sweeping victory, winning four out of five deputies' mandates (this outcome is explained partly by the popularity of local political leader Aman Tuleev). In Moscow, the 15 per cent vote for the party is evidence of important shifts within the middle layers of the population. In the capital the KPRF managed to outstrip Yegor Gaidar's party, Russia's Democratic Choice, even though Moscow represented Gaidar's last bastion. The only reason why the KPRF's success in the capital did not extend to victories in the single-member constituencies was that the Communists proved unable to field candidates who satisfied the demands of the politically sophisticated Muscovites.

One is forced to conclude that the electoral law, criticised so often both before and during the elections, worked surprisingly well. The task of any electoral system is to ensure a real preponderance

for the victors (the principle of governability) while at the same time ensuring the presence in the parliament of all the other forces which enjoy the support of society (the principle of representativeness). These two requirements contradict one another. In every country the task of the authors of the electoral law is to seek a compromise between these principles. It might be said that the application in practice of the Russian electoral law made the fulfilment of this task possible, though in a somewhat unexpected manner.

The proportional system, which was intended to ensure the representation of minorities, in fact guaranteed a strong preponderance to the parties of the majority due to the dividing among them of the votes which went to the parties which failed to cross the 5 per cent barrier. This "booty" that went to the victors amounted almost to half the number of votes cast for the party lists, something which in Europe is typical only of countries with a clearly expressed majoritarian system. Meanwhile, in the single-member constituencies where the majoritarian system operates, and is supposed in theory to strengthen the positions of the largest parties, numerous representatives of small parties and "outsider" movements were elected. Almost all the parties and groups which had even a minimal number of supporters thus finished up with representation in the Duma. Russia once again proved its uniqueness. Although the electoral system functions in a manner quite different from that in Europe, one cannot deny the "civilising" effect of the electoral law, which punished politicians for arrogant and irresponsible behaviour. At the same time, it cannot be said that electors who gave their votes to the parties of the minority were punished.

Main political currents

In the political life of Russia there are five main currents: nationalist, conservative, liberal, centrist and left. It is these currents, rather than the parties, that provide the basis for the political delineation and structuring of public opinion. The results of the 1995 elections saw all five currents win representation in the Duma almost in direct proportion to their popularity among the electors. The overall number of Duma seats won by the KPRF, the agrarians and other left candidates was in line with the combined percentage of votes that

went to all the left candidates and blocs (that is, the KPRF, Toiling Russia, Power to the People and the Agrarian Party). Zhirinovskiy's LDPR, in turn, received additional seats at the expense of Alexander Rutskoi's Derzhava ("Great Power") and the Congress of Russian Communities. The combined proportion of Duma positions won by Our Home is Russia (NDR) and Yabloko was close to the overall percentage of votes cast for all the liberal or conservative (pro-government or "Westernising", to use different terminology) right-wing groups - that is, NDR, Yabloko, Russia's Democratic Choice, Common Cause, the Party of Russian Unity and Accord, and Forward Russia!

It could be said that the only current to suffer a definitive loss was the centrists (the Ivan Rybkin Bloc, My Homeland, the Union of Labour, the Social Democrats, Women of Russia and so forth). Nevertheless, the leaders of the most prominent blocs were elected from single-member districts. Among the exceptions here were the Social Democrats and the Union of Labour. It is clear that the centrists were punished less by the electoral system than by the voters. The blocs which performed worst were those without a programme and ideology comprehensible to the masses (the centrists in general were lacking in this respect) and without popular leaders.

A further development in December 1995 was a dramatic change in the relationship of forces within the camp of the opposition. If it was possible before 1995 to speak of the nationalists as the leading opposition current, this distinction has now clearly been won by the left. The LDPR and KPRF have not simply changed places. The slump in popularity of the LDPR took place against the background of a general decline of the nationalist movement in the country. In 1993 the LDPR alone received a higher percentage of votes than the 1995 figures for the LDPR, KRO, Derzhava and the smaller nationalist groups taken together. It should also be remembered that in 1993 a section of the nationalists agitated for a boycott of the elections. Meanwhile, in 1995 the KPRF alone achieved a better result than the KPRF and the Agrarians combined two years earlier. The fact that the Stalinists and other ultra-leftists from Toiling Russia came close to crossing the 5 per cent barrier is also highly significant. Toiling Russia lacked substantial material resources, made almost no use of television apart from its allotment of free broadcast time, and did not print leaflets;

it remained the "party of the streets". Nevertheless Russia's Democratic Choice, with considerable funds at its disposal and the support of such leading mass media organs as the newspaper *Izvestiya*, not only failed to reach the 5 per cent barrier but also remained behind Toiling Russia.

Rejection of Gaidar liberalism

The election results testify to the fact that Gaidar's extreme liberalism is perceived by society as being just as much a form of extremism as the Stalinism of Toiling Russia, while the results in practice of Gaidar's reforms are regarded in much the same way as the consequences of Stalin's terror. Society rejects a repetition of both, though in the case of the Stalinists the lapse of time has made the popular aversion less sharp. Although Gaidar's fans will remain a solid, self-absorbed group (like Stalinists, anarchists, punks, supporters of the Spartak football team and so on), they will inevitably be forced out of political life. Their failure at the elections will lead to a loss of sponsors, will encourage people to defect to groups with better prospects, and will bring about a weakening of interest on the part of the mass media.

The decline of the "democrats" has been manifested not only in the collapse of Russia's Democratic Choice. There has also been a qualitative deterioration in the structure and geography of the "democratic electorate". In practice, only people who had voted for "democratic" parties in 1993 voted for them in 1995, but in smaller numbers. An exception should be made here for the people who voted for Our Home is Russia (NDR). This party received a significant proportion of its support from the army, with whole units casting votes in its favour. The army once again showed itself to be a disciplined force, but if there is a change of regime the army could vote with identical discipline for a different set of authorities.

Other NDR voters included people who could be described as "boss lovers". These are mainly pensioners who revere power as such. In 1990 they voted for the Communist Party of the Soviet Union, in 1991 for the preservation of the Soviet Union, in 1993 for Russia's Choice, and in 1995 for NDR. If the Communists were to return to power, these people would once again turn out and vote for the

Communists. According to estimates by sociologists, such "boss lovers" (otherwise known as "supporters of stability") make up some 5 to 7 per cent of voters in Russia. Military personnel and their families, meanwhile, account for about 5 per cent of the electorate. It seems that NDR failed to make full use of the opportunities it enjoyed even among these layers.

The failures of the Congress of Russian Communities (KRO) and of Ivan Rybkin's Bloc were linked closely to the success of NDR. The general narrowing of the regime's electoral base meant that there was no place in society for a "reserve party of power". On the left flank, Rybkin's bloc played the role of such a reserve party more or less openly, while KRO sought to do the same on the right. But the regime's supporters (who, as explained, were strikingly few) closed ranks around NDR and did not yield to temptations from either the left or right. Meanwhile, Rybkin and the leaders of KRO were unquestionably to blame for their own undoing. This was particularly true of KRO, whose high rating during the summer and autumn of 1995 was not simply due to journalistic lies or errors by sociologists. But after the publicising of KRO passed from the hands of the journalists to KRO's own propagandists and image-makers, the helpless incompetence of this team emerged. So too did the helplessness of the bloc's leaders, who included not a single politician.

The elections of 1995 overturned the stereotype, which had become well established in Russia, according to which bosses and political leaders are identical (the list of "100 top politicians of Russia" carried periodically by the newspaper *Nezavisimaya Gazeta* might better be called "100 top Russian bosses", since it includes only five or six professional politicians). The leaders of KRO were the victims of their own prejudices and of the illusions holding sway among the Russian elite. Their propaganda was constructed around unrestrained self-praise, and simply repelled voters. It is true that the same could be said of the propaganda of Rybkin, the Union of Labour, NDR and Yabloko. The latter two parties, however, had stable constituencies, and consequently did not suffer especially from the shortcomings of their election campaigns. Moreover, the actions and initiatives of the NDR and KRO leaders were on a distinctly higher plane than the work of their propagandists. This cannot be said of the deeds of Skokov and

Rybkin. Influenced by press reports, many voters held a favourable opinion of KRO until the bloc's campaign caused them to think again. Ivan Rybkin, meanwhile, never had anything but a bad reputation, and did everything in his power to confirm the impression voters held of him.

Failure of Union of Labour

The failure of the Union of Labour was predicted by the great majority of observers, and eventually exceeded their expectations. The notion of an alliance between trade union officials and enterprise directors who were failing to pay wages to their employees was obviously not impressive to voters, but the main cause of the debacle lay elsewhere. Neither the directorial nor the trade union wing of the Union of Labour had a clear political ideology, or any grasp of how to operate politically. The bloc scored only 1.7 per cent of the vote even though the FNPR, the main trade union federation, has 50 million members and can call on tens of thousands of trade union functionaries (this is not to speak of the management staff of enterprises). The derisory result amply demonstrates the total incapacity of these structures to mobilise even their own apparatus workers.

This outcome will be cited by enemies of the FNPR as convincing proof that for the great majority of people who belong to FNPR trade unions this membership is something purely formal. The refusal by the FNPR leaders to accept responsibility for this failure and to recognise the problems with which they are faced represents an additional moral defeat. Speaking at the second congress of the Oil and Gas Construction Workers' Union on 20 December 1995, FNPR Chairperson Mikhail Shmakov characterised the results of the elections as a success which needed to be developed further. This means that no conclusions were drawn from the defeat. The opponents of the FNPR leadership, meanwhile, had also suffered a defeat after linking themselves to KRO; consequently, there was no clear alternative within the trade union movement to the FNPR leaders' strategy. This situation will lead to the gradual weakening and perhaps extinction of the traditional trade union structures, which are likely to concentrate their energies increasingly on a single task: managing their property.

The alternative trade unions also went down to defeat, though this was less apparent, since their candidates were hidden in various blocs. Although the "alternative" trade unions are not in a condition to exploit the crisis of the FNPR, it is quite probable that a flow of activists and entire organisations to the "alternatives" will occur, and that direct links, bypassing the FNPR, will arise between traditional and alternative trade unions. This process will acquire particular strength if the alternative unions, overcoming their liberalism and anti-Communism, prove better able than the FNPR nomenklatura to join in the general shift of society to the left.

The Agrarians

After the rout of KRO, the second sensation of the elections was the failure of the Agrarian Party of Russia. It appears that the Agrarians were punished for their collaborationism and for the fact that instead of acting as a party of the peasantry in the Duma, they acted as a lobby for the rural bureaucracy. The defeat of Women of Russia, the Union of Labour, and the Agrarians shows the futility of trying to conduct "ministerial politics". However the Agrarians, who have retained their group in the Duma, now have a serious chance to rebuild their influence. To achieve this, they need to become more a party of the villages and less a party of the agrarian lobby. A possible solution for the Agrarians could be forming a fraction in the Duma with independent urban leftists and members of small left parties.

One sensation that did not come to pass was associated with the votes, more than 4 per cent of the total, that went to the Party of Workers Self-Management. This left-radical sounding title, together with the name of the eye surgeon Svyatoslav Fyodorov, was enough to raise this hastily assembled party into the group of "four percenters". With neither program nor ideology, the Party of Workers Self-Management was essentially no more than a group of people out to win deputies' positions. Despite its name, the party was right-populist in character (to appreciate this, it is enough to recall Fyodorov's positions on the need for user-pays medicine and his argument that Russia would be saved by "Christ in the uniform of Pinochet"). Fyodorov managed to win a deputy's mandate, but his party did not pass the 5 per cent barrier, which proves that society

has developed a certain immunity to politics of this kind.

On the whole, famous personalities failed to justify the hopes placed in them. In the single-member electorates people who were well-known (though not necessarily for their political services) were often victorious, but they proved incapable of drawing general-list votes behind them. Neither generals nor stage stars were attractive to the electors. Also mistaken were the presidential experts who forecast that an increase in the number of voters who came to the polling places on 17 December would seriously change the relationship of forces. The presidential staffers counted on "last-minute decision makers" who had not made up their minds in the course of the campaign. These people made their choices literally in the polling booths, and in most cases voted for the most "inoffensive", politically "neutral" lists. This led to a dramatic increase in the share of votes going to outsiders, but did not spell success for any of the blocs of this type.

In sum, the outcome of the elections was decided not by the mass character of the voting, but by its degree of discipline. The "last-minute" votes were almost all wasted, and the increased voter turn-out had no effect on the distribution of seats in the Duma. The high rate of participation increased the percentage of votes going to Women of Russia, and lowered the chances of the Agrarians. But Women of Russia nonetheless failed to surmount the 5 per cent barrier, and the failure of the Agrarian Party was predetermined not by the participation rate, but by the weakening of the party's position among rural residents. The "last-minute decision makers" also guaranteed that organisations perceived as extremist - such as Russia's Democratic Choice and Toiling Russia - would not make it into the Duma.

The winners face problems

If the losing parties are now being forced to fight for their survival, the "big four" parties are also encountering serious problems following the elections. The main problem is the exhaustion of the supporters of all the winning parties. It is quite clear that the KPRF and NDR have no sources of growth. The elections showed the restricted character of their social bases. However, Yabloko and the LDPR are also at the

limits of their possibilities. The percentage of votes that went to the LDPR was down dramatically, while the increase in the vote for Yabloko was not enough to compensate for the collapse of Russia's Democratic Choice. Our Home is Russia and Russia's Democratic Choice simply divided up the votes that had earlier gone to Russia's Choice. Yabloko managed to strengthen its positions in the territorial electorates, but the increase in its vote did not fulfil the hopes of Grigory Yavlinsky. The Yabloko leader could draw moral satisfaction from the fact he and not Gaidar is now perceived as the leading liberal Westerniser in Russia. But considering the general tendencies in the country, this is an extremely dubious distinction.

For the leaders of the "big four", an even greater problem than the limited size of their constituencies is the obvious exhaustion of their strategies. All these parties counted on forming coalitions with intermediate forces. Now they have practically no room for manoeuvre, especially with the presidential elections soon to follow. They have a choice either of making concessions to their direct adversaries (running the risk of creating dissatisfaction in their own ranks and demobilising their electoral supporters at the very moment when these supporters need to be mobilised), or of taking the path of confrontation. In other words, they can either lose face, or "show their true faces".

For Our Home is Russia the problem is especially serious, since the regime's strategy clearly anticipated that reserve options would be available (Yuri Skokov, Ivan Rybkin and Arkady Volsky). The failure of KRO, of Rybkin's bloc and of the Union of Labour means that these variants cannot be exploited. A refusal to make serious changes to the government's composition and policy course will be taken as a sign of disrespect for the wishes of the electorate (it is not only oppositionists who are now making statements to this effect, but also Moscow mayor Yuri Luzhkov). But serious concessions will be interpreted as a sign of weakness, especially since the officials of the present government are simply incapable of adjusting their course. Account must be taken of the fact that behind the general promises of "increased attention to social needs" stands the necessity for a complete review of the priorities and parameters of the 1996 budget, as well as for radical changes to the whole decision-making

mechanism, to taxation policy, to the approach to state property and privatisation, and to relations with the regions.

Any measures which fail to touch on these issues will simply be ineffective, while serious attempts to resolve them will arouse conflicts within the government itself. Most probably, the president and the government will confine themselves to symbolic gestures in the direction of the opposition and to making concessions of little significance. It will not be possible to relieve the situation to any serious degree through such methods.

The Communists

The government cannot adjust its course without entering into dialogue with the Communists (KPRF). If such a compromise is made on terms advantageous to the Communists, it will strengthen the positions of the KPRF in the run-up to the presidential elections. The government will not agree to such a thing. Meanwhile, it is possible that the KPRF will be urged to accept a compromise on terms set by the authorities. But the Communists will be unable to accept such a deal in the pre-election period.

This situation is also creating confusion in the leadership of the Communist Party. It is indicative that on 18 December Gennady Zyuganov was still talking of a patriotic coalition with the participation of the KRO. But next day, when the scale of the defeat suffered by KRO had become apparent, Zyuganov called for the creation of a "grand coalition" involving Yabloko. It is also significant that he said not a word about the possibility of forming a left bloc, evidently considering that the thirty-odd Duma seats won by other leftists would not resolve the issue, and that these deputies would vote with the KPRF in any case. The latter, however, is not guaranteed, especially if the KPRF takes unpopular steps.

Any attempt to create a "grand coalition" will cause friction between the leaders and the ranks of the KPRF, perhaps inducing a section of the party's activists and supporters (and even deputies) to switch their allegiances either to Toiling Russia or to smaller left parties, from the Agrarians to the Party of Labour, which have representatives in the Duma.

Zhirinovskiy and Yavlinskiy

The government can no longer count on the support of the LDPR and of Yabloko on many questions, since these parties also have their eyes on the presidential elections. The peculiar thing about the situation is that all four parties with fractions in the Duma have presidential ambitions, and in the conditions of Russia, this makes serious collaboration between them impossible. The position of the LDPR will force Zhirinovskiy to toughen his stance in relation to the present regime. During 1993 and 1994 the LDPR criticised the government on the level of rhetoric, while at the same time supporting it on all the most important questions such as the overthrowing of the Supreme Soviet, the Constitution, the budget, and the war in Chechnya. The price for the LDPR has now been a significant loss of votes. In the lead-up to the presidential elections, the party cannot allow a further decline.

Yabloko, meanwhile, has concentrated on the following strategy: while in essence proposing the same policies as the regime, the leaders of the party have constantly taken their distance from the present authorities, accusing them of corruption, authoritarianism, incompetence and so forth. This line can be continued up to the point where the party comes to power as a "democratic alternative". But it excludes the party from partial participation in government today, since this would mean accepting responsibility for specific unpopular actions - something which Grigory Yavlinskiy and other leaders of the party fear above everything else. At a time when the influence of the "democrats" is in general decline, Yavlinskiy will succeed in retaining his positions only by putting as much distance as possible between himself and the government. While recognising the need for a change of course, the government thus has neither the political, technical or financial means of achieving this.

Presidential elections

Meanwhile, the opposition cannot reconcile itself to such a state of affairs as the presidential elections draw near. As a result, a general search for compromises will give rise only to new conflicts, while concessions by the regime will only serve to speed its collapse. Most likely, the course of events will resemble that seen with the Supreme

Soviet in 1992; after a few attempts to find agreement and a few "steps to the left", the authorities will again toughen their course. The situation prior to the presidential elections also makes bitter clashes within the Duma inevitable; because no force enjoys a clear majority, this will lead to political paralysis.

It is possible that this situation will be accompanied by a gradual strengthening of the opposition flank as independent deputies move leftward and radicalise under the impact of events (the experience of the Supreme Soviet is indicative here). The coming presidential election may well be followed by early parliamentary elections in 1996 or 1997. If the presidential poll goes ahead at all, the winner will not be able to work effectively with the present Duma, which will no longer reflect a changed disposition of forces. The Russian constitution was copied from that of France, and French experience shows that the system can function effectively only if the parliament is totally powerless (as in Russia in 1994 and 1995) or if presidential supporters make up a clear majority within it.

The role of the parliament in the period until the election will increase, especially since the question of amendments to the constitution will be on the agenda. These amendments may well be moved as a result of joint efforts by the KPRF and Yabloko, since their interests coincide here. But a strengthening of the role of parliament also means a growing need for the establishing of a pro-presidential majority within it. Such an attempt could be made six months after the presidential elections, on the expiry of the twelve-month period during which the president does not have the right to dissolve the Duma. In this case, we would have to go through early parliamentary elections in the spring of 1997.

The elections of 1995 showed that the attempts by Yeltsin's circle to create a model of "guided democracy" in Russia have ended in failure. The political process is becoming less and less governable, and is acquiring the same features that characterised it in the period leading up to October 1993. If we project the results of the 1995 parliamentary elections forward to the presidential poll of 1996, the prospects become quite unpleasant for today's elite. If voters repeat their choices of December 1995, Zyuganov and Zhirinovskiy will be competing in the second round.

Until recently it seemed quite possible that the KPRF would nominate another candidate instead of Zyuganov. But the KPRF's success on 17 December strengthened Zyuganov's chances as leader of the opposition in the presidential election. Ryzhkov was left with few chances of securing Communist Party support following the failure of his bloc. Even before the December elections, Zyuganov had begun trying to create for himself the image of a moderate and respectable candidate who rejected extremes. He was aided in this by a section of the press and by business circles who were already beginning to establish links with the Communists. Zyuganov is now in a position to use the parliamentary tribune much more effectively.

Until now, the strategy of the ruling circles has consisted of trying to create a situation in which Zhirinovskiy runs in the second round against a common regime candidate, either Yeltsin, Chernomyrdin or Yavlinsky. According to this scheme, Zhirinovskiy with his extremist rhetoric will help the authorities win the presidential election. But the simple possibility that the candidate endorsed by the regime might finish up in third place has overturned all these calculations. The KPRF's victory over the LDPR in the parliamentary elections is thus forcing a re-evaluation of all the strategies related to the presidential poll. A second variant foreseen by the ruling circles will also be extremely difficult to implement. This involves putting forward for president a "neutral", popular candidate, acceptable to the authorities but not linked to the regime in popular consciousness. The collapse of KRO and the centrists has now left little time to seek such a replacement. The problem is all the greater for the reason that while Russians might love the victims of suffering, they do not forgive losers.

