

Crisis and Renewal in the Socialist Homeland

Two interrelated processes appear to be at work today in Eastern Europe, the Soviet Union, and China. The first is political, the other economic. Together they have plunged the socialist homeland into a deep crisis which threatens to nullify their socialist characteristics, and cast doubt on the viability of socialism as an alternative to capitalism.

On the political front, the total control and supervision of the State by the communist party has been decisively challenged by citizens movements demanding greater freedoms previously associated only with bourgeois democracies. Freedom of the press, right to free association, right to travel and to change residence, freedom of speech and expression, etc., have become the bywords of the democracy movement in these places. The first casualty in the struggle is often the very existence of the communist party, and not just its political dominance.

Also threatened are the socialist State's control of the economy, and the wisdom of centralized planning itself. Here, the pressure for change has resulted from the stagnation of the State-run economy, and the restiveness of the population who have had enough of chronic long queues for scarce consumption goods. Centralized planning, together with all the rigidities associated with it, has produced a phlegmatic economy. Excessive bureaucratization of the production system has encouraged

the manipulation of the quota system, and provided fertile breeding ground for graft and corruption. Under a commandist system, economic rationality and efficiency have been sacrificed at the altar of party prerogatives.

When Mikhail Gorbachev came to power in the Soviet Union, he attempted to defuse the incipient crisis by introducing *glasnost* (openness) as a new political attitude, and *perestroika* (restructuring) as a solution to the persistent problems of stagnation and underproduction. *Glasnost* was meant to accommodate dissenting voices, while *perestroika* was intended to inject life into the ossified structures created by over-centralized State planning.

The need to free certain areas of the economy from central State regulation had been recognized in China much earlier. Its open-door policy enabled foreign multinational companies to gain access to both its labor force, and, to a limited extent, its market. The introduction of *special economic zones*, the encouragement of *individual enterprise* in certain economic spheres, as well as the aggressive promotion of tourism as a source of foreign currency, were key elements in the modernization of the Chinese economy over the last decade.

Innovations in the economic sphere were not, however, accompanied by any loosening of the political system. The grip on the State by the Communist Party remained tight. And while liberal ideas

from the West entered Chinese society via tourism and the program of sending Chinese students to universities abroad, the State remained staunchly authoritarian and repressive.

While changes were being slowly introduced in China and the Soviet Union, the situation in Eastern Europe was deceptively quiet. Timidity, rather than inventiveness, characterized the political style of the communist leaderships in these countries. In the main, they embraced their role as political appendages of the Party in the Soviet Union.

But outside the Party and State circuit, there was already audible grumbling from below. Poland was first to make this discontent heard. Under the leadership of Solidarity, Polish workers openly defied the leadership of the communist party, firmly challenging the latter's claims to represent the Polish working class. Citizens movements had also begun to form in the rest of Eastern Europe, impelled basically by the crisis that was destroying the State-run economy, and eroding the credibility and legitimacy of the Party leadership.

Dissident voices, however, were kept in check by fear: fear of the secret police and of the Soviet tanks that were known historically to intervene in Eastern Europe whenever the local communist leaderships were under siege. Overcoming this fear became possible when Gorbachev declared that the Soviet Union shall never again interfere in the political affairs of its Eastern European allies. From Poland to East Germany to Romania, he had seen the growing resentment of ordinary people against the privileged State and Party autocrats who maintained a firm grip on all aspects of everyday existence in the name of socialism.

Gorbachev's pronouncements were vital to the legitimation and expansion of the peoples' movements. They opened the possibility for critics to attack the inefficiency of the State bureaucracy and the corruption and tyranny within the Party, while professing loyalty to the ideological framework of socialism. The enemy was declared to be Stalinism, a set of practices

and institutions which developed and acquired some rationale within the context of economic underdevelopment and a hostile global environment, but which has since become anachronistic.

The encouragement from the Soviet side, though essentially more passive than active, was enough to release a torrent of frustrations which had become sharper and more powerful through the years primarily because of the influence of global electronic media. East German citizens openly mocked their State-run television station, buying themselves special antennae that allowed them to tune in on the far more attractive and superior programs shown on West German TV channels. In the process, they became spectators to, and later participants in, a global democratic movement that challenged and swept dictatorial regimes out of power by sheer demonstration of the people's will on the streets and plazas.

They saw ordinary people from Manila to Beijing, from Pakistan to Chile, pour their hearts out before TV cameras. In an instant, these struggles became their own. Truly, the world has never been smaller.

Even the US was caught flat-footed by these rapid developments. America continued to read world events from the outdated perspective of a bipolar world -- a world permanently divided by superpower rivalry. Accordingly, it made feeble attempts to undermine Soviet influence in Poland by promising aid to the latter in exchange for a firm commitment to encourage the growth of the private sector. It was farthest from its expectations that the more powerful momentum for change would be generated from the very center of the Soviet Union itself, and under the leadership of a man it had earlier dismissed as just another Party bureaucrat.

Perhaps it is just as well that the United States could hardly claim any credit for the changes now sweeping Eastern Europe. For, while the US media attempt to portray these changes as testimony to the triumph of capitalism, it is quite clear that the impulse for renewal comes from the socialist community itself.

It is important to bear this in mind as American, West European, and Japanese investors start to assess the prospects of penetrating key sectors of the Eastern bloc economies. The pressure is towards the large-scale privatization of State-run enterprises. These potential foreign investors know that there are no domestic private entrepreneurs in these countries who have enough capital to take over State companies. Therefore, privatization can only mean transnationalization.

Today, almost everybody concedes the inevitability of the spread of individual enterprises and private ownership of the means of production in many areas of the economy. Privately-run and owned small and medium-sized enterprises have become, in the words of Czech Marxist Peter Uhl, "almost a technical necessity". But the privatization of giant State enterprises is a totally different matter. Even the most democratically-inclined workers are asking whether the only alternative to State control is foreign control and ownership. This is uppermost in the minds of workers who jealously guard their gains in terms of improved working conditions and living standards. They expect their situation to become better, not worse. And it is difficult to imagine how they could effectively safeguard their interest when the big enterprises become privatized under foreign hands.

The debate has often been represented as a choice between private ownership and social ownership, between private enterprise and State enterprise, or between the market and central planning. Perhaps these are simplistic choices. Even before the collapse of Stalinist regimes in Eastern Europe, there has been a growing acceptance of the necessity of allowing the market to expand, and of encouraging family initiatives and medium-scale private enterprises. The question is whether the ideals of free choice and consumer power must be won at the expense of social equity.

It would be suicidal for the working classes of Eastern Europe if, in the name of democracy, they should allow market demands to completely dictate production and distribution. The superiority of socialism over capitalism has always been premised on its recognition of the primacy of human needs over purchasing power. The moment there is capitulation on this, then we can truly say that capitalism has, indeed, triumphed.

The challenge to socialists in these societies that are breaking free from the Stalinist mold is clearly to evolve models of workers self-management suitable for the big State-run enterprises, if they wish to arrest the decline of the democracy movement into a capitalist venture.