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**MIZANUR RAHMAN KHAN**



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## **BISS PAPERS**

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### **CHANGING FACES OF SOCIALISM**

**Mizanur Rahman Khan**

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## INTRODUCTION

The dialectics of nature which, according to Greek philosopher Heraclitus, is that "all things change" also applies to human society. Since antiquity, man's constant quest for change and improvement of the conditions of his existence has, in fact, been the driving force behind the forward movement of human civilization. Over centuries, the evolution of different social systems was the result of this quest. In human society of any kind, however, the nature, scope and directions of this change cannot always be comprehended in advance, particularly over a long span of time. This is because the developments in human societies do not always move in a set trajectory. But socialism as a politico-economic system, based on Marxism, so far claimed to have correctly comprehended the laws of development and accordingly set the programme for reaching the ultimate destiny of mankind. In this context, the changes that are taking place today in the communist world certainly evoke great curiosity and bewilderment among observers and social scientists all over.

Historically, human society began with the primitive communes where resources at their disposal were equitably shared among all members of the community. But the gradual advent of class societies based on private ownership of the means of production and its corollary of power brought along deprivations among sections of the community. Idealists then began to regard private property as the source of all social evils. The dissatisfaction of Plato with the then city-states of Greece was reflected in his *Republic* with 'community of property.' The Christian movement with its ideal of brotherhood and communal life was regarded by many as essentially communistic.



The political philosophy of early thinkers, such as, Sir Thomas More (*Utopia*, 1516), Tommaso Campanella (*City of the Sun*, 1602), Saint Simon, Fourier and Robert Owen, the experiments of the Anabaptist sects in Central Europe and the social critiques of Rousseau, Locke, Babeuf and others—all these were aimed, in their own ways, at achieving a social order based on justice, equality and communal life.

However, the basic principles of modern socialism, such as, the social ownership of the means of production, egalitarianism, collectivism as opposed to individualism etc. had originated in the early 19th century in Europe as a reaction against the baneful effects of the Industrial Revolution. During the middle of the century, the ideas of Marx and Engels with their fundamental precepts of dialectical and historical materialism changed the whole socialist perspective. In place of an alleged 'utopian' socialism that existed till then, Marxism claimed to have offered a 'scientific' socialism. This was intended both as the ideology and action-guide of a hoped-for social system that would ultimately lead to the final destiny of mankind.

Since then, Marxism with its militant appeal did have an impact on human society, unparalleled to any contemporary ideology. With the Russian Bolsheviks in power in 1917, communism threatened to take the 20th century by storm. During the last several decades, more than a dozen Marxist-Leninist regimes came to power in Europe, Asia, Africa and Latin America by widely divergent methods and in most cases, socialism was implanted on occupied soil by external forces. Once installed in power, these regimes faced problems and tasks that differed from each other because of the great diversity in culture, economic development, political tradition and social structure of the countries concerned. Naturally, from the beginning great fissures in their approach to socialism-building could be observed, shaking at times the ideological unity of the communist camp. What, therefore, we see is an array of varied paradigms of socialism, each one claiming to be follower of Marxism.

Today, after about three quarter of a century of practice, socialism seems to be disowning the past and beginning afresh. China under Deng Xiaoping began straying course off their great leader Mao a decade ago. East bloc socialist countries, that remained 'captive' of socialist internationalism since WWII, have attempted time and again to shake off the 'prescribed' formulae of socialism-building. Finally came Mikhail Gorbachev in leadership of a country that regarded itself since 1917 as the citadel of world communist movement. Having reached the stage of 'developed socialism' by the mid-1970s under Brezhnev, the party Programme was set to have the pioneer ride into communism. But Gorbachev, with his policy of *glasnost* and *perestroika* at home and recognition of 'variety of ways' of socialist development abroad, seems to have turned upside down the 'charted' course toward communism. With a painful recognition of what it did for the past seven decades in socialism-building as mostly mistakes, the Soviet communist party (CPSU)-the once avant-garde of the world proletariat, is finally exposed to intense infighting. The current leader with his set of reforms seems intent on curving a new way for the party and the country.

How would one characterize the changes that have been taking place in the socialist world viz-a-viz the ideological frame of Marxism ? Are they substantive deviations from or revisions of the communist ideology, or just tactical adjustments for the consolidation of socialism in the changing circumstances ? What are the compulsions behind the recent moves in socialist construction ? What are the scope, limits and likely directions of this change ? These and other related issues seem to be really bothering the minds of social scientists. The present paper is an attempt at looking into some of these queries.

The scope of the Study would cover countries of the communist system in general with emphasis given on specific countries like Soviet Union, China, Poland and Hungary, where major reforms have been initiated. The method of analysis would be comparative,



with a historical approach. The first part of the Study briefly reviews the varied paradigms of socialism from theoretical perspective. The second part attempts to probe into the ways of practice of socialism in different countries till the late 1970s and in the process, brings out its different faces. The third section reviews and assesses the nature and compulsions behind the recent changes that have been occurring in the communist countries. The final part makes some preliminary remarks on the likely future of the reform programmes and of socialism itself.

#### SOCIALISM—VARIED PARADIGMS AND THEORETICAL CONSTRUCTS

Although the term 'socialism' is said to begin in obscurity, Englishmen claimed the honour of its coinage. The word "socialist" appeared in the *London Cooperative Magazine* in 1826 and several years later, the followers of Robert Owen began describing themselves as socialists.<sup>1</sup> The first article on "socialism" as an idea as opposed to "individualism", written by Pierre Leroux, appeared in 1835 in the *Encyclopédia nouvelle*, edited by Leroux and Reynand.<sup>2</sup> By 1940 the word "socialism" began to be commonly used throughout Europe to connote the idea of social ownership and control of the means of production which should be administered in the interest of all.

It was, however, the two German philosophers—Karl Marx and Fredrich Engels who through their writings from the mid-1840s added militant propellants to the doctrine of socialism. The social investigation by them began at a time when the conservative forces of the Holy Alliance were attempting to eradicate from post-Napoleonic Europe all traces of the bourgeois revolution. Naturally their theories had been both a reaction to those developments as well as a blueprint for future society. Marx and Engels borrowed and modified the then current concepts of materialism, the

1. *International Encyclopedia of the Social Sciences*, Vol. 13-14 p. 506.

2. *Ibid.*

Hegelian view of historic evolution as a dialectical process moving from thesis through antithesis to synthesis, Feurbach's anthropological naturalism, the critique of capitalism of the "utopian" socialists, British empiricism, classical economics of Smith and Ricardo and the tactics of Blanqui. The synthesis of Marx and Engels consisted in formulating these ideas into a *general* theory of historical evolution and a *specific* theory of capitalist development. According to this general theory, all history of mankind is a history of class struggle between the oppressor and the oppressed. The Marxian specific theory postulates that capitalism, based on the exploitation of the 'living labour' (the worker) by the 'dead labour, (capital) through the appropriation of surplus value (the difference between the value produced by the worker and the value that he receives as wages) is doomed by its own inner contradictions.

From another perspective, Marxism can be divided into two parts: the ideas about making proletarian revolution and the ideas of building a future communist society. According to Marx, proletarian revolution is inevitable. Under capitalism, there would be increasing concentration of capital in fewer hands as against the increasing 'socialization' of labour process. The climactic reach of this antagonistic contradiction would result in violent conflict and revolution for establishing a communist society. To quote the celebrated statement of Marx:<sup>3</sup>

In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material process of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation, on which rise legal and political structures and to which correspond definite forms of social consciousness. The mode of production in material life

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3. Karl Marx, *A Contribution to the Critique of Political Science* [1859], (Chicago : Kerr, 1913), pp. 12-13.



determines the general character of the social, political and spiritual processes of life. It is not the consciousness of men that determines their existence, but on the contrary, their social existence determines their consciousness. In broad outlines we can designate the Asiatic, the ancient, the feudal, and modern bourgeois methods of production as so many epochs in the progress of the economic formation of society. The bourgeois relations of production are the last antagonistic form of the social process of production; at the same time the production forces developing in the womb of bourgeois society create the material conditions for the solution of that antagonism. This social formation constitutes, therefore, the closing chapter of the prehistoric stage of human society.

However, Marx had never been specific about the road to power by the proletariat, nor he advocated one single course to follow for revolution. For example, in the concluding paragraph of *The Communist Manifesto* (1848), Marx and Engels declared, "They (the communists) openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions". Again in 1872 Marx cited both England and the US as "countries in which workers may hope to secure their ends by peaceful means".<sup>4</sup> In the "Introduction" to Marx's *The Class Struggle in France 1848-50*, Engels while defending still the revolutionary tactics, stressed that they must be different from earlier practices. He said, "The time is past for a revolutionary surprise attack carried out by small conscious minorities at the head of the uncomprehending masses".<sup>5</sup> Again, the famous base-superstructure dichotomy of Marx in which the sphere of politics was given a derivative status, Engels in his later years admitted the possibility that superstructure could affect the economic infrastructure and thus, opposed an overemphasis upon the regularity of historical events.<sup>6</sup> These modifications of

4. *Encyclopedia Americana*, Vol. 7, p. 439.

5. *International Encyclopedia of the Social Sciences*, Vol. 9-10, pp. 67-68.

6. *Ibid*, p. 67.

Marx's ideas by Engels had considerable impact upon the ideological developments in later years.

Once the inevitable proletarian revolution would occur simultaneously in the advanced industrial countries, as Marx predicted on the basis of his theoretical analysis, Marxism postulated the construction of a communist society. However, Marxism as an ideology was, perhaps, more preoccupied with issues like capitalist production and accumulation, class struggle etc. over those related to the state, organizational forms and political strategy of the future communist society. In his *Critique of the Gotha Programme*, adopted by the German Social Democratic Party (SDP) in 1875, Marx first used the phrase "revolutionary dictatorship of the proletariat". Marx and Engels viewed the state as a temporary phenomenon which would 'wither away' once the proletariat consolidates its power over the bourgeoisie. Marx stated, "In order to break down the resistance of the bourgeoisie, the workers invest the state with a revolutionary and temporary form."<sup>7</sup> According to Engels, "The machine of the state is put into the museum of antiquities, alongside of the spinning wheel and the bronze-axe."<sup>8</sup> In fact, Marxism equated dictatorship of the proletariat with genuine democracy. However, after 1917 this phrase of Marx provoked far more debate between the socialists and communists than any of Marx's expression.

As for socio-economic organization of the future society was concerned, classical Marxism provides scanty tools. Marx and Engels used the term 'communism' to distinguish their programme from socialism, which in the mid-19th century meant economic and social reforms.<sup>9</sup> Later, they viewed socialism as a transitional phase towards communism, the undefined realm of man's ultimate freedom.<sup>10</sup> However, for reaching communism, Marx did not fix up

7. V. D. Mahajan, *Recent Political Thought*, 6th ed. (New Delhi: S. Chand & CO. Pvt. Ltd, 1975), p. 357.

8. *Ibid.*

9. *Encyclopedia Americana*, op. cit, p. 436.

10. K. Marx and F. Engels, *Critique of the Gotha Programme* (written by Marx in 1875 and first published with notes by Engels in 1891).



any time frame. In *The Communist Manifesto* (second chapter), Marx and Engels in simple terms outlined the task of the proletarian regime in the socio-economic field—socialization of land and other properties, a system of progressive income tax, free education for all children etc. Later, Kautsky of the German SDP who drafted the *Erfurt Programme* in 1891 under direct supervision of Engels stated : “Few things are ..... more childish than to demand of the socialist that he draw a picture of the commonwealth which he strives for..... Never yet in the history of mankind has it happened that a revolutionary party was able to foresee, let alone determine, the forms of the new social order which it strove to usher in.”<sup>11</sup>

The above ideas of Marx and Engels with their humanistic and militant appeal soon became the formal ideology of the European labour movement in the latter part of the 19th century. But the merger of Marxist ideology as a guide to thought and action with the labour movement brought in its wake sharp controversies about the former's practical applicability. Also, differences began to surface among the Labour and Social Democratic parties, formed at the close of the 19th century in most European countries, about the strategies to be followed by the labour movement.<sup>12</sup> This was because, on the one hand, the works of Marx and Engels were unfinished in many details and on the other, the socio-political changes that had been occurring at the close of the century. After the death of Marx (1883) and Engels (1895), different socialists took up the task of examining Marxism in light of the new developments. In such a scenario, various schools of socialism came up, of which the following were the main,<sup>13</sup> till the Bolshevik revolution of 1917.

11. Karl Kautsky, *The Class Struggle* ( Erfurt Programme, 1892 ) (Chicago : Kerr : 1910 ), pp. 122-123.
12. See for details *International Encyclopedia of the Social Sciences*, Vol. 13-14, pp. 506-532.
13. *Encyclopedia Americana*, Vols. 7&25; *International Encyclopedia of the Social Sciences*, Vols. 5-6, 9-10 & 13-14. Also see Carl Boggs, *The Impasse of European Communism* (Colorado : Westview Press Boulder, 1982), pp. 5-15.

(1) During the 1890s a trend called socialist anarchism, a fusion of contemporary socialist theories including the Marxist concept of 'withering away' of state, merged with the trade union movement and inspired the doctrine of syndicalism or unionism. As shaped by French labour leaders, syndicalism called for direct action through a general strike for abolition of private property and the state and management of local industries and coordination of economy would be taken over by the trade unions (Syndicat) and a federation of 'labour exchanges'.<sup>14</sup> In short, syndicalism was an antiparlamentarian, antireformist trend rooted in Proudhon anarchist antipolitical and antiauthoritarian tradition. Syndicalism found a sympathetic following in 'Latin' countries, such as, France, Spain, Italy and Latin America. Guild socialism, as the English version of syndicalism, grew during the early 20th century in England. Introduced by Penty and Orage and developed by Hobson and Cole, it stressed the functional aspect of trade union movement with acceptance of decentralization and workers self-management of industries. But contrary to its French counterpart, guild socialism advocated a parliamentary system of government that reflected the British liberal traditions. This trend, however, could not make much headway.

(2) The 'orthodox' or 'centrist' trend of Marxism was propagated by Karl Kautsky of German SDP.<sup>15</sup> After the death of Engels, Kautsky took up his mantle as the leading Marxist theoretician and posited that with the gradual expansion of proletarian political organization under capitalism, the bourgeois state could be used for achieving antibourgeois ends not through violent means, but through peaceful, parliamentary means. Kautsky always argued for a merger of socialism and parliamentary democracy based on adult suffrage and opposed all types of nonparliamentary activity. The economy was seen as the locus of sharpening contradictions produced by objective forces that would ultimately lead to a break with the

14. *Encyclopedia Americana*, Vol. 25, p. 159.

15. Carl Boggs, *op. cit.*, pp. 5-6.



outmoded structure of capitalist production. But the then developing political system was viewed by Kautsky as a more or less durable form that would persist through all stages of socialist transformation. However, Kautsky seemed to remain vague as to how and through what mechanisms the break was expected to happen.<sup>16</sup> In lectures delivered at the end of the 19th century (published in 1902 as *The Social Revolution*) Kautsky advocated the need for nationalization of industries and a centralized apparatus for administration of the socialist regime.<sup>17</sup>

(3) Bernstein, editor of the German SDP Journal, proceeded along the line of revisionism and reformism. Marxists of this school operating upon the positive developments under capitalism, such as, universal adult franchise, mass political parties, increasing standard of living of the masses and social welfare measures, which were unforeseen by Marx and Engels, sought to align Marxism with the new realities and social democratic aims. While Bernstein shared Kautsky's commitment to parliamentarism, he sharply differed with Marx, Engels, Kautsky and others in the assumption that capitalism is doomed by its own inner contradictions. On the contrary, he viewed developments under capitalism as positive—an expanded public sphere, electoral politics, a growing trade union movement and rising standard of living—all these enabling capitalism to contain the so-called crises and class conflicts.<sup>18</sup> Therefore, Bernstein insisted that the SDP should recognize these new changes in the industrial society and concern itself with socio-economic reforms for peaceful transition to socialism through parliamentary means, rather than through proletarian revolution.

The similar position was taken by Ferdinand Lassale who first established the German Workers Party in 1864. It may be mentioned

16. *Ibid*, pp. 6-7.

17. Karl Kautsky, *The Social Revolution* [1902] (Chicago : Kerr, 1919 ), pp. 115-116.

18. Carl Boggs, *op. cit*, p. 7.



that Germany was a country more conservative than England or France and the socialists hoped to gain reforms through cooperation with the government, rather than with liberals.<sup>19</sup> In the meantime, the Fabian Society founded in 1884 in England, set out to promote socialism through gradual democratic reforms, in line with British liberal traditions.

(4) Lenin and the Bolsheviks of Tsarist Russia advocated an insurrectionary approach to seizing power, basing on Russian political experience where no democratic traditions took roots that forced the left-wing parties towards underground operations. In his book *Imperialism, the Highest Stage of Capitalism* (1916), Lenin maintained that although capitalism reached the stage of imperialism (export of capital to overseas colonies), the basic Marxist assumption of capitalist inner contradictions remained and therefore, he advocated the 'inevitablism' of the fall of capitalism. In contrast with Marx, Lenin argued that a highly industrialized country is not necessarily the birth place of proletarian revolution and that the latter should rather begin with the weakest links of the imperialist front. For this, he elaborated the Marxist theory of dictatorship of the proletariat, equating it with genuine democracy as against all forms of bourgeois democracy, which he regarded as illusory and deceptive. For leading such a revolution Lenin in his *What is to be done?* (1902) advocated a vanguard proletarian party, directed by a group of professional revolutionaries who would function as the general staff of the revolution. It was assumed that revolution-making should be subject of rational management (bureaucracy) without which the proletariat 'spontaneously' by itself would not be able to attain class consciousness. Leninist Marxism, thus, focussed on manipulating the masses through party leaders, although Lenin argued for direct democracy through 'Soviets' in his *State and Revolution* (1917).