If Yeltsin runs in the elections (which must be considered highly likely), it is virtually guaranteed that the second round will be fought out between two candidates distasteful to the regime. The problem lies not simply in the fact that Yeltsin, with his popularity rating in the range of 6 to 10 per cent, has little of chance of going through to the second round. His participation in the elections would split the votes of the right-wing liberals and underpin the presidential ambitions of politicians who would reason that outstripping Yeltsin would not be particularly difficult. The people around the president are thus faced with a choice: either to prevent the presidential

elections of the summer of 1996 from going ahead, or not to allow Yeltsin to take part in this process.

Even among Yeltsin's close associates, many people have been worried for a long time now about how to force him out of the race. But it is hard to see how this might be done by legal means and without serious destabilisation. Even if Yeltsin does not run in the elections (because of death, illness or voluntary withdrawal), Chernomyrdin and Yavlinsky could not be certain of making it through to the second round. The economic situation will not improve radically by the summer, and in many respects could well deteriorate. The stabilisation of the rouble was achieved through artificial measures which are costing the economy dearly. If the economy cannot be propped up, this will be perceived as a defeat for the government, but even if successes are registered, society is clearly discontented with the social and economic costs of financial stabilisation, as was already apparent in 1995. How financial stabilisation can be combined with "increased attention to social welfare" remains a mystery.

Meanwhile, the authorities cannot afford to take risks in the presidential election. Even if the risk of defeat is not as great as might at first appear, the mere theoretical possibility of failure is enough for part of the ruling circles to raise the question of postponing the election or cancelling it altogether. The opposition is expecting massive falsification of the returns in the presidential election, but in practice the regime has only limited opportunities for successful fraud. Effective falsification would require the agreement and deliberate action of the bureaucracy at all levels. This is impossible, since the country no longer has a single, centralised apparatus of rule, or a single nomenklatura with common interests. The interests of the bureaucracies at various levels and in various regions are different, and their actions will conflict as well. It is possible, of course, that the voting figures will be "corrected", but the experience of 1993 and 1995 indicates that this will not have a decisive influence on the political result. The more chance the opposition has of winning the presidential election, the more it risks calling down on itself the blows of the regime. In this situation, playing the game by constitutional rules is ceasing to be possible.

For Russia's rulers, one last constitutional option remains - to find among the Communists a "Russian Kwasniewski" who would guarantee a continuation of current policies. But doing this in Russia would not be easy, since the country's social structure, political culture and economic situation are qualitatively different from those of Poland. Even the most moderate opposition candidate would be significantly to the left of Kwasniewski (if, that is, such a candidate really wanted to win the election and then retain power). The nearer the election, the harder it will be for the authorities to control the situation. This means either a chaotic "democratic process", fraught with the danger of an authoritarian coup, or the authoritarian coup itself, calling forth broad but chaotic and ineffective resistance. ■

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The Left in Ukraine

An interview with Grigorii Artemenko

*What led to the early presidential elections in the spring of 1994 that resulted in the ousting of Leonid Kravchuk? **

The demand for early elections arose first in 1993, when it became clear that Kravchuk's policy did not correspond to the popular will. The living standards of the overwhelming majority of the population were falling sharply. The regime had surrounded itself with an atmosphere of militant nationalism. The demand for early elections was constantly being raised by workers and among the left parties. The most organised part of the working class, the Donbass miners, struck for this demand and at the end of 1993 demonstrated in front of the Supreme Soviet, forcing the deputies and Kravchuk finally to agree. But no date was set and no action taken. The left deputies in the Supreme Soviet supported the demand, but the right blocked it, while the President remained silent.

Who was the right - was it the nationalists?

Yes, basically. But the centre right also included representatives of the comprador bourgeoisie, super-rich people. Kravchuk, who is known as the "fox," understood that the left's chances of winning were good. So he provoked them, and they bit. The question of legalising the Communist Party, illegally banned following the August 1991 coup, had been in the air for some time. And when the question was again raised

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in the Supreme Soviet, opposition from the right suddenly was very weak, and it passed. As a result, the division of the Socialist Party began at once, seriously weakening the left, which in the SP had represented a unified, organised force. Further division occurred when some people decided to set up an Agrarian Party, following Russia's example. The split was very painful. Of 200,000 members, only 20,000 stayed with the SP. These were people who believed in a different kind of socialism than that which had existed under the old regime. They were much more critical of the past, though even those who left for the CP admitted that mistakes had been made.

Another fundamental issue was the CP's demand to restore the Soviet Union. They didn't ask whether it was advisable or even possible. The Socialists understood that there was no practical way of realising that demand and that, in any case, it wasn't desirable. A new political union was premature, and, moreover, it would be a mistake to join with Russia while it was under the Yeltsin regime. The left in Russia is even weaker than in the Ukraine and Belarus. As for former Soviet republics like Moldova and the Baltics, they could only be brought into a union by force, and that would be a crime. Ukraine itself would split between west, on the one hand, and east and centre, on the other, and that could provoke civil war.

But the Socialists fully supported the idea of a unified economic space in the territory of the former Soviet Union. (Actually, even the nationalists no longer take a fit when we raise this demand; they have understood that their idea of economic integration with the West was a pipe dream.) But anything more would have to wait and depend on how the situation developed. Almost all the former Communist Party functionaries who had joined the Socialist Party left it for the resurrected CP. Of course, that was a loss to the SP of valuable organisational skills. But the CP wasn't really able to benefit much from that because it had too little time before the elections to organise itself very efficiently.

That was Kravchuk's second trick. On the left, it had become a tradition to say "yes" whenever the President said "no". Kravchuk told the Supreme Soviet that neither society nor any of the parties was ready for elections in 1994. He proposed rather to hold elections first to the local soviets and on the basis of that experience to improve

the recently adopted electoral law. The left opposed this, and the Supreme Soviet decided to hold elections in the spring of 1994, first to the Supreme Soviet and then two and a half months later to the presidency and the local soviets. Here I have to make an aside. The new law, which the left had supported against the right, was based on majority vote by district. The left opposed a proportional system because they knew that it would help the nationalists, who could win majorities only in a few western regions. The left really thought it could win a big majority and wanted to prevent the election of particularly odious nationalist leaders. Those people really were subsequently defeated, though some sneaked in later by round-about methods. The centre supported the left on this, because most of them belonged to no party and had been elected as individuals. I'd say the left lost its class instinct on this matter, forgetting to ask why its opponents in the centre supported the majority system.

Why weren't the left parties able to reach an agreement not to compete against each other?

The central bodies of the three parties did conclude an agreement, but it was often violated by ambitious candidates on the local and regional levels. On the other hand, the nationalists, with a few exceptions, displayed a united front. Another problem was the left's empty coffers. We didn't even have money for paper. The Communists were somewhat better off, since they had a lot of old functionaries with good ties to the enterprises, which gave them technical and other help. Also, many Communists had become successful in middle-sized businesses. This wasn't big money, but it was more than the Socialists had. After the CP was legalised, the SP's treasury was divided proportionately, and so the SP remained with only a small part of it. Moreover, most of the left deputies in the Supreme Soviet joined the CP. Deputies each have two full-time government-paid assistants that can be used for electoral campaigns.

How did the left fare where it remained united?

Extremely well. The three parties worked harmoniously especially in

Zaparozh'e, Donetsk, Lugansk and Kharkiv regions and they scored a total knockout against the centre-right, not to mention the far right. Overall, 84 Communists, 17 Socialists and 24 Agrarians were elected out of 338 deputies. There are about 70 nationalists of all shades. But half of the Supreme Soviet consists of our new bourgeoisie, the rich and very rich. So far, they do not belong to any parties, though many were members of the Union of Industrialists and Entrepreneurs, an organisation formerly headed by the current President of the Ukraine, Leonid Kuchma. Most are connected with newly created companies that export metal or trade in gas, oil and other resources. They had their own candidate for chairperson of the Supreme Soviet, a former KGB officer, who was also supported by the nationalists. The left's candidate was Aleksandr Moroz, chairperson of the SP. Moroz won, but barely, because the centre at the time wasn't yet organised. Today, he could never get elected.

What is Moroz's past?

He had been in charge of agriculture in the Kiev district committee of the CP, not a high functionary. Even while the CPSU and the CPU were still strong, he had proposed lifting the ban on fractions and creating a socialist fraction in the Supreme Soviet. He was a leading figure in the rapid formation of the Socialist Party after the CP's ban. The party grew quickly and was effective, to the surprise of the right.

What was the Socialist Party's programme in the elections?

It's a funny thing, because the candidates of all parties went into the elections with practically the same programme - some version of the SP's programme: maintaining the predominance of the state sector, a ban on buying and selling land, maintaining collective farming, or at least not forcibly destroying it, free medical care, education, the right to a job, that is, full employment, and social guarantees. We also had an anti-crisis programme that had been adopted in the summer of 1992. Kravchuk, in view of the bankruptcy of his economic policy, had even begun to carry out parts of it. It was really striking - even the nationalists put forth a version of our programme, crossing out only

such points as a common economic territory, equal status of the Russian language, etc. I suppose it was only natural. After all, who was going to go into an election and tell the people they intended to do it harm? Programmes are cheap; action is a different matter.

Moroz also ran in the presidential elections. How did he fare?

At first, it seemed that Kravchuk had the best chances, especially after he had gone on television virtually to ask forgiveness for his "errors": he said he had overestimated the chances for economic integration with the West. He also managed a phoney economic stabilisation - the coupon's exchange rate was held stable for six months and even rose somewhat. Kravchuk also had the advantage of having appointed prefects in all the regions and districts. These people put together the electoral commissions, and the official results depended very much on these commissions.

Where did Kuchma come from?

He had been director of the design department at Yuzhmash, a defence giant which made rocket systems and once employed over 100,000 people. Before that he had been party secretary of the enterprise for ten years. In 1992, Kravchuk appointed him Prime Minister. In the work-collective council movement, we at first greeted this, since Yuzhmash belonged to our Union. But under Kuchma, inflation really took off. After his government, Viktor Pinzenik, his minister of economics, wrote an article in which he virtually admitted that the government had consciously unleashed inflation. Why? At the time, many enterprises were still functioning more or less normally. Kuchma's job was to destroy the functioning nationalised economy.

In Russia and in the West, commentators claim that your economy is worse off than Russia's because the government did not decisively embrace market reform.

That's simply not true. The Russian economy may be better off, but that's not thanks to any reforms or privatisation that Ukraine has

allegedly avoided. Russia is simply much richer in natural resources, especially gas and oil, which we totally lack. In fact, I'd say Ukraine was in a better position at that moment, because its industry, except for coal and metallurgy, consisted of assembly enterprises, and machines generally fetch a better price than resources. As for not carrying out market reform, Pinzenik was the Ukrainian Gaidar. His was a market government, even though the government claimed that it didn't know what it was building and kept demanding that the Supreme Soviet define its policy.

Kuchma knew exactly what he was building. And after being elected President in 1994, he finally said it plainly: "There is no alternative to market reform, to capitalism." As prime minister, he even got special powers from the Supreme Soviet and for at least three or four months was free to issue virtually any decree. One of his first decrees deprived the Work-Collective Councils of virtually all of their powers. As representative of the directors' corps, he was carrying out their will. Henceforth, the councils had only an advisory role, but their main power - the right to veto the appointment of a director - was taken away. A new law on social organisations also made it impossible to register our regional unions and give them official status.

Maybe we are to blame too for not mobilising workers to resist these moves. But it all happened so quickly. Only the left deputies in the Supreme Soviet opposed these measures, but there were few of them at the time. Eight percent were former members of the CP, but in practice there were only three socialists there. Many were members of the directors' corps or close to it and were frightened by the scope of our activity. We had a million members and, in practice, we were a political organisation.

But if Kuchma had been such a bad prime minister, how did he get elected president?

It's true that, by the time his government fell, even those who had recommended him wanted him out. Miners were demonstrating in front of the Supreme Soviet and, along with metallurgical workers, striking for him to resign. So he left. But leaving, he complained that it wasn't his fault - he hadn't been allowed to do what he wanted. He

posed as a martyr, and that's how he ran in the 1994 presidential elections. Besides, things may have been bad when he resigned, but by 1994 they had got much worse. The right, the nationalists, did not dare put forth their own candidate, who would have been trounced.

But the nationalists were happy with Kravchuk, weren't they?

Yes, he was their candidate. But our comprador bourgeoisie was smart enough to know not to put all its eggs in one basket. Kuchma spent a huge amount of money in the elections and has never explained where it came from. Moroz was the candidate of the united left, the CP, SP and Agrarians. We worked harmoniously and very effectively. But even so, our efforts couldn't match what Kuchma's money could buy. Kravchuk won majorities in the more nationalist regions and received a plurality in the first round, but Kuchma won in the south and east. Moroz came third. In the runoff, Kravchuk made a big mistake when he publicly declared that he understood his plurality as an endorsement of his former policies. The SP took no position on the runoff, though some members had illusions about Kuchma. After all, his was a socialist programme that did not even mention the market economy; he also came out for an immediate union with Russia. It was very similar to what happened later in Belarus, with Lukashenko's election to the presidency.

Why did Moroz fare so badly?

Besides the question of our meagre resources, Moroz made some big mistakes. When he was elected chairperson of the Supreme Soviet, he didn't use that post as a tribune to make his views on the economy known. The fact that he chaired the Supreme Soviet even worked against him. Ordinary people said: "He's a leftist, and so is Kuchma - they'll make a good team, heading both arms of the government." Moroz had also been ill, and his campaign generally was lacklustre.

What about corruption in the campaign?

There were foreign observers and they declared the elections fair. But

that's not true. As I said, the electoral commission were formed by representatives of the president. No one knew how many ballots had been printed. In many ridings, ballots were tossed in literally in bundles. Many people came to vote only in the second round and to their surprise learned that they had voted in the first.

And Kuchma soon showed himself to be an ultra-marketeer.

Yes, it took him about a month to make that clear. And he has set a pace for privatisation that even outstrips Russia. This is a Petrine policy of reform - he intends to break any resistance across his knee. It was no accident that he appointed Marchuk, former head of the KGB, as his prime minister. All this proved somewhat of a shock to those on the left who had nurtured illusions about Kuchma. At the Fifth Congress of the SP soon after the elections, I proposed that Moroz reject all co-operation with Kuchma and that he resign as chairperson of the Supreme Soviet and the party go into the opposition if it became clear that we could not get our positions adopted by the Supreme Soviet. But Moroz opposed this, saying that as long as he was chairperson of the Supreme Soviet, the party had some leverage, and we'd be able to make corrections to Kuchma's policies.

The Supreme Soviet adopted Kuchma's market programme in December last year. After that, it became practically impossible for the Supreme Soviet to stop Kuchma. He returned to ask for extra powers to carry out his programme. In fact, he doesn't need more power in order to restore the economy to health and he knows that he won't do that. He needs more power so that he can't be stopped in carrying out his policy for the benefit of those who financed his electoral campaign. He is learning from Russia's experience. In Georgia, where former President Gamsakhurdia was unable to concentrate all power into his hands, his regime ended with his being chased about the country by people armed with kalashnikovs. So our Supreme Soviet concluded a constitutional accord with the president that, in practice, liquidated the power of the soviets. At first the Supreme Soviet resisted, and Kuchma said he would hold a referendum. But polls showed that the people had confidence neither in Kuchma nor in the

Supreme Soviet. People are disillusioned, even though it is true that the demonstrators in the May Day and Victory Day demonstrations all over the country, except in the west, opposed privatisation and increased powers for the President. They could have fought, but the deputies retreated and signed. Local power is now almost fully in the hands of presidential appointees and after the adoption of a new constitution his power locally will be total. Even now the president can annul any local decisions. In practice, our Supreme Soviet has become a Russian-type Duma. And, unlike the Russian parliament, it accepted its fate voluntarily.

And Moroz remains chairperson of the Supreme Soviet?

The bitter truth is that the leader of our party voted for the constitutional accord, even though all the other Socialist deputies voted against it.

That is reminiscent of how Yeltsin was able to tame the speaker of the Russian Duma, Ivan Rybkin, a member of the Agrarian Party and close to the Communists. But why can't the party call Moroz to order?

You're right that it is the Ukrainian version of the "Rybkin phenomenon." There was strong criticism of Moroz at the party's political council a few days ago, but he managed to convince them that he had no choice and that in the end the party would benefit. I don't know exactly what his arguments were, but basically he says that Kuchma's reforms are destined to fail and that within a year Kuchma will have totally discredited himself.

But Moroz voted for the constitutional accord.

Yes, but all the Socialist and Communist deputies voted against the economic programme and against the constitutional accord. The Agrarians voted for the accord; they had their own reasons. Already last year, there were arguments in the party, after the Supreme Soviet approved Kuchma's reform programme. A large part of the membership had no illusions about the Supreme Soviet's ability later to

"correct" the programme, given its right and centre majority. But Moroz managed to convince a majority of delegates at the fifth congress of the party. He has about 60 percent support in the political council of the party, which includes all the deputies.

What stage is the market reform at in Ukraine?

The president is proposing a breakneck rate of privatisation, even faster than in Russia. We've already had privatisation of small and middle-sized enterprises. About 40 percent remains in state hands - basically, the big military-industrial enterprises and the land. Of course, privatisation of what's left will bring no improvement to the economy. Even if a sudden upsurge in demand arose, most enterprises would not be able to resume normal production for several years to come because their skilled workers and engineers have all left. Add to that the fact that there has been no investment for the last six or seven years. Not only is this old equipment not kept in repair, it is being stolen piece by piece and sold for a few pennies.

The privatisation of the Nikon condenser factory in Nikolaev is a case that made the news. This was a military factory with 6,500 employees. One fine day at the start of July 1994, the workers learnt that their factory had become a joint-stock company, that the administration owned a controlling share of the stocks, and that they themselves were now hired labour with no say in management. The work-collective council demanded an explanation. The director responded by immediately firing the chief engineer and assistant head accountant, the co-chairpersons of the council. But the council was militant, and its members came early the next morning before the first shift to talk to the workers. When the director arrived, the workers blocked his entry as well as that of the other members of the administration linked to the privatisation. The director tried to force his way in with his armed guards, but the workers had armed themselves with wrenches and hammers. Workers from the neighbouring large factories heard about the events and sent over delegations. A huge open-air meeting was held from morning till night in front of the plant. At night, the workers left groups to guard the plant. The next morning, even larger crowds of workers gathered there. The

city's industrial directors got scared - their own workers might demand an accounting of the privatisation of their enterprises, since everywhere the workers had a been swindled, so they asked the chairman of the regional soviet to do something. The Nikon conflict could have turned into a major uprising. The president and the prime minister hurriedly sent representatives to investigate, and the regional soviet chairman ordered the director's arrest. And he was taken away.

Of course, it was all a show to appease the workers. The cabinet annulled the privatisation and provisionally appointed as director one of the co-chairpersons of the work-collective council. In a few weeks, the workers were to be allowed to elect a permanent director, even though the law no longer gave them that right.

One of the candidates was the plant's former chief technologist, Sinyakov, who had earlier been fired by the same director. Sinyakov offered a precise plan of action, including tentative agreements with foreign firms for joint production. He won, beating the head of the work-collective council, who had shown such courage. Sinyakov really was able to conclude agreements with German and Baltic firms to produce televisions and induction ovens. However, whereas the former director had managed to maintain intact the entire 6,500 person collective, Sinyakov reduced the work force to 2,500 in nine months. But at least those who remained felt they had a future, though one has to wonder where the market would come from for these televisions. Our new bourgeoisie wasn't going to buy domestically produced televisions, and the mass of the population can't afford them. But that never had to be tested, since the Supreme Soviet, seeking to reduce the budget deficit, suddenly decided to end the two-year tax holiday for joint enterprises, causing the Germans to pull out. The plant is now on the verge of bankruptcy and even the managers in Sinyakov's team are leaving.

That's an extreme case, but it gives you some idea of what privatisation means. The population understands this, and people are selling off their vouchers, which are worth about 300 dollars. Only the enterprises in the basic sectors - resources, transport and communication - are somewhat better off. The government can't let them shut down, and they won't be privatised.

Is there any resistance to this in the Supreme Soviet?

Only from the left, as well as from a small group of three nationalists, including Stepan Khmara, who has understood that Ukraine is being destroyed by the government's policy. But there are about 200 deputies who are entrepreneurs, directors, rich people, people who are living well and looking forward to owning an even bigger chunk of the Ukrainian economy.

Am I right that the labour movement here, in Russia, and in most of the former Soviet Union did not oppose privatisation as such, at least not until recently? They agreed to "de-statisation" and merely demanded that workers be given a bigger share of the stocks?

In the beginning, in 1990 and 1991, when the question of privatisation first arose, the president and the laws all said that privatisation was to be in the interests of the work collectives. They placed restrictions on worker ownership, but the collective was to get a controlling share at least. A few people warned that we would be swindled, but most, including myself, took the bait. The Second Congress of Work Collectives, which really was a movement mainly of activists, skilled workers, and technical personnel, demanded: "Ownership to the work collectives; for the directors - a contract." The exact opposite occurred, but this became clear only gradually. In fact, the workers didn't even get a contract, but rather a pauper's ration of bread. Today the workers have shed their illusions. No one is demanding privatisation, not even in the interests of the collective. The last year and a half workers have been demanding an end to privatisation. Actually, Gorbachev's Enterprise Law provided for self-management under state ownership. Only now have people understood the advantage of state ownership - the state has to support the plants' restructuring. But we know that the World Bank and the IMF insisted on privatisation.

Are the unions offering any sort of resistance to the government?

The head of the Ukrainian Trades Union Congress, Stoyan, is the

president's man. And generally, the interests of the union leadership and of the rank and file have sharply diverged. The leadership has a lot of property in the form of buildings, sanatoria, rest homes and the like, which allows them to be independent from the membership. I don't expect much from them, though individual unions have shown significant activity, including our own regional federation. The most militant union in the Ukraine today is the Machine and Instrument Builders Union. They've initiated a series of protest actions, though these have not met with a very active response from below. The public service workers, the teachers and medical personnel, are getting ready for a general strike over wages. But the rest is mainly slogans and little resistance in practice. In the enterprises, union leaders are still dependent on management. Anyway, if they decide to strike, it only hurts the workers - the government doesn't give a damn if the plant shuts down.

How do you judge the general mood of the workers?

The price of communal services - electricity, gas, hot water, rent - has risen so much that two-thirds of the urban population have stopped paying for them. The Supreme Soviet recently passed a law providing for eviction if the tenant falls twelve months behind in payments. Life has become impossible. In 1991, I could buy a colour television or three refrigerators on my monthly wage. Now I have to work a whole year to buy a television. So real income of workers has fallen ten to twelve times. People can't even pay for communal services, which are still far below Western levels, which is where this government wants to take us. The Russians have a saying - and Ukraine is a part of Rus': "Russians hitch up slowly, but they ride very fast." But I wouldn't like to see a spontaneous rising, since I'm not sure the left would be able to lead it. On the other hand, fascists organisations exist, and desperate, impoverished workers might turn to them. ■

This interview was made in August 1995 and translated by David Mandel.

Rick Simon

Miners' Strike in Russia and Ukraine

On 1 February 1996 a spectacular explosion of mineworkers' anger and frustration occurred in Russia and Ukraine. At the heart of both national coal industry strikes were fundamentally the same issues: the delayed payment of wages and the restructuring of the coal industry.

The actions in each state were the outcome of parallel processes resulting from common problems rather than the result of carefully planned and co-ordinated activity. Indeed both national strikes can be seen as the culmination of a whole series of actions stretching back more than a year. The different character of the outcomes also reflected the divergent political situations in each state: whereas the Russian miners did not have to strike for long before concessions were forthcoming from a president anxious to shore up his image before the presidential elections in June, the Ukrainian miners did not possess the same leverage and their strike lasted a fortnight before coming to an end.

Russian and Ukrainian coal industries

The coal industry, formerly one of the jewels in the crown of the Soviet economy, is an industry under considerable pressure in both Russia and Ukraine. In both countries output, which was beginning to decline during the 1980s, has fallen catastrophically in the four years since the collapse of the Soviet Union: in Russia output fell between 1988 and 1994 from 416.5 million tons to 261 million (Morvant p.57). The target for 1995 was 264 million tons but the actual output was 250.1mn, a further fall of 10mn tons. Surprisingly this seems to have

been achieved with a substantial rise in productivity, primarily as a result of coal industry restructuring which saw a workforce reduction of 57,000 (*Finansovye izvestiya* 26 January 1996, p.2). In Ukraine, output in 1994 was 94.4mn tons and this declined to around 80mn tons in 1995.

The non-payment of wages has become an almost universal characteristic of both Russian and Ukrainian economies as the governments have undertaken measures aimed at the creation of a capitalist system. In the coal industry 2,200bn roubles were owed at the beginning of 1995 by enterprises to which coal had been delivered, and 1,300bn roubles were owed from the federal budget (*Segodnya* 3 February 1995 p.2). According to official figures this level of indebtedness had declined by January 1996 to 315bn from the state and 1,188bn from consumers (of which 43 per cent is owed by the energy-producing sector). The level of wage arrears has been coupled in the coal industry with concern over the degree of state subsidy. Many pits are currently unprofitable: approximately two-thirds of Kuzbass pits make a loss (*Izvestiya* 20 January 1995, p.5). As a consequence of these factors strikes in the coal industry have become almost a daily occurrence, particularly at those pits with the lowest productivity and fewest prospects for survival without state support (*Finansovye izvestiya* 26 January 1996, p.2). The persistence of this manifestation of economic crisis has turned formerly loyal followers of Yeltsin into bitter opponents, a phenomenon illustrated by the Communist Party of the Russian Federation receiving more than 50 per cent of the vote in the December 1995 elections in the Kuzbass.

Until recently the strategic location of the coal industry in terms of the reliance of other industries on its output, the large number of people employed, and the political support of the miners for Yeltsin have meant that the Russian coal industry has escaped major restructuring. In Ukraine, which did not experience the shock therapy of the Russian economy, the coal industry has avoided restructuring for rather different reasons - the reluctance of the government to undertake any radical economic reform. Since the election of the more reform-minded Kuchma as president, however, coal industry restructuring has been on the agenda. In both Russian and Ukrainian cases international institutions, the World Bank and the

IMF, have been actively promoting pit closures, reduced subsidies and the exposure of the industry to the full rigour of the world market. In return for this they have proposed loans to assist with softening the impact of redundancy. In Russia, the World Bank has recommended closing 80 pits by the year 2000, diverting current subsidies to fund a social safety net. It is willing to lend the Russian government \$500 million for relocation and retraining. While there exists a "consensus on the need to restructure the industry" between unions, management and government, there are differences over the pace of change (Morvant p.58). Nevertheless, pits have been closed and workers made redundant. In 1995, 57,000 jobs went in the Russian coal industry and the level of government expenditure on pit closures rose from 1.5 per cent of its total subsidy in 1994 to 8.5 per cent in 1995 and is expected to rise to 15 per cent in the current year (*Finansovye izvestiya* 26 January 1996 p.2).

As part of the shift to the market the Russian Coal Company, Rosugol, has been reorganised to make it "leaner and fitter". Rosugol boss, Yuri Malyshev, said that reorganisation would take six years and involve the closure of 100 uneconomical pits, 70 of them by 1998 (*Interfax* 30 June 1995).

On 18 November 1995, World Bank president, James Wolfensohn, expressed the World Bank's readiness to finance restructuring of the Ukrainian coal industry. He said that, although the Ukrainian coal industry was "not uncompetitive", all uneconomic and uncompetitive mines which could not be upgraded would have to be closed. The World Bank intended to finance welfare measures for miners at three pits which should be closed in the near future. In addition, talks were being undertaken to make \$3 billion available as foreign investment guarantees in priority sectors. The same month First Deputy Prime Minister, Pavlo Lazarenko, suggested that only one third of Ukrainian mines were self-sufficient and that 64 would have to close, although he did not indicate any timescale.

Strike action during 1995

Russia: Conflict has been a recurrent theme of coal industry relations over the past year. On 1 February 1995 work ceased at the 26 pits in the Rostov-on-Don region governed by the Rostovugol coal

association as 75,000 miners went on strike. They were owed 230 billion roubles in arrears (*Izvestiya* 4 February 1995, p.2). A further 50,000 miners struck in neighbouring Krasnodar krai (*Izvestiya* 4 February 1995, p.1). Here workers had not been paid since November 1994. On 2 February, the executive of the Russian Coal Industry Union (Rosugleprof) called a 24-hour all-Russia warning strike for 8 February in response to the Rostov situation, demanding that the government immediately pay what it owed in subsidies for 1994 and January 1995 and accelerate efforts to solve the non-payment problem. If no such action was taken then the union would call an indefinite all-Russia strike for 1 March, with demands for the resignation of the government and early elections for the president (*Segodnya* 3 February 1995, p.2).

While the March strike failed to materialise, wildcat strikes continued on a regular basis throughout the industry. The biggest stoppages occurred in October in Vorkuta over the proposed closure of the Promyshlennaya pit. Workers at that mine struck for more than a month before a compromise over the terms of redundancy was reached.

Ukraine: As with the Russian coal industry, Ukrainian miners have taken action over wage arrears, social provision and the restructuring of the coal industry over a prolonged period. The strikes in February of this year were the culmination of a period of "guerrilla warfare" of wildcat strikes at individual mines and threatened national action stretching back over several months. In July 1995, a threatened national strike was called off while negotiations continued with the government, and strikes did take place in August as the government failed to deliver on a promise to repay delayed wages.

On 2 October 1995, a nation-wide strike took place organised by Trade Union of Coal Industry Employees of Ukraine in which about two-thirds of the country's 254 pits took part and only one-third of the daily quota of coal was extracted (*UNIAN* 4/10/95). In Ukraine's major coalfield, the Donbass, only 14 mines worked as normal (*UNIAR* 2/10/95). The demands advanced by the strikers were for prompt payment of wages, an increase in wage rates, for a national wage agreement to be signed by 20 October, and for state policy toward

the coal industry to be enshrined in legislation.

While leaders of the former "official" coal union intimated that the miners' demands would become more political if the government did not respond favourably, the Independent Miners' Union (NPGU) accused the official union of being "provocative" in calling the strike. NPGU itself favoured a more prolonged strike in the latter half of October (*UNIAN* 4 October 1995).

Towards the end of October the first congress of Ukrainian miners took place in Kiev. The congress reinforced the demands for the prompt payment of wages and the immediate payment of arrears and for a whole series of credits for the industry's restructuring. In addition, the miners demanded that government and parliament adopt a programme of market reform for the industry by the end of 1995 which would take into account union proposals. The first hint of a political demand also emerged with the suggestion of a signature-raising campaign in favour of Kuchma's resignation.

On 30 October NPGU Chair, Mykhaylo Volynets, announced that a new wave of protest strikes would begin on 14 November in response to the government's and Coal Industry Ministry's failure to respond to miners' demands. Two weeks later, a meeting took place between coal industry unions and various ministries under the auspices of Deputy Prime Minister for the Fuel and Power Engineering Complex, Vasyl Yevtukhov. The problem for the government has been how to solve the arrears crisis without additional monetary emissions, which would fuel the already severe inflationary situation. It was acknowledged that 29,500 billion karbovantsi were needed to pay wage arrears (*UNIAN* 11 November 1995). Yevtukhov then had to head a government delegation to Luhansk region where the chairs of 24 NPGU local committees had just ended a 10-day hunger strike over wages. On 14 November, however, 16 mines began indefinite strike action initiated by NPGU. This figure increased to 22 pits the following day. Losses were estimated at between 20,000 and 30,000 tons of coal.

In response to the miners' growing militancy and to undermine their strategic position the Ukrainian government increased coal imports from Poland. These were expected to reach 18mn tons for 1995 with a further 15mn tons to be imported in 1996. The Lviv railway is being urgently modernised in order to cope with the increased

traffic: whereas 2mn tons had been handled in 1994, this had risen to 5.3mn tons in the first six months of 1995 (*ITAR-TASS* 6 December 1995).

The February 1996 strikes

Ukraine: 1996 began where it left off with a number of mines on strike in Eastern Ukraine. As well as wage arrears miners were demanding greater autonomy for the mines and more attention to social problems. By 30 January, the Trade Union of Coal Industry Employees of Ukraine decided that the situation was so bad that an indefinite nation-wide strike beginning on 1 February was the only way of bringing the government to the negotiating table with serious proposals to end the crisis in the coal industry. Announcing the action, coal union leader, Viktor Derzhak, said that the strike was because of wage arrears and delays in paying for coal already delivered. He argued that decreased government subsidies had caused price rises and a fall in production. The government had responded by importing 20mn tons of oil at a cost of \$520mn. Derzhak further argued that the IMF's desire to reduce the number of loss-making pits had resulted in the diversion of funds allocated to support those mines. An end to the action was dependent on the government meeting the union's demands (*ITAR-TASS* 30 January 1996). Other industries badly hit by debt and arrears, such as engineering and defence were supportive of the miners' action.

In response to the beginning of the strike Prime Minister, Yevhen Marchuk, suggested that the problems in the coal industry were inherited from the Soviet past and that reform had not been fast enough, a prime reason for the sacking of the previous coal industry minister. Structural reorganisation was, therefore, essential. He acknowledged that miners' wage arrears were growing but stated that, of the estimated debt of 30,000bn karbovantsi, the government owed only 1000bn from the state budget. It could not therefore fund the arrears from the budget without creating rampant inflation. In addition, the government had already rendered assistance to the tune of 100,000bn karbovantsi during 1995. In response, the unions accused the government of spending more money on importing coal from Russia and Poland than was the entire total of miners' wage arrears.

According to Viktor Derzhak 11.5mn tons of coal had been imported in the first 8 months of 1995 at a cost of \$525mn when the debt to miners was 73,000bn karbovantsi (\$390mn).

Accurate figures as to the number of mines responding to the strike call are virtually impossible to find: the coal industry unions and the government producing distinctly different estimates. Because the strike focused on economic issues rather than the character of the Ukrainian state as the June 1993 strikes had done, the miners of Western Ukraine, traditionally more supportive of the government, were also prepared to take action. According to union sources, 142 mines ceased extraction and a further 115 suspended deliveries; the number of employees involved in the action was around 700,000. The coal industry ministry reported, however, that only 30 mines with a workforce of 3000 were affected and that daily coal production had scarcely fallen. While it is true that a number of pits continued to mine coal, a majority withheld shipments to consumers, creating a crisis situation in electricity-generating and other coal-dependent industries.

On 5 February, a conference of trade union activists in Donetsk decided to continue the strike, which was spreading out from its base in the Donbass to the Lugansk and Cherkassy regions. The Ukrainian government proved itself to be much more stubborn than its Russian counterpart in its dealings with the miners, a reflection of its comparative security. Marchuk persistently claimed that the government owed the miners nothing and that coal industry managers had been partly responsible for the strike by not allocating government funds correctly. Nevertheless, Marchuk said that 6,000bn karbovantsi had been found by the government towards solving the wages problem and that a further 15,000bn karbovantsi could be allocated. Overall, however, the government refused to negotiate with the unions until industrial action was called off.

While a substantial number of pits were either on strike or refusing to dispatch coal to consumers, pressure was growing on the unions to suspend their action. On 12 February, miners in Western Ukraine returned to work after a ballot and two days later the power workers' union appealed to the miners to end the strike because of the dire situation in electricity generating: fuel shortages, causing power stations to operate at 30 per cent capacity, coupled with the

exceptionally cold winter resulted in the Russian and Ukrainian power grids being disconnected threatening power cuts (*Interfax* 13 February 1996).

On 15 February, the miners' unions voted to suspend the strike from the following day pending the promised negotiations with government. In a justification for the strike, union leaders claimed that the action had thrust the plight of the coal industry to the centre of the government's attention. In material terms, however, only 13,500bn karbovantsi out of total wage arrears of 84,300bn had been received by 14 February.

Russia: On 25 January 1996, the executive of Rosugleprof voted for a nation-wide strike to begin on 1 February. Union leader, Vitaly Budko, claimed that 4,500bn roubles continued to be owed to the coal industry, of which 1,000bn were wage arrears. On 26 January, against a background of the strike threat and persistent picketing of the government building by angry miners, Chernomyrdin agreed to allocate immediately 600bn roubles to pay off wage arrears up to the end of 1995. This was not sufficient to mollify the unions, however, who also demanded that the government draw up a schedule for funding the industry and for mines to be allowed to retain a greater amount of funds to pay wages. The unions also demanded that government funding of the industry for 1996 be increased to 10,400bn roubles. On 31 January, the newly-elected State Duma passed a resolution in support of the miners legitimate demands and sent a delegation to meet with Yeltsin.

The strike began on 1 February but had different impacts in different parts of the country. In Vorkuta and Rostov, miners declared an indefinite strike with no supplies to consumers except, in some instances, to power stations; in Primorskii krai, a 48-hour strike was declared which would be reviewed after that period; in other coalfields the response was rather more patchy, some mines rejecting strike action altogether as inappropriate in the current climate. In Vorkuta, where even the completely independent Vorgashorskaya mine was on strike, other enterprises also took solidarity strike action. Rosugleprof subsequently claimed that 80 per cent of coal enterprises had been involved in the strike.

The government response was to make immediate concessions: 10,400bn roubles would be allocated to the coal industry during 1996, of which 5,100bn would be paid in the first six months; Chernomyrdin indicated that a new wage agreement would shortly be signed between the government and unions; the promised 600bn roubles was also received on 1 February. In response to these developments the Rosugleprof executive voted on 2 February by six to five to suspend the strike immediately from 3 February. Welcoming the concessions, Vitaly Budko affirmed that the strike was only suspended and that, if the government did not deliver on its promises, the strike would be resumed on 1 March.

Conclusion

The comparative success of the Russian miners in a strike lasting just two days is indicative of the fragile political situation in which Yeltsin and the government find themselves. For both to survive Yeltsin must win in June, and to have any realistic chance he must regain popularity by appearing to mollify the effects of years of economic collapse. It is highly unlikely that this strategy will succeed - the economy, although showing signs of recovery, is not capable of sustaining the demands of large groups of workers and a new round of strikes appears inevitable. Workers know that, despite all the rhetoric about social safety nets, real incomes have fallen yet again in 1995 and there is little prospect of the trend being reversed.

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David Holland

Dirty Politics in Poland

The dirty campaign which characterised the Polish Presidential elections at the end of last year has continued into the New Year. The defeated presidential candidate Lech Walesa is doing his best to make good his promise to galvanise an anti-Communist front to unite the fractious Polish right with a view to success in the 1998 parliamentary elections.

Immediately after the victory of post-Communist Social Democrat, Aleksander Kwasniewski, was announced, Walesa rejected the legitimacy of the election. Claiming that Kwasniewski had lied about his educational qualifications, Walesa mounted a national petition campaign and attempted to over-turn the result in the constitutional court. Simultaneously, he established the Lech Walesa Institute, conceived as a think-tank based upon the centre and right of Polish politics and hoping to attract Polish-American financial backing. He has initiated a series of political discussions aimed at uniting the Polish right for the next parliamentary elections. A "National Congress of the Right" is projected for June, under the provocative slogan "No Enemy to the Right".

The Oleksy case

The political temperature was further heightened by the announcement by the outgoing Interior Minister (a Walesa appointee), Andrzej Milczanowski, that Jozef Oleksy, the Prime Minister, had acted as a KGB agent since the early 1980s. The campaign around this issue

succeeded in bringing down the Prime Minister, who was nevertheless, in an uncompromising gesture, overwhelmingly elected leader of the (post-Communist) Democratic Left Alliance. The spy hysteria is part of a more general poisonous anti-Communist campaign, in which the resentments of the losers in the changes of recent years are being exploited by a demagogic campaign. Accusations of past corruption and crimes by Communist officials threaten that the "red web" of patronage and favours will return, now that the post-Communists have captured both houses of parliament and the presidency. Polish law prohibits the funding of political parties from abroad and on this basis the well-attested 1.2 million dollar loan from the Soviet Communist Party to the Polish Communists in 1990, which was used to re-launch their political fortunes, has been cited as a basis for banning the governing Social Democratic Party. President Kwasniewski hit back by calling for all relevant security files to be published. The implication is that many former Solidarity figures have things to hide in their past dealings with the security forces.

A welcome breath of fresh air in this atmosphere was provided by an open letter published in *Gazeta Wyborcza*, signed by veteran ex-Solidarity figures, Jacek Kuron and Karol Modzelewski, denouncing the unscrupulous exploitation of the spy scandals, branding it as the worst kind of dirty tricks provocation, with the finger-prints of intelligence community fixers all over it. Kuron ran in the Presidential elections as the candidate of the liberal Union of Freedom. Modzelewski is an MP for the post-Solidarity social democratic formation, the Union of Labour. Both men have honourable records in the opposition, stretching back to the 1960's, when they served prison sentences for left opposition activities.

The issue of past abuses remains, however, an extremely hot one, with four rival bills on "lustracja" or investigation of the abuse of power in the former People's Republic awaiting discussion by parliament. Public opinion appears to have shifted significantly in favour of purge politics. Survey evidence indicates that three years ago 50 per cent of respondents were against inquisitions into people's pasts under Communism as against 27 per cent in favour; these proportions have now reversed to 44 per cent in favour and 36 per cent against (*Zycie Warszawy*, 28 Feb 1996). Support for Kwasniewski



Kwasniewski (right) with new Prime Minister, Cimoszewicz

however appears unaffected, with 35 per cent of respondents saying he was primarily interested in party political objectives and 41 per cent saying he was most concerned with the national interest.

The new Polish premier is Włodzimierz Cimoszewicz, who was the candidate for the Democratic Left Alliance in the 1990 presidential elections. Although he has a CP background he never joined the reformed Social Democracy and he has better relations with the ex-Solidarity left than many of his colleagues.

Sources of tension

Two manoeuvres surrounding the formation of the new cabinet indicate important lines of tension. The Peasants' Party (PSL) threatened to withdraw from the coalition if Wiesław Kaczmarek, the Privatisation Minister, was not removed. The Peasants' Party is anxious to slow down the privatisation process and accused Kaczmarek of acting by decree on his own authority. Kaczmarek survived the challenge, but the PSL did exact a promise that further privatisation measures would at least have to be agreed by the whole cabinet. Another interesting straw in the wind was the demand by Ewa Szychalska, the leader of the parliamentary trade union contingent in the Democratic Left Alliance (DLA), drawn from the

OPZZ trade union federation, that a formal agreement be concluded, defining the rights of her grouping in the DLA. Excluded from consultations on the formation of the coalition, shut out of the Social Democrats' press, and unhappy with the strongly pro-market and pro-capitalist orientation of the DLA, the OPZZ deputies have hitherto been rather the dog that did not bark. Perhaps, under pressure from major Solidarity led strikes by railway workers and miners, the OPZZ is beginning to flex its muscles.