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19. *International Encyclopedia of the Social Sciences*, Vol. 13-14, p. 512.



(5) The last trend that evolved out of Marxist debates was represented by the German-Dutch radical left, in persons like Rosa Luxemburg, Anton Pannekoek, Hermann Gorter and others.<sup>20</sup> This group, a small nucleus of radicals, challenged the narrow parliamentarism of Kautsky and Bernstein and looked to spheres of combat that would supersede conventional party and trade unionism—the mass strike, popular insurrection, factory committees and workers' councils etc.<sup>21</sup> While Rosa Luxemburg in her *The Accumulation of Capital* (1913) shared Lenin's views about developments under capitalism, about bourgeois democracy and the need to overthrow it, she differed fundamentally over the essence of the new state and the methods of achieving it. This radical faction saw the roots of reformism in the bureaucratization of the workers' movement which stifled revolutionary class consciousness through the growth of elitism. Therefore, instead of a vanguard party, this group insisted on 'self-administration' of the masses, rather than Lenin's conception of party-guided revolution. It was viewed that with growing education of the working class, a revolutionary spontaneity would develop among them during a crisis, such as, the 1905 Russian mass insurrection. This group opposed party hierarchy and professional leadership out of a fear of its leading to a dictatorship by the leaders.<sup>22</sup>

While Luxemburg rejected the twin extremes of parliamentarism and vanguardism for socialist revolution, she could not develop any coherent alternative of non-bureaucratic forms of economic and political control. The council communists led by Pannekoek elaborated the elements of a democratic socialist strategy. Not content with diffuse spontaneism of the mass-strike scenario, they looked to local forms of democracy, such as, soviets and workers' councils, that appeared in Russia in 1905 and later grew into political movements

20. Carl Boggs, *op. cit.*, p. 10.

21. *Ibid.*

22. *International Encyclopedia of the Social Sciences*, Vol. 13-14, p. 517.



in Italy, Germany, the Netherlands and elsewhere. This form of council democracy was viewed a better alternative than either social democracy or Leninism.<sup>23</sup>

This festering ideological debate among different factions of Marxists reached its peak during WWI and the subsequent Bolshevik revolution in Russia in 1917. Disagreements over the attitude Marxists should take toward the War and the Revolution (that took place in industrially less advanced Russia) divided them irreconcilably into Socialists and Communists, each even creating their own international federation of parties. Contrary to Marxist assumption of proletarian internationalism, it was found that most of the European socialist parties gave support to their respective governments in war efforts. Thus, nationalism as a force proved to be stronger than proletarian internationalism—sounding the death knell of the Second International. In like manner, most of the Marxist circles, including the Mensheviks (minority faction of the Russian Social Democratic Labour Party), saw in revolution of 1917 an ill-timed adventure by Russian Bolsheviks.

With such a theoretical heritage and varied interpretations of Marxism, socialism began to be practised in Russia under Lenin's leadership. Till his death in 1924, Lenin was the sole theoretical and practical guide in building of socialism. Immediately after, theoretical controversies cropped up among the communists themselves in which the whole spectrum of Marxist concepts was again discussed from divergent perspectives. Even the Bolsheviks were divided into factions, such as, Stalinites, Trotskyists and Bukharinites over tactical and strategic issues of socialism-building. With Stalin, the 'man of steel', as his pseudonym suggests, in power, the debate was tried to be forcibly closed, albeit to no avail. The WWII resulted in the expansion of socialism (Mongolia turned socialist in 1921) beyond the West European cultural bounds—into Eastern Europe and Asia and this engendered socialism's further diversification

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23. Carl Boggs, *op. cit.* p. 12.



in form and content. In the wake of socialist construction, Titoism, Maoism, Eurocommunism and the latest Dengism and Gorbachevism, among others, were and are presented to be innovative elaborations of Marxism. This would be clear once the discussion is turned on how socialism has been practised since 1917 in different parts of the world.

#### SOCIALISM IN PRACTICE—UNITY AND DIVERSITY

During the last decades, socialism has become a widely defuse term applied to a broad range of socio-economic systems of the world. Today, socialism can, perhaps, be likened to a hat that has lost its shape because everybody wears it. The systems ranging from Western democracies to communist totalitarianism to military authoritarianism are regarded as socialist. However, contemporary socialism has been grouped by some writers into three main *political* varieties (notwithstanding their sub-varieties): social democracy, Third World socialism and communism. Again, there could be two *economic* classifications of socialism—planned socialism and market socialism.<sup>24</sup>

Social democracy as the most liberal and flexible form of socialism shredded off the authoritarian precepts of Marxism with an acceptance of pluralism, both in politics and economy. This was due, on the one hand, to the deep-rooted traditions of liberal democracy and on the other, to the gradual evolution of welfare capitalism. At various times in post-World War II era, the socialists or social democrats have controlled most of the governments of Western Europe. In line with Bernstein's concept of political evolutionism through reforms, these regimes viewed that the use of parliamentary politics, an expanded public sector and government planning, a strong trade union movement, a system of progressive taxation and an elaborate programme of social welfare measures

24. Roger N. Waud, *Economics*, 2nd Ed. (New York : Harper & Row, 1983), p. 823.

would enable them to achieve a reconstituted capitalism, avoiding the extremes of bourgeois exploitation. Recent trends, however, indicate that due to unsatisfactory economic and social experiences of large-scale nationalization, the socialists are facing a declining popularity among the masses. As a result, West European socialism is coming to favour decentralization and a mixed economy. The Finance Minister of Sweden's Social Democratic Government recently acknowledged that, "the market economy's facility for change and development and therefore economic growth has done more to eliminate poverty and 'the exploitation of the working class' than any political intervention in the market's system of distribution".<sup>25</sup> Even the communist parties of Western Europe, notably the French, Italian and Spanish, took to the course of revisionism in the 1970s for devising a 'third road' other than social democracy or Soviet model for achieving socialism. This Eurocommunism made a commitment to a democratic transition to socialism through the use of political institutions of advanced Western Europe. In contrast to Kautsky, Eurocommunism rejects a scenario of sudden rupture; in contrast to Bernstein, it sustains the theory of social contradictions, but rejects Lenin's idea of insurrection.<sup>26</sup> Contrarily, this third road advocates a socialism in conformity with the conditions of late capitalism—respect for pluralism and individual freedom, freedom of expression etc. However, despite these revisionist trends, the European communist parties are gradually losing popular support.

Third World socialism, on the other hand, was based on two conceptual elements: the Leninist view of non-capitalist development as a strategy for achieving socialism by the newly-independent countries, that would bypass capitalism as a stage of socio-economic development. The national democratic forces in these countries would pursue a policy of state-sponsored industrialization and a

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25. *The Economist*, 01 April 1989, p. 46.

26. Carl Boggs, *op. cit.*, p. 18.



gradual elimination of power of the bourgeoisie and feudal lords. In this process, these countries would seek material and moral assistance from the communist countries. The other conceptual element of this variety of socialism was that it was the peasantry and not the proletariat that would be the guiding force for socialist revolutions. Although Marx viewed peasantry as an intrinsically reactionary class, because of its preoccupation with private property and he used the words "rural idiocy" many times in his writings,<sup>27</sup> the victory of the Chinese Communist Party under Mao as a peasant party in 1949 vindicated the fact that the peasantry could be organized into an active and guiding political force. Like Mao, Castro of Cuba and Ho Chi Minh of Vietnam also made their revolutionary appeal through peasantry and won.

However, the practice of socialism in Third World countries does not really tally with these theoretical postulates. Today Third World socialism refers to a variety of regimes with authoritarian rule that currently exist among developing countries. This ranges from Islamic socialism of Algeria and Libya to Baathist socialism of Iraq and Syria to Burmese socialism in Southeast Asia and African socialism of Senegal, Mozambique, Tanzania and others. Although these regimes call themselves socialist, their beliefs were rooted more in nationalism than in the tenets of traditional Marxism-Leninism or Maoism. Because of a lack of democratic traditions and a class of local entrepreneurs, mostly the authoritarian rulers of these newly-emerging nations argued for indigenous forms of socialism, as distinct from the European varieties, due to differences in economic development, social structures and cultural traditions. Socialism as the state-sponsored industrialization and one-party rule has been viewed as a quicker way to modernization and growth. However, the romantic rendezvous with socialism in the Third World tends to be a passing phase because of inefficiency and corruption, and the current trends are towards more open, privatized economy.

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27. *International Encyclopedia of the Social Sciences*, Vol. 13-14, p. 523.

Finally, communism is the most radical form of socialism, where the latter is regarded as the transitory stage to reach the former. It is characterized by a single-party rule, ideological conformity, central planning, socialization of property etc. This form of social system aims at gradual elimination of classes, abolition of the state as the machine of exploitation and realization of a world society free of exploitation, inequality and deprivation. Currently, the Soviet Union, its CMEA partners, Yugoslavia, Albania and China are regarded as communist countries, although in Marxist categories, they should be dubbed as socialist with their ultimate goal towards communism. It is this group of countries upon which follow the subsequent discussions.

The communist world currently consisting of more than a dozen countries was widely divergent in terms of historical background, governmental system, stages of development and cultural traditions. Prior to beginning of socialism, six countries were ruled under a monarchical system (Russia excepting March to 7 November 1917, Bulgaria, Romania, Albania, Mongolia and Yugoslavia), East Germany was under Nazi totalitarianism, Poland, Cuba and Hungary were ruled by authoritarian regimes, Korea and Vietnam were under foreign occupation and only Czechoslovakia had a democratic setup. Among these countries, GDR and Czechoslovakia were industrially advanced followed by Hungary, Russia and Yugoslavia and the remaining were primarily agrarian and even feudal societies. This background naturally had great impact in building a new society in these countries.

Further, the take-over of power by the regimes concerned to set up the socialist system, contrary to Marxist predictions, greatly differed from each other. Russia, where the revolution first took place, historically was a 'patrimonial' society till the middle of the 18th century - where political authority and ownership of properties were fused into one. Only in 1762 the gentry was freed from compulsory military/state service and 99 years later, in 1861 serfdom



was abolished.<sup>28</sup> Therefore, the notions of freedom and private property to common man were relatively new, compared with their Western counterparts. With modernization drive by Peter the Great in early 18th century, the economy began to develop and this precipitated the introduction of private ownership in mid-18th century. Since then, despite the Westernization drive by successive autocratic monarchs, monopoly of political power rested with the sovereign who ruled with a bureaucracy, subservient only to him/her. Only after the defeat in the Russo-Japan war of 1905, the monarchy conceded to a nominal Constitution and a Duma (Parliament). Therefore, the utter lack of political and participatory institutions, the disintegration of the empire and its leadership due to defeat in WWI, combined with the primacy of will by a small, but determined, group of middle-class Marxist revolutionaries under Lenin's leadership led to the downfall of Tsarism and the subsequent Bolshevik revolution in 1917.

Mongolia, a largely feudal and nomadic society in Southeastern border of Russia was turned socialist in 1921 by direct military and political support from the Bolsheviks. The countries of Eastern Europe, such as Romania, Bulgaria and Hungary (Yugoslavia upto early 1941) sided with Hitler in WWII, Czechoslovakia was divided by Hitler through Munich agreement of 1938 and Poland was invaded first by the Nazis and then by the Soviets. After defeat of Hitler and the Nazis, Soviet forces continued occupation of these countries and manipulated the National Fronts, initially to form coalition governments. Then, by late 1940s under Soviet occupation and 'managed' elections, the communists finally usurped power under the banner of still-continuing National Fronts. North Korea, a divided country under Soviet occupation was handed over to Kim Il Sung, leader of the Communist Party which fought the Japanese occupation through a Provisional Government. Thus, the establish-

28. Richard Pipes, *Survival is not Enough* (New York : Simon & Schuster, 1984), p. 20.

ment of communist governments by force in occupied areas transformed Stalin's concept of 'Socialism in one Country' into a socialist system. However, the experiences of Albania, Yugoslavia, China, Vietnam and Cuba were different, where Soviet help did not count much in taking over power. In these countries mainly the indigenous forces helped establish the communist system.

Once in power, the communist regimes encountered the practical problems of building socialism, a totally new type of production relations out of the old ones. The difficulties they encountered and the scanty tools classical Marxism had provided for their solution led to new controversies among the communists themselves in which the Marxist concepts had undergone further reshaping. However, the Soviet model as the first of its kind had served as the initial blueprint for most of the countries concerned. One can observe elements of both unity and diversity in approaches to socialist construction in different countries.

*First*, although the role and tactics of the Communist/Workers/Labour/Socialist Parties, as they label themselves, varied in different countries, the outcome has been the same everywhere : installation of a single-party dictatorship through elimination of all existing and potential opposition. It may be recalled that before taking over power, most of these parties were a fringe factor in their national politics. For example, in February 1917, the membership of the Bolshevik Party was a mere 30,000,<sup>29</sup> the Romanian Communist Party had only 1000 members (1944), the Bulgarian had 15,000 (1944), the Hungarian had only 10,000 (early 1945) and the Czechoslovak Communist Party, the only legal one in Eastern Europe before the War, had only 37,000 members.<sup>30</sup> Once these parties gained power, either through insurrection or through 'managed' elections, their membership increased by leaps and bounds. This surge was

29. *op. cit.*, p. 23.

30. Adam Westoby, *Communism Since World War II* (New York : St. Martin's Press, 1981), pp. 36-51.



greatly motivated by a prospect of sharing power and privileges under the newly-forming state setup. Also the fear of physical liquidations of the 'Whites' in Russia and 'Collaborators' in Eastern Europe or elsewhere served behind seeking shelter under the ruling party.

*Second*, during the initial power consolidation, almost all the regimes sought some sort of temporary alliance with the Right (except Cuba) because of the objective conditions then obtaining in these countries. In early years of Soviet power under Lenin, several Mensheviks served as Commissars (Ministers), who were then gradually eliminated. Even Stalin, who after Lenin's death in 1924, set to establish a totalitarian system in the name of building 'Socialism in One Country,' first sided with the Right, like Bukharin, Tomsky and Rykov and during 1925-27 even allowed some electoral freedom to get more peasant cooperation in local Soviets. But non-communists were elected in great numbers, so the experiment never repeated.<sup>31</sup> During this time, Stalin effectively eliminated the Left through expelling Trotsky, Kamenev and Zinoviev. Next, he turned against the Right and eliminated Tomsky, Bukharin and Rykov.

In like manner, the tactics of cajoling and coaxing of the right-wing politicians and bourgeoisie were used to consolidate communist power in Eastern Europe. In 1944, while urging Tito to accept the Yugoslav King's return, Stalin remarked, "You don't have to take him back forever; Just temporarily and then, at the right moment a knife in the back."<sup>32</sup> In Romania, King Michel headed the 'Coalition' government upto 1947 and then was deposed. However, in cases where coalition governments were continuing for long, as in the case of Czechoslovakia, the Communist Party staged a coup in 1948. In this task of communist consolidation in Eastern Europe, the communists, who lived in exile in Moscow during the War,

31. Robert Wesson, *The Aging of Communism* (New York: Parger, 1980), p. 98.

32. Adam Westoby, *op. cit.*, p. 358.

were favoured by Stalin than the 'national' communists. For example, Gomulka as Polish Party leader was accused in 1948 of 'nationalist and rightist deviations' and Beirut, a Moscow-back communist replaced him.

In China too, Mao initially devised a strategy of United Front comprising of progressive capitalists, workers, peasants and petty bourgeoisie. However, among all the communist countries, Chinese leadership tactics were the most changeable, sometimes to the Right add again to the Left. The policy of "Let Hundred Flowers Bloom" of 1956-57 and the 'Cultural Revolution' of 1966 onwards are respectively examples of Right and Left swinging. Drawing a parallel with Cuba, Franz Schurmann states, "It was the revolution that united the party and not the party that created the revolution".<sup>33</sup>

Cuba, however, was an exception where initially the Right formed an alliance with the Left to gradually turn into a communist regime. Fidel Castro, a middle-class intellectual, came to power in 1959 against the Batista dictatorship through a revolution supported largely by the middle class and the peasants. The communists or workers were mainly fence-sitters and played no significant role. Originally not a communist, Castro had to have a marriage of convenience with the communists in order to consolidate his power, both domestically and externally. The character, temperament and charisma of Castro shaped Cuban revolution more than the Marxist-Leninist ideology or organizational factor.

*Third*, an element characteristic of the communist consolidation of power is the great purges within the ruling parties themselves. Stalin's purges were merely a horror that began with the assassination of Sergei Kirov, a Politburo member, in 1934. By 1938, almost four-fifth of the Party central leadership was expelled and many of them were even physically liquidated. In place of Lenin's 'democratic centralism' within the Party, Stalin introduced simply a one-man rule. With Tito-Stalin break in 1948, the latter became more cautious

33. *World Encyclopedia of Political Systems and Parties*, Vol. 1, p. 203.



about potential Titoists in Eastern Europe and great purges were initiated there. During 1948-53, it is estimated that around 2.5 million people - something over a quarter of the total membership - were expelled from East European communist parties and between 125,000 to 250,000 were imprisoned.<sup>34</sup> Those executed, jailed or disgraced included three Party General Secretaries - Kostov in Bulgaria (executed), Slansky in Czechoslovakia (executed) and Gomulka in Poland, the state President of Hungary, Deputy Premiers of Albania, Bulgaria, Poland and Romania, dozens of important Ministers and leading party officials. Mao's Cultural Revolution also was aimed at christening the party and state bureaucracy and the intelligentsia. Under the slogan of better Red than Expert, quite a number of senior officials including Liu Shaochi and Deng Xiaoping were disgraced as capitalist roaders.