The background to these tussles at the top is that capitalism in Poland is thriving, but at a predictably high social cost and greatly increased social inequality. GDP in 1995 is reported to have risen by 7 per cent. The zloty is now freely convertible and is being revalued upwards. Inflation, which peaked in 1990 at 618 per cent was down to 27.8 per cent in 1995 and is continuing to fall. 63 per cent of the working population is now employed by the private sector and 40 per cent of state enterprises have disappeared in the course of the last five years. A major privatisation programme of heavy industry still in state hands is due to begin in February, beginning with the state copper mining enterprise, valued at around 2 billion dollars.

The issues

All major political camps support the transition to capitalism, early entry to the European Union and membership of NATO. Nothing divided the main presidential candidates on these issues and indeed the post-Communist victor, Kwasniewski, was the quietly expressed preference of Western interests. A Polish Tony Blair, Kwasniewski promises stability, modernisation and a safe pair of hands, by contrast with the volatile and quarrelsome Walesa. The absence of genuine programmatic differences goes a long way to explain the concentration on symbolic issues in the presidential campaign and its aftermath.

The difference between Kwasniewski and Blair is that whilst the Labour Party is apparently prepared to go to any lengths to grovel to big business and provide assurances that it will be a safe managing agent for capitalism, the Social Democracy of Poland is in a real sense the natural party of business there. Former members of the nomenklatura bureaucracy have been conspicuously successful at establishing themselves as leading representatives of the new national

capitalist class. Naturally, this transformation has excited resentment and accusations of corruption and is compounded both by grudges from the past and the existence of rival political elites and aspirants who feel shut out of the old red tie network.

Nevertheless, millions of Poles voted in 1993 and 1995 for the ex-Communists, to express their opposition to the social costs of shock therapy. This has meant 2.7 million people unemployed, or about 15 per cent of the work-force. In regions such as the Baltic coast, 30 per cent of the workforce are unemployed. Real wages retain only 75 per cent of the purchasing power that they had in 1989 and there is a chronic housing shortage, reflecting the collapse in the construction of social housing, which is down to levels not seen since the 1940s. Meanwhile the rich have grown richer. The presidential elections showed that neither anti-Communism nor the intervention of the Church could now swing an election for the right. Cardinal Glemp helpfully pointed out that voters had a clear choice between Christian values and neo-paganism. Young voters in particular seem to have opted firmly for neo-paganism, with Kwasniewski enjoying a 7 point lead over Walesa in the first round amongst voter between 18 and 29. The counter-offensive by the right since its defeat in the elections appears to be an attempt to reverse this situation. Smears and provocations won't achieve this on their own, but combined with the disappointed expectations of Polish youth facing continuing mass unemployment, they may provide a basis for the right's recovery.

Recomposition of the left

The only real answer to this threat can be a recomposition of the Polish left. This remains a relatively distant prospect. It is still the case that a gulf yawns between the post-Solidarity and the post-Communist camp, each of which has its own right and left wing.

Thus, the post-Solidarity Union of Labour has 42 MPs and no fundamental programmatic differences with the governing post-Communist Social Democrats. There have been some indications that the Bugaj leadership of the Union of Labour is experiencing internal pressure to modify its sharply hostile attitude to the post-Communist forces. Branches in Katowice, Zielona Gora and Poznan have been quoted as especially critical of the expulsion of Wojciech Lamentowicz

and Kazimierz Pantak for lending support to Kwasniewski in the presidential campaign. Survey evidence also suggests a sharp decline in support for the Union of Labour, which may well have difficulty crossing the 5 per cent barrier for parliamentary representation in the next elections.

The small Polish Socialist Party drew a little nearer to the Social Democrats with the reunification in February of the faction led by Piotr Ikonowicz (with three MPs elected on the Democratic Left Alliance slate in 1993, but expelled from the parliamentary group in early 1994 for voting against the budget) with that led by the Senator Jan Mulak, which has remained part of the DLA. Ikonowicz's group has in practice voted with the government on most issues. A surprise feature of the conference was the arrival of Jacek Kuron, who spoke in favour of a new centre-left formation. A third PPS faction (The Anti-Totalitarian PPS Left, which registered as a separate political party in January) supported Kuron's presidential campaign.

Efforts have also been made to build bridges between the Union of Labour and more left-leaning figures in the Union of Freedom, such as Wladyslaw Frasyniuk and Zofia Kuratowska. Frasyniuk and Zbigniew Bujak are also reported to be maintaining the mildly Social Democratic network formerly known as ROAD. These efforts seem intended to resist the continuing rightward movement of the Union of Freedom and are closely connected with the possibility of the launch of a new liberal formation led by Jacek Kuron. This could not be regarded as an advance for the left as such, but it would imply a further step towards political clarification.

Such clarification has however been postponed by the atmosphere of witch-hunt, smear and hysteria stirred up by Walesa and his allies. This atmosphere threatens to squeeze Cimoszewicz's coalition allies, the Peasants Party, and any potential relationship with the Union of Labour. Social discontent from the losers in Polish society from the transition to capitalism may provide a volatile fuel for exploitation by demagogic political campaigning in the coming period, but the political right seems better placed to exploit such a mood than the left. ■

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Susan Zimmermann

Hungary's New Left

What was later to become the Left Platform emerged at the final congress of the old Hungarian Socialist Workers Party (HSWP) which was, at the same time, the first congress of the successor Hungarian Socialist Party (HSP). It was at this congress that the People's Democratic Platform called for opposition equally to (a) capitalist restoration clothed in the language of "reform" and (b) the continuation of the old state socialist system.

Shortly before this autumn 1989 congress, the People's Democratic Platform has been established by Sándor Balogh, Tamás Krausz (both historians) and Béla Fábri (a school principal). The platform called for a democratic socialism based on self management, direct democracy and the socialisation of state property.

Another left platform was also established at this congress, the Left Socialists. It was led by two economists, Róbert Hoch and György Wiener and called also for the democratisation of state socialism. Its influence, however, was somewhat smaller. Both platforms united after the congress to form the present-day Left Platform (LP) and, in recent years, the Left Platform has tried to move the ruling Hungarian Socialist Party to the left.

The Socialist Party itself pursues a neo-liberal economic policy. In spite of the wide gap in policy and political orientation, the Left Platform has remained inside the party. It wishes, in so doing, to better preserve its organisational and political structures and its scope for political influence. It also doesn't want to split from the HSP at a time when such a move would only damage the party and strengthen

the nationalist right.

The Left Platform is the largest single grouping inside the party. At the time of the party's recent congress in November 1995, the LP organised the biggest meeting in the conference centre. The meeting attracted over 300 party members, prompting the popular media to outdo itself in its attempts to discredit the party's growing left wing. It was at the 1995 congress that the platform adopted the Declaration of Principles (which we reprint below). The Declaration attempts to present an alternative to the restrictive neo-liberal economic policies presently pursued by the HSP at the behest of the International Monetary Fund and the World Bank.

The influence of the Left Platform extends to some thousands of party members, no small achievement when we recall that the HSP itself has only around 35,000 members. It attracts mainly workers and Marxist intellectuals of a slightly older generation. It also has influence among a large number of leading intellectuals and academics. It attracts practically no professional politicians.

In spite of its size and influence, the Platform is systematically excluded from all leading positions in the party organisation. Its influence on the party apparatus is minimal, although at least ten or twelve members of parliament support the Platform, as do three members of the party praesidium. Tamás Krausz, one of the leading personalities in the Platform, has refused any official position in the party.

Although the popular press attempted to discredit the Left Platform at the time of the November congress, in January of this year (1996) Hungary's radio, television and press began to pay much more serious attention to the ruling party's internal left opposition. The occasion was a meeting of the Left Platform at party headquarters. Hundreds crowded the meeting hall with many more having to stand outside. The young economist László Andor denounced the monetarist policies being pursued by the Socialist finance minister as being not just unrealistic and contradictory but profoundly inhuman. Tamás Krausz then demanded the resignation of the minister, Lajos Bokros,*

* *The finance minister, Lajos Bokros, resigned on 18 February 1996 following widespread opposition to his proposal for a new social security tax. ed.*

and demanded that another HSP leading figure, László Máté, step down from the party's praesidium. Máté has become a symbol in Hungary for the behind-the-scenes web of political power, economic interests and immense personal enrichment.

The resignation demands created quite a stir in Hungary, with Krausz invited to appear on television. The party leaders were clearly stung by the left's claims. A prominent intellectual close to the party leadership, Attila Agh, denounced the Left Platform in the Budapest *Kurir*. Agh claimed to find a common base between the party's left and the anti-Semitic populist right. They were both, claimed Agh, extremist groups that shared a conspiracy-theory approach to international finance capital. The next congress of the Hungarian Socialist Party is in March 1996. ■

LINKS

international journal of socialist renewal

LINKS is a quarterly magazine for the post-Cold War left which rejects the Stalinist distortions of the socialist project; promotes feminism and ecology; and facilitates open and constructive debate in the international left.

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Declaration of Principles

The Left Platform

of the Hungarian Socialist Party

I Transformation of the World System and the Left

The neoliberal - sometimes called neo-conservative - "revolution" which, since the beginning of the 1970s, has gradually spread over the whole world, has achieved radical results. The essential point about this turn is that it has given way to the "free market", "entrepreneur capitalism" and to the almost unrestricted rule of financial capital and moved away from the organised capitalism of the welfare state. The state monopoly capitalism that gained strength in the 1930s has become multinational capitalism, and this has brought fundamental changes in the relations between the different sectors and regions of the world system.

For the vast majority of the world's population, this transformation has resulted in catastrophic economic and social consequences. The hegemonic and property-owning capacities of the so-called "first" or "developed" world have become stronger within the world economic system. The East-West divide has been replaced by the South-North divide or, more precisely, by the divide between poverty and wealth.

In "underdeveloped" and semi-peripheral countries the selling-off of state property and the one-sided opening of markets (to the advantage of the "developed" countries) has caused the large-scale collapse of domestic production. For many, this process of accumulation of capital is the beginning of "modernisation". In fact, the

pressures of external debt, according to international financial organisations, has devalued the price of goods and labour in these regions. Moreover, the "underdeveloped" countries, under the duress of debt repayment, have been forced to give the competitive part of state property to multinational companies. Yet, at the same time, the technical-economic differences between the developed and underdeveloped regions of the world did not decrease, but became even greater. This is the fate waiting for Eastern Europe as well.

Meanwhile almost everywhere, from Africa to Eastern Europe, multi-party political structures emerged in which capital got rid of its traditional economic and productive constraints. Everything was subordinated to the new strategy of capital accumulation (which ideologists of the system call "creative destruction"). This process has caused astonishing destruction, without any creativity: the tendency is for capital to flow from the weak countries to the wealthier ones. Today, even some leading liberal intellectuals in Hungary acknowledge this fact, which was formulated by our platform as early as 1989-1990. The East European region is now in a crisis as deep and persistent as that of 1929-1933.

China, Vietnam and South East Asia appear to be examples of positive economic growth. Yet the general crisis of civilisation has seized the whole world system. Even with high levels of economic growth, it has not been possible to conceal the fact that these remaining state socialist "islands" have been internally severely shaken and cannot close their eyes to the tendencies of capitalist restoration.

In most regions of the world that are experiencing de-industrialisation, or rather the process in which traditional industries are forced to the periphery, capital has scattered a significant mass of the industrial working class. Millions have been made unemployed or been deprived of minimal social security by "free enterprise". Unemployment and part-time employment are practically the same thing. The increased differences between the rich and poor regions of the world are an expression of the restructuring of the world economy and world society. Millions of people have been deprived of a significant part of the social achievements for which they struggled for many years. This process has also been felt by the forces of the

left in the developed countries of the centre: they have become disorganised, scattered or "liberalised". Everywhere the trade unions have begun to decline and their influence has decreased. The legendary French trade union movement represents hardly 10% of the workers. Latin America, most parts of Africa and Eastern Europe are the main losers in this "reordering" of the world economy.

The direction of economic resources has everywhere fallen under the supervision of international capital, banks, international financial organisations and the centres of power. By means of privatisation, the local compradors of the multinational companies, or the layers of nouveau riche who serve them (along with their political representatives), have transformed primitive accumulation of capital into personal private enrichment, from Russia to India, from India to Hungary.

Millions can make no use of the extension of political democracy because material and cultural poverty has created apathy or provided opportunities for right-wing populism, as the institutions of democracy produce only disappointment. In Eastern Europe, during the process of systemic change, the system of democratic institutions has so far been capable of obstructing the forces of the extreme right, although the socialist-social democratic parties that have come to power have not been able to implement any kind of socialist programme. The working class has been defenceless against the liberal separation of economic and social democracy from liberal political democracy, which naturally has strengthened the position of capital in the process of reproduction. The Hungarian left which criticises the system has been peripheralised.

While the international media and propaganda centres promote the notion of the new capitalist revolution, the information society, and the advances of technology, at the same time more than half of the population of the planet do not have the use of a telephone. Social inequalities and differences have grown. As part of this transformation, the traditional functions of the state in the social and economic spheres have been weakened, and into their place has stepped the unrestricted power of international finance capital. A significant part of productive resources are being consumed by the debt trap. The decrease in expenditure on the welfare state has not been.

accompanied by an improvement in the financial position of local communities and representation of social interests.

The left has not only been unable to prevent privatisation, which transforms all types of communities into market and money relations, but in many places it has raised the flag of private expropriation under the slogan of increased productivity. In fact, however, nowhere in the world has privatisation resulted in an increase in the living standards of the people, the broadening of mass culture, or an improvement in living conditions. Its result has been the opposite.

The left in Eastern Europe, up to now, has been incapable of changing its strategy. It has either dissolved itself in liberalism or stuck conservatively to the defence of the welfare state. But resurrection of the old East European type of welfare state cannot be done in the changed circumstances of the world economy. Nor is there a need for it. A renewed socialist movement cannot build such a programme unless it wants, once again, to spread the structures of a bureaucratic state.

It is for this reason that the socialist movement can only start out from the conception of the "cheap state" in sketching its vision of the society of the future. Neoliberalism's "anti-statism", capital's "annihilation of the welfare state", implies that the population will have to pay all social expenditure. Parallel with the impoverishment this process creates goes a decrease in public security evident in: an increase in crime, environmental damage, prostitution, illiteracy and, as in Eastern Europe over recent decades, a drastic decline in life expectancy. In the United States today, 7 per cent of the working population are employed to defend wealth and property. In other words, the rich protect themselves in the new situation, while the great masses of the poor are left to their own devices.

It is a tragic fact, but it must be acknowledged, that the international left did not understand in time the directions and stakes of the transformation. The energy of the left has been drained in the struggle with daily problems. In its defensive struggles the left has only made half-hearted attempts at formulating long-term plans, and it has not really taken these seriously itself. Thus it is not surprising that the traditional communist and social-democratic solutions have

failed and been pushed to the periphery or "liberalised". The new left, on the other hand, has at most only reached the stage of initial formation.

Today, with the passing of the earlier euphoria of 1989-1990, and as a result of the pressure of the impoverished and sinking millions, organisations of the left are beginning to understand the depth and intensity of their defeat. The greatest defeat of the international left was the world historical turning point in which the Soviet Union, in other words, East European state socialism, simply collapsed.

II The reasons for the collapse of state socialism and the lessons to be learned

1. State socialism, isolated as it was within the world system, was a historical form which, with the instruments of state property, state power, and state redistribution, wished to achieve equality of social life, but it failed. The failure of the system cannot be separated from the fact that the Soviet Union could no longer afford the expenses of being a great power, especially with regard to military expenditure. (It should also be noted that the USA was also weakened economically in the process of this rivalry.) The bi-polar world has gone and a new period has opened up. On the one hand, the dangers of nuclear war have decreased. Yet at the same time the operational capacity of the international security system has broken down to such an extent that a new security system needs to be created. With the collapse of state socialism, the "one-sided" arrangement of power has meant that, for the operation of the existing world system, there is no longer any pressure to support social welfare institutions. The collapse of the Soviet Union has brought about changes in military power relations which have affected those of economic power relations. In the world today, those forces that dominate militarily are the same ones that dominate economically. This development practically means that it is the United States alone which enjoys the supreme position, because the other two leading countries of the centre, Germany and Japan, do not have any nuclear weapons.

The state socialist system was not able to adjust to the changed

power relations or to the transformation of the world economy. This experiment of state socialism, which concentrated on catching up with the production and division of labour of the developed Western nations (the so-called "countries of the centre"), came face to face with all those values which whole generations had, in many countries of the world, placed beside the ideas of socialism and its humanist aims. When all is said and done, state socialism as a strategy for modernisation was the same type of advance as that in the "developed" world, but state socialism was unable to implement self-managed production, direct democracy, and nor could it achieve its mission of a people-centred civilisation.

2. Perestroika, as an experiment to find a historical road between state socialism and the restoration of capitalism, lost its way at the end of the 1980s in its attempt to reform socialism. Gorbachev and the leadership of the Soviet Communist Party did not do what was necessary for the supervision of the ownership of workers collectives, social organisations and production bodies, in short, there was no socialisation of state property. In this phase of state socialism, the joining of forces of mass movements would presumably have opposed the bureaucracy's "preservation" policies. At the end of 1988, Gorbachev gave in to the IMF's pressure to adopt the bourgeois conception of privatisation, in place of the concept of the socialisation of state property. As a consequence of all this, the bureaucracy and the privileged social strata of the old system, which up until then had disposal over state property, with the help of privatisation, transferred state property into their own hands as private property (and they continue to do so). The leading groups of state socialism's powerful elites, in the interests of their own survival, came to an arrangement about the "deconstruction" of the old system. This is especially true with regard to the leading circles of the international power centres, above all, the United States, and their conditions for a peaceful transition.

East European society's extremely narrow stratum of nouveau riche seems to have become firmly established and has tied its future to the international bourgeoisie. Those nationalist-populist forces (Zhirinovskiy, Csurka etc.) who felt that they had been left out of the

"great shareout" turned against certain groups representing big capital and finance capital on ethnic grounds. The nationalist-populist leaders have filled the heads of the sinking layers of society with romantic fantasies of "national wealth" and "national capitalism". In Eastern Europe these social-political forces have unsettled the search for a basic historical alternative for some time now, but this situation won't last forever.

3. Although from its very inception the state socialist system came into conflict with its own official (legitimizing) ideologies, from the beginning of the 1980s it was no longer able to finance the welfare state (with which the bureaucratic power elites justified their existence). As a result of this, social support and sympathy diminished disastrously. The basic problems of the shortage economy could not be solved. In place of the system of state property and the socialisation of bureaucratic collectivism, preparations were made for the rule of private property. In vain did the constitution emphasise for decades that state property belonged to the workers. In reality the bureaucracy had state property at its own disposal.

The working class which, in certain economic respects, had been left to its own devices by the Communist Party elite, did not defend state property (which for decades it had not regarded as its own). It is another question that this situation contributed to the East European working class decline in spite of the fact it was not aware of the reality of the situation.

The restrictions on political and economical democracy, the exaggerated state power, the unsolved problem of the material interests of producers, the bureaucracy, the one-party system and the isolation of the interests and privileges of authoritarian state power from the producers meant that a majority of the population turned against the power elites that had identified themselves with Communist ideology and had discredited it.

4. The utopia of "catching-up", the mechanical copying of the production forms of centre-capitalism, the stifling of all original attempts to find a non-capitalist road, and the tearing up of traditions of any type of mass socialist movement meant that the reforms

inevitably led to the restoration of the rule of capital. This catching-up "theory" is based upon a complete misunderstanding of the relationship between the centre (i.e. rich, Western countries) and the periphery (i.e. poor, "developing" countries). The bourgeoisie is shaping the world in its own image but without closing up the gaps between the regions; in fact, just the opposite has happened as these regions have been broken into pieces.

5. Soviet military and foreign policy and its moral consequences led to a radical worsening of the conditions of competition with international centres of power and finance. The new international trends of capital accumulation made it impossible to continue the socialist experiment in Eastern Europe. The conditions of debt accumulation prepared the way for the restoration of capitalist relations in Eastern Europe.

6. We finally ought to abandon mysterious, subjective explanations of the collapse. That is, we should not pay attention to the claim that the democratic opposition grouplets completely overthrew the East European order; nor should we believe that the political and moral faults, crimes or some kind of "sell-out" on the part of Gorbachev and Yeltsin caused the collapse of state socialism. The cause should not be mistaken for the effect.

The collapse of state socialism was brought about by internal structural conditions together with ensuing unfavourable changes in the world order and the slipping down into a defenceless position in the so-called "semi-periphery". Of course, none of this can conceal the fact that a good part of the old power elite and nomenklatura put their own interests before those of the society, and thoroughly understood the standpoints of individualism and private property. Thus it knew how to preserve its privileges for posterity, in a new form such that they would become hereditary.

The restoration of the old system as an objective is ruled out because the international system of conditions under which state socialism had been born and with which it had existed are now no longer present. This fact in itself means that the preparation of a new democratic, socialist project, intellectually, politically and morally, is

a long-term task for the Hungarian and East European left.

III Socialist identity

In October 1989 the Hungarian Socialist Party (HSP) was formed as a union of platforms. The achievement of democratic socialism was seen as the historical vocation of the new party. More than one-quarter of the delegates at the congress at which the HSP was founded declared their support for the People's Democratic and Left Socialist platforms. Later these platforms created the Left Platform of the HSP. The Left Platform, in keeping with the original programme of the HSP, has never given up the long-term historical perspective of a new, democratic and self-managing socialism. The party's basic task today is not the "realisation" and management of capitalism. It must represent the political interests of the workers, the unemployed and in general those people who live on incomes derived from their labour, i.e. wage labour under the conditions of the capitalism of the semi-periphery.

Therefore, we have been inclined to believe, and in this matter our opinion has not changed, that the HSP should not simply act as the midwife for the unrestricted development of the rule of capital and the free market but that, in the interests of the great majority of society, it should restrict this type of power. Without these aims the HSP is not fit to defend the nation's interests.

The uncritical service of foreign and domestic capital is depriving the socialist left of its future. With such a trajectory, the existence of the party will merely be an episode in the pitiful story of the restoration of capitalism in Hungary. The historical calling of socialists is at least to restrict the spontaneous endeavours of capital, which transforms every human community into a money community.

Conscious of our identity as the Left Platform, and springing from the conviction of our socialist identity, we feel that the unrestricted excesses of the domination of capital are a possibility. The People's Democratic Platform, in November 1989, expressed a farsighted position when it emphasised: "The HSP does not cherish illusions about the omnipotence of the market economy, and regards it as necessary to provide basic social control of the laws of the

market. It declares that in individual areas of social existence the market does not operate as an efficient regulator, in fact it gives rise to unacceptable, unjust social tensions. This is why it supports non-profit making endeavours and a widening of those enterprises which in principle are grounded in human solidarity, in fields such as education, health and social care". The international socialist movement sends the same message today, even if in the present phase of historical development it is not being moved in this direction.

This is why today the Left Platform underlines the well-expressed creed of our basic endeavours: the socialists regard social rights as human rights, including those formulated by the United Nations in 1949 in the Declaration of Universal Human Rights. It follows from this that our starting point is not the interests of capital nor the interests of the state, but rather real people and their communities. That is why in 1989 we were already opposed to the introduction of a liberal economic policy, several elements of which were incorporated in the party programme, and which later appeared in the 1994 election programme.

The government, with the assistance of the party leadership, unfortunately has not realised the programme in this form either, because the power management of the coalition has placed itself above the will of the voters. The leadership of the HSP did not take seriously the warning which the 16th point of the 1989 Stockholm Declaration of the Socialist International emphasised: justice and solidarity cannot be set against individual freedom. The Left Platform itself was not able to defend this point with sufficient force; with regard to social control of the economy, it says that "workers participation and joint decision-making at company and shopfloor levels, as well as inclusion of the trades unions, should have a decisive influence on national economic policy".

Not only the leadership of the HSP but also the upper echelons of the trade unions carry responsibility for the undemocratic transfer of property and the implementation of privatisation policies. Today the HSP's credibility is at a very low level because of the way it abandoned its election programme, and without a more profound self-critical analysis the party's further decline is inevitable. From the viewpoint of social psychology, the party is especially afflicted by the

fact that the new "comprador bourgeoisie" is, to no small degree, recruited from the "old-new" party nomenklatura.

In spite of the HSP's convincing electoral success, it has not proved capable of stepping forward organisationally to form a mass party which. This is probably the party leadership's greatest failure. Unfortunately the Left Platform has also shown itself to be exaggeratedly loyal to the party leadership. Today it does not have the same weight it had in the Socialist Party at the time of the party's foundation, and for that reason its endeavours only rarely make any cracks in the strongly middle class (bourgeois) policies of the party.

With respect to the tasks of the left in the HSP, we have to fight to maintain the best possibilities for human survival, and we also have to understand, without any illusions, what sort of world we are living in today. In present circumstances, the creation of an alternative left requires an understanding and exposure of what essentially is happening today in the world system and in our region. This applies not only to Hungary but to the whole of Europe.

Two main directions can be observed in the socialist/social democratic left in Hungary and, to a certain extent, beyond its borders as well. The first concludes from the crisis of social democracy and the collapse of Communism that the road to renewal is its dissolution in liberalism, abandoning the traditional values and structures of social democracy. The second direction rejects "liberalisation" and only supports policies that are not accompanied by social inequality and an increase in social injustice.

IV Systemic change and its consequences

The systemic changes in Eastern Europe in 1989-91 took place with the support and guidance of the international power and financial centres. The first programme of the HSP and the founding document of the Left Platform both wished, by creating a mixed economy, to prevent Hungary from becoming a semi-periphery capitalism. Socially controlled property forms would have a determining role. But the new power elite (the old nomenklatura, certain groups of the old Communist Party and the HSP, and financial experts who could represent the political interests of the new owners and the upper

circles of the manager bureaucracy) were confronted with interests and international conditions forced upon them by multinational capital. The latter wanted a systemic change in which neither party members nor the vast majority of Hungarian citizens would be involved.

It is true that many people were aware that the conservative "new" capitalist system was, to a considerable degree, born in the womb of state socialism. Nevertheless, quite a few people were of the opinion that it would be enough to demolish the old system and in its place a better one would appear. It did not happen like this. It is the mass of the Hungarian population which now has to pay for these illusions.

By means of multi-party elections, the new elites legitimised their power within the framework of a bourgeois parliamentary democracy. This parliamentarism, introduced from above, appeared with its own particular identity. Within this, the parties, also formed from above, represented the interests of groups of owners in the privatisation process. The Hungarian Democratic Forum (HDF) had links to Hungarian entrepreneurs and the descendants of the old middle class "gentry". The Christian Democratic People's Party (CDPP) represented the interests of the church, which had been deprived of its property after 1945. The members of the HSP were partly first generation intellectuals and partly those members of the old nomenklatura who had ambitions with regard to property. The Smallholders Party represents the interests of those who were property owners before 1948. Finally, the Alliance of Free Democrats (AFD) represents the interests of, and encourages, foreign investments. The AFD includes the most determined and most ambitious of the urban intellectuals. The Hungarian Socialist Workers Party (the former ruling Communist Party) later became the Workers Party and stands for the defence of state property. The Left Platform of the Hungarian Socialist Party (and the Association of Left Alternative) was the only political current that has consistently represented the mixed economy, co-operatives and workers ownership.

Even in terms of bourgeois legality, the new bourgeoisie has its origins in crime. This fact has been acknowledged many times by leading officials of the State Property Agency and even by the current

liberal minister of the interior. During the privatisation of state property there has hardly been a single example where either the legal system, the laws themselves, society or the interests of the workers have not had their moral sensitivities injured.

The greatest crime of the so-called "Christian National" coalition (which governed from 1990-1994) was its destruction of agricultural co-operatives. Their ideological crusade coincided with an attempt to copy the Western model of agriculture. In this process they opened up Hungarian markets to the full force of the world market without any defence at all. The vast majority of people dependent on agriculture for their existence did not want to become private farmers because they knew that in this region private agricultural smallholdings are not capable of ensuring the already hard-earned means of existence. For private agriculture, the Christian National coalition could provide neither sufficient capital nor suitable market conditions. In the 1990s the new landowners, largely 70-80 year old pensioners, were exposed to the so-called "free" market, with all its disorganising effects: a shortage of capital and unreal demands on the part of the banks. All this represents an inexcusable historical crime. Compared to this, the squandering of the greater part of national wealth (in the main without any kind of accounting at all) stands in second place in the long list of negative features of the Antall-Boross regime.

The HSP is the most characteristic organisation of the bourgeois system in the process of formation, in as much as one can find in this party the political representatives of almost all the social groups in Hungary. Bank capital, trade unions, workers, entrepreneurs, intellectuals and pensioners, all have their specific position in the HSP. However, bourgeois interests play an overwhelming role. This is evident in the fact that, since 1992, in official party documents, the rule of private property is not just acknowledged but is presented as a higher form of ownership than state or any other kind of communal ownership. All this has become a dogma that does not even need to be proved.

Another similar dogma in Hungary is its supposed "Euro-Atlantic commitments". The Left Platform regards the pressure to join NATO as a serious political mistake. One of the positive outcomes of the systemic change has been the winding up of military economic

divisions in Europe. As a result of this it should be possible to produce a security system for the whole of Europe, which every European state will be able to join. The digging of trenches and the building of new walls - we cannot write these on the socialist banner.

All these negative features of current policy are opposed to the historical traditions of the democratic left; they are also opposed to the nurturing of the desire for relations of solidarity with the people living in neighbouring countries and with the Hungarian national minorities. The representation of national interests and the improvement of the situation of Hungarian minorities can only be built on the recognition that Hungary does not even count as a second-ranking partner in the eyes of the big powers. This is why it is in Hungary's interest to build up a type of defence system in which all European countries can be engaged. Within this European system we need to consider the security of the whole world system. From the standpoint of humanism, the world is one and indivisible.

Although acknowledging the fact that capitalism was restored, the Left Platform has not been fooled by myths about "good capitalism" or the utopia of a "national embourgeoisement". Because it is a world system, capitalism in Hungary means the domination of multinational capital. The governing social-liberal coalition would be at least capable of restricting this process if it had sufficient strength and courage for the task, but up until now we have not been able to convince it of this. Whatever kind of modernising utopias they compose, in connection with this region and with Hungary, we need to see clearly that in Hungary the semi-periphery form of capitalism is being constructed; nor will this change if Hungary, in time and at some elementary level, joins the European Union. This fact in itself determines our relation to capitalism.

Summarising, we re-emphasise: within the growing capitalist system, the Socialist Party should first of all, and above all else, represent the interests of workers, the unemployed, small producers, pensioners, disadvantaged women and young people starting out in life - in short, they should represent 80 per cent of society. The political struggle should extend the representation of the political interests of the workers, in co-operation with the trade unions and other self-organising communities.

V Political demands

1. The utopia of modernisation, according to which Hungary will miraculously, in the foreseeable future, catch up with the world centres of capitalism is not a real alternative. This does not mean that Hungary and the Hungarian left ought to go against world development, but it does mean that the country can be saved from slipping into the periphery. With several steps, the West has set the countries of Eastern Europe against each other. Meanwhile all the political leaders in the West speak about a new type of co-operation. The preconditions for regional co-operation involve all European countries being fitted into the structures of the world system. This is necessary in order that the interests of one nation will not come into conflict with the interests of another. At the same time, it will stop the further degeneration of the cultural and material standards of the majority of the population.

2. Long-term economic growth will be determined by the development of the productive capacity of labour and guaranteeing the right conditions for production. From this point of view, that variant of development which can be regarded as successful is the one which can direct the greatest resources to the training of labour, and which can use the accumulated capacities in the widest possible range of spheres of production. The basic aim of socialist economic policy, especially given the restricted circumstances, should be nothing other than the satisfaction of basic human needs: namely, the health of the population, raising cultural levels, and a decent income on which every individual will be able to live. The long-term creation of equality of social chances is not possible without mobilising a concept of economic policy and universally respected tax and incomes policies.

3. In a historical perspective the key to a socialist economic policy is the democratisation of the vital decision-making processes in connection with the use of resources. On the one hand, this would mean the greatest degree of decentralisation of decision-making; on the other hand, it would lead to the development of optimal co-operation between the various decision-making levels. The higher

or overall levels of society's bigger units would be under the supervision of the lower levels, and there would be instruments for the implementation of decisions arrived at in this way. The most important instrument society would have, alongside the regular election of leaders, would be the guaranteeing of the extension of openness of the whole decision-making process. The level of development of computer technology and telecommunications make the technical possibility of reaching this virtually limitless.

4. In the 1990s socialist economic policy in Hungary faces the following starting point: Society is characterised by deteriorating norms in health and social services; there is a decline in the productive capacity/skills capacity of the population (and also a fall in the use of these capacities); the former are consequences of reverse developments in the education system and unemployment. The ownership of the means of production is still, to a not insignificant degree, in the hands of the state (although during the course of recent years the most modern units have fallen into domestic or foreign ownership). The financial balance of the national economy is in all respects unstable, although the establishment of financial stability is the most important aim of the government. The levels of savings are higher, but the number of investors remains small because the interest payments on foreign loans demand a significant supply of resources. Standing above the development of economic policy is the controlling hand of the International Monetary Fund (IMF), and the expectations of the governments of the United States and the big powers, which have decisive influence in the IMF.

5. In the present situation the focus should not be exclusively on the exercise of power, for it would be more worthwhile at the moment to concentrate socialist initiatives on strengthening the lower and middle layers of society. Only in this way will it be possible to guarantee a real basis for an alternative economic policy, so that the government power in the possession of the leadership can really operate in society and not in a vacuum. Special attention should be given to the point that the aims and purpose of a future socialist policy are not determined by just any type of instrument (that is, not

through the tools of inflation or budget deficit), but through the transformation of an overall conception of social relations.

6. Today privatisation continues to appear as an unquestioned priority. Top economic experts in the Socialist Party continue to press for privatisation (including state electric network, state oil company etc.). The grounds for privatisation need to be judged by the way in which they contribute to the aims of the national economy. From this point of view the individual cases are very diverse: credit or other favourable actions, for instance price reductions, given to profitable state companies have an unequivocal negative effect on privatisation. However, guaranteeing the freedom of the new private entrepreneurs in the given situation has a positive effect.

Therefore the level of success of enterprises is not judged primarily by the quantity of profit gained by a small number of owners. Success should depend on how many people are ensured of an income and a living by a particular enterprise. Furthermore, success depends on the extent to which the activity of a given enterprise contributes to the development of the comparative stability of the region concerned. Especially damaging has been the disintegration of agricultural and industrial co-operatives and the privatisation of public utilities and banks using state money.

7. It is a basic problem to find out how the national economy can be fitted into the region and into the world system; in short, how can the economy be adapted to the international conditions. It is obvious that the failure of the state socialist system was the result of many factors. Of the latter the greatest was that, after the exhaustion brought about by a Soviet orientation focusing on extensive industrialisation, the political leadership was incapable of linking up to the world economy, and certainly not to the innovative centres of the world economy. Nor was it able to build an alternative socialist system based on democratic, socialist developments. The bureaucracy remained in place and so did the unreformable state socialism (in which productivity growth remained below that of the European average). At the same time the under-fulfilment of the aims of the system became acute because of the deepening crisis of East-West

financial relations in the form of the debt crisis. This became more serious throughout the 1980s. The whole process was pushed along by the aim of the Western economic powers - to bring about the failure of a social and political system with which it had to compete. This is shown by the lack of direct foreign investments coming into Eastern Europe at that time; instead credit was advanced and this was fundamental in the accumulation of very large debts.

8. On the basis of experiences of recent years, it is essential that the financial, technical and political dependence on the centres of capital must be reduced. The method of debt repayment must be reviewed and we need to adopt policies which are not in contradiction with the process of integration. On the contrary, the genuine alternative is not "to join or not to join?" but rather "how should we join?" In this respect a big step forward can be made if we search for greater co-operation with countries that are at a similar level of development, and this should be done despite the relatively poor relations which Hungary has with some of its neighbours at the moment. The fact is that free trade, currency convertibility and possibly a customs union could be established with these countries. It will only be possible to cooperate with more developed countries when we have reached a higher level ourselves. This is particularly the case with regard to income distribution and employment. These areas can have disadvantageous consequences for the weaker partners (as could be seen in the 1992 crisis of the West European financial system). The integration of equal partners also creates the grounds for more feasible discussions with, for example, the European Community or the IMF (unlike the disadvantageous commercial and financial conditions experienced by Eastern Europe recently).

We cannot chase illusions. We are aware that stopping decline in the sphere of living standards, education and culture has not been successful for the governing coalition. However, there is hope for a positive turn if the framework we suggest is considered. To do this there is a need for new forms of social participation and economic growth; the conditions and outlines of more exact policies for achieving this will be contained in a more thorough and detailed programme to appear in the near future.

The most important tasks for us at present, given the recent capitalist developments which have been going on around us, are to moderate the social burdens falling on the population, to raise cultural levels, and to improve health services and social welfare. Any policies which increase social differences and inequalities should be abandoned. Thus we have to reduce the dangerous gap between the ruling strata/nouveau riche and the vast masses of the population, using all available kinds of democratic and constitutional instruments. In order for all this to be achieved we need a democratic socialist mass movement and a mass party which expresses the interests of this movement. This is a subjective historical factor without which we have no chance in the next general election. There is the danger that rising nationalist populism could sweep away a discredited left. Our basic task is to restore hope with a new communalism and real prospects and hopes of new democratic socialist development for the long-term.

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Kirill Privezentsev

The Greens and the Labour Movement in Russia

For over two years now, a group of radical Greens from Moscow has been engaged in a programme of socio-ecological action in the city of Cherepovets, one of the leading centres of Russian metallurgy. We have been working with organisations of the new labour movement, the alternative unions that were created at the Cherepovets Metallurgical Complex (CMC), the major industrial enterprise in the region, crucial to its economy, and also the main environmental polluter. The following is an analysis of our experience.

Ecological and labour movement today

Given the parasitic and predatory behaviour of the ruling elite of our society, one has to recognise that the responsibility for getting Russia out of its present dead-end situation must fall to new forces - to social initiatives, especially those conducted by mass movements of workers united in the defence of their interests. However, in the present state of society, that perspective does not seem very real. If during Perestroika one could discern the first outlines of new social movements, including ecological and labour movements, today they are fading. Their activists are forced back on defensive positions, having to confront not only the totally arbitrary power of the "masters of life", whose insolence is boundless, but also the profound passivity of a population infected with the idea of "individual survival" and a frightening incapacity for collective action, even though it is so obviously called for. It is necessary to build a new model of self-organisation and self-management that could become an integral

alternative for post-totalitarian Russia, relying literally on the small grains of positive experience. Undoubtedly, the ecological activity of citizens and their trade unions will occupy an important place in that model. As strange as it may seem, the ecological movement at present is one of the more successful movements compared with other civil initiatives. And although the period of its growth at the end of the 1980s, part of the general popular mobilisation that, to a large degree, was oriented toward immediate goals, is now in the past, replaced by indifference to ecological issues, the movement still exists. Stable organisational structures that do real work continue to exist, as does intellectual inquiry. In today's climate, that is not bad. There is a good chance that with the advent of a more favourable social conjuncture, the "green alternative" in Russian can become a real force.

The situation in the labour movement, in our view, is not as good. In reality, it exists as small scattered hotbeds in different enterprises, extremely varied in form and totally lacking in unity. Numerous competing organisations exist, each claiming to express the views of the working class, but all really quite far from understanding its problems. Their real goals are the realisation of the career aspirations of their leaders, and, more importantly, they are not the result of the activism of workers themselves but are introduced from the outside by various organisations, such as the Federation of Independent Trade Unions (FNPR, the major union federation, successor to the former state trade union), Sotsprof (less than 10,000 members), the Russian-American Foundation for Trade-Union Research and Education (a US-government funded organisation, generally supportive of Yeltsin), "workers' soviets" and the like, as well as by their related parties. All this exists against a background of Russian industry's descent into the abyss, the ruin of a significant part of the country's productive capacity - in reality, the de-industrialisation of the country. And members of the labour movement agree that its task is to defend the interests of wage labourers, beyond that there is only mutual incomprehension. Is this a struggle for wages or for social revolution? What is to be done about the consequences of privatisation? And so on. The myth of the "worker vanguard in the struggle for a new life," nourished not only by the traditional socialist slogans but also by recent experience, played a dirty trick on this

movement. The time that should have been used to create solid foundations and new traditions of worker activism was wasted in the pursuit of illusions, such as "support for the democrats". (Almost all the new labour organisations initially supported Yeltsin and the liberals, who were posing as democrats during their rise to power.) The illusory nature of public life was a general characteristic of the Perestroika period. Today, we are confronted with a radically different social reality, an extremely harsh one that demands a clear understanding of its nature and a strong response. The time of rose-coloured illusions has passed. In this situation the formation of a full-blooded labour movement, capable of resisting the complete economic lawlessness that characterises the relations of the elite vis a vis the majority of the population, is an absolute necessity.

Although the need for an ecological and labour movement is clear to the majority of people on the left, their co-operation on a tactical or, even more, on a strategic basis, is much more complicated. The Greens call for overcoming industrial civilisation, a rejection of the logic of the continuous growth of production-consumption, a restructuring of life on the basis of a new balance between people and nature. In spite of the variety of views in the ecological movement, these are common elements. However, the working class in an inseparable element of industrial civilisation and is inconceivable without it. It is natural for the labour movement, as a class movement, to seek a more or less radical redistribution of benefits within industrialism, rather than a break with that society as such. An obvious example: an environmentally harmful factory, whose closure is desired by the inhabitants of a region but which is the source of income for its workers. In this case, the union will obviously try to increase wages but also to defend the plant from external attack. Even today, when both Greens and worker organisations are more a potential than a reality, this is a far from academic problem. Environmental activists know very well the significance of jobs in their struggle against enterprises that pollute. Tomorrow, if this movement acquires a mass character, any incomprehension in this area can lead to a split. We must find the correct solution today. We feel that our experience in Cherepovets can make a contribution in the search for this solution.