*Fourth*, while communism-building has coincided with a sense of nationalism in Russia, China or Vietnam, mainly because of foreign interference or aggression, in most of East Europe, it has been anti-national. With Khrushchev's de-Stalinization programme and recognition of national road to socialism, nationalist sentiments again erupted in Eastern Europe. Two parallel events of 1956—one in Poland and the other in Hungary, deserve particular mention. Nationalist Gomulka again returned to power following worker demonstrations against food shortages. He promised political and economic reforms within limits. But the events in Hungary went apparently beyond socialist proportions. When the nationalist forces under the leadership of Imre Nagy (who was expelled from the Party in November 1955 and again returned as Prime Minister on 24 October 1956) formed a new government with a majority of non-communist members and declared its withdrawal from the Warsaw Pact, Soviet tanks moved in and quashed the national uprising. Thus, the Soviets approached the two events of Poland and Hungary with quite opposite strategies.

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34. Adam Westoby, *op. cit.*, p. 72.

*Fifth*, contrary to Marxist postulate of the *base* determining the *superstructure* of a society, all the communist countries went the other way round in reorganizing their system. It is the economy that has been made subservient to politics and its goals in communist societies. In almost all the countries concerned, the leadership having gained power, adopted a policy of controlling the commanding heights of the economy. For the purpose, they took a policy of nationalization of industries and in some cases, also land. The approaches and time-frame in this regard varied, but the goal was the same. However, the pace of nationalization was not as swift, as was the case with the USSR. In agriculture, except USSR and Mongolia, no other country had a policy of outright nationalization of land. But agrarian reforms were conducted in these countries, whereby most of the lands were confiscated from the landed aristocracy and big land-owners and distributed to peasants, often at a symbolic price. The governments encouraged formation of agricultural co-operatives, where either land could be cooperative property or farmers could receive payments from cooperative revenues. This form of farming also comes within the socialized sector. There are differences as to the size of private ownership in land. For example, this ranges from 5-12 hectares in such countries as North Korea and East European countries to few dozen hectares in case of Cuba. China, from the mid-1950s, organized 'Peoples Communes' in villages for rapid collectivization of agriculture. However, Yugoslavia and Poland are two exceptions where individual peasant farming dominates, with about 85% and over 75% of cultivable lands respectively belonging to the private sector.

*Sixth*, as for the economic organization of the countries concerned, the communist system could be divided into planned socialism and market socialism, although all of them politically adhere to communism. The economies of the USSR, most of the East European countries, China, North Korea, Albania and Cuba are all run by the 5-7 year central planning system, where governments set priorities and also production quota for each production unit. Usually, management



bureaucracy remains accountable to party bureaucracy where often this two were fused in the same person. However, Yugoslavia is an exception where socialism-building was based on market forces. The key-stone of this system is the self-management of enterprises by the workers. A national plan is constructed by aggregating individual enterprise plans, but except for investment, there is little centralized planning. The production units pay taxes to the federal government and the remainder of revenues is divided in the form of personal income, common consumption and reinvestment. Currently, the socialized sector of Yugoslavia contributes about four-fifth of the Social Product (GNP) and the rest is contributed by the private sector. The Yugoslav system can be compared with the version of 'Guild Socialism' of the early 20th only in the economic context, about which discussion has been made earlier. Hungary also can, to certain degree, be called a system of market socialism, where since the adaption of the 'New Economic Mechanism' in 1968, the operation of the economy has been significantly decentralized and put on market forces.

*Seventh*, while the Soviet Union sponsored the creation of the Council for Mutual Economic Assistance (CMEA) in 1949 apparently to promote economic cooperation and integration among the communist economies, China and Yugoslavia never joined the grouping and Albania ended its participation in CMEA in 1962, after the Soviet Union broke relations with it a year before. Albania, together with North Korea (an Observer in the CMEA) in their socialist construction put more emphasis on self-reliance rather than international cooperation even with the communist world in order to maintain 'ideological purity.' Both these countries rejected either the Soviet or Chinese model for socialism building. North Korea's Kim Il Sung's *Juche* ideology (self-reliance or independence) has been interpreted as the adaptation of Marxist-Leninist theory to Korean context.

*Finally*, the Marxist-Leninist assumption of war and conflicts being the products of only capitalism was shattered with Soviet-

Yugoslav rift, Sino-Soviet armed conflict and ideological rift, Sino-Vietnamese armed conflict etc. Even the communist countries nurture territorial claims against each other, such as, Romanian differences with the Soviet Union over Bessarabia, with Hungary over Transylvania, with Bulgaria over Dobrudja and Bulgarian claim over Yugoslav Macedonia. Also, great diversity and often conflicting postures could be observed in the foreign policy pursuits of the communist countries.

#### REFORMS AND CHANGES UNDER SOCIALISM

The system of communism was never conceived whole and, therefore, took shape gradually in response to conditions and events in the Soviet Union, China and other countries. Naturally, during the last several decades, communist construction has undergone occasional reforms and changes. The nature and degree of these reforms varied from country to country; however, most of these reforms were mainly patchwork and short-lived, not a coherent and consistent policy programme that lasted long. The greatest of Soviet reforms was Lenin's New Economic Policy (NEP), initiated at the end of civil war in 1921 when the country was run on 'war communism'. Peasant uprisings in late 1920 against compulsory procurement of farm produce warned the communist leadership against the excesses of a 'command economy'. Lenin, therefore, initiated a policy of liberalization by which the compulsory requisitions in agriculture were replaced by a tax (*prodnalog*) and the farmers were allowed to sell the remaining produce at free markets; small-scale manufacturing was allowed in the private sector and foreign companies were allowed to operate particularly in extraction industries. Decrees of August and December 1921 handed back so much property to private owners that only 8.5% of industrial enterprises remained nationalized. The latter, however, employed 84% of the labour force, thus retaining the 'commanding heights' of the economy under state control.<sup>35</sup>

35. *The Cambridge Encyclopedia of Russia and the Soviet Union.*, p. 332,



However, due to Lenin's death and the ensuing party-infighting between the Right and the Left, the programme of NEP could not last long. In order to build 'Socialism in One Country' as against waging Trotsky's 'Permanent Revolution,' Stalin devised a totalitarian rule in which a policy of rapid industrialization and forced collectivization was pursued. Khrushchev's de-Stalinization programme was accompanied externally by a replacement of xenophobic 'capitalist encirclement' by 'peaceful coexistence' with the West and internally, by a policy of liberalization. The Liberman-Kosygin reforms initiated in the mid-1960s under Brezhnev envisaged greater material incentives and enterprise autonomy, but they were subsequently halted after the Prague Spring of 1968, in which economic devolution under Dubcek's 'Socialism with a Human Face' was viewed as erosive of political control.

Under 'captive socialism' of Eastern Europe, although several attempts have been undertaken to reform the Stalinist system, those efforts either were not consistently pursued or they were met by Soviet tanks. A policy of decentralization was undertaken, albeit in a piecemeal and inconsistent fashion in Poland, East Germany, Bulgaria and Hungary. With Tito-Stalin break in 1948, Yugoslavia went back to Marx's notion of a society of "free associations of producers", in which 'self-management', by workers and 'socialist market economy' became the essence of their socialism. The workers' unrest and demonstrations in Poland in 1956 witnessed the de-collectivization of Polish agriculture, a unique phenomenon in socialist construction. However, the government of Imre Nagy of Hungary in 1956 or the Dubcek regime of Czechoslovakia in 1968 represented renegade communist regimes whose highly reformist policies left in doubt the continuity of Soviet-style socialism there. While a conservative Husak replaced Dubcek in Czechoslovakia, a liberal Kadar gradually introduced economic relaxation in Hungary through a decentralized system of 'New Economic Management (NEM)'. The system introduced some sort of controlled competition and also elements of the free market.

Maoist China witnessed the greatest frequency in reform attempts and changing policies. China had the period of 'Hundred Flowers Bloom' in the mid-1950s when freedom of expression was allowed for a few months, but soon reversed when they got out of control. In the economy, the 'Great Leap Forward' movement to catch up the West in some years ended in utter failure. Likewise, the Great Proletarian Cultural Revolution of the mid-1960s, designed to cleanse the party and the government, was halted when red guard excesses were getting out of hand.

However, the great changes that have been taking place under socialism since the late 1970s seem to be qualitatively different from the previous practices. This time, changes or innovations are taking place both in theory and practice. China under Deng and Soviet Union under Gorbachev have embarked on courses, quite contrary to the visions of Mao and Stalin, Brezhnev or even Lenin. Hungary and Poland are redefining the terms of 'social contract' with their respective masses. In one word, great convulsions are being witnessed in communist construction. It would be worthwhile to gauge the nature and extent of these great changes socialism in these countries are currently going under.

### **Ideological Innovations**

The role of ideology was all pervasive in communist societies which were, in fact, inconceivable without their edifice of beliefs. Since the root of the belief systems was Marxism which was incomplete in many details, communist leaders like Lenin, Stalin, Tito, Mao, Kim II Sung, Castro and others, in their own ways, have enriched and expanded Marxism' parameters in order to justify their respective policies and actions. Thus, it has been witnessed that ideological precepts could favour certain policy alternatives, such as, the drive for atheism and the creation of a New Man, the subordination of agricultural to industrial expansion or the inevitable conflict with imperialism. Similarly, it could disfavour pursuit of others,



like extension of material incentives and private agriculture or the policy of peaceful coexistence. In fact, when political requirements for a certain policy loomed large, ideological constraints have been easily overcome. Besides, individual leaders had a propensity to make some notable 'advance' in communist ideology to upgrade their stature. As a result, the ever widening gap between theory and practice of communist construction has always been countered by an adjustment of the ideology, so much so that practice has become the guide to theory, rather than vice versa. This is exactly what is happening with the communist ideology in the wake of great changes in the communist camp.

In the late 1970s Deng Xiaoping began straying course of Maoism with his concept of "building socialism with Chinese characteristics". But this Deng version of socialism was never defined in concrete terms. Hu Yaobang, the former Party leader, put it in an article written to commemorate the 90th birth anniversary of Mao Zedong :

Some comrades ask : can you give us a standard answer for the question of what "socialism with Chinese characteristics" is all about ? To that we say, we don't have any preconceived answer, and it is not likely that we would. We can only increase our knowledge of this by continuous practice under the direction of correct theory ..... Practice is a great school (Shijian shi yige weidade xuexiao). Let us develop the revolutionary style of daring to explore by practice, and exert our efforts in scaling the new heights of Marxism-Leninism and Mao Zedong Thought.<sup>36</sup>

The above remarks by Hu really gives no answer to what the 'correct theory' is under which 'continuous practice' should be made.

36. Cited in Charles Burton, "China's Post-Mao Transition: The Role of the Party and Ideology in the 'New Period'", *Pacific Affairs*, Vol. 60, No. 3, Fall 1987, p. 436.

In fact, when practice is made the 'sole criterion of truth,' theory is relegated to nothing more than mere propaganda. And the Chinese Marxist slogan 'practice is the sole criterion for testing truth' has been rehabilitated in the late 1970s to ideologically justify the policies and actions of the Deng era.

While the former Chinese Party leader remained evasive of defining the 'correct theory', his successor Zhao Ziyang (ousted by now) ventured into ideological innovations for justifying the reform programme. In his Report delivered to the 13th Party Congress on 25 October 1987, Zhao propounded the theory of "Primary Stage of Socialism" (shehui Zhuyi chuji jieduan) for China. He described it as follows :

..... the specific stage China must necessarily go through while building socialism under conditions of backward productive forces and an underdeveloped commodity economy. It will be at least 100 years from the 1950s ..... to the time when socialist modernization will have been in the main accomplished, and all these years belong to the primary stage of socialism ... It is a stage in which an agricultural country ... will gradually turn into a modern industrial country.<sup>37</sup>

The idea of stages of development is not new to Marxist theory. But this new concept stands in contrast to Lenin's or Mao's advocacy of skipping stages in socio-economic development and viability of building socialism bypassing capitalism (non-capitalist development for underdeveloped countries). The Marxist idea that socialism came too early in the existing communist societies and that much of the current problems owe to their inexperience of developed capitalism cannot be acceptable to communist ideologues,

37. Zhao Ziyang, "Advance Along the Road to Socialism With Chinese Characteristics", Report delivered at the 13th National Congress of the Communist Party of China on 25 October 1987, *Beijing Review*, November 9-15, 1987, p. 27.



for it undermines the very basis of their rule. Therefore, the conceptualization that Zhao has offered seems to be an intriguing innovation to the existing ideological dilemma. According to Zhao's theory, free markets, stock exchanges, bankruptcy etc. are not only capitalist phenomena, they can also exist in a society that has already entered a socialist era and is in the process of achieving a fully modern economy.<sup>38</sup> Therefore, this new concept serves the theoretical justifications of not only the reforms already initiated, but also for future reforms of any kind and direction.

In line with this theory of primary stage of socialism, the Chinese have also evolved what is called the system of "socialist commodity economy", which they regard as a great 'advance' in Marxist thought. It is known that Marx categorised commodity as the essence of capitalism and exchange as the basis of its survival. The Chinese ideologues, while recognizing this, feel that at the primary stage of socialism, the market has an important role to play. As Zhao says, "We met with many new problems, problems which have not been encountered by other socialist countries. We in China have solved the problem of our eventual goal; our country is a socialist country, but it is socialist on the basis of a planned commodity economy. The state should regulate the market but enterprises should at the same time guide the market."<sup>39</sup>

In contrast with their Chinese counterparts, the Soviet leadership seems to show, thus far, less ingenuity in theoretical innovations. Although Gorbachev asserts, "We are convinced in the vitality of the Marxist-Leninist doctrine which has scientifically substantiated the possibility of building a society of social justice of free and equal people,"<sup>40</sup> one thing is sure—he is frustrated with the straitjacket of

38. Michel Oksenberg, "China's 13th Party Congress", *Problems of Communism*, November-December 1987, p. 12.

39. *International Herald Tribune*, 12 November 1988.

40. Quoted in Achintya Sen, *Shifting Winds: China and the Soviet Union in the 1980s*, (Dhaka: University Press Ltd, 1988), p. 38.

inherited doctrine and directed increasing attacks on stagnation in ideology. Gorbachev declared at the UN on 7 December 1988, "Life is making us abandon traditional stereotypes and outdated views and free ourselves from illusions...Two great revolutions – the French Revolution of 1789 and the Russian Revolution of 1917 – exercised a powerful impact on the very nature of the historic process, having radically changed the course of world developments. These two revolutions, each in its own way, gave a huge impulse to human progress. They also greatly contributed to forming the pattern of mentality that continues to prevail in the minds of people. This is the greatest intellectual asset." Vadim Medvedev, the new Kremlin ideology chief, echoing the same sentiments called for a 'new concept' of communism, borrowing political and economic ideas not only from other communist countries, but even from the capitalist West. He says, "Present day realities mean that universal values such as avoiding war and environmental catastrophe must outweigh the idea of a class struggle between the classes."<sup>41</sup> These utterances from the leadership of the pioneer communist movement sound really incongruous with the concept of 'class enemy', central to Marxist-Leninist revolution.

The question of ownership, the central tenet of Marxism, is also undergoing new interpretations. The Chinese leader Zhao says, "While public ownership should still play a predominant role, we should at the same time develop many forms of ownership."<sup>42</sup> The Soviet leader asserts, "A person's desire to own land and resources, to create his own family farm, does not contradict socialism, comrades. Such an owner will work on land that is public property."<sup>43</sup> These last two words seem to console Gorbachev still in his belief in communism. His ideology chief Medvedev goes further, recogniz-

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41. *International Herald Tribune*, 6 October 1988.

42. *International Herald Tribune*, 12 November 1988.

43. *International Herald Tribune*, 17 October 1988.



ing, "our previous concepts of public property and our attitudes to this problem have proved untenable."<sup>44</sup> This echoes in similar vein with the Politburo member Yakovlev's declaration that the key to economic change was "instilling a sense of ownership" in workers and farmers.<sup>45</sup> These pronouncements are open admissions that state ownership of the means of production did not give the working class mastery over property. One of the objectives of economic reform is to remedy this. The word that now commonly used is 'socialization' – to be achieved by workers' self-management, or by cooperative ownership, or by sale of a firm's share to its employees<sup>46</sup>. While the communist ideologues all over are trying to find out euphemisms for such apostate phrases as "private property", Gorbachev delicately refers to it as "individual property" under socialism. Whatever substitutes are used for long-hated bourgeois categories, it is evident that communists simply cannot avoid the tentacles of Marxist-Leninist ideology, on the basis of what the Soviet Party back in 1961 adopted the Programme of creating a 'New Man' with communist ethos and morality.

In these circumstances, the Soviets seem to be keen to cast a new look at what their Party believes in. The USSR Academy of Sciences has reportedly set up a project to define 'what socialism means' in the current realities. Gorbachev, however, seeks to expand his ideological manoeuvrability by depicting his own proposals as an effort to return to Lenin's original intent, that is, NEP and expand the bounds of what is permissible under socialism. On the eve of the Round-table meeting between the government and the Solidarity, the Polish Party held a Conference, reportedly to locate and piece together an "ideological minimum" which it can still hold on to.<sup>47</sup>

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44. *International Herald Tribune*, October 6 1988.

45. *Ibid.*

46. *The Economist*, 18 March 1989, p. 58.

47. *Ibid.*

## Political Reforms

Although the leaderships of the communist countries including Gorbachev began with economic reforms, soon they all had to come to terms with the 'linkage theory', that is, without political reforms, either economic changes will not work at all, or after a certain level, economic reforms will face a *cul de sac*. Gorbachev was quick to comprehend this, for he came to lead a country where neither political nor economic freedom was a tradition of their history and people. Therefore, Gorbachev felt the need of imposing changes first in the superstructure, that is, in politics, which in turn would effect *perestroika* in the base i.e., economy. China, on the other hand, began the other way round—first effecting economic reforms a decade ago, which worked very successfully. Now economic reforms reached a level where for furthering their effectiveness, political changes in the system are being called for. Since the early 1970s countries like Hungary or Poland also began with economic liberalization and now where sweeping political reforms are being initiated. However, the nature and degree of political reforms so far initiated in these countries significantly vary from each other.

First, in terms of the policy of *glasnost*/openness and press freedom Soviet Union under Gorbachev, perhaps, went ahead of other communist countries. The objective was to let the people know the reality in party and government affairs so that they may have their reaction voiced. Gorbachev said, "We don't have opposition. How then we monitor ourselves? Only through criticism and self-criticism. And most of all through *glasnost*."<sup>48</sup> The policy has permitted or even encouraged a free discussion in the press of problems of daily life, even of controversial ideas, which has never been experienced in Russian or Soviet society. Gorbachev himself recognized, "Our problem has been that for many years there was not such debate in the society, in the (Communist) party, not in the Central Committee,

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48. *Newsweek*, 12 January 1987, p. 16.



not in the government itself or in the Politburo. This absence of debate led to many losses, mistakes and omissions." But he quickly added that such things should happen "only within the boundaries of socialism, and on the basis of socialist values."<sup>49</sup> But once the rein is let loose, it is difficult to draw a boundary line. So far soviet intellectuals, literary circles and journalists have enjoyed this freedom of expression most. Even Lenin is not spared from criticism. Thanks to Gorbachev's *glasnost*, the Soviet people for the first time could see live telecast of the proceedings of the famous Special 19th Party Conference, where there have been open accusations and counter-accusations by delegates.

In the recent agreement signed with the Solidarity on 5 April 1989 the Polish government agreed to allow greater press freedom. The government has agreed to the rebirth of Solidarity's weekly paper. There will be a Rural Solidarity weekly as well as regional union papers. In addition, the opposition will be allowed to publish a Daily with a circulation of half a million. The opposition also won the right to one hour on State radio and 30 minutes on state television every week. Hungary also is not lagging behind. In a country where most publications are bland concoctions of Party doctrine, Western-style independent tabloids, such as, *Reform* have already sprung up. Fashion and business magazines reportedly are in the offing. The Hungarian government is already working out a new law that would allow virtually everyone to start a new newspaper.

The leadership of the Peoples Republic of China somehow is not keeping pace with other reformist counterparts in the Soviet bloc in terms of open criticism and press freedom. Although in the wake of the liberalizing tendencies unleashed since the 13th Party Congress, the role of the party-state and its relations to the society have become major topics for open debate, the government still

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49. Interview given by Gorbachev, *Newsweek*, 30 May 1988, p. 15.

circumscribes public expression through various means. Lin Binyan, China's most famous investigative journalist lost his party membership in January 1987. Despite all restrictions, China's press is making gradual headway, revealing corruptions of high party and government officials that involved sons and close relatives of top leadership. The liberal and proreformist newspapers, like Shanghai's *World Economic Herald*, were demanding a freedom of information act and proposing the direct election of senior state leaders. The aforesaid publication even demanded in one of its issue the deletion of Mao's name from the state constitution.<sup>50</sup> When conservatives targeted the biweekly paper for closure in 1987 as "negative example of bourgeois liberalization," liberal Zhao came to its defence allowing the editors to continue their line.<sup>51</sup>

During the two-week long student demonstrations of April 1989 in the Tiananmen square, demanding democratic rights the Chinese journalists were initially hesitant whether to join the student uprising. Later they joined and encouraged the students for pressing freedom of expression and the press. However, in a show of *glasnost*, without precedent in China, the state television broadcast live a meeting between the government and 45 student representatives. When other reformist countries under socialism are going much ahead in allowing freedom of expressions, China too with its reform programme is expected to tag along, may be at a slower pace.

Second, the reformist communist countries are gradually opening their political system to democratization and political pluralism. In this sphere Hungary so far seems to be taking the lead followed by Poland, Soviet Union and China in descending order. In Hungary, although, political reforms came much late than economic, it overtook all other communist countries in terms of already legislating laws legalising a multi-party system, the first of its kind in the

50. Stanle Rosen, "Dissent and Tolerance in Chinese Society," *Current History*, September 1988, p. 264.

51. *Ibid.*



communist system. The draft of a new constitution calls for popular sovereignty, party competition and civil rights. Independent parties are emerging. Once vetted by a new constitutional court, these parties including the Democratic Forum are expected to be able to run even in next year's parliamentary elections. After 20 years of experience with something of the market socialism, Hungarians feel genuinely free with Gorbachev's blessings to recreate socialism, along the line of Western democracy.

Imre Pozsgay, a Politburo member and the most ardent reformer says, "socialism in its present form has shown itself to be ineffective. It has come to the end of its days and is an obstacle to progress in all fields."<sup>52</sup> Justice Minister Kalman Kulcsar, on whom rests the responsibility of drafting the new constitution to be introduced next year, himself explains, "Our goal is to create parliamentary democracy. It will not come soon and it will not be easy. Hungary, after all, has never in history been democracy. But West Germany was not either, yet it has transformed itself. So can we".<sup>53</sup> Even the new Party leader Karoly Grosz is gradually inching towards the fastmoving reform bandwagon, lest he misses the train. Even he went so far as to admit that if his party loses the multi-party election it has committed itself to in 1995, it will quietly go into opposition.<sup>54</sup> Another dramatic development recently took place within the Hungarian ruling Party. On 15 April 1989 several hundred members of the reform wing of the Party, including a majority of the Politburo held a workshop to talk about Hungary's reform prospects. The conservatives were not even invited. The reformists attacked the sluggishness of the Party leader and even talked of the possibility of a split in the Party.

No other country in the communist camp as yet allowed a multi-party system in politics. Of course, a multi-party system

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52. *Newsweek*, 12 December 1988, p. 16.

53. *Time*, 20 February 1988, p. 14.

54. *The Economist*, 22 April 1989, p. 35.

technically already exists in some communist countries, like Poland and GDR, where non-communist parties were never banned. But they were either tamed into insignificance or transformed into mere transmission belts. The government of Poland has allowed trade union pluralism and passed laws permitting political clubs to operate. On the basis of the agreement signed with the opposition, the Polish parliament already relegalized Solidarity as an independent trade union. Both Rural Solidarity and the independent Students' Union would also be legalised. The government has agreed to create a bicameral legislature in place of the existing unicameral one. At elections due in early June next, 35% of the seats in the Sejm will, for the first time, be freely contested, but among the opposition only. The remaining 65% seats will be kept reserved for the Polish Workers Party and allied organizations. An understanding was reached that in subsequent elections all seats in the Sejm will be openly contested. But all the 100 seats in the Senate would be filled by popular vote. A new powerful executive President envisaged in the agreement is to be chosen by the two Houses but his successors are to be elected by popular vote.

In the Soviet Union, although Gorbachev ruled out the possibility of introducing a multi-party system, he went much ahead with his policy of democratization, of course in his own way. Together with *glasnost* Gorbachev argued that without a policy of democratization meaning involvement of the people, his reforms would face the fate of Khrushchev-Kosygin reform programmes, allegedly imposed from above. He, therefore, described the choices facing the Party, "It is either democracy, or social inertia and conservatism; there is no other way, comrades."<sup>54</sup> The Soviet leader time and again warned his Party colleagues of having no god-given right to rule, but only to earn it. The style and proceedings of the Special 19th Party Conference of June 1988, first since 1941, was a testimony that Gorbachev wanted to institute limited kind of political pluralism within the one-party framework. Gorbachev himself declared that



the Conference had opened the way to a 'democratic image of socialism'.<sup>55</sup> The Party under his leadership supported a major reorganization of the political system including the multi-candidate, secret ballot elections based on single-party pluralism, to fill major posts in the Party and state bureaucracies, a maximum of two terms in public offices, a new Congress of Peoples Deputies in place of the old parliament etc.

Already elections to the newly-created 2250-seat Congress of Peoples Deputies of the USSR were held on 26 March 1989 and completed by mid-May. Soviet voters for the first time since 1917 had a choice to choose between candidates. It may be mentioned that some other communist countries - Yugoslavia, Poland and Hungary introduced the multiple candidate election process several years back. The election results in the Soviet Union seem to be a discerning rebuke to the Party's conservative rulers - the Party stalwarts were defeated in major cities like Moscow, Leningrad, Kiev, Minsk, Lvov, Riga, Vilnius and elsewhere. The most dramatic victory was achieved by Boris Yeltsin (with 90% of the votes), the former Moscow Party boss, who was ousted in December 1987 from his posts on charges of being too radical a reformer and not being acceptable to Muscovites. During the election campaign many candidates, including Yeltsin, spoke of the possibility of introducing a multi-party system in their country. Although many anti-establishment figures, like historian Roy Medvedev, physicist Sakharov and others, were elected in the Congress, the election mechanism in the 542-member permanent body of the Supreme Soviet did not allow liberals like Sakharov to be elected. In fact, an in-built majority for the ruling Party has been ensured by the very process of election and seat distribution. Therefore, the conservative sway ultimately prevailed.

Among the reform bandwagon, China seems to be the holdout on genuine political reforms. And this, with some other reasons, caused

55. *Time*, 11 July 1988, p. 8.

a brake on furthering economic reforms. Calling for political reform in mid-1986 Deng singled out "organizational overlapping, overstaffing, bureaucracy, sluggishness, unreliability and the taking back of powers granted to lower levels (by higher levels)."<sup>56</sup> However, until the 13th Party Congress held in October 1987 no substantive reform has been proposed by the government. Zhao's Report to the Congress dealt with separating the party and the government, devolution of powers, establishing a system of consultation and dialogue between the party, government and the people, enhancing the role of representative assemblies and elections establishing a professional civil service, fixed terms for public offices and strengthening the legal system. However, the party leader pointedly rejected a multi-party system or an institutionalized separation of powers. On the contrary he supported the continued leading role of the party and the principle of democratic centralism.<sup>57</sup>

But, Zhao's Report broke new grounds by bestowing legitimacy upon the expression and articulation of private and group interests. On the eve of the Party Congress, he elaborated the idea to the seventh plenum of the 12th party Central Committee:

Socialist society is not a monolith. In this society people of all kinds, of course, share common interests but their special interests should not be overlooked. The conflicting interests should be reconciled. The government should work to coordinate various kinds of interests and contradictions; the party committees must be even better at the coordinating work.<sup>58</sup>

Zhao's remarks tacitly accepted pluralism as well as pursuit of individual interests in a communist society. This has already stimulated public discussion of interest groups and how they might express

56. Deng Xiaoping, *Fundamental Issues in Present-day China* (Beijing: Foreign Language Press, 1987), p. 143.

57. Michel Oksenberg, *op. cit.*, p. 12.

58. Zhao Ziyang, "On Separating Party from Government", *Beijing Review*, 14-20 December 1987, p. 20.



their views in a socialist framework. Meanwhile like the Soviet Special Party Conference, the delegates in the session of the National Peoples Congress (Parliament) held in April 1989 ventured into testing democracy. Out of 2688 Deputies attending the session, 274 voted against and 805 abstained - by a show of hands - on a bill authorizing the Special Economic Zone of Shenzhen wide autonomy in economic matters. Therefore, the vote on the Shenzhen project showed that 40.14 percent of the Deputies refused to go along with the government, a no-small step in 'Chinese' democracy. The conservative Premier Li Peng also got some other rebuffs during the session.<sup>59</sup> In earlier NPC session a significant minority voted against party selected candidates,<sup>60</sup> also the first time in Chinese party history. Therefore, initial signs of a single-party pluralism are gradually its way in Chinese politics. The recent student uprising supported by the broad masses for democratization, though, gradually is dying down in the face of brutal repression and for the time being the conservatives led by Li Peng seem to be taking an upper hand over liberals, the past history of student power in Chinese politics only fore-bodes greater storm ahead. The point that student demonstrators were making is that economic reform could not ultimately succeed without reforming the Leninist-Stalinist political system.

*Third*, the reformer communist countries have already undertaken major reshuffles in upper rungs of the party and government bureaucracies. The aim was to create a reform platform to smoothly carry out the programmes of the leaderships concerned. In this task, Gorbachev, perhaps, outdid all his counterparts and carried a skilful balancing act. Since his coming to power in March 1985, Gorbachev used several party meetings to reorganize its leadership. On 30 September 1988 in an only hour-long meeting Gorbachev

59. *The Guardian*, 16 April 1983, p. 14.

60. David Buchman, "Politics and Political Reform in China", *Current History*, September 1988, p. 251.

drastically trimmed the party bureaucracy—the earlier 22 Departments within the Central Committee were reduced to 6 new Commissions each headed by a Politburo member. The conservatives, like Yegor Ligachev, ideology chief, and Victor Chebrikov, KGB chief, were replaced by Gorbachev-men like Vadim Medvedev and Vladimir Kryuchkov, until recently Chebrikov's deputy. Ligachev and Chebrikov were put to head respectively the newly created Agriculture and Legal commissions of the party. Also Alexander Yakovlev, a close confidant of Gorbachev, was made a Politburo member with responsibility to oversee foreign relations. Gorbachev himself took over the presidency from octogenarian Gromyko and just days back the inaugural session of the new Congress of Peoples Deputies overwhelmingly approved his candidature as the new powerful executive president for a 5-year term.

In order to further tighten his grip over the party Gorbachev executed a large house-cleaning, unprecedented since Stalin, on 25 April 1989 in a special plenum of the Central Committee. He purged 74 full members of the 301-member Central Committee and promoted 24 junior members from candidate to voting members. The departing old guard, dubbed as the "dead souls" in a reference to Gogol's 19th century novel, included former President Gromyko, former Prime Minister Tikhonov, five Marshals, six Generals and a host of onetime Politburo members. It may be recalled that since the last party congress held in early 1986, Gorbachev has changed party leaders in six out of 15 Republics and 88 out of 150 regional and territorial party chiefs.<sup>61</sup> Gorbachev asserted that many in the party were "not always keeping pace with life" and explained to the plenum, "One generation of party members has naturally to replace another."<sup>62</sup> As a result, the party leadership became trimmer and younger. While in 1978 average age of the Politburo members were 76, now it came down to 63 years.

61. *Time*, 8 May 1989, p. 18.

62. *Ibid.*



In like manner, at the Hungarian party conference of May 1988, the aging leader Yanos Kadar was replaced by a moderate reformer Karoly Grosz and the same conference replaced 35% of the Central Committee and 65% of the Politburo members, with new younger faces.<sup>63</sup> Two most radical reformers Imre Poszgay and Rezso Nyers who were expelled from the party earlier, made their way into Politburo. Recently a 39-year old economist Miklos Nemeth replaced Grosz as Prime Minister. In China too, over the last decade Deng had a tough time with his policy of replacing the old guard by a new younger generation. He devised a Central Advisory Commission where the old retirees could become members and maintain a respectful association with state affairs. Although the 12th Party Congress elected many younger officials to the Central Committee, the 13th Congress greatly advanced the process of rejuvenating China's leadership. The overhaul of the party leadership was extensive. Of the 348 full and alternate members on the Central Committee, 150 or 42% lost their rank and the new Committee is comprised of 175 full and 110 alternate members. The Yan'an generation (veterans of the Long March) lost its dominance in leadership, which, at least, formally is now at the hands of people whose careers have been built in the post-1949 period. Therefore, the average age of the incoming Standing Committee came down to 63 years from 77 of the outgoing one.<sup>64</sup> The average age of the new Central Committee members (285) is slightly over 55 years, with almost half the membership younger than 55. Besides, more than 200 of them have a minimum college education,<sup>65</sup> indicating that this new guard is better educated and more technocratic than their predecessors.

Finally, almost all the countries concerned are reevaluating their communist history and their leaders. The Soviet leader initiated a

63. *Newsweek*, 12 December 1988, p. 16.

64. Michel Oksenberg, *op. cit.*, pp. 4-5.

65. David Buchman, *op. cit.*, p. 252.

policy of reexamination of Stalin and Stalinism, although rewriting history and discrediting the predecessors have long been a tradition among communist leaders. In a speech in February 1987 Gorbachev invited the journalists and scholars to fill in the 'blank spots' in Soviet history and historians are enthusiastically responding with vivid evidence of Stalinist horror that took an estimated 10 million lives. Last year the history examination in the schools has been cancelled. Reporting the decision on 10th June 1988 Soviet newspaper *Izvestia* praised it as a victory for common sense and questioned, how would the students have prepared for examination when their text books are full of what is now officially admitted to be lies and distortion? Gorbachev has formed a Politburo Commission to examine the bitter truth about the past and it has posthumously rehabilitated such victims as Bukharin, an ardent advocate of Lenin's NEP who was executed in 1938 by Stalin. In fact the difficult thing about *perestroika* is that a communist party had to accept that much of what it did in the past seven decades was a mistake. Ligachev and other conservatives alleged that denunciations of the past were shaking people's faith in the Soviet system, but the reformers insisted them to be necessary to set the country back on the genuine Leninist path from which it had strayed for so long.

Similarly, after Deng's consolidation of power the party undertook to rewrite history and an official history in July 1981 denounced Cultural Revolution for throwing China into chaos and setbacks.<sup>66</sup> Unlike in the Soviet Union, where Lenin as the founding father is still held high by the communist leadership, the founder of Communist China Mao Zedong is presented very much as a fallible god who has been officially criticized for his excesses. Pragmatists (who were Mao's old enemies), like Liu Shaochi, dubbed as 'China's Khrushchev' and 'number one capitalist roader', who were purged and publicly humiliated by Mao are being posthumously rehabilitated. Also Mao's portrait has been removed from many public places.

66. *World Encyclopedia of Political Systems and Parties*, Vol. 1, p. 209.