Some preliminary considerations

But before presenting this concrete experience, I would like to make a few general remarks. On the one hand, there is no debate today among ecologists on the need to reject the industrial type of civilisation. The reality of a catastrophe that would make human life impossible on this planet is already assuming concrete forms. The sooner humanity takes heed of the ecologists' warnings, the better. Things have gone very far and it needs to be understood that a high price will have to be paid to get out of the dead-end of industrialism. The necessary radical social transformation will come at a price. But the alternative is death. For the time being, humanity seems to be choosing death, or rather it is not choosing anything, which is the same as death. A conscious post-industrial choice needs to be made. Ecologists cannot limit themselves to the ecological theme. They must propose an integral social alternative, new values and a new mode of life that would provide the basis for realising that choice and facilitate its achievement in different spheres of social life, including the life of social groups whose basis is in industrial society itself.

On the other hand, the structure of working class interests is much more complex than the simple growth of material well-being. A worker is not merely a producer-consumer, but first of all a human being, an individual who strives to realise himself or herself in many dimensions, social as well as existential. The simple struggle for higher wages is a part of this, but only when it is put in the proper framework, when it contributes to the growth of the autonomy of workers. Otherwise the growth in income can easily become a means for increasing workers' subordination. (In our post-Soviet conditions, a path that limits itself to the struggle for wages is, in general, a very problematic strategy, for reasons which cannot be elaborated here.) Thus the movement striving for the independent organisation of workers can and should pose the question of social alternatives, of a qualitatively different way of life. And in that it coincides with the Green movement. The fact that the working class in the struggle for its liberation ultimately abolishes itself is not a paradox for anyone who understands that wage labour and capital are just different sides of the same coin, and that the abolition of one entails the abolition of the other. From the above it follows that only those workers who

stand aside from the struggle for their rights, who uncritically accept their oppressed situation, should be hostile to the ecological theme. Organised, "conscious" workers, trade-union activists, and the like, provide a favourable basis for the acceptance of ecological ideas. This is fully confirmed by our experience in Cherepovets.

The town and the enterprise

Cherepovets, a city in Vologda region, in its present form grew up around the Cherepovets Metallurgical Complex (CMC), built in 1949-1956. A large part of the 320,000 inhabitants are directly or indirectly linked to the enterprise. Metallurgy has left a decisive stamp on the local culture; it is a formative element in the way of life of this "Northern Magnitogorsk." [Magnitogorsk is a city in the southern Urals, the site of a giant metallurgical complex built during the first five-year plan in the 1930s.] This is a profoundly industrial town, a working-class town, which has at the same time kept much of the earlier tradition of the Russian north: a large part of the first generation of workers at the CMC came from surrounding rural areas. The crisis that has hit the plant is having very painful psychological effects on the population. Nor is this simply a matter of economic hardship - the local, popular cultural tradition is also collapsing.

The CMC produced up to nine million tons of steel annually. Until 1988, Soviet ferrous metallurgy served exclusively domestic needs and first of all those of the military-industrial complex. The liberalisation of foreign trade led to the export of steel and today the plant lives on export. At the same time, broad opportunities for all sorts of financial abuse by the management of enterprises have opened up. In the first half of the 1990s, the directors of the metallurgical industry were able to accumulate significant sums in Western banks. The process is continuing today, having received a new impulse from privatisation. However, the situation of Russian metallurgy on the world market is insecure. First of all, this is due to the absurd volume of metallurgical production developed by the USSR, at a time when the consumption of steel is declining in the world, thanks to the use of alternate materials. Secondly, the technological level of Russian metallurgy is low, not having moved much from the level of enterprises built during Stalin's industrialisation. To this one

has to add the incompetence of management. In present circumstances directors are simply not interested in development; they want to extract the maximum immediate profit. But even under better circumstances, with a different state economic policy and a different structure of management of the sector, a significant cutback in production would remain an objective necessity. An optimal solution would include a radical, managed reduction of production, combined with a programme of social adaptation for the workers, and the rapid modernisation of the remaining productive capacity in order to yield not only an economic but also an ecological effect.

Ecology is a major problem of ex-Soviet metallurgy. It is precisely metallurgy, and not the atomic or chemical industries, that contributes the most to environmental pollution - about thirty per cent of total annual pollution in Russia. The metallurgy-dominated cities are the worst five on the list of industrial polluters, with the CMC in fourth place. The population's state of health is catastrophic. But in contrast, for example, to the problems of atomic power stations, the disasters that have hit the regions with metallurgical enterprises are not part of public awareness. When we began working in Cherepovets, we hoped to attract the attention at least of the Green movement to this real problem.

A few figures on the ecological situation. The annual volume of atmospheric emissions by the plant is one half million tons. One hundred million cubic metres of untreated effluents are poured into the rivers of the Volga basin each year. The level of dangerous pollutants in the air and water varies from two to ten times more than what is permissible, and for individual substances it is tens of times higher. The town also has chemical factories but CMC accounts for 90 per cent of emissions. The past decade has seen a sharp decline in life expectancy and a rise in morbidity. The reduction in emissions that has taken place at the plant recently is rendered ineffective by "spontaneous" emissions caused by the poor state of equipment, the suspension of investment and of environmental protection activity. Local authorities hide the medical and ecological statistics. Russian environmental laws are "not in force" in this town. The political authorities are completely dependent on the management of the CMC, whose influence extends well beyond the bounds of the town - the

CMC occupies a key position in the economic life of the entire north-western region. The general director, Lipukhin, is one of the captains of industry to whom Yeltsin turns in his moments of crisis. The plant was privatised in 1993-94 and became the Severostal' Joint Stock Company. Lipukhin and the directors around him hold a controlling share of the stocks.

The Green project

In planing our work in Cherepovets we took as our starting point that the ecological disaster in the city was a function of the socio-economic and political relations there. The fundamental idea of our project was that only an independent organisation of the population, collective action, the development of self-management and the redistribution of power in favour of the workers ["toilers", i.e. all salaried employees, but excluding management. DM] could provide a basis for pulling Cherepovets out of its environmental and social dead end. This requires a reconstruction of the plant to equip it with modern machinery, ecologically clean technology, as well as environmental rehabilitation and an employment programme. Our slogan was: "Ecologically clean production without loss of jobs." The task of the first stage was to force management seriously to reduce the damage to people and to the natural environment by "surrounding" the plant with a network of civil initiatives defending the social and ecological rights of the inhabitants. Only after these initiatives had become a major force, a social counter-power, could the complex reorganisation of the socio-economic life of the region begin in accordance with ecological safety considerations. Today, the movement in Cherepovets is still at the beginning of the first stage. In 1993 and 1994 we held ecological protest camps in the city, attracting ecological activists from various places. As a result, interesting social initiatives began to appear. It was in the course of this work that we became acquainted with the alternative unions.

The trade unions

The alternative union movement arose at CMC at the end of 1991. In April 1992 the first collective actions occurred in one of the shops, and its leaders formed a "workers' committee" that became the basis

for shop committees, which in turn affiliated with the Confederation of Free Trade Unions of Russia (CFTUR). The "official" union has neither before, nor today, nor during any of the conflicts, been very prominent, except in defence of management's interests. The membership of the alternative unions grew to between 2000 and 3000 by 1993 and has remained at that level (the total work force has declined to about 40,000 today). In May and September 1993 strikes occurred in various shops to demand higher wages. All the strikes succeeded. In the autumn of 1993 a split occurred among the alternative unions that has had a serious effect on their development. A part of the shop committees left the CFTUR and joined the Association of Free Trade-Unions of Russia (AFTUR), created by the AFL-CIO's Russian-American Funds for Trade-Union Research and Education. Half a year later the Moscow leader of the CFTUR, Alekseev, made himself famous by announcing his Confederation's alliance with the Russian National Union, a fascist organisation led by Barkashov. In the autumn of 1994, the CFTUR became the National Association of Russian Trade Union (NARTU) with a "national-socialist" programme based on the idea of a corporatist state. At the same time, the CFTUR and AFTUR organisations merged, creating a new non-affiliated union.

Today there are three alternative unions at CMC and relations between their leaders are very strained. But it would be wrong to explain these divisions in terms of ideological or political differences: the various competing organisations have frequently changed their positions vis à vis the administration. The union affiliated to the AFTUR includes supporters of the liberals as well as of Zhirinovsky's party; the CFTUR-affiliated union unites supporters of its official "national-socialist" line as well as left democrats. Political questions are secondary for worker activists. Trade-union organisations are built around concrete work in defence of the interests of their members.

On 29 March 1994, a strike broke out that turned into the first mass collective action in the Russian metallurgical industry. The demands were for the indexation of wages (in accordance with the collective agreement) and an independent audit of the enterprise. Several basic production shops struck, including two shifts in the rolling department. That is a significant amount of time, given the

continuous-cycle character of metal production. The strike was successful. Wages were raised significantly and they remain at a good level today with regular indexation. These relatively high and stable wages are the basic gain of the new union movement at CMC. However, the demand for an independent audit was not won in practice. The administration was able to paralyse the initiative of the alternative unions through a combination of promises and a campaign to discredit the unions - this was facilitated by the relationship between the Barkashev fascists and the leaders of the National Association (it was one of its local branches that initiated the March strike). So the threat to a corrupt administration from the new unions was eliminated. In the autumn of 1994, the unions were defeated at the first congress of the company's stockholders; they were unable to stop the openly predatory privatisation of the enterprise. At present, the union movement at CMC is on the defensive. The immediate task is to develop a strategy to fight against the consequences of privatisation and to return the enterprise to the work collective.

Green-trade union co-operation

Co-operation between the alternative unions and the radical Greens developed on two levels. The first, a strategic level of co-operation, was based on the idea that an organisation for the defence of workers' interests could become the basis for a broad civil movement, the cornerstone of a potential system of regional social self-management. The central role of the metallurgical complex in the economic life of the region really forced us to direct our attention to it. In order to develop new ecologically clean forms of production, to reconstruct old ones, and to finance the retraining of workers, the resources of the enterprise have to be utilised in the most efficient way and this includes resources that are illegally transferred abroad to the benefit of the administration. One of the key tasks of the union is to expose these hidden resources. Their strategic line in this respect is the establishment of workers' control of production, the creation of workers' self-management committees, and the transfer of the enterprise to the organised workers. Only the transformation of the complex into a collectively self-managed enterprise can ensure a genuinely effective programme of restructuring. Our work with the

union activists consisted in propaganda and in jointly elaborating these ideas. We began by discussing with union leaders and members the idea of a self-managed alternative and also, of course, the ecological questions, including, first of all, the catastrophic situation in the town. After that, we saw it as our task to support the alternative unions and aid their development by supplying them with information and other intellectual resources. We disseminated information on their activities, helped them analyse economic issues, brought them literature, and helped them establish contact with worker organisations in other cities. We paid particular attention to the question of an independent audit of the Severstal company.

However, we consider the most important result of our co-operation to date to be the start of independent ecological activity by the unions as well as their joint activity with us. In developing our programme of civil initiatives, we worked out a series of projects that related directly to the sphere of interests of the unions. That was the second, practical level of co-operation. The issue of occupational disease is critical in Russian metallurgy. But the connection between work conditions and illness is hardly ever recognised officially. The medical service is dependent on management and falsifies diagnoses. People whose health has been undermined in harmful work do not have access to medical support. We put together a plan of research into the situation in the area of occupational disease. Publication of the results is aimed at forcing the authorities to take measures to eliminate this lawlessness. Data from Cherepovets can also provide material for reviewing the situation in other metallurgical centres.

Another important problem is evaluation of the ecological status of various jobs. For example, in one shop that has mainly women workers, the particulate level is two hundred times above the maximum safety limit. Here too the administration falsifies data. Relying on the unions and bringing in outside experts, it is possible to organise an independent investigation and through it to force improvements as well as financial compensation. The unions in the most harmful shops showed an interest in this line of action. One department put forth the demand in very strong terms for the normalisation of work conditions and showed that it was technologically possible. This same department demanded the creation of an

ecological commission for the entire complex to be made up of representatives of the workers and management with the right to take any decision concerning environmental safety at the plant. This is a form of worker participation in management. The alternative unions also participate in other projects formulated by the Greens. They have helped us develop contacts with the workers of CMC by organising meetings and helping to distribute our literature. Their activists participated in "green" pickets and in environmental agitation in the streets of Cherepovets; they have supported us in the media. They have also organised actions in defence of environmental activists who were persecuted by the police and by the plant's private guards. They gave financial support. In general, participation in our campaigns by these quite visible and popular forces has been a significant support to our cause, aiding in building direct bridges between the working class of Cherepovets and the ecologists.

Conclusions

The first conclusion is that the idea of an ecological alternative, when posed correctly, can find support among organised workers. The idea that "today, people only care about a piece of bread" is only partially true. It is crucial to show the link between ecological problems and the social context. Ecological activists who sincerely want to avoid marginalisation and who seek to develop a mass movement must renounce the false logic of "eco-fundamentalism", that is, the tendency to see everything exclusively from an ecological point of view in isolation from all other questions. The future of the movement is eco-socialism. It is important that the ecological alternative be an integral part of a general self-management alternative.

The second conclusion is that political propaganda among social movements, including the workers' movement, today requires care and understanding. Otherwise, the cause for which you are working can easily fall captive to illusory problems. The political party structure of our society is still very far from reflecting social reality. Only the ruling elite is interested in conserving industry and society in its present form since that holds back the self-determination of society. Political action that reflects the interest of broad strata of workers and democratic intellectuals, the people that the left should

be defending, can only be the consequence of the real social activity of these strata themselves, their action in defence of their vital interests. Our task is to help them to develop this activity and the organisation it calls for. In the Cherepovets project left radicals, liberal democrats and nationalists were able to work together. It is always necessary to keep in mind that people come to the union or to the committee for resettlement out of ecological harmful districts in order to solve very concrete problems. Without doubt, active people even today show interest in political questions and that interest will grow. But for it to take a healthy mature direction, for us to be able to seriously talk about a left programme, we need patience and calm.

The third conclusion is that, for the working class and the labour movement, the ecological theme is primarily linked to the problem of work conditions in harmful sectors. It is through that "line" that the Greens can establish contact with workers in the polluting enterprises against which they are fighting. That is the field of tactical co-operation that can become the basis for closer collaboration. Finally, one should note that Cherepovets is not the only example of successful co-operation between ecologists and workers. In 1989, an ecological protest camp was organised in the town of Chapayevsk against the start-up of a factory for the destruction of chemical weapons, which was constructed with serious violations of environmental and health standards. The appearance of Greens in the town had an explosive effect. Ecological strike committees were formed not only in the enterprises of Chapayevsk, but also in those of neighbouring settlements. The camp was constantly visited by delegations from the factories of Chapayevsk - each brigade sent representatives. Thousands participated in this action. For several weeks, the camp became an alternative social power in the town, since it held in its hands the threads of the strike situation. Unfortunately, at the end of the action the strike committee structure fell apart. Today, in much more difficult circumstances, we have to try to reclaim the lost opportunities. I think the co-operation in Cherepovets will continue. In times of social passivity, local alternative activities become the basic form of work and provide the experimental space in which the contours of the future mass struggle take form. ■

This article was translated from Russian by David Mandel.

NATO Goes East

Interview with Johan Galtung

*What are the reasons behind NATO's eastward expansion? **

I believe the main reason is to create a function for NATO. The slogan is "out of area, out of business". The task now is to find some new role for NATO so that, with the legitimation of the UN behind it, it can establish forces to intervene in Eastern Europe and keep control of that area.

What is it that the West wants to control in Eastern Europe, the military sector or economic development?

Both, I think. There is, of course, a very real fear of a popular uprising against Yeltsin's privatisation, which is very hard and motivated purely by ideology. These conflicts would be presented as ethnic. But they are only partly ethnic; in essence this is a class conflict. A NATO intervention could weaken or defeat the protest movements against privatisation.

Since the end of the Warsaw Pact, NATO no longer has an enemy. Is the intervention in Bosnia welcomed because it offers legitimacy?

NATO's ex-general secretary, Willy Claas, certainly shared this view that NATO no longer had a real enemy. In an interview which he gave on 8 February 1995, he stated that the new enemy was fundamentalist Islam and that NATO's southern flank was now the most important one. Islam is the new enemy. This assessment made by NATO's top

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man was never rescinded, although, with his resignation, it would have been easy to do so. This was a declaration of war against Islam.

As far as Bosnia is concerned, the goal was expressed most clearly by the British: there can be no independent Islamic state on European soil. The Bosnian Muslims have to be forced to live with the Croats alone or, preferably, with both Croats and Serbs. This is what lies behind the enthusiasm for a multicultural, multiethnic society in Bosnia. Under cover of a peace mission, what is happening in Bosnia is a NATO occupation designed to guarantee the unity of the state. There are plenty of examples from past history. The Bosnians were first forced to live with the Ottoman Turks, then with the Habsburgs. Then there was the inter-war period, 1918 to 1941, followed by German occupation and, later, Tito's Yugoslavia, a hard unitary regime. NATO's occupation of Bosnia today is the fifth historical attempt to force these three peoples to live together. I believe that what they are doing in Bosnia is profoundly anti-Islamic. NATO's first military action, 45 years after its founding in 1949, was against the Bosnian Serbs, i.e. against the Orthodox Christians.

The European wing of NATO, the European Union, played only a minor role here, as it did in the Gulf War, another war against Muslims. The central role in both situations is being played by the NATO leading countries. But no military action was taken against the Catholic Croats in spite of the fact that they were clearly setting about the creation of a Greater Croatia. The old dividing lines in Europe, between Catholic and Orthodox, between Christians and Muslims, a dividing line that goes back to the schism and beginning of the crusades in the eleventh century, still appears to be determining geopolitics in Europe, still defining what the problem is and what the solution.

The conclusion from all this is clear: any expansion of NATO/WEU/EU that excluded Orthodox and Muslim Europe is a provocation and will lead to a repeat of the Yugoslav experience at a higher level, at an all-European level, with Europe divided between pro- and anti-Western forces. NATO's inclusion of a Greek Orthodox and secular Islamic state (Turkey) can only serve to exacerbate this conflict.

Could it be that NATO is going hand in hand with the Vatican, against Bagdad and Casablanca, because of the rapid growth of Islam on a world scale?

Yes, I think that is exactly what is happening. It is no accident that most NATO states are either Catholic or have a strong Catholic minority, as in Germany. There is no doubt, as the statistics clearly demonstrate, that the really dynamic religion today is Islam. For every Christian convert in Africa today there are ten Muslim converts.

What are Germany's interests in this eastward expansion of NATO. Is the German arms industry looking for new markets in the east?

The interests of the arms industry certainly play a role here since the possibilities for sales in that part of the world are immense. But I am convinced that Germany sees its central interest in the development of the Eurocorps. As you know, the common language of this Eurocorps is not English, but German and French. I think that, as far as German foreign policy is concerned, it is not economic gains that are the most important; what matters most is to win back the old German territories. Pomerania, East Prussia, Silesia and Sudetenland - these are still problems for Germany. Germany's present strategy is to win back these territories for itself without the need for war by means of a partial integration of these states into NATO and the EU. This determines Germany's policy towards the Visegrad states - Poland, the Czech Republic, Slovakia and Hungary - in particular towards Poland and the Czech Republic. Initially they will be part of the same military alliance and the same economic union as Germany. This would be followed by a phase of consciously directed investment. In the end, it may even come to a referendum on closer union. The return of the old territories will not be total, will not be a complete annexation. But the German border will effectively move. The expansion of NATO and the EU is a precondition for this.

This is my thesis. Germany plays a key role in NATO, the WEU and the EU and a lot of what is happening today in the former Yugoslavia can be seen as a continuation of the Second World War, with Germany having the same allies and the same enemies. For the

greater part of the past one thousand years of German geopolitics, it was the East and the South East that was seen as the area of expansion, as the hinterland and sphere of influence. Any eastward expansion today will only revive memories of earlier attempts and will divide these countries into pro- and anti-German states. The Catholic and Protestant states of Eastern Europe have also experienced the terrors of Russian Tsarist and Bolshevik expansion. The last wave of oppression came from Russia, not from Germany, and that is an important consideration. But it would be advisable to maintain the broader view.

What would be the consequences of a NATO expansion eastwards? Russia is against it and the Russian generals have already made clear that they do not intend scrapping the 5,000 tanks agreed on in the disarmament treaty. Is this a sign that Russia, feeling itself pushed into a corner, might rearm, making it easier for NATO to paint it as an enemy?

Yes, I think this is what is happening. It is essential to bear in mind the history of the past 800 years. There have been quite a few invasions of Russian territory from Germany, beginning with the hospitalers, but the only Russian offensive against Germany was that of 1945, and that was a response to the German invasion of Russia. Looked at from a Russian viewpoint, the eastward expansion of NATO is simply a continuation of the line of the past 800 years. It would be difficult for the Russians to disarm as long as there is the fear of a new invasion. This Russian sensitivity is not at all appreciated in the West. The West doesn't pay enough attention to history. This is particularly true of the Americans, who care very little about history, and they are the people running NATO.

What is the significance of the appointment of a Spanish secretary general for NATO?

Solana's appointment was the result of a cabal inside NATO. There is a certain rotation within the system and Spain hadn't had a secretary general before. There had been a Belgian and Dutch secretary general so now, I suppose, it was the turn of south west Europe. Solana is,

I believe, a relatively weak man who doesn't inspire confidence. In any case the top military commander in NATO was always an American and that's how it will remain.

What are the alternatives to NATO expansion? How do you account for the fact that there isn't a strong peace movement today that is demanding the dissolution of NATO?