Even a liberal section of the Chinese press has called for deleting Mao's name from the constitution. In fact, what is happening quietly with Mao in China can be somewhat compared with Khrushchev's denunciation of Stalin in the late 1950s.

Hungary also is looking at its past with different eyes. Recently a debate erupted in the party over calling the 1956 events as a "popular uprising" by Imre Pozsgay, which so far the party had dubbed as "counterrevolution". Finally, the Central Committee brokered a compromise declaring that the 1956 happenings were a "popular uprising", adding that at the end "counterrevolutionary elements had gained strength".<sup>67</sup> Also the Hungarian government gave permission for the official reburial of Imre Nagy and his associates, executed by the Soviet forces in 1958 for leading the 'counterrevolution' and high treason.

### **Economic Reforms**

Economic reforms, in fact, have been serving as the guiding torch for reforms in other fields in the communist countries. The current spate of reforms that began with Deng Xiaping of China a decade ago has touched the countries concerned at varying degrees. The central idea behind all these reforms is the separation of management of the economy from party control. The results that have been yielding from these reforms also vary from one another. This can be ascribed to local environments, priority formulations and depth of reforms in the respective countries. A sector-wise discussion of reform measures in the four communist countries with a comparative approach seems to be worthwhile in this context.

**Agriculture :** In this sector particularly China initiated wide-ranging liberalization aimed at increasing food production and the living standard of the 80% of the population. As the first step, 'Peoples Communes' that were established by Mao in the late 1950s

67. *Time*, 20 February, 1988, p. 14.

for communization of rural life were allowed to be dismantled and in its place, since early 1980, the party adopted the *Household Responsibility System*. Peasant families signed contracts with the state, which theoretically owned the land to sell a fixed amount to the state at pre-fixed prices and the farmers could sell at free market whatever they produced above the quota. Also the system of *Specialized Households* emerged where families or groups could establish their own light industry or service enterprises. In February 1984, the party declared a decree allowing peasants the right to farm plots of land for a period of 15 years when land would be at their disposal. It is estimated that by 1984, about 94% of the peasants participated in Household Responsibility System and 13% of them worked as Specialized Households.<sup>68</sup> The policy of granting of land-use rights to farmers and its transferability either to their children or to others amounts to a de facto selling of the land itself. In the urban areas also, the government initiated the sale of land-use rights to create a real estate market for raising investment funds. Since December 1987, several cities like Shenzhen, Shanghai and some others have conducted the sale of land rights.

In many ways the new system introduced by China resembles the *prodnalog* system in agriculture, introduced by Lenin in 1921 as part of his NEP. It also allowed the peasants to lease and cultivate the land, replaced the requisitioning of grain with a tax and allowed the sale of goods in a free market. Thanks to these incentives measures, Chinese agriculture witnessed a phenomenal average growth of 14% over the last years. Chinese food grain production reached 400 million tons in 1987 compared with 300 million tons in 1978. Also the average per capita income in rural areas is more than tripled - from 134 yuan in 1978, it reached 460 yuan in 1987.<sup>69</sup>

Although belatedly, Gorbachev also came to understand that without real reform in farming practices, Soviet food situation will

68. *World Encyclopedia of Political Systems and Parties*, Vol. 1, p. 219.

69. Achintya Sen, *op. cit.*, p. 32.



not improve. Of course in late 1970s and early '80s, Soviet Union had already introduced a new agricultural programme. One example of what seemed to be Gorbachev's handiwork was RAPO (Regional Agro-Industrial Organization) introduced in 1982 all over the Soviet Union, when he was in charge of the agricultural sector. Like the Western agro-industrial complex, RAPO agencies were expected to combine harvesting, food-processing and also sale, thus eliminating crop wastage and increasing efficiency. But it did not work well as expected, although there was a modest increase in grain harvest.<sup>70</sup> The flaw was that rather than decentralization, Gorbachev adopted a policy of more centralization. Similarly, Gorbachev made a decision to consolidate six agri-related ministries into one superministry, called *Gasagroprom*. This also did not solve the problem, because there was no clearcut division of labour among different contours and subsequently it was dissolved.

Finally, Gorbachev came down to the idea of giving land-leases to farmers in order "to return to their position as masters of land",<sup>71</sup> in line with Chinese approach. For months since mid-1988, Gorbachev in broadcast speeches and public meetings had been calling for 50-year leases of land for family farming and gradual reduction in scope of the enormous *Sovkhozes* and *Kolkhozes* (state and collective farms). *Pravda* in September 1988 denounced Stalinist collectivization of the 1930s as a cruel policy that led to a legacy of ruinous stagnation in Soviet agriculture. However, unlike China, Soviet reforms initially concentrated on industry in the cities, where 80% of population live. The response from the Soviet farmers is still not encouraging as was the case in China, because of lack of detailed policy formulation on the one hand and the existence of a rural proletariat rather than a Soviet peasant class on the other.

In Hungary and Poland, no significant reforms have been adopted yet in farming practices. Most of the land in Hungary is still owned

70. Marshall I. Goldman, "Perestroika in Soviet Union," *Current History*, October 1988, p. 314.

71. *International Herald Tribune*, 13 October 1988.

by the state and the cooperatives. Only about 18% of the land that is tilled as household plots by members of the cooperatives produce approximately 20% of total agricultural output. In Poland, the agricultural sector, that is largely private, experienced deliberate discrimination by the communist government. However, a policy of income equality between the farm and non-farm sectors is under implementation through providing subsidies to farm inputs in combination with regulated procurement prices for agricultural produce.<sup>72</sup> Now, the Rural Solidarity that has been legalized recently is expected to bring renewal to the stagnant Polish agriculture.

**Industry :** Although the goal was the same everywhere, the communist countries have among themselves both similarities and differences in terms of approaches to and depth of industrial reforms. China's successful agricultural reforms created demands for both consumer goods and farm inputs and this naturally prompted reform in the urban and industrial sectors. However, as early as 1979 the Deng leadership had encouraged the formation of cooperatives and private businesses in service, trade and small industry. Also in line with reforms in the countryside, since 1982 the state began to arrange leasing or contracting the operation of industrial and commercial enterprises that included small-scale as well as large and medium-size industries. In this system the lessee or contractee pays taxes and rent for the use of parts or whole of a factory and the remaining income is kept at his disposal. The leased or contracted ventures also have to cover the losses, if incurred. As of mid-1987, about 10,000 to 15,000 such arrangements have been set up and approximately 95% were reported to be operating profitably.<sup>73</sup> While the industrial output of the state sector increased by 81% from 1978 to 1986, the output of cooperatives-owned enterprises rose by 220%,

72. Dr. Iftekharuzzaman, "Poland at the Crossroads: Reforms, Opportunities and Constraints", *BISS Journal*, Vol. 9 No. 2, 1988, p. 143.

73. Marshall I. Goldman and Merle Goldman, "Soviet and Chinese Economic Reform", *Strategic Digest*, April 1988, p. 509.



albeit from a much lower techno-economic base.<sup>74</sup> By the mid-1980s private ownership even expanded to manufacturing and transportation.

On 2nd October 1984 China officially endorsed these changes in a document entitled "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure", which came to be known as the Urban Reform, because of its concentration on industrial enterprises. This document outlined a diminished role of state in the economy. Rather than a mandatory plan for each industry to follow, this new programme envisioned a more indirect 'guidance' role, thereby increasing enterprise freedom, improvement of productivity through increased payment of worker incentives etc. Another major move was the final approval of the Enterprise Law by China's Parliament, the NPC in April 1988 which established the principle of separating the ownership of the enterprises from their management. It was designed to enhance the power of managers and directors of state enterprises including the right to use and dispose of property under their control. Moreover, the factory director could be appointed either by the government or be elected by the workers' councils, a system in vogue in Yugoslavia.<sup>75</sup> Therefore, the law frees the industrial enterprises from party and government control and enables the management to enter the market, both local and foreign, on a competitive basis.

On the other hand, industrial reform in the Soviet Union evolved differently than did the Chinese process. In keeping with Soviet tradition and penchant for bigness and heavy industry, since mid-1985 Gorbachev began reform by stressing the need to modernize the machine tool industry and putting emphasis on 'intensification' of production process using existing resources more effectively. Resuming the Andropov-led attack on alcoholism, he not only imposed

74. Ibid, p. 510.

75. Chun-Yuan Cheng, "China's Economy: New Strategies and Dilemmas," *Current History*, September 1988, p. 254.

higher prices on vodka, but forbade its sale until two in the afternoon. But, unlike the Chinese approach, Gorbachev initially stressed on moral rather than material incentives and called for both improved centralization and effective decentralization, a traditional Soviet approach. This did not accrue much benefit except a little growth initially, compared to last few months of the Chernenko regime. Later, growth rate diminished and eventually declined during 1986-87 compared to that of the late 1970s and early 1980s, an era now called the "stagnation years."<sup>76</sup>

However, Gorbachev's extensive travels across the country gradually convinced him of the deep-rooted inertia in the whole society. Going beyond the traditional approach, he began to call for political and social change and ultimately radical economic reforms. To evolve institutional change, Soviet Union took steps to introduce several laws to make reforms more effective. *First*, the Politburo in February 1987 issued the Law on Cooperatives under which entrepreneurs could establish their own business, free from state planning system. *Second*, a law authorizing private business became effective on 01 May 1987. *Third*, the Enterprise Law was passed on 30 June 1987, that envisaged greater power and autonomy for factory directors to make decisions. Also the Law stipulated to put all Soviet industries to work on self-financing and profit-making basis by early 1988. The Ministries and Gosplan could contract to buy only a fixed percentage of production at a pre-fixed price and the remaining products could be contracted directly with the customers.

Hungary and Poland also are introducing industrial reforms in varying degrees. In keeping with its tradition of economic decentralization, Hungary under a new leadership is reported to have crafted the most ambitious economic reform in Eastern bloc. During early October 1988 the parliament approved a Law on Corporate Association which, from the beginning of 1989, was intended to let the private sector blossom, liberate the movement of capital and allow

76. *Pravda*, 30 June 1988, p. 3.



Western companies to buy Hungarian ones. The Law established the right for anybody to set up private shareholding companies - which is a step further from the earlier joint stock companies. In the past only a state enterprise or a cooperative could be partners in a limited company. Now, individuals wishing to form a limited company must have a starting capital of at least 1 million forints (\$19,000), half of which must be in cash. The joint stock companies should have a starting capital of 10 million forints, half of it in cash.<sup>77</sup> The government is also considering steps to reduce the private and corporate taxes to spur increased investment. Also in early December 1988, the authority approved a tough plan to slash state subsidies in inefficient enterprises, allowing bankruptcy. The withdrawal of state subsidies could put about 2% of the work force out of work. But says the Hungarian new leader Grosz, "It is the tough medicine Hungary must take if it is to have real prosperity."<sup>78</sup>

In like manner, Poland also launched the so-called "Second Stage" of reforms in the wake of the 10th party congress held in July 1986, which seemed to be an extension of the original reform project of 1981. The Economic Reform Commission published in April 1987 the "Theses Concerning the Second Stage of Economic Reform", which have been subjected to widespread public debate and later put to a national referendum on 23 November 1987. It did not receive required public approval because of lack of public confidence in the government. Yet the government decided to continue the programme with some revisions. The programme envisaged - (a) strengthening the autonomy and responsibility of enterprises, that is, decentralization of economic decisions and reliance on competitive markets and prices ; (b) diversification and enrichment of organizational structure and management, geared to release and ensure greater incentives and participation, and (c) increased role of market mechanism in restoring economic equilibrium.<sup>79</sup> However, because of political squabble

77. *The Economist*, 15 October 1988, p. 55.

78. *The Economist*, 25 June 1988.

79. Dr. Iftekharuzzaman, "op. cit, pp. 130-34.

between the banned, but mass-supported, Solidarity and the government, these reforms could not make any dent on the Polish ailing economy. Recently the communist government signed an Agreement with Solidarity to jointly pursue the much-needed reform measures.

**Foreign investment and joint ventures :** The reformist communist countries have been taking steps to attract Western investment in order to infuse modern technology in their aging industries. China already established four Special Economic Zones in Shenzhen and Guangdong provinces, adjacent to Hongkong, for attracting foreign investment and joint ventures. Under Zhao's liberal leadership, China planned to open all the coastal areas and turn them into a huge export processing zone, of which the island of Hainan would come first. In October 1986 Beijing promulgated the "22 provisions" on foreign investment giving incentives and preferential treatment to foreign investors and allowing foreign companies to fully own industries established on Chinese soil. Hungary is the other communist country and only in Eastern bloc which also allowed total ownership of all ventures established or bought by foreign companies. While in 1980 there were two joint ventures and one wholly-owned foreign enterprise,<sup>80</sup> by 1987 the number had grown to over 10,000 including 184 wholly foreign-owned operations.<sup>81</sup> Till 1987, the contracted amount of foreign investment in China amounted to about \$62.5 billion. On the otherhand, China itself has established 277 enterprises outside its territory.<sup>82</sup> However, the recent brutal crackdown and random killing of hundreds of peaceful student demonstrators by the Chinese army are going to be a strong setback in China's open door policy.

In like manner, after looking on enviously over China's success in attracting foreign investment, Soviet Union also started inviting proposals for joint ventures with foreign companies on its territory.

80. Marshall I. Goldman and Merle Goldman, *op. cit.*, p. 513.

81. *The Economist*, 12 November 1988.

82. Marshall I. Goldman and Merle Goldman, *op. cit.*, p. 513.



This was the first time that joint ventures with foreign capital has been permitted in the USSR since the demise of Lenin's NEP in the late 1920s. The condition the Soviets put on joint operations is that they have to operate with a 51:49 share basis and profit repatriation could take place only if those ventures generate convertible currency through exports. Although this was a bold break with traditional ideological makeup, the response from the Western companies was not very encouraging - only 60 such ventures have been negotiated as of October 1988. This stands in sharp contrast with Chinese or Hungarian experience. In Hungary only in the first 9 months of 1988 about 100 joint ventures have been set up.<sup>83</sup>

The Soviets, more cautious attitude toward foreign investment is also reflected by the fact that they have not yet considered setting up of Special Zones, similar to those established in China which really became the springboard for Western investment. Another advantage the Chinese have in this respect is that 80% of their joint ventures are with Hongkong and overseas Chinese Community who want to help their mother country modernize as well as help themselves. The Russians do not have such a large overseas entrepreneurial community.<sup>84</sup>

**Price reform :** An important aspect of economic reform is the price rationalization of products. However, the degree of decontrolling prices by the state varies among the communist countries. For example, in China already prices of half of all commodities are determined by the market forces, that is, on the basis of law of demand and supply; the remaining half is still determined by the state organizations. The Chairman of the Chinese State Planning Commission envisages to keep control over prices of certain strategic goods, such as, grain, cotton, edible oils, some other farm products and important commodities like steel.<sup>85</sup> Zhao himself admitted that

83. *The Economist*, 15 October, 1988, p. 55.

84. Marshall I. Goldman and Merle Goldman, *op. cit.*, p. 513.

85. *The Economist*, 1 October 1988, p. 25.

China's biggest problem was the removal of controls and letting prices find their own level will not work until more enterprises gear their activities on the basis of productivity and not on politics.<sup>86</sup>

However, Soviet Union declared that it would not undertake price reforms until 1991, beginning with the 13th 5-year plan. Gorbachev seems to be not convinced yet of the role the market forces play in determining a realistic price mechanism. Rather, he emphasizes on not allowing to increase the cost of living due to free market mechanism and envisages a price system that truly reflects the costs of production and contribution by the workers, a typical Soviet approach. On the other hand, his ideology chief Medvedev emphatically argues that the laws of supply and demand are the only way to produce a flexible economy. He says, "The market is an indispensable means gearing production to fast-changing demand and a major instrument of public control over quality and cost."<sup>87</sup> It is interesting to note that Soviet Union is considering to make the Ruble a convertible currency in relation to US dollar and recently Aganbegyan, Gorbachev's economic adviser, declared a prize of \$25,000 for one who could devise best the transformation of Ruble into a convertible currency.<sup>88</sup>

**Creation of capital market:** Another new phenomenon in economic reforms in some of the communist countries is the creation of capital markets for boosting investment. In Hungary during 1982-84 already 20 small banks have been established to finance development projects and since 1984 a domestic 'bond market', first of its kind in East bloc, has been introduced to raise funds from both enterprises and individuals for financing housing and on infrastructural schemes.<sup>89</sup> A truly capital market is in the offing in Hungary, as idle savings such as jewellery and hard currency are reportedly being transferred to shareholding companies offering a real return on investment.<sup>90</sup> It

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86. *International Herald Tribune*, 12 November 1988.

87. *International Herald Tribune*, 6 October 1988.

88. "Editorial", the daily *Ittefaq* ( *Bengali* ), 27 February 1989.

89. *The Europa Yearbook*, 1986. Vol. 1, p. 1267.

90. *The Economist*, 15 October 1988, p. 55.



seems only a matter of time that a busy stockmarket joins Hungary's 5-year old bond market.

China also initiated the creation of a stockmarket back in September 1986. The Shanghai Stock Exchange, closed since 1949, has been reopened and people were showing great enthusiasm to buy shares issued by the Industrial and Commercial Bank of China and the Shanghai Trust and Investment Company. Such stock exchanges have already been opened in major cities. However, as of early 1988 only a small number of shares have been offered and the stocks issued cannot exceed 3% of the total capital stock of an enterprise and also the public sector is to remain predominant.<sup>91</sup>

While Hungary and China are gradually moving ahead with creation of stockmarkets, Poland and particularly Soviet Union are lagging behind in this regard. Poland only set up a new institution, the Bank for Exports promotion in December 1986 and it introduced on 12 May 1987 a new system of auctions for hard currency, for the first time in Poland since 1945. The state firms could sell and buy some hard currency through auctions made out of the hard currency retention accounts, which have been allowed as an export incentive by the reform 'Theses' published by the government in 1987. This operation can be done without the need for prior permission from government departments.

**Hiring of labour :** Prior to reform initiatives, most of the communist governments had the exclusive right to hire labour and the governments were the sole employer. Individuals have been forbidden to hire labour in order to end 'exploitation of man by man'. But Hungary, Yugoslavia and Poland relaxed this Marxist axiom much ago. Now the new Law on Corporate Association in Hungary allows any private enterprise to employ upto 500 people, compared with the previous limit of 35. The recently-disgraced party lader Zhao of China said in November 1988 that, "We have expressly

91, Marshall I. Goldman and Merle Goldman, *op. cit.* p. 510.

92. *The Europe Review* 1988, pp. 156-57.

allowed private ownership—that means the right to hire workers.”<sup>93</sup> Reports suggest that in China some private enterprises, particularly in manufacturing and transportation, are employing over 100 workers and in the lower Yangtze region, as many as 1000 workers.<sup>94</sup>

However, Soviet Union seems to be still rigid in this respect. In line with Marxism-Leninism, even Gorbachev reforms put strict restriction that no private person can hire labour other than using members of his own family. Only cooperatives and joint ventures, either domestic or foreign, can hire and employ labour. Moreover, the Soviet workers can only undertake private enterprising as a spare-time activity, rather than a main form of employment.

### Socio-cultural Reforms

Together with economic and political reforms, the communist countries are also initiating changes in socio-cultural life of their societies. The aim can be discerned as two-fold : to create a wide and strong constituency of reform activists and supporters who would carry through the reform programmes and to make the so-called communist leviathans look like ‘modern and civil societies’ with participation of the masses based on permissible limits of pluralist views.

Gorbachev’s views in the socio-cultural and communication fields, known as *glasnost* marked the beginning of the political and professional emancipation of the creative intelligentsia. Organs of mass communications like the press, TV and radio, films and publications are enjoying greater freedom than ever before. Initially, this freedom took the form of letter writing as a way of expressing grievances over problems of daily life. Gradually it expanded to cover arts, films, literature and all other aspects of socio-cultural life. The public can now freely discuss and write about the various forms of social pathology, whose existence had either been denied earlier or true dimensions concealed. Editors like Vitaly Korotych of the now

93. *International Herald Tribune*, 12 November 1988.

94. Marshall I. Goldman and Merle Goldman, *op. cit.*, p. 510.



existing mass weekly *Ogonyok*, Yegor Yakovlev of the daily *Moscow News* and Sergei Zalygin of the monthly *Novy Mir*, sociologists like Tatyana Zaslavskaya and economists like Abel Aganbegyan and Nikolai Shmelev and poets like Yvegeny Yevtushenko are all creations of Gorbachev's *glasnost* policy. In an issue of the monthly *Novy Mir*, one outspoken writer even charged Lenin's 'war communism' of 1917-20 to be responsible for laying the foundation of Stalin's prison camps and command economy.<sup>95</sup> Therefore, even Lenin now became a fallible god in the eyes of the Soviets.

The scope of censorship over publications has also been sharply curbed. Works as varied as Yvegeny Zamiatin's *We*, Gegre Orwell's *Nineteen Eighty Four* and Boris Pasternak's *Dr. Zhivago* have finally appeared in Soviet literary journals. The writings of other Soviet authors—most prominent among them Anatoli Rybakov's *Deti Arbata* (Children of th Arbat), Alexander Bek's *Nove Naznachenie* (The New Assignment) etc. which are recounts of Stalin's cruelties are allowed their publications. There is already talk of publishing Solzenitsyn's writings in the Soviet Union. Most of the Soviet history is now dubbed as concocted lies and its writers (M. Suslov is one of them) are in disgrace, while historians like Roy Medvedev, once disgraced because of writing truth, are being respected again.

In terms of human rights also, Soviet Union has improved its record quite significantly. Andrei Sakharov, long exiled in Gorky city, has been taken back to Moscow with honour and given freedom to travel to the West. Gorbachev himself declared at the UN on 7 December 1988 that, "people are no longer kept in prison for their political and religious views". Religious freedom also seems to have increased in the Soviet Union. Gorbachev met the Russian Orthodox Church leaders and in 1988 they have openly organized religious mass celebrating the millenium of Russian Orthodoxy.

In like manner, China under Deng, who himself was disgraced during the Cultural Revolution, became tollerant of dissent than

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95. *The Economist*, 25 June 1988.

before. Despite periodic attempts to control the so-called 'spiritual pollution' during 1983-84 and 'bourgeois liberalization' during 1987, student demonstrations were tolerated till the recent crackdown. Although Fang Lizhi, the famous astro-physicist, dubbed as 'China's Sakharov', was expelled from the party in January 1987 for his alleged role in encouraging the student demonstrations, is being allowed to stay in China and give free interviews with local and foreign media and also allowed to travel abroad freely. Another milestone in Chinese reform is that since 1978, China has sent more than 50,000 students to study in foreign countries and half of them in the US alone. In Chinese markets, Marxist philosophy is not marketable, while Western publications are sold as hot cakes.

Hungary and Poland are also experiencing the same socio-cultural renewal. A free press is already well its way in Hungary. Since January 1989, reports suggest that 10 new weeklies, a new daily, a specialized daily focusing on parliamentary affairs, not to mention garlic magazines and cheap tabloids, have appeared.<sup>96</sup> The works of previously banned writers as George Konrad and others are allowed publications. Even Hungarian TV recently telecast interviews with Alexander Dubcek, the reformist Czech leader ousted in 1968, much to the chagrin of Czech authorities. Poland also is not lagging behind with the government's permission of opposition's dailies and weeklies.

### Compulsions behind the Communist Reforms

Lenin, the first communist *Bozhd* (leader) of Bolshevik Russia, began his rule in 1917 with two 'pious' assumptions: that proletarian revolution would soon spread in the industrialized countries of the west on the basis of Trotsky's "Theory of Permanent Revolution", and that socialist economy would develop more rapidly than the 'bourgeois' economies, beset with inherent contradictions. Reality is the glaring

96. J.M. Gutman, "Fresh Breezes in Budapest, *The Guardian*, 28 May 1989, p. 20.



testimony that neither of them came true. What all happened since then ran contrary to these beliefs. After all these decades of communist construction, the leaderships have finally come to grip the 'truth' about their self-propagated achievements. The new reformist leadership was daring enough to call the spade a spade. At the June 1987 Plenum of the Central Committee, Gorbachev was blunt enough to characterize the system, he inherited, with the appearance of "pre-crisis phenomena". The new Kremlin ideology chief himself recognized that communism was undergoing a period of crisis around the world and that it needs a 'new concept' for further sustenance.<sup>97</sup> Gorbachev also admitted at the 19th Special Party Conference: "We underestimated the entire depth and weight of deformation and stagnation of the past years...Much we simply did not know and see only now: the neglect of affairs in various spheres of the economy turned out to be more serious than was at first imagined."<sup>98</sup>

Some pertinent questions can naturally be raised here: after decades of communist construction to reach the pre-comprehended 'historical destiny', why is the system on the brink of a crisis? What are the deformations and how did they happen? Do the problems lie in the roots of the system, that is, ideological postulates of communism? Or, do they lie in their mistaken application? In order to respond to these queries, one has to make a dispassionate dissection of the communist system and its overall performance.

First about the communist economies, the *base* in Marxist terminology. Lenin's 'War Communism' as a response to consolidate Soviet power out of civil war and its subsequent reversion to 'NEP' and 'state capitalism, was short-lived. However, from the very beginning of the revolution Lenin advocated the establishment of control over the 'commanding heights' of the economy by the state. Operating on this policy, Stalin subsequently introduced a 'command economy', otherwise known as 'administrative socialism' based on

97. *International Herald Tribune*, 6 October 1988.

98. *Pravda*, 29 June 1988, p. 2.

administrative dictat. After WWII, the Stalinist model was largely imposed on other socialist countries and it worked until recently in varying degrees in all those economies, with exceptions of Yugoslavia and Hungary. Therefore, the system and performance of the communist economies can be discerned from analysis of two factors—the Stalinist model of economic system and the model of economic growth. The first relates to the organization of the economy and the second to the nature and sources of economic growth under socialism.

Among the salients of Stalinist system, number one was the administrative *overcentralization*, a systemic phenomenon under a communist regime. In his *State and Revolution* written in the summer of 1917, Lenin predicted that after proletarian revolution, the socialist regime would require no professional bureaucracy and life would be so simple that any 'literate person' could take care of the minimum administrative responsibilities of the newly-installed system. However, practical life did not proceed that rosy way after the take-over of power by the proletariat. For day-to-day management of state affairs a huge party and government bureaucracy gradually cropped up, in which the government bureaucracy always had to remain subservient and answerable to party bureaucracy. But most often these two got fused into one, for in communist system, the economic goals of the society served first and foremost the political goals of the regimes concerned.

The doctrinaire preoccupation of wiping out all types of private ownership and transforming it into social ownership through a graduated approach brought all the sectors of society under state control, the foremost of which was the control of the economy, the main lever and instrument of power. The centralization of production process under the command of one single authority was thought to be the most effective way, because in pre-revolutionary years, there was a trend towards concentration of production process in the European countries and from this the communist revolutionaries concluded that



the larger the unit of production, the greater is its efficiency.<sup>99</sup> Above all, those considerations became instrumental in shaping the fundamental tenet of Marxism that political power grows out of the ownership of the means of production. This process continued through both direct and indirect means in 'proletarian dictatorships' and 'peoples democracies' depending on the respective country's traditions and socio-economic mores.

But the centralization of management of the whole society brought in its wake utter inefficiency, wastage and mismanagement. It was not possible under a single command to supervise industries, farms and sales network, to direct the labour force, to cater to the service needs of the whole people. Some Soviet economists even admitted that possibly no one knew what really happened in the economy.<sup>100</sup> Ever since the communists took over, there has been talk of decentralization and sharing of power between the state bureaucracy and the local "Soviets" or "Workers Councils," but all such attempts have failed because of the fear of losing the party grip over the country and the masses.

As a matter of fact, the whole problem lies in the Leninist principle of superiority of 'consciousness' over 'spontaneity' that is, the need for guidance of the masses by an enlightened few. Seweryn Bialer aptly says, "The Bolshevik fear of *political* spontaneity found its extreme *economic* expression in the Stalinist model".<sup>101</sup> Subsequently, the conscious guidance by the 'enlightened' few took all pervasive and distorted forms. The government as almost the sole employer and with material rewards at its disposal could make the broad masses conform to the regime values and norms. Those who did not conform to ruler's standard of loyalty had to face unemployment, harassment, purges or even physical liquidation under Stalin. The other side of the state monopoly over the countries' wealth,

99. Richard Pipes, *op. cit.*, p. 114.

100. *Ibid* p. 116.

101. Seweryn Bialer, "Gorbachev's Program of Change: Sources, Significance, Prospects" *Political Science Quarterly*, Fall 1988, p. 405.

rewards and punishment was that it enabled the *Nomenklatura*, a list of party approved persons to fill important party/government positions, to reward itself with a comfortable life, compared to that of the industrial societies. In fact this *nomenklatura*, otherwise called the *apparatchiks*, held the whole country into its virtual ownership. As Bialer observes, "While the Leninist model was basically egalitarian in that it distributed poverty equally among the working people even including the party members, Stalinist war communism decreed poverty only for the working class and abundance for the party elite."<sup>102</sup>

At the apex of this *nomenklatura* system stand the leaders and their extended family members. Brezhnev's Soviet Union, Kim Il Sung's Korea, Feidel Castro's Cuba or Ceusescu's Romania are glaring examples. The family members of the leaders hold important positions both in the party and the government. Even during the current reform and clean-up drive, the family members of the communist leaderships, as in China, are enriching themselves, using family leverage, much to chagrin of the demonstrating masses. Then come the Politburo and Central Committee of the ruling communist parties and attached to them other departments. This network extends to other administrative machinery, the intelligence services, diplomats, media specialists and high level experts on science and technology, directors of state industries and farms and so on. Like other privileged classes, the *nomenklatura* acquires the characteristics of a hereditary caste, as its dependants are given educational and other opportunities, not accessible to the common mass.<sup>103</sup>

The entitlements the *apparatchiks* enjoy come in a variety of forms and most of them in kinds. In a system of constant scarcity of basic needs and comforts, it is not money, but access to special facilities that really matter. These are country *datchas*, summer homes, special shops and food stores stocked with imported goods,

102. *Ibid*, p. 406.

103. Richard Pipes, *op. cit*, p. 31.



special hospitals, comfortable flats, sanatoriums and the likes. Thanks to Gorbachev's *glasnost*, *Pravda* on 1 September 1988 published the grocery list for the *datchas* of high officials of Moscow—for the first six months of 1988 it included 394 kilos of cavier, 6000 tons of crab, live pate and other delicacies, 565 kilos of cured sturgeon etc. And this is in a country where meat is still rationed in 8 of the 15 Republics.<sup>104</sup> In order to polish the party image, Gorbachev reportedly curtailed some privileges of the party highups.

These types of special privileges did not go unnoticed by the public, but they were powerless in the face of all encompassing labyrinth of the state power and its coercive machinery. During Lenin's time, at Party Congresses in the early 1920s under 'democratic centralism', it was still possible to discuss openly unpleasant things and delegates complained of the 'Soviet bourgeoisie' that exploited party and government posts for personal benefit and aggrandizement.<sup>105</sup> Even in 1921-22, the Party under Lenin carried out purges to rid itself of the worst opportunists. Stalin also carried out purges both in the USSR and Eastern Europe, as did Mao in China, but of a different kind—only to wipe out actual or potential opponents to their regimes. In all the communist countries, this party rectification campaign goes on at regular intervals. For example, in 1987, 10,5000 members were expelled from the Soviet Communist Party for breaking party rules, and 23,000 of them for corruption.<sup>106</sup> During the 1980s, similar purges have also been carried out in Chinese and other communist parties. The scandalously inflated statistics of agricultural production by Uzbekistan Party boss and officials to promote their self-interests or the subsequent trial of Brezhnev's son-in-law Churbanov was well publicised. During the Andropov rule several ministers and high officials were also tried and executed for corruption. In fact the degree of theft that goes on in socialized

104. *The Economist*, 1 October 1988, pp. 51-52.

105. Richard Pipes, *op. cit.*, p. 28.

106. *The Economist*, 1 October 1988, p. 52.

property system is enormous—one conservative figure estimates that 15% of Soviet GNP is stolen from top down every year.<sup>107</sup> Therefore, some public trials in the face of an iceberg look to be simply a cosmetic eyewash and moreover, the official misappropriations are unearthed usually when someone falls out of grace with party leadership. It may be recalled that Boris Yeltsin's resounding victory to Moscow's number one seat in recent elections greatly owes to his fierce attacks on party privileges and corruptions.

This problem of emergence of a self-seeking communist bureaucracy was foreseen by the early social critics and even by the communists. Michael Bakunin, anarchist of the 1870s, opposed Marx's concept of the "dictatorship of the proletariat" on grounds that in such a case power would inevitably pass into the hands of a new class of exploiters, the revolutionary intellectuals, whom Bakunin dubbed as "state engineers".<sup>108</sup> Another left-wing socialist of the German SDP Rosa Luxemburg in the early 20th century opposed the creation of a permanent party bureaucracy, which she took to be the reason of developing opportunist tendencies in the socialist parties. By the mid-1920s Stalin's rival Trotsky began to call Soviet Russia as a "degenerated workers' state", in which a planned, potentially socialist economy is overlaid by a privileged, dictatorial bureaucracy.<sup>109</sup> In his work *Revolution Betrayed* (1935) Trotsky observed that the Soviet developments testified the potential of a planned economy, but with an "uncontrolled caste alien to socialism, wielding the club of state power." That is why, he suggested that to depose the caste "the working class would have to carry out a political revolution".<sup>110</sup> Milovan Djilas, an Yugoslav communist leader and early confidant of Tito, who fell out with his leader in the 1950s and became a dissident, wrote the famous treatise *The New Class* (1959) in which he made a searching dissection of the ruling class in the

107. Seweryn Bialer, *op. cit.*, p. 447.

108. Cited in Richard Pipes, *op. cit.* p. 28.

109. Adam Westoby, *op. cit.* p. 286.

110. *Ibid.*, p. 286.



communist societies, their beliefs and commitments, their life styles and perquisites etc. A communist leader while holding uncontrolled state power did once try to get rid of the party and state bureaucracy, but it was based on a purely voluntarist strategy. It was Chairman Mao's Great Proletarian Cultural Revolution in the mid-1960s onward. Through that strategy, Mao 'bombarded the party and government Headquarters' with a red terror to return to the primitive communism, the devastating effects of which have been well publicised under the Deng regime.

Theoretically speaking, the dictatorship of the proletariat was necessary as long as the bourgeois class survives to threaten the new socialist system. And the bourgeoisie as such has, in fact, been destroyed in the Soviet Union and other communist countries long ago and the 'state' as the 'machinery of exploitation' should have been withered by now. But experience shows that rather than withering away, the state continues with renewed vigour to perpetuate itself more deeply. To paraphrase the famous saying of Lui the XIV of France, "L'etat, c'est le Bureaucracy". Even the slightest challenge to party rule by peaceful masses is still faced with crashing hundreds of innocents under running tanks and trains, as the recent China experience shows.

Related to this phenomenon of self-perpetuation of communist bureaucracy and its aggrandizement is its entailing deprivation at the other end—that is, the ordinary workers and peasants—the broad masses with no incentives. Indeed, the communist system is so designed that the status-quo serves the vested interests better, rather than from its change. The government usually through its central plans sets specific production quota for each sectors of the economy without much regard to costs or profits or the laws of demand and supply. Although, sometimes underperformance is penalized, over production is seldom rewarded. On the contrary, the enterprises or farms overfulfilling the set quota usually get increased quota for next year. Therefore, the managers and workers in general try

to merely fulfil the set target and that too in a thrust of the last days of plan fulfilment. They somehow try to 'manage' additional income through trading state properties in a 'black market' or working in the 'second economy', that is, legalized private markets. Besides, in the Soviet Union for example, enterprises are categorized into large, medium or small scale, depending on the number of workers, and, therefore, the management is interested to show more working hands they really needed-at the cost of low per capita output. This problem was known to communist leaderships as the remarks of Yuri Andropov, the short-time successor of Brezhnev and patron of Gorbachev, indicate, "An economic planner who would take a 'risk' and introduce into the enterprise new technology, who would put to use or invent new equipment, would often turn out to be the loser, whereas he who stays clear of innovation loses nothing. To work out such a system of organizational, economic and moral measures which would create an interest among managers, workers and, of course, scientists and designers in modernization—this is the task."<sup>111</sup> Prof Richard Pipes adds, "This, indeed, is the task, but it is not organizational or technical in nature : it is political in the fullest sense of this word".<sup>112</sup>

Another systemic phenomenon inherent in Stalinist model was its excessive expenditure on defence. For example, compared with the US which spent 6-7% of GNP on defence even under the Reagan Administration, the Soviets are reported to have spent 12-14% of their GNP. The result was that USSR, the pioneer communist country, became absolutely a unidimensional superpower—only in the military sense, with a standing armed force, second to China's PLA only. In fact, almost all the communist economies are geared to enhance mainly the military might and the Polish economist Oscar Lange's characterization of the Stalinist economic system as a "war economy,"<sup>113</sup> perhaps applies to most of them. For example

111. Cited in Richard Pipes, *op. cit.*, p. 117.

112. *Ibid.*

113. Seweryn Bialer, *op. cit.*, p. 405.



China, DPRK or Vietnam, while having a low standard of living for the masses, have huge military machines, unjustifiable from the economic point of view. Cuba is another example which, with only a 10-million population, has an armed force, second only to Brazil, the biggest country in Latin America.

Such disproportionate military buildup, in fact, was justified by a constant propaganda of "capitalist encirclement". Lenin-Stalin's theory of inevitable conflict with imperialism was only tempered by their successors Khrushchev and Brezhnev, but never abandoned. Even in times of relative detente, the world scene was depicted as arena of relentless conflict. The leaders like Deng and Gorbachev could read the limits of their economies and hence, took vigorous initiatives to cut down armed forces and defence expenditure. Reports suggest that during the last years, China has demobilized about one million troops and defence stands lowest in their modernization programme. In like manner, Gorbachev also declared to demobilize half a million troops in next two years and already decided to cut 14% of their defence budget, with more in the offing. Also initiatives have been taken by Gorbachev to gear many of the military-industrial complex into civilian production.

Now talking about the model of economic growth, all the communist countries have, from the beginning, followed an extensive approach that relied on increasing contributions of labour, capital and resources. Usually, countries in their early or intermediate stage of development, otherwise called their "First Industrial Revolution",<sup>114</sup> follow this model and relatively high growth rates are achieved. During the initial years, relying on revolutionary enthusiasm, of the 'Stakhanovites' and sufficient resources, the Soviet and East bloc economies achieved commendable growth rates (Table - I and II). All these years particularly Soviet Union could rely on its unlimited natural resources including oil and gas. However, this extensive growth has its limits and Soviet bloc countries by the early

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114. *Ibid.* p. 406.

1970s have reached them. They could draw no more on unlimited resources either from domestic sources or from outside. The economist Clark Kerr estimated that 90% of the US conomic growth in the 20th century was achieved through intensive growth, that is, through technological progress and only 10% through capital investments. For the Soviet Union these figures are reversed.<sup>115</sup>

**Table—I**  
**Average Annual Rates of Soviet GNP**

Years	Percent
1951—60	5.8
1961—70	5.1
1971—75	3.8
1976—80	2.8
1981—	2.8

Source : Richard Pipes, *Survival is not Enough* ( New York : Simon and Schuster, 1984), p. 112.

**Table—II**  
**Average Annual Rate of Growth of East European GNPs**

Countries	1961—65	1971—75	1981—85
East Europe as a whole	3.9	4.9	1.2
Bulgaria	6.4	4.7	0.9
Czechoslovakia	2.4	3.4	1.4
GDR	2.9	3.5	1.7
Hungary	3.9	3.3	0.9
Poland	4.5	6.5	1.2
Romania	5.4	6.7	2.0

Source : *Current History*, November 1987.

115. *Ibid.*



The communist leaderships had been aware of this fact and innumerable resolutions, decrees and exhortations have been released from party meetings to this effect. However, the demands of modern intensive production based on productivity of labour and capital through technological innovation, declining unit cost of production, improved quality of goods and better incentives could not be met within the framework of a communist economy. While leaders advocated the need for intensive growth, their 5-year plans continued to rely on extensive factors. The result is a sharply declining growth in almost all the communist countries during the late 1970s and 1980s (Table I and II).

Another aspect of the communist model of economic growth is that it put much more emphasis on capital-goods producing heavy industries (Group A) at the neglect of consumer industries (Group B). This was done out of a near-mania of achieving self-reliance without the least regard to cost effectiveness. Leonid Yagodovsky, Deputy Director of Moscow's Institute of Economics of the World Socialist System observes, "Certain elements of autarky were contained in the theoretical approach to the elaboration of socialist construction programme. The Soviet model was copied and as a result the economic patterns of the East European countries proved very similar. For instance, in all countries priority was given to the expansion of heavy industry, including metallurgy, even if there was no ore or coke for it. A full cycle of basic industries was created by them without regard for the division of labour. The theoretical concept of two opposite camps and two isolated markets also played its part in this respect."<sup>116</sup> Because of this undue emphasis on Group A industries, there has grown a chronic and serious imbalance between the two sectors of industries, with the basic consumer goods, even in their usual shoddy forms, facing a permanent shortage in most of the communist countries.

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116. *New Times* (Moscow) March 1989.

However, the weakest link in communist economies was, perhaps, the agricultural sector, with some exceptions like Bulgaria, Hungary and GDR. The situation in Soviet Union was most deplorable. While in the years preceding WWI (1909-13), Russia exported an average of 11 million metric tons of grains a year, then nearly one third of the international grain trade,<sup>117</sup> after decades of communism-building, Soviet Union became the biggest grain importer on earth during the last years. The Soviets recently revealed that it had spent \$30 billion on food imports during the last 3 years only.<sup>118</sup> State subsidies on foodstuff alone increased from a mere 3.2 billion Rubles in 1965 to a huge 73 billion in 1986, which amounts to about 17% of Soviet budget.<sup>119</sup>

While the Soviets farm more land than any other nation, 25 countries outrank them in terms of land and labour productivity, two important measures of agricultural performance.<sup>120</sup> One Soviet collective farmer can feed only 7-9 people, in sharp contrast to a Dutch farmer who feeds 112 at least.<sup>121</sup> Despite huge investment in the 1970s in agriculture, Soviet productivity has markedly declined since the 1960s. For example, a tripling of fertilizer and a 170% rise in farm workers' pay produced an output gain of 39% only.<sup>122</sup> Soviet media of late held responsible the Stalinist forced collectivization of agriculture for this sorry state of affairs. But his three successors - Khrushchev, Brezhnev and Gorbachev—all had been in charge of the agricultural sector, prior to reaching the top leadership, but could not visibly make any headway. On the other

117. Richard Pipes, *op. cit.*, p. 120.

118. *The Guardian*, 22 January 1989, p. 7.

119. Sadhan Mukherjee, "Changes Socialist Economy", *World Focus*, Oct. Dec. 1988, p. 27.

120. Cited in Humayun Kabir, "Glasnost and Perestroika in USSR: Adjustment of the System or Systemic Change?" *BISS Journal*, Vol. 8, No. 3, 1987, p. 273.

121. *Time*, 10 April 1989, p. 27.

122. *The Guardian*, 26 March 1989.



hand, while three-fourths of the agricultural land in Poland are tilled by private farmers, it could also not become self-sufficient in food and food riots in Poland became a commonplace. Currently, Poland is reported to be spending about 20% of its budget on food subsidies. It may be mentioned that when the collectivized agriculture disintegrated during the 1956 worker demonstrations, the government began to pursue a policy of indifference to the private farmers. Similar experience has been in China with 'People's Communes' which could afford a bare 'iron rice-bowl' upto the end of the 1970s. Out of desperation, peasants of Anhui, Sichuan and elsewhere reportedly broke away from the confines of the commune system and began to take matters and land into their own hands. The Deng regime ultimately gave formal approval to this phenomenon, which came to be known as the Household Responsibility system.<sup>123</sup>

Some countries of the East bloc, notably Hungary from the late 1960s onward pursued a significant decentralization domestically and an outgoing strategy to the West internationally for trade diversification and loan procurement. However, Hungarian model of market socialism reached the limits of controlled freedom of the market forces. The latter had inevitably reached the point of clashing with the macro-economic parameters set by the government. On the other hand, being in the vortex of COMECON and the West, Hungary could be effectively integrated neither with the East nor with the West. Besides, from the early 1980s both the Western credit market and world trade did not show healthy prospects. As a result, trade dependent Hungary severely suffered during the last years. The same was true in case of Poland which initiated an import-led and loan-dependent development strategy since the mid-1970s.

Finally, the continued sustenance of the Stalinist politico-economic model in most of the communist countries, although in varying degrees, and its poor performance led to a ever widening gap between

123. Marshall I. Goldman and Merle Goldman, *op. cit.*, p. 508.

the East and the West not only in physical indicators, but also in technological advancement. Lenin began communism-building with the famous slogan of "catching up and surpassing" the principal capitalist countries, and he wrote, "In the final analysis the competition and struggle between capitalism and socialism will be resolved in favour of the system that attains a higher level of economic productivity."<sup>124</sup> And certainly Lenin's pious conviction of socialism to be the ultimate victor did not come true. What all had happened during these decades was quite the reverse.

While by the mid-1970s all the advanced capitalist countries entered the era of the *Third Industrial Revolution*, characterized by super computers, miniaturized microchips, automation and robots, the advanced communist countries including the Soviet Union could by then barely enter the *Second Industrial Revolution*.<sup>125</sup> Therefore, comparisons with physical growth which has so long been a matter of pride to the communist leadership simply has become irrelevant in an age of super technological advancement. What really matters in modern times is not the quantity, but efficiency and productivity of the production process, the product quality, its costs etc. In all these factors, the communist system as a whole regressed further down compared with the West. To cite few examples : labour productivity of the Soviet Union still stands at one-third of other industrial nations ; the Soviet Union produces steel twice that of the US, with a GNP one-half the size, even then she faces chronic shortages of steel. The reason is simple—it uses 2-3 times more raw materials for the same kind of products compared with the West and overproduces steel of low quality. The result is that the Soviet share of world export of machinery and equipment decreased from 3.2% in 1970 to 2.1% in 1985.<sup>126</sup> Thanks to Gorbachev's *glasnost* and open door policy, the Soviet citizens could see for themselves the degree

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124. Seweryn Bialer, *op. cit.*, p. 410.

125. *Ibid.*, p. 411.

126. Sadhan Mukherjee, *op. cit.*, p. 28.



of gap in technology of rescue operations between theirs and those of the French and British after the Armenian earthquake. The Soviet media then even questioned why Soviet Union being in the earthquake zone could not develop such technology, while France or Britain not being prone to earthquake could develop such efficient and sophisticated technology.

As a matter of fact, the industrial structure in the communist countries became too old and obsolete to respond to the demand of advanced technology. One estimate suggests that the average life of Soviet industrial stock is 28 years. That is why Nikolai Maslennikov, the Chairman of the Budget and Planning Committee of the outgoing Supreme Soviet, has estimated that at the present rate of replacement, it would take 10-15 years the overhaul to existing Soviet industrial structure.<sup>127</sup>

The same is true in case of other East European countries, whose industrial exports are facing growing competition not only from the EEC countries, but even from the newly-industrializing countries of the developing world. Soviet Union as an importer of manufactures from the CMEA partners reportedly expressed dissatisfaction over the low quality of their goods. It may be recalled that although in the initial years after WWII, Soviet Union benefitted economically from East European countries through exacting war reparations and feeding Soviet industries with cheap materials from there, in later years East Europe gradually became an economically losing concern.<sup>128</sup> In like manner, the pragmatic leadership of giant China could sense of their rapid decline in technological development compared with their neighbouring the East Asian 'little tigers'. Hence, a change of course to increase economic cooperation with the neighbourhood including Taiwan, South Korea and the West is discernible. To mention one example – China's trade, both direct and

127. Marshall I. Goldman and Merle Goldman *op cit*, p. 511.

128. For details, please see Sarah Terry (ed), *Soviet Policy in East Europe* (New Hame and London : Yale University Press, 1984).

indirect, with South Korea reached over \$3 billion in 1988, which is three times more than her trade with the communist North Korea.<sup>129</sup>

In order to offset this growing gap in technology between the East and the West, since early 1970s with the beginning of detente, the Soviet bloc countries took initiatives to increase hard-currency trade and procure Western credit and technology and they became successful in procuring a good amount of the latter. However, this could not generate sufficient impulse in their economies because of ill-conceived priorities and projects. The result was the gradual accumulation of a significant amount of debt to the West. Available information suggests that currently the total debt of the 7 CMEA countries of the East bloc stands at about \$130 billion (Table-III). Because of their inability to increase hard-currency exports and thereby repay the debt, some of them, particularly

**Table-II**

**Debt of the East Bloc Communist Countries (upt) end-1988)**

Country	Amount (million US \$)
USSR	4010
Poland	3870
GDR	1910
Hungary	1700
Czechoslovakia	520
Romania	310

*Source :* Tass Reports cited in the daily *Ittefaq*, 27 February' 1989.

Poland, Hungary and Yugoslavia significantly lost their credit-worthiness. Therefore, the compulsions to open up their economies are well-understood. Even the Soviet Union which has a low debt ratio relative to its GNP, began to face difficulties in obtaining new loans. One estimate suggests that Soviet Union, plans to procure

129. *The Economist*, 23 July 1988, p. 26.



Western credits to the tune of \$ 50 billion to finance its *perestroika* programme.<sup>130</sup>

As a matter of fact, the factors discussed above began to find their cumulative expression from the late 1970s in the perceptible decline in international position of both the communist ideology and its edifice, the system itself. During the decade since the late 1960s, several strategic gains in the international arena by the Soviets were interpreted by its leadership as beginning of the final triumph of communism. This process was thought to be irreversible and the correlation of global forces was perceived to favour the world communist movement. The newly gained confidence, in fact, provoked the Soviet leadership in some offensive and aggressive ventures in the Third World such as, Ethiopia, Angola, Indo-china and finally, Afghanistan.

However, by the late 1970s it became clear that those gains were only superficial and beneath those really lay the "bleeding wounds", incurred by a declining Soviet economy. Detente with the West came to a halt with resulting impact on East-West trade, credit, technology transfer and all other forms of cooperation including a boycott of the 1980 Moscow Olympic games by the West. The US under Reagan shredded off its post-Vietnam nihilistic and pacifist attitude and with increasing defence budgets began to talk to the Soviets from the 'position of strength'. Soviet Union with her already declining economy found itself overextended. Its international commitments turned into mere drains on Soviet resources with no promise of immediate gains. Maintenance of domestic politico-economic stability in Eastern Europe, Vietnam and Cuba and their loyalty to Moscow began to prove increasingly demanding for the Soviets. Moreover, to due Afghanistan and Indo-china imbroglio, Soviet Union found itself in the dock among the comity of nations.

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130. David Satter, "Why Glasnost Can't Work", *The New Republic*, 13 June 1988.

Ideologically also, the international communist movement began to lose its vigour and militancy. The appeal towards communism was in decline the world over. In the West, the communist parties were quick to read the trend and devised 'Eurocommunism', with acceptance of pluralism and manifest independence from Moscow. More than a dozen newly-independent countries that initially identified socialism as both their natural all, and their destiny began to have second thoughts, many of them already crossing side. The illusions of the pro-Chinese communists began to unravel even before in the face of frequent changes in policy of the Chinese communist party.

This rapidly unfolding crises of communism, both internally and externally, manifest in weariness, decreased relevance of the ideology and revolutionary vision and failed promises provided, in fact, the forceful stimulus for change. Added to all these negative phenomena is a change of generations in the communist countries. The societies that exist today in the communist countries are in many ways different from the ones of 30-40 years ago. Currently, these are societies of younger population with better skills and higher education. The traditional coercive sources of stability are in decline, but the changing social landscape in these societies introduced new destabilizing forces. These are the rising expectations and urge for upward mobility. Whereas the old generations always compared their present with the past and remained satisfied with modest possessions, the new generation compares their position, domestically, with higher strata and, externally, with their fellow citizens across the borders. The development of communication technology that facilitated exchange of both peoples and ideas, helped assess the real 'truth' by the urban intellectuals.

The expressions of a Soviet writer back in 1977 cogently sums up the accumulated frustrations of the new generation : "There is a real renaissance now. A search for an ideal, a search for a sense



of life. We have lost our ideals we, have no more ideals of revolution, Marxism-Leninism. They are lost in this system of bureaucracy and falsehood—a crisis of ideology.”<sup>131</sup> Thus, a superimposition of stagnant and conservative leadership on changing societies created a chasm between the ruler and ruled. Hence the rise of the veteran ‘capitalist roader’ Deng Xiaoping and youthful Gorbachev to leadership as agents of change—with calls for domestic renewal and genuine international cooperation, transcending ideology and class struggle.

#### OBSTACLES AND CONTRADICTIONS IN COMMUNIST REFORMS

Samuel Huntington of Harvard University once remarked, “Reforms are more difficult than revolutions”.<sup>132</sup> This is true particularly in case of the communist world. At the time Gorbachev took over, the Stalinist system was over six decades old and in other communist countries socialism had been in existence for about four decades. Therefore, dismantling such a deep-seated system must be accompanied by many obstacles and contradictions. Seweryn Bialer observes, “Major reforms that grow out of crises are substitutes for revolution; they are meant to *prevent* developments that could lead to revolutionary situations. The system within which they take place is far from the brink of revolution. Its institutions are still solid; there is no power vacuum. Revolutions develop from crises of survival; major reforms take place and are intended to counteract crises of effectiveness. ...in reforms, the great danger is that they will be absorbed and neutralized by the system that still displays a powerful instinct for survival”.<sup>133</sup> It is hardly surprising, therefore, that the reforms initiated by the communist world are facing multi-dimensional obstacles. These obstacles are further compounded by the often contradictory policies within which these reforms are intended for materialization.

131. Robert Wesson, *op. cit.*, p. 25.

132. Cited in Seweryn Bialer, *op. cit.*, p. 438.

133. *Ibid.*

First, the reform programmes in the communist world face organized political opposition posed by the conservative quarters of the communist parties. Gorbachev himself recognized that both the Right and the Left united hands to thwart his reform programme. The Yeltsin ouster and the Andreeva letter bear testimony to the fact that there is deep schism within the Soviet communist party over the scope and intensity of the reform programme. Although Gorbachev during the last four years conducted several reshuffles in party leadership to create a solid support base for his *perestroika* programme, the conservatives still continue to have a strong clout in party affairs. This is manifest in the conservatives' being able to have a total sway in the newly-elected Supreme Soviet. Roy Medvedevs are, perhaps, exceptions who could manage seats in the Supreme Soviet. Yeltsin, the maverick and brash populist, has been allowed a seat only when a fellow member from Siberia vacated his place in Yeltsin's favour. The conservative quarter within the Soviet party is represented by the Ligachev-Chebrikov faction, who hold the chairmanships respectively of the agriculture and legal commissions of the party. They are allied with the conservative sections of the intelligentsia, the regional and local party officials and the nationalistic Russian groups who have taken advantage of *glasnost* to express their disapproval to the new course.

Gorbachev's own approach to political reforms also contains the seeds of contradictions. In order to loosen the party's grip over the society, he devised the multi-candidate contested elections, but the party's monopoly of power is still guaranteed by the election process itself. Although non-party members have had a higher chance to win seats than before, all candidates would have to be vetted by the local committees. Besides, Gorbachev kept a provision whereby the local party leaders would simultaneously head the local Soviets. While he ruled out the possibility of a multi-party system, several members of the newly-elected Congress of Peoples Deputies pleaded for putting up the issue before a popular referendum. Till recently, Gorbachev



could play a middle-of-the-road game—placing himself between the conservatives and the radical reformers, taking both groups to task when needed in order to maintain a delicate balance. But the recent election results are likely to stimulate both the Left and the Right to increase their demands and this may limit Gorbachev's freedom of action, rather than expand it.

In like manner, the Chinese communist party is also divided over the degree of liberalization to be pursued in the country. While the once paramount leader Deng inducted the liberals like the late Hu Yaobang and currently-discredited Zhao Ziyang to be the fore-runners of modernization programme, the recent crackdown on student demonstrators and their random killing indicate that the conservatives certainly have had the upper hand in the party. This faction is represented by the Peng-Yilin-Zhen group within the party who advocate a brake in reform programmes and they seem to be winning the battle, at least for the time being. Likewise, the continued struggle between the conservatives and the radicals within the Hungarian party was manifest in the compromise formulations over the 1956 events. Currently, while the reformist faction wants the 1990 election to be based on multi-party system, the conservatives want it to defer until 1995 election. It is still uncertain what the constitutional court would decide in this regard. Poland also instituted a powerful executive presidency which, in all likelihood, would be crowned by a party nominee who together with the communist majority in the Lower House would be able to effectively contain the power of the Solidarity-led Senate.

*Second*, a major obstacle in reform implementation seems to be the resistance of state bureaucracy as the executive instrument in the communist world. The communist bureaucracy thrived on rigid and pervasive control of the economy and loosening of economic control automatically entails losing of political power. Therefore, both the party and government bureaucracy, particularly its intermediate layer, is likely to resist changes through different means. Gorbachev

himself recognised this in June 1986, "Between the people who want these changes, who dream of these changes, and the leadership, there is an administrative layer: the apparatus of the ministers, the party apparatus, which does not want alterations and does not want to be deprived of certain rights connected with privileges"<sup>134</sup>. He even characterized the rigidity of bureaucracy as a 'social evil'. This middle and lower level apparatchiks gained power particularly during Brezhnev's time and they fight rear-guard battles to sabotage reforms as they did in the past. The examples are the implementation of the Enterprise Law or the Law on Cooperatives in the USSR. The place of earlier plan quotas has been taken over by 'state order' (*gozzakaz*) making the system even more cumbersome than before. In order to withstand losing of control, ministries began to demand 80-100% of the average enterprise output, thus leaving no room and autonomy for enterprises to enter into independent contracts with other clients.

Similar is the case with the newly-formed cooperatives on private initiative. In principle, all that the cooperatives had to do was to register with the local government authority. But many government units interpreted this as their power to grant or withhold permission. Then there come the constraints of finding building space, land and supply of inputs, which are controlled by the state. Therefore, unless conditions for free working of private enterprises are created by the state, mere passing of laws will not serve the purpose.

Also the factory managers and directors, although believed to be supporters of reform, in most cases oppose it because of the uncertainties in the new deal. For years, they have learnt to live with the Stalinist economic model and its advantages for them. So they are not very eager to change the rules of the game in exchange for the promise of greater monetary rewards.<sup>135</sup> Gorbachev's proposal of electing heads of enterprises and greater participation by the workers in management are also likely to be resisted by the vested interests within the enterprises.

134. Nasir U. Ahmed, "Gorbachev is in great Hurry", *Holiday*, 1 May 1987.

135. Seweryn Bialer, *op. cit.*, p. 444.



In China, industrial and urban reforms have reportedly encountered more ideological and bureaucratic resistance than the rural reforms. In the countryside, rural cadres have been benefitted, together with the masses, by overseeing the reallocation of land and other facilities. But the party cadres in the urban industries gain little; on the contrary, they have been asked to relinquish their authority over production and management.<sup>136</sup> Therefore, the bureaucrats have resorted to official profiteering and corruption not only through exacting a 'price' for servicing the private sector, but also, as in China, through managing government contracts using their connection with the highups in the party leadership. That is why, one of the demands of the recent student demonstrations was to end the official corruption by relatives of the party leaders and high officials. Even a mafia *a la* Moscow reportedly came into existence who charge percentage of profits earned by cooperatives in the business and service sector.

*Third*, another major obstacle to reform programmes in the Soviet Union, unlike in other communist countries, is particularly the socio-economic inertia. Of course, the intensity of election campaign and public debate over national issues show that despite decades of disenfranchisement, Soviet citizens have taken politics seriously. The election results proved to be a stinging rebuke to conservatives, particularly in the big cities. In the countryside, Gorbachev's *glasnost* and *democratizatsya* are yet to beat their drums loud. Even quite a good number of unofficial political groups have reportedly cropped up. In Hungary, newly-formed political parties are preparing themselves for participating in the next year's election and in economic sphere, given extended freedom, Hungarian entrepreneurs are coming out of their closet with renewed vigour. Polish citizens have also obliged the Solidarity-led opposition in the recently held elections. The Chinese people also after enjoying economic freedom for a decade are demanding political freedom, which the leadership seems not yet ready to deliver.

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136. Marshall I. Goldman and Merle Goldman, *op. cit.*, p. 510.

However, in the economic sphere, Soviet citizens so far have not shown much enthusiasm, compared with their counterparts in other countries. Accustomed to state paternalism for centuries, particularly the Russians seem less willing to take economic risks. In the 19th century Russian intellectuals and writers like Saltikov Shedryn fought against the passivity of the masses. Recently, the most celebrated poet Yevtushenko is leading the campaign to exhort the masses to greater activism. Gorbachev himself warned the people of expunging from their mind a belief in the 'good Czar' who would deliver all the goods.<sup>137</sup> Reports suggest that in a country of 285 million population there are only about 300,000 people engaged in individual labour activity and an estimated 150,000 people in about 14,000 cooperatives.<sup>138</sup> And they account for only a miniscule proportion of economic activity in the consumer sector — 0.03% of the total production of consumer goods and 0.5% of the volume of marketed consumer services.<sup>139</sup> The problem is that in a country where citizens have been moulded for years on virtues of egalitarianism and anti-profit psyche, profitmaking does not go uncensured. For example, a private pig farm outside Moscow was burnt down by unruly mob because of charging high prices and making profits.<sup>140</sup>

In fact, the Soviet government's approach to private sector also seems contradictory. In mid-1986, Gorbachev announced a crack-down on unearned or privately generated income. That was followed by a decree legalizing private business on 1 May 1987. Again the government made a decision in December 1988 to place restrictions on cooperatives—banning them from some activities and requiring special contracts for others. In early January 1989 the Politburo again announced some new rules putting pressure on the cooperatives

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137. *International Herald Tribune*, 3 October 1988.

138. David Satter, *op. cit.*, p. 20.

139. John Tedstrom, "Soviet Cooperatives: A Difficult Road", *Current History*, October 1988, pp. 317-18.

140. *The Economist*, 1 October 1988, p. 13.



to drop prices.<sup>141</sup> Besides, the Soviets, unlike other reformist counterparts, have prohibited hiring of labour other than family members. This, of necessity, precludes most manufacturing activity from the private sector. Under such circumstances, no wonder that Gorbachev is not succeeding to create a dynamic class of private entrepreneurs.

*Fourth*, there gradually develops a gap not only between what Gorbachev preaches and what he himself does, but also what he can deliver in the short-run. One great irony of *perestroika* is that while Gorbachev advocates and lectures around for decentralization of power to have greater efficiency and involvement of the masses in his programme, he himself, on the contrary, allegedly finds it necessary to concentrate more and more power in his own hands. The Supreme Soviet already approved him as the executive president with wide powers. In fact, historically it is always the centre which ruled Russia or China with little power ever devolved down to the local authorities. Gorbachev's strategy may prove that old habits die hard.

On the other hand, the Soviet population and particularly the working class has yet to see any improvement in their standard of living. For the last three consecutive years, Soviet Union has been reaping a bad harvest. The production in the consumer sector has shown little improvement except the shoppers' queues lengthening as ever. Most of the items of basic needs are still rationed in major cities and regions. Recently, the scarcity of toilet soaps and washing powder has been coined the term "socialism with a dirty face". Besides, the wage of the workers is threatened, because the fund would no longer be handed down to the enterprise from above, but will depend on the enterprise's own income. However, it would not be possible for enterprises to efficiently function under existing conditions, where the ability of enterprises to earn an income depends marginally on themselves, but mainly on the economic conditions

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141. *The Economist*, 14 January 1989, p. 49.

created by the state. And Gorbachev's envisaged *perestroika* does not correct most of the structural defects in the Soviet economy.

This stands in sharp contrast with China where Deng Xiaoping began his reforms with agriculture, vital for both the economy and life of the common man. Initially, there was sufficient growth of grains and other food items and this meant improved conditions of living for the peasants. This in turn created momentum for reforms in other sectors of the economy. Although goods became more costly, in an economy of scarcity availability is no less important. On the other hand, while no one questions Gorbachev's intentions for reform within 'socialist' bounds, many observers including Marshall I. Goldman regard his conception of economic reform either faulty or lacking focus.<sup>142</sup> Gorbachev did not begin with any blueprint—his gut reactions born out of a feeling of dire need have greatly shaped his *perestroika*. He faulted initially in beginning with machine tools sector and RAPOs, which did not affect the common mass. Later, he got back to his track and began talking about private initiatives in agriculture. As Goldman observes, "He should have begun with agriculture, much as was done in China..... Initially, at least, Gorbachev chose to ignore the Chinese experience, just because it was Chinese."<sup>143</sup>

*Fifth*, the acid test of economic reforms in the the communist world is the question whether the leaderships are ready to devise a system of free prices. Without this, the factory managers and farmers will have no incentive to economise on raw materials and no real market will link supply with demand. While Gorbachev tries to exhort the Soviet peasants to hard work and private initiatives with a promise of increased price for their produce, he puts off any price reform until 1991. On the one hand, he is against any increase in the cost of living and on the other, he wants to cut the

142. Marshall I. Goldman, *op. cit.*, p. 313.

143. *Ibid.*



huge budget deficit including food subsidies. These goals appear to be absolutely self-contradictory.

Although China already freed prices of half of its goods, the prices of grains and strategic materials are still under the government control. The result is that the peasants in the countryside began to avoid producing grains which are subject to state quotas at state-set prices, in favour of free-priced fruits and vegetables. In the four harvests since the record 1980 crop of 407 million tonnes, China has failed to meet its grain target. This year China is likely to become the world's biggest wheat importer, buying about 15.5 million tonnes.<sup>144</sup> To offset such grain shortage, the government, on the one hand, is urging the Chinese to diversify their food habits and to drink less grain-produced alcohol. On the other hand, government banks are expanding their credit programmes to promote food output. In like manner, control of prices of strategic materials creates room for widespread corruption in the sense that those having access to such materials buy them at state-set prices and sell at the scarce markets at exorbitant rates. With scarce goods and little competition, sellers can ask any price they like. Import controls and export subsidies have tightened the squeeze. In such a situation 'profiteers' only fill the vacuum.

The inevitable outcome out of these practices is the rising trend of prices and inflation in the reformist communist countries. In Poland inflation runs at a rate of 60%, in China it reached about 40%, while in Hungary it reportedly stands at 20% this year. Although unofficial Soviet inflation rate currently accounts for only 8-10%, in an economy plagued with constant scarcity of basic goods, masked inflation shows up in shoppers' lengthy queues, rationing and high prices in black markets and bribery for scarce goods. In most of the communist countries, an inflation 'overhang' persists in the form of huge amount of paper money in people's hands which are not backed up by adequate consumer

144. *The Economist*, 14 January 1989, p. 30.

goods. A much reformed China is again flinching over allegedly too much decontrolling of prices and uncontrollable inflation, which served to strengthen the hands of the party hard-liners. The Chinese government already declared a freeze on price relaxation for next two years. But this would not solve the problem. In Poland, although the government and the opposition agreed to improve the 'ailing economy' there was no indication of how this would be achieved. The economy to improve needs implementing economic restrictions, including strict wage controls and reduction of food subsidies. On the other hand, the workers' demands include wage-indexation and keeping food prices stable and these are necessary to prevent social unrest and further strikes. It is, therefore, absolutely uncertain how the parties concerned would reconcile these opposing needs.

In fact, the paradox of *perestroika* in the communist world is that given liberalization in the economy, in the short-run a minority group, the private entrepreneurs will be benefitted at the cost of the majority. But in the long-run, given sufficient competition and other opportunities, the market and supply of goods would reach certain degree of equilibrium to spin off benefits to everybody. Therefore, the crux of the problem in communist economies lies in mechanism of controlled pricing and lack of competition which stifle economic dynamism. In the Hungarian model, for example, a significant degree of competition was achieved by extensive participation in the world market. Gorbachev's *perestroika* is yet to devise such an approach.

*Sixth*, all the communist countries, particularly the Soviet Union, boasted of having no problem of bankruptcy and unemployment in their economies. What, in fact, happened in reality was the drain of state resources for ailing enterprises and overstaffing everywhere. *Izvestia* in an interesting report on 28 December 1987 pointed out that the Soviet Institute of Medical and Biological Problems which deals with space medicine, had a larger staff than the entire



French National Centre for Space Studies. This is not an isolated example. Such provision of jobs for everybody may speak of social justice, but certainly it is an inefficient economic instrument. Now, the envisaged reforms in the communist countries are sure to dislocate the notion of full and life-time employment. Reports suggest that service enterprises in the private sector in Moscow have already increased efficiency by losing 15-20% of their workers.<sup>145</sup> The plans for self-financing of all Soviet industries naturally would call for closing of inefficient enterprises and there is talk of eliminating 16 million jobs by the year 2000.<sup>146</sup> Hungary already introduced bankruptcy laws and also provisions for allowing unemployment. In China, about 16-18 million youths are reported to be already unemployed. These youths are said to have fuelled the recent student demonstrations. Therefore, the old social contract between the citizens of communist countries and the regimes over life time security in exchange of unquestioned loyalty to the party and the system is likely to face enough duress in the process of reform implementation.

*Seventh*, the multinational character of the Soviet state is likely to pose a barrier to Gorbachev's liberalization programme. Unlike the Chinese where the *Han* ethnic group comprises 94% of the population, the USSR contains over 100 ethnic communities, of which the Russians form 51% of the population. It is already evident that Gorbachev's 'new course' released restiveness in the Republics and Autonomous Regions in the form of nationalism and anti-Russification campaign, centrifugal tendencies and demands for greater autonomy from Moscow. The Armenian claim over Nagorno-Karabakh, the autonomy demands of the Balts, recent demonstrations in Georgia and riots in Uzbekistan are few manifestations of nationality strains in the Soviet Union. The three Baltic Republics, Estonia, Latvia and Lithuania, that Stalin incorporated

145. *Ibid.*, p. 49.

146. David Satter, *op. cit.*, p. 21.

into the USSR through the pact with Hitler in 1939. went much ahead of others in terms of their nationalist demands for autonomy from Moscow. Each