Experience shows that the peace movement is able to achieve something only in very concrete cases. The anti-nuclear movement revived in response to France's nuclear tests in the Pacific. In general, the activities of the peace movement today tend to be bureaucratic and take place away from the gaze of the media. As far as alternatives are concerned, I think that the best alternative would be the expansion of the OSCE (Organisation for Security and Cooperation in Europe). The big advantage of OSCE is the fact that it contains the three parts of European society - Catholic/Protestant Europe of the west and south, Orthodox Europe (Russia, Belarus, part of Ukraine) in the north east, and Islamic Europe in the south east. This would also include the six Islamic republics of the ex-Soviet Union. These are the old dividing lines of Europe and we can see them very clearly in Yugoslavia. All plans for the expansion of NATO and the EU exclude the Orthodox countries (except Greece) and the Islamic countries (except Turkey). They re-affirm the old dividing lines and that is very dangerous. It would be much better to build on the OSCE. What Gorbachev had to say on all this was actually very impressive. His idea was to turn the OSCE into a security council for Europe. It is important for the OSCE not to have offensive military forces. This would provoke a negative response from China and Japan.

But China and Japan are both rearming in a big way.

That is undoubtedly true, but they are more oriented towards the Pacific Asian area. That would change if Russia became part of NATO or if the OSCE were to acquire an offensive potential. On the European continent, probably the most belligerent, there is undoubtedly a security problem. But this security problem can not be resolved by

deepening old divisions. Bridges have to be built across these divisions. The answer is as simple as it is obvious: Europe needs an Organisation for Security and Cooperation, a kind of European United Nations without a Security Council. The latter is just a way of keeping the big powers in charge. All countries would have to be equals in such an organisation. It couldn't operate like NATO, which offers first class membership to the Catholic/Protestant countries and offers the rest a second or third class membership under rubrics such as Partnership for Peace or Peace Implementation Force. An expansion of NATO, an alliance with an enormous offensive potential, that would include Russia and the Orthodox/Muslim countries is also impossible because this would create a new dividing line, this time with the countries of East Asia, China, Japan, Korea and Vietnam, leading most likely to a new military counter-alliance.

Would the dissolution of NATO be a precondition for a European security organisation?

That would indeed be the best solution but it is not likely to happen. NATO is like the organisations that once existed to fight against tuberculosis; when the cure was found for tuberculosis, they turned themselves into organisations to fight cancer. NATO now sees its peace enforcement function as the only way of surviving. NATO thinking is very one-sided and doesn't take into account the inevitable reaction it will provoke. Resistance will come not just from the people but also from governments. The conditions are being re-created that existed at the beginning of the Cold War. I'm referring here to the economic penetration of Russia by Western Europe. It would be a good idea to read Lenin again to understand why it came to revolution in Russia in 1917. There are people today who are saying that the process is repeating itself and 2017 will see a second Bolshevik revolution. We'll see. In any case, the dominant thinking of the Western alliance is very undialectical. They are undertaking something without really thinking about what the consequences might be. ■

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Andrew Kilmister

Kornai's Economics of Socialism

János Kornai is the most influential and best known theorist of the workings of a socialist economy since the death of Michal Kalecki. His recent textbook, *The Socialist System* (Kornai 1992), which summarises many of his ideas, comes garlanded with praise from two former chief economists at the World Bank, Lawrence Summers and Stanley Fischer, and a leading adviser to the Russian government in the early 1990s, Anders Aslund. Yet Kornai's work has also been praised by writers on the left. Ken Post and Phil Wright refer to "the inspiring work of János Kornai whose fascinating elaboration, in the *Economics of Shortage*, of a working micro-economics for a planned economy must surely rank as the foremost achievement of post-war economic theory" (Post and Wright 1989 p.xi).

Others, while being more cautious in their assessment of Kornai's work, still see it as an important contribution. Fehér, Heller and Márkus refer approvingly to Kornai's view of Soviet-type economies as "economies of resource constraints as opposed to classical capitalism as a system of demand constraints" (Fehér, Heller and Márkus 1983 p.83). While being critical of many aspects of Kornai's analysis, Makoto Itoh writes that "As a diagnosis of the state of the Soviet type of economy, particularly in the 1970s and 1980s, Kornai's description of the shortage syndrome is sharp and comprehensive. His insight into the economic influence of the institutional and social relations within the Soviet type of bureaucratic hierarchy was a significant contribution to economics" (Itoh 1995 p.109). Nigel Swain describes the latter part of his book on Hungary

as an attempt to push further some of the ideas put forward by Kornai, and to relate them more closely to social relations under state socialism (Swain 1992 p.3).

In the light of this discussion it is noticeable that there has been relatively little sustained critical discussion of Kornai's work from the left. His ideas have tended simply to be drawn upon in wider analyses of the economics of socialism, rather than being scrutinised in their own right. Consequently Tamás Krausz' discussion of *The Socialist System* (Krausz 1995) is very welcome, since Kornai's work both raises significant issues and has exerted a wide influence. Krausz identifies a number of weaknesses and omissions in Kornai's account of socialist economies; in particular the lack of a historically based account of how state socialism came into being and of its relationship to the world system of which it formed a part. Kornai neglects the theoretical and historical possibility of alternatives to the Soviet and East European regimes from within the socialist tradition.

However, while Krausz analyses these problems in Kornai's work in some detail, he does not really explain just why Kornai has been so influential. While Kornai's historical analysis is relatively superficial, it is his economic arguments that have been highly regarded. Any debate on the left concerning Kornai therefore has to consider his economic doctrines. This article is an attempt to do so. I shall try to explain what the attraction of Kornai's ideas has been and then examine some criticisms that have been made of them. I will then consider some problems with these criticisms, and consequently some challenges posed by Kornai for the socialist project, relating these challenges to the argument put forward by Krausz. I shall concentrate on *The Socialist System* but refer to other earlier works by Kornai as well.

Kornai's economic analysis

The most important point to recognise about Kornai is that, unlike the vast majority of Western economists analysing Eastern Europe and most Eastern European economists since 1989, he is not a neo-classical economist. Neo-classical economics has three main elements. Firstly, a focus on individual, rational, choice by decision-makers in households and firms. Secondly, the placing of these

choices in the context of markets, which adjust to ensure equilibrium between demand and supply. Thirdly, the view that economic outcomes at the level of society as a whole can be analysed as simply the aggregation of the individual choices made within markets. No particular choice has primacy in terms of its effect on this whole. Kornai adopts the first of these elements. His account of the socialist economy is based on an analysis of the rational choices of households, bureaucrats and managers, given the institutional structure within which they find themselves. However, he does not adopt the second or third elements. While he uses a concept of equilibrium, he has written at some length against the centrality of the role played by equilibrium in the neo-classical system (Kornai 1971). Further, Kornai is very clear that his analysis is not simply an aggregation of the analysis of individual decisions. Some choices or actions have more significance than others (Kornai 1992 pp.360-365). In particular, choices made at a social level concerning power and ideology determine configurations of property relations which then determine the co-ordination mechanism of the economy. The behaviour of households, managers and bureaucrats is a response to the combination of property relationships and co-ordination mechanisms with which they are confronted. It is not simply a case of social outcomes resulting from this individual behaviour.

Kornai sees himself as eclectic in his approach, drawing from neo-classical economics when appropriate, but also from other traditions and from writers such as Marx, Keynes, Schumpeter and Hayek (Kornai 1992 p xx). Aspects of each of these authors can be found in his work. However, two other approaches appear to have influenced him. The first of these is the institutionalist tradition. The analysis of institutions and their effect on economic outcomes has, until recently, been rather sidelined in the West. It does, however, play a central role in Kornai's work. The second set of influences stem from the natural sciences and systems theory. Kornai is interested in using concepts such as feedback loops and control mechanisms drawn from engineering and computer science and in his latest work he uses analogies drawn from biology (Kornai 1992 p.368) and chemistry (Kornai 1992 p.366). Such use of natural scientific concepts is in many ways an alternative to the neo-classical concept of equilibrium in

Kornai's work. On the basis of these various strands of thought Kornai has constructed an analysis of socialist economies which differs significantly from the analysis favoured by writers from the neo-classical tradition. The differences between Kornai's approach and theirs can be seen most sharply if one compares his conclusions with two specific groups of writers: firstly, the proponents of "market socialism" in the 1960s and 1970s, and secondly the theorists of the transition to a market economy in the 1990s.

Market Socialism

Market socialism arose as a response to perceived deficiencies in central planning in the late 1950s in Eastern Europe, particularly in Poland and Hungary. The inspiration for this approach was very much from the neo-classical tradition, dating back to the work of Oskar Lange in the 1930s. Lange's work was based on the idea that a central planning authority could mimic the role of the market, adjusting prices to ensure an equilibrium between demand and supply for each good. While departing from Lange's approach in some respects, particularly in allowing at least some prices to be freely set by enterprises, the market socialists retained the concept of an economic reform as being based primarily around strengthening the role of decentralised markets in balancing demand and supply to achieve equilibrium. With markets bringing short-term production and consumption decisions into line, the central planning apparatus would be free to concentrate on long-term investment decisions, which would remain within the province of the plan as opposed to the market.

This kind of approach became the orthodoxy in discussions of economic reform in Eastern Europe, as expressed in the work of Wlodzimierz Brus in Poland (Brus 1972, this work was originally published in Polish in 1962) and Ota Sik in Czechoslovakia (Sik 1966). Kornai's first book was very much in this tradition (Kornai 1959) and the 1968 Hungarian New Economic Mechanism, on which he worked, also reflected these ideas. Central to this tradition was a concentration on balancing the contributions of the different mechanisms of planning and the market. Reforming socialist economies was seen as essentially a technical problem of delineating the spheres of operation of these mechanisms, not as an issue of social relations or as linked to forms

of property. The increased use of the market was not seen to have implications for ownership.

While Kornai's early work followed market socialist ideas quite closely, over the course of the 1960s he began to depart from them significantly (in fact the roots of this departure can be seen in some of the discussion of 'plan bargaining' in Kornai 1959). By the early 1970s he had developed a very different view of socialist economies and economic reform (Kornai 1971) and he continued to refine this view through the 1970s, publishing his very influential *Economics of Shortage* at the end of the decade (Kornai 1980). This work represented a fundamental criticism of the market socialist approach, a criticism summarised and developed in chapter 21 of *The Socialist System*.

Soft budget constraints

In Kornai's later work the balance between plan and market is no longer seen as the central issue in economic reform. Rather the way in which both the planning system and markets operate in state socialist economies is determined by more fundamental factors. In Kornai's work of the 1970s and 1980s these factors are essentially concerned with the relationship between planners on the one hand and enterprise managers (and workers) on the other; and can be summarised in the very influential concept of the "soft budget constraint". Kornai's hypothesis is that enterprises in state socialist economies face soft budget constraints, by which he means that no effective limits are put on their ability to absorb resources through investment plans, hoarding of labour and raw materials or other forms of expansion. The reason there are no limits is that, regardless of the social usefulness or otherwise of the enterprises receiving resources, the planners are not prepared to enforce control on the managers. Consequently, if state socialist enterprises get into trouble, the outcome is rarely, if ever, bankruptcy or restructuring. Instead, planners will provide subsidies, modify taxation rules, extend credit or alter prices, all with a view to lessening the pressure being put on the firm (Kornai 1992 pp.140-142).

Given the prevalence of soft budget constraints, Kornai argues that the introduction of markets will be ineffective in reforming

socialist economies. Indeed the incentives facing enterprises will be so perverse that the introduction of markets may well make things worse: "the shortcomings of the bureaucratic and market mechanisms, far from correcting each other, tend to reinforce each other. The sector falls between two stools" (Kornai 1992 p.508). Under both the classical system of central planning and the market socialist mechanism, the result of soft budget constraints will be what Kornai refers to as a "shortage economy". Unrestrained by any constraints on their demands for goods, enterprises will absorb ever more of society's resources, causing a situation of generalised shortage. This shortage affects consumer goods, the labour market and resources for investment. Much of Kornai's work of the 1970s and 1980s is dedicated to exploring the workings of the shortage economy and tracing its roots back to the phenomenon of soft budget constraints. At the same time, Kornai applied this analysis to the development of the Hungarian economic reform after 1968, arguing that soft budgets and shortage had acted systematically to frustrate the original intentions of the reform (Kornai 1986).

Through the 1980s, Kornai came to see soft budget constraints and shortage as intrinsic to the state socialist economy and impervious to any reform movement. In *The Socialist System* he describes shortage as an inevitable result of what he terms "bureaucratic co-ordination". Bureaucratic co-ordination does not just mean the operation of the planning mechanism; it also covers the workings of guided markets of the kind proposed by the market socialist reformers. It is, in Kornai's view, the kind of co-ordination of the economy that must arise when political power is monopolised by a single party, and where state property is predominant and is ideologically defended and justified by that party. Under such conditions bureaucratic co-ordination is inevitable and soft budget constraints and the shortage economy are inevitable also as a consequence. Consequently, Kornai's judgement of market socialism is that while "the narrower economic logic of these ideas is quite defensible: one can imagine a system in which autonomous, publicly owned firms and a perfectly objective and interest-free central bureau behaved as though they together constituted a market. The problem is that the tacit sociological and political assumptions behind the

theory are unrealistic. Faced with the actual structure of the socialist system, the surviving traces of its earlier ideology, and its property relations, the attempts to implement the ideas of market socialism are doomed and cannot establish a robust socio-economic system" (Kornai 1992 pp.510-11).

This conclusion by Kornai is heavily influenced by the work of Hayek and of economic theorists of property rights. In the 1980s Kornai came to accept Hayek's argument that only under a regime of private property, where individual entrepreneurs reap the benefits of enterprise success and face financial penalties when firms fail, can the soft budget constraint be overcome. During this decade Kornai shifted the focus in discussions of economic reform away from technical questions of the balance between plan and market towards consideration of social relationships between planners and managers and the shaping of such relationships by property forms and political structures. This shift in focus was extremely influential, both in Eastern Europe and amongst Western observers of the region. To take just one example, in the 1960s Włodzimierz Brus and Kazimierz Laski were leading representatives of the market socialist tradition, and Brus in particular tried to link this tradition to broader questions of political democracy and socialist renewal. By the end of the 1980s, they had shifted to a conception of economic reform as requiring the spread of markets from the goods market to the allocation of capital, and as likely to require a corresponding spread of private property (Brus and Laski 1989). Their arrival at this conclusion was heavily influenced by the work of Kornai (who in turn refers approvingly to their work in *The Socialist System*) as well as by that of Hayek.

Importance of institutional structures

Kornai therefore mounted a significant challenge to the attempt to marry neo-classical analysis with central planning through the theory of market socialism. However, he has also differed strongly from the neo-classical theorists of transition who have emerged since 1989. The fundamental difference is over the importance of institutional structures. The neo-classical approach, applied to Eastern Europe, tended to downplay the influence of institutions and to argue that a combination of macroeconomic stabilisation and rapid privatisation

would be more or less sufficient to ensure a quick transition to capitalism, with structural and institutional changes playing very much a background role. To take one example, David Lipton and Jeffrey Sachs write with regard to convertibility of the Polish currency that "convertibility is a macroeconomic (monetary) phenomenon, and not a structural problem related to the competitiveness of the export industry or the import-competing industry" (Lipton and Sachs 1990 p.96). Excess demand leading to a trade deficit can be reduced to zero by some combination of reduction of demand through budget cuts or tight money and devaluation, in their view, just as the IMF would recommend in Latin America or Asia. The structural characteristics of the Eastern European economies are secondary. Speedy and comprehensive privatisation will allow a market economy to be established with few institutional barriers.

Kornai's view of the transition is very different (Kornai 1990). He argues that institutions fundamentally affect human behaviour and that this effect cannot be removed quickly. It is difficult to remove the institutions themselves and even more difficult to eradicate their effect on economic actors. As a result "there continues for a long time to be a curious dual system in postsocialist society. It is a 'mixed' system in which many elements of the socialist and capitalist societies exist side by side and interwoven with each other" (Kornai 1992 p.579). Further "the inheritance of the socialist order will remain for a long time in all dimensions of socio-economic activity" (Kornai 1992 p.579).

The most striking policy implications of this stance lie in the area of liberalisation of state enterprises and privatisation. Kornai argues that, because of the difficulties of eliminating the behavioural legacy of soft budget constraints in the past, the transition to a market economy will have to involve tight state control over state enterprises, so that they do not continue to absorb resources and thereby stifle the growth of the private sector. Consequently a rapid dismantling of the old central planning apparatus is not necessarily desirable. Neither is very rapid privatisation. For Kornai, the benefits of private ownership are intrinsically bound up with entrepreneurship; the process of spotting market opportunities, taking risks to exploit those opportunities and bearing the consequences of possible failure. None

of this necessarily arises from rapid privatisation, which may well result in enterprises with no clear ownership structure and which does not involve the risks for investors which are borne by genuine entrepreneurs.

Peter Murrell takes a similar approach to Kornai when he writes that "privatisation has gained too much prominence as an objective of reform policy. The appropriate goal is 'creation of a private sector'. Privatisation is only one route to that latter goal. Moreover, it might be a very costly route, one whose implementation impedes more effective means of creating a private sector, particularly the encouragement of the development of the nascent private sector" (Murrell 1992 p.46). The argument is that, given the dead weight of institutional inertia in state industries in Eastern Europe, their restructuring in order to facilitate privatisation will demand so many resources (both financial and in terms of personnel) that it will impede the development of a true Hayekian private sector. Both Kornai and Murrell argue for a model of transition in which the state sector is strictly controlled with a view to letting it "wither away" while privatisation is seen as less important than the gradual development of a new private sector founded initially on small entrepreneurs. This process will be gradual and will be coupled with gradual institutional change.

In this way, Kornai's analysis differs significantly from that of both the market socialists and the neo-classical theorists of transition. It has been tremendously influential and this influence reflects some real strengths. In particular, unlike the neo-classicals, Kornai does recognise the institutional context of the planned economy, and the consequent inapplicability of many conventional economic models in that context. He was also largely responsible, at least amongst mainstream writers, for re-introducing the discussion of social relationships into analyses of socialist economies. The movement away from viewing economic reform as purely a technical matter was an important contribution. Many of the criticisms made implicitly by Kornai of the stabilisation and transition programmes introduced in Eastern Europe since 1989 are acute and powerful. However, it is also the case that Kornai's analysis of socialist economies is now also seen by him as a demonstration of the desirability of the market and of

private ownership. The basis on which Kornai criticises the neo-classicals is eclectic, as mentioned above, but the dominant strand has increasingly come to be the Hayekian view of the necessity of property rights and competition for economic efficiency. Kornai's influence thus represents an important component of the general influence now enjoyed by such ideas. In this context it becomes necessary to look at what the response of the left to Kornai has been and at the strengths and weaknesses of this response.

Criticisms of Kornai

As discussed above, Kornai's work has not attracted very much sustained critical discussion from the left. There has, however, been some use of his central concepts and associated analysis of them. From this has developed the outlines of a possible response to his arguments, which I shall summarise, drawing together comments from various writers.

The central response from the left to Kornai is to say that his work is suggestive but lacks precision. In particular, it is not clear just which phenomena in his analysis of the socialist economy are intrinsic to such economies, and which are the result of the particular structures of bureaucratic rule that developed in the USSR and Eastern Europe. Kornai's account of the shortage economy may be an account of the pathologies of the bureaucracy rather than of inevitable difficulties in establishing socialism. Makoto Itoh argues that Kornai does not adequately explain the roots of shortage of consumer goods and services: "it might have been political mismanagement of the Soviet type of societies to have provided certain consumer goods and services for free, or exceedingly cheaply, without being able to supply these goods in sufficient volume to meet social need. Maintaining a low share of consumer goods relative to producer and military goods in the total output may also have been a similar political mistake. Such mismanagement should not be identified as an unavoidable defect of a socialist economy in general" (Itoh 1995 pp.109-10). Itoh claims that Kornai cannot explain why state socialism fared so much worse after the mid-1970s than before that date, and neglects the influence of military competition with the West and the world economic conjuncture. Finally, he writes that "by identifying the experience of

Soviet-type economies with classic socialism in general, Kornai overlooked the possibility of democratic control over the bureaucrats and their planning" (Itoh 1995 p.110). Nigel Swain is much closer to Kornai's conclusions than is Itoh. However, his criticisms of Kornai are in some respects similar: "'soft budget constraints' lacks rigour as a purely economic concept, but it refers to a real and powerful social relationship around the control of the means of production, an intrinsic concomitant of bureaucratic control" (Swain 1992 p.4). The general point is that what Kornai is describing may be a consequence not of socialism per se but of a particular structure of bureaucratic control.

These criticisms of Kornai's view of socialist economies can be linked to criticisms of his conception of the market. The idea of a market economy made up of Hayekian entrepreneurs seems utopian. Real market economies are dominated by large corporations, with diffuse and complex structures of ownership, closely interlinked with, and dependent on, nation states and governments. Soft budget constraints and bureaucratic co-ordination are not absent from market economies. They exist within companies, in the relations between departments or units, and between companies and governments or the financial system. The market context within which capitalist firms operate is shaped by policy decisions which are influenced by bargaining and lobbying not different in kind, it could be argued, from that prevalent in planned economies. This is shown, for example, by the way in which privatisation has taken place in the UK and other European economies.

These criticisms taken together tend to divide Kornai's analysis into two. Aspects of his theory are seen as reflecting the structure of bureaucratic control in the East. Other aspects are seen as reflecting the workings of states and firms in a market context East and West. However, in both cases, it can be argued that Kornai's work does not invalidate a future socialist project. Indeed such a project might well be seen as involving the overthrow both of bureaucratic control and of the current structure of hierarchies within enterprises and of bargaining between companies and other institutions, including governments. In this way, socialism can be posed not as involving a shortage economy. On the contrary, by rendering economic decisions

transparent to the whole society and ensuring that they are collectively arrived at, socialism can be seen as the only complete alternative to the soft budget constraint. The above criticisms and developments of Kornai raise important issues. In particular the question of the use that socialists can make of Kornai's analysis of bureaucratic co-ordination and of the need to incorporate this into a theory of democratic decision-making in a socialist society, is very important. However, this does not, in my view, exhaust the challenges which Kornai poses for socialists. In order to examine these it is necessary to pursue his analysis somewhat further.

Further issues

It is certainly true that Kornai's analysis of a shortage economy is in large measure marked by the specific characteristics of bureaucratic rule as it developed in Eastern Europe. It is not, however, necessarily the case that this means that his account does not pose more general questions. First of all, if one accepts that his account does indicate something specific about the rule of the bureaucracy under state socialism, it becomes less convincing to argue that the soft budget constraint is also pervasive, in the same way, in market economies. Kornai's conception of the market as based on entrepreneurial risk-taking is overstated. However, that does not mean that there is no fundamental difference between the mode of bureaucratic co-ordination that existed in the USSR and Eastern Europe until 1989 (and still in large measure exists today) and that which exists in capitalist economies. To say that would be to obscure the specific nature of the state socialist economies and their co-ordination mechanisms. However pervasive bureaucracy, lobbying and bargaining are in Western economies, ultimately market forces remain dominant. Political influences and soft budgets are secondary to, and their forms are ultimately determined by, the global marketplace. In Eastern Europe, despite the influence of international factors such as debt and military competition, particularly after 1980, and of market mechanisms internally, this was not so. In fact the dominant role of bureaucratic co-ordination in the region proved incompatible with responsiveness to internal and global markets and was challenged because of this. Kornai's theory of the shortage economy does

therefore highlight something specific about the Eastern European system.

Part of what is highlighted by Kornai is the specific role of the bureaucracy in Eastern Europe. However, it is too easy to say that all the phenomena that he outlines can be attributed to bureaucratic rule. For example, as Kornai notes (Kornai 1992 pp.229 and 292), and as was also recognised by Fehér, Heller and Márkus (Fehér, Heller and Márkus 1983 p.83) the phenomenon of generalised shortage was analysed in the USSR by Kritsman and Novozhilov in the mid-1920s, before the stabilisation of bureaucratic control. More fundamentally, in order to assess Kornai's argument it is necessary to examine in more detail the links between bureaucratic co-ordination and shortage. When this is done it becomes clear that these links are more complex than simply a one-way causal path from bureaucracy to shortage. In Kornai's view shortage and bureaucracy both mutually reinforce one another, and are also jointly caused by more fundamental aspects of the socialist system.

A central point in Kornai's account of shortage is the claim that the propensity to shortage exists universally. With regard to the demand for investment goods: "the main system-specific distinction lies not in the actual effort to expand but in the internally generated self-restraint that runs counter to it. In the eyes of capitalist firms' owners (or managers charged with running them on their behalf), expansion is an attraction, but also a big risk... Though they expand in the hope of doing good business, the risk of doing bad business limits unbridled expansion. This is the curb that the classical socialist system removes" (Kornai 1992 p.162). In other words, it is not so much bureaucratic co-ordination in itself that leads to shortage, but the absence of the discipline of the market. The demands for goods and labour from companies, and for public services from households, relatively unrestricted by market pressures, themselves engender bureaucratic structures, since only through such structures can the scarce goods, labour and services be allocated. In turn, as Kornai shows, the behaviour of the bureaucracy makes matters worse, increasing the shortages through the development of soft budget constraints.

In order fully to answer Kornai then, it is not enough simply

to show that shortage results from bureaucratic control, as opposed to socialist democracy; it is also necessary to show that an alternative exists to market co-ordination which will not itself generate shortages, and thereby generate bureaucratic rule which further increases the pervasiveness of the shortage economy. Kornai thus challenges the left to reply to the claim that shortage and bureaucracy are joint products of the absence of market co-ordination. This claim cannot be adequately answered just by linking shortage to the bureaucracy, since that can be taken by Kornai as a confirmation rather than a refutation of his argument.

Does the absence of markets cause shortage?

While Kornai's claim that the absence of market co-ordination will inevitably lead to shortage and bureaucracy raises important issues, his own attempts to substantiate the claim are somewhat indirect. In *The Socialist System* they rest on three main arguments, each of which is left at least partly implicit. Firstly, there is an empirical argument, presented at the start of the book, which broadly states that all societies that have attempted to transcend the market mechanism have developed in a certain way, and that the system that has evolved in these countries ("classical socialism") does, as a matter of fact, exhibit both bureaucratic rule and generalised shortage. Secondly, there is another empirical argument, presented in the latter half of the book, which tries to show that various alternatives to classical socialism, in particular self-management, have turned out to be unworkable. Thirdly, there are a set of assertions and assumptions spread through the book, which imply that, as indicated above, the desire to absorb resources, if not constrained, is a general fact of human nature for both producers and consumers. Only through the discipline of the market can this tendency be curbed.

Compared to the care with which Kornai explicates the mutually reinforcing interaction between bureaucracy and shortage, his attempts to link both of them to the absence of market co-ordination are rather underdeveloped. The two empirical arguments above remain at the level of historical generalisations; they reflect the fact that previous attempts to suppress the market have coincided with bureaucratic rule, but they do not explain why this has

been the case, or show that this result was inevitable. The third argument rests on very broad generalisations about human nature. It is also somewhat inconsistent with Kornai's stress elsewhere on the moulding of conduct by institutional structures. However, while Kornai's detailed explanation of the effects of the absence of market co-ordination is not satisfactory, the issues he is raising are important ones for socialists. It is the case that historically, attempts to suppress market dominance have tended to be associated with bureaucratic structures and with generalised shortage. It is also the case that it is precisely those aspects of state socialist societies which socialists have favoured, because they suppress the role of the market - for example, full employment, cheap or free public services, the absence of bankruptcy as an economic discipline. These appear, if Kornai is correct, to be most closely correlated with the growth of shortage and thereby of bureaucracy. The challenge posed by Kornai is therefore the claim that rather than the suppression of the market being something achieved despite bureaucratic control, that control and the associated shortage arise precisely because of the attempt to suppress market co-ordination.

In order to answer this claim by Kornai, it would be necessary to show how a socialist economy could deal with the phenomena leading to shortage without resorting to the expedient of bureaucratic rule. The starting point for this must be the claim that the fundamental cause of shortage is not some transhistorical human desire to absorb resources, but rather the objective fact of scarcity. Kornai overplays the subjective factor in his explanation of shortage, and understates the degree to which shortage is the result of objective resource constraints. A possible development of this view would be to say that a future socialist society would simply not face the scarcity undergone by, say, Russia in 1917 or China in 1949. According to this view, the problem of shortage results not from socialism, but from the use of planning and state control as a means to industrialisation and development. However, this reply to Kornai obscures the important point he is making. While a future socialist regime in the industrialised world would not face the very severe constraints of socialist experiments in the past, it does not follow that there would not still be significant limitations on resources and associated conflicts over

the distribution of those resources. The issue still remains of how those conflicts could be settled without market dominance or bureaucratic rule.

Unfortunately the left has so far provided rather little analysis of this question. Krausz criticises Kornai for his neglect of the work of Frank, Wallerstein, Lukács, Mandel and Arrighi (Krausz 1995 p.107). Kornai does indeed neglect such authors. However, with the exception of Mandel, they have not had much to say about how the economic conflicts of a socialist society would be reconciled; and Mandel's ideas, while suggestive, represent only a start in tackling this problem. Kornai's work does at least raise the question. His distinction between bureaucratic and market co-ordination also suggests a framework within which answers to it might be investigated.

Essentially, the conflict over resources within a possible socialist economy has three main aspects. Firstly, there is the issue of the allocation of resources to producers. The key questions here are of efficiency and productivity, in a word, of "discipline". How, given scarcity of resources, is it to be ensured that individual producers do not obtain a disproportionate share of the resources of society? The main reason for obtaining such a share is not Kornai's universal desire for expansion, so much as the desire to save effort by absorbing resources which make the production process easier. The second issue is of the allocation of resources to consumers. The key question here is of equity. How is a fair and just allocation of consumer goods and services to be achieved? The third issue is of the balance between producers and consumers. Are resources to be expended in making the production process easier, safer and so on, or on increasing the supply of goods and services to consumers? These three issues frame contemporary conflicts in such an economy. There is, of course, a fourth question, which I shall not examine here, about the balance between present and future generations. This involves balancing the production of consumption and investment goods (Kalecki's work remains unsurpassed as an analysis of this question with regard to socialist economies; see Osiatynski 1988).

It can be seen that market co-ordination and bureaucratic co-ordination divide sharply in their solutions to the three issues outlined above. Market co-ordination has a clear answer to the first

question: discipline will be exerted on producers by the coercive powers of the market and the threat of bankruptcy and unemployment. However, it cannot solve the second question and does not attempt to achieve equity amongst consumers. With regard to the third issue it is the consumers' interests that are paramount; any increase in the resources of society will go to increasing the supply of goods, not easing conditions of work. Bureaucratic co-ordination presents a polar opposite to the market. As Kornai shows, it cannot answer the first question. It is unable to exert a convincing discipline over producers. It does, however, attempt to solve the second problem, allocating at least the most important consumer goods and services according to a conception of equity and fairness, if imperfectly. With regard to the third issue, in bureaucratic co-ordination it is the interests of producers which are paramount. The resources of society tend to be absorbed by the producers rather than going to increase the supply of consumer goods and services, hence shortage.

Clearly, neither bureaucratic or market co-ordination satisfactorily solves the conflicts over resource allocation. The justification for a socialist system must be that it can solve such conflicts, if not perfectly, at least better than its rivals. In other words, socialists must show how a socialist economy can achieve efficiency in production without the discipline of unemployment or bankruptcy, and how it can achieve equity in consumption without bureaucratic allocation and control. They also have to show how a socialist economy would balance the competing claims of producers and consumers. In doing so they may well find the analytical structure provided by Kornai of value, and by using it may be able to subvert his more pessimistic conclusions.

Conclusion.

Kornai's analysis generates a number of paradoxes. He has been heavily praised by neo-classical writers and by some on the left, but his work is counterposed to both socialist and neo-classical analysis. He traces the roots of the shortage economy under socialism back to bureaucratic control, but in many ways a more interesting strand in his work is that which sees bureaucracy and shortage as jointly

stemming from more fundamental factors. His purpose is to show the socialist system to be outmoded, but he provides concepts and a framework which could be used by socialists to contribute towards the rejuvenation of theories of a socialist economy.

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Review

Stalin's Letters to Molotov 1925-1936, edited by Lars T. Lih, Oleg V. Khlevniuk and Oleg V. Naumov, Yale University Press 1995, £16.95.

In 1969, Molotov turned these letters over to the Central Party Archive. In 1995 a volume of 86 letters written by Stalin to Molotov was published in Russian and in English. Although the letters do not alter fundamentally our image on Stalin, his 86 letters written to the second most important person of the Soviet leadership are inevitably matters of special historical interest. Most of the letters were written between 1925 and 1931, but there are some from the period 1931 to 1936.

The letters help historians to get rid of what is still a "fashionable" interpretation of the Stalin phenomenon in Russia and Eastern Europe. During the past few years the old, conservative cold war tradition has been rehabilitated and the "diabolic" Stalin has been resurrected. This interpretation squeezes the historical problem into the categories of psychology and personal viciousness. The letters justify those historians who have stressed the importance of the causes of these characteristic features and decisions. The editors are right when they acknowledge the importance of the social and economical environment. But these letters are even more important from two other points of view.

1. They clearly demonstrate that Stalin never had any plans or "conspiratorial" concept about Soviet development. Even the "great breakthrough" of 1929-33 lacked any premeditated plan. The decisive event in the preparation of his political turn was Stalin's trip to Siberia in January 1928. The basic consideration to which he always adjusted his actions was the military and political security of the Soviet Union as he understood it.

2. In the mid-1920s he was a cautious economist and politician. In several letters he warns Molotov about the plan for the hydroelectric station on the river Dnieper - which was supervised by Trotsky - because of financial difficulties. On 20 July 1925 Stalin wrote the following to Molotov about the construction of the hydroelectric

station on the Dnieper: "Only the other day we rejected the plan for the petroleum factory in the Transcaucasus, although it is more realistic at present and a fourth of the cost. Why is there such haste with Dneprostoi? We need, in the first place, new equipment for our worn-out factories and plants. Has that need really been satisfied? We need, furthermore, to expand our agricultural machinery factories, because we are still forced to purchase abroad the most elementary agricultural tools for tens of millions of roubles. We need, then, to build at least one tractor manufacturing plant, a new and large factory, because without one or more such factories, we cannot develop further.... How can we, who suffer from a shortage of capital, forget all that? I think, that aside from all sorts of dangers, we face another serious danger - the danger of squandering some of the kopecks we have managed to accumulate, of spending them for nothing, thoughtlessly..." His "sobriety" is obvious in other letters. There is not a single word about collectivisation, revolutionary transformation or "the primitive socialist accumulation of capital".

On the other hand, in this period Stalin was very busy stabilising his own power. It is well known that personal motives and motives of power always played an important role in Stalin's decisions and this is very visible in the letters. He does not support any extreme ideas or solutions; as the letters show, he took the NEP very seriously. It was not the case that Stalin hid his anti-NEP intentions for a while, and that he had had a secret plan in his mind which he carried out later. In the mid-1920s there is also nothing to show that he wanted to kill his personal and political opponents. But it becomes obvious that from the end of 1923, when the Left Opposition appeared, and then from 1925, when the New or Leningrad Opposition was formed, that he tried to destroy them politically and from an administrative organisational point of view.

Stalin could only imagine the Soviet Union as a world power and he considered this to be a political condition for the survival of the country. But he also knew that the USSR could only be second behind the USA. He didn't have world power plans for Russia, an impossibility anyway for economic reasons. In his private letters, Stalin supposed that the Western bourgeoisie was organising a plot against the Soviet Union. At the same time he wished to develop

"rational" economic co-operation between the West and the Soviet Union. He started out from the realities of the traditional international structure of the division of labour. He could see that his country was economically much weaker than the developed capitalist world.

Stalin could always separate ideological considerations from geo-political and economic realities. He wrote to Molotov in 1932: "The United States - this a complicated matter. Insofar as they want to use flattery to drag us into a war with Japan, we can tell them to go to hell. Insofar as the oil industrialists of the United States have agreed to give us a loan of 100 million roubles without requiring from us any political compensation, we would be foolish not to take their money... We need the hard currency." (p.229) Stalin wanted the Soviet Union to be treated by the great powers as a partner with equal right and in order to achieve this he was willing to make sacrifices. He was always on the defensive.

There exists no document to show that either Stalin or the Soviet leadership ever wanted to wage war against any of the capitalist powers. Stalin was a man of reality in the field of diplomacy and he understood the role of power relations in history. But - I would like to underline this - he laid great stress on being considered equal. This breaks through the personal correspondence as well. In a rugged style, referring to Molotov's speech on 23 January 1933, he wrote: "Viacheslav! Today I read the section on international affairs. It came out well. The confident, contemptuous tone with respect to the 'great' powers, the belief in our own strength, the delicate but plain spitting in the pot of the swaggering 'great powers' - very good. Let them eat it." (p. 232). But after the Munich treaty this consideration had to be forgotten. Stalin thought it to be a matter of life and death that the first victim of fascist Germany among the great powers should not be the Soviet Union. He made even freer use of the means of traditional diplomacy. If we forget his compulsorily repeated, almost ritual pronouncements on the world revolution, it becomes obvious that Stalin basically followed a defensive strategy in the second half of the 1930s.

In the 1920s and 1930s his ideas and actions were influenced by the threat of the forthcoming war. His letter on 1 September 1930 informs Molotov that the neighbouring small countries' anti-Soviet

treaty was a real military danger and that they had to face the danger a war against the Soviet Union: "The Poles are certain to be putting together (if they have not already done so) a bloc of Baltic states (Estonia, Latvia, Finland) in anticipation of a war against the USSR. I think they won't go to war with the USSR until they have created this bloc. This means that they will go to war as soon as they have secured the bloc (they'll find an excuse)."

As far as his fight against the internal opposition is concerned, the book has several interesting documents. In 1925 Max Eastman, an American journalist published a booklet entitled *After Lenin's Death*. Eastman quoted passages from Lenin's "Letter to the Congress". Under pressure from Stalin, the Politburo obliged Trotsky and Lenin's wife, Krupskaya, to separate themselves from the book and the information concerning Lenin's wish to replace Stalin as general secretary of the party. They argued that the suspicion should be avoided that the party leader wanted to hide "Lenin's testament" from the workers. On the other hand Stalin intended to resolve the situation by discrediting Trotsky. And, of course, the world should never learn that, before his death, Lenin really had wanted to dismiss Stalin.

His political style is well demonstrated in connection with this affair. He wrote Molotov from on 1 August 1925: "I do not agree with the seven [Stalin's supporters in the Politburo] regarding the publication of only Trotsky's article in its final version. First, Krupskaya's article must be published as well. Second, it is quite possible to publish some documents (including my memo on Eastman's book) after Trotsky's article is published, in order to prove that Trotsky wrote the article only under pressure from the Russian Communist Party (otherwise Trotsky might appear as the saviour of the party's prestige)." (p.91)

Stalin liquidated the United Opposition. In his letter to Molotov on 15 June 1926 we can see how he and the apparatus worked in this field: "If Trotsky tells Bukharin that he soon hopes to have a majority in the party, that means he hopes to intimidate and blackmail Bukharin. How little he knows and how much he underestimates Bukharin! But I think pretty soon the party will punch the smugs of Trotsky and Grisha along with Kamenev and turn them into isolated splitters, like Shlyapnikov." (p.114)

The nationalisation of the economy was a later step. This was to happen in December 1927, at the 15th Party Congress. In January 1928 the leaders of the opposition were in exile and helplessly writing letters to each other about the possible alternatives to "the Stalinist Bukharinist restoration of capitalism". Stalin opened this "change of regime" with a very sudden, unexpected turn - he had always been the master of these special effects. The objective basis of the "shock-therapy" was the impoverishment of the peasantry. He played the role of the saviour of the Soviet Union and the poor. After the "great turn" he became the symbol of the Soviet Union.

1929-1930 was also a turning point in the spread of the terror. The process was as follows: If there were a problem, for instance the continuous lack of coins, one had to identify the person who was responsible for this "policy" in a certain institution. Then it had to be "revealed" who supported the "sin" and the "sinners" in the party and in the higher ranks. If they dared to do this harm there must be someone standing behind them. In a letter to Molotov at the beginning of August 1930 Stalin unmasked those who were responsible for this case. One of the sinners, Kondratiev, the famous economist, had joined the same platform as the Bukharin group. "Now it's obvious even to the blind that Yurovskii directed Finance's measures (and not Briukhanov) and that wrecker elements from the Gosbank bureaucracy (and not Pyatakov) directed the Gosbank 'policy', as inspired by the 'government' of Kondratiev-Groman. It is thus important to (a) fundamentally purge the Finance and Gosbank bureaucracy, despite the wails of dubious Communists like Briukhanov-Pyatakov; (b) definitely shoot two or three dozen wreckers from these apparaty, including several dozen common cashiers; (c) continue OGPU operations throughout the USSR that are aimed at seizing small change (silver)... I think that the investigation into the Kondratiev-Groman affair must be continued - very thoroughly and without haste... I don't doubt that a direct connection will be discovered (through Sokolnikov and Teodorovich) between these gentlemen and the rightists (Bukharin, Rykov, Tomsky). Kondratiev, Groman, and a few other scoundrels must definitely be shot." (p.200) In September 1930 Stalin wrote about Bukharin: "It is quite clear that he would feel better in a Sukhanov-Kondratiev party, where he would be on the 'extreme left',

than in the Communist Party, where he can only be a rotten defeatist and a pathetic opportunist." (p. 216) Although there was no party whatever being organised, it could be imagined. Who met in private circles, who could be ideologically linked with each other? And Stalin had a vivid imagination: he was sure about the personal contacts between Kamenev and Bukharin in exile.

Terror and the psychosis of fear was one element of Soviet society; another was the pride of the millions of people who raised the level of social welfare, repressed crime, prostitution, luxury, and so on. The mafia-type capitalism of the present day and its consequences make the average woman and man feel real nostalgia to "the good old days" Their Stalin-nostalgia grows stronger because, although they remember the order and the bureaucratic egalitarianism, they forget the terror. But the historian's task can only be to discover the documents and facts objectively. ■

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Apology

In our previous issue, no. 52, the footnotes were accidentally dropped from the article by Marko Bojcun, "Ukraine Under the Kuchma Presidency". Anyone wishing to have the full version of the article may write to Marko Bojcun, University of North London, Ladbroke House, 62-66 Highbury Grove, London N5 2AD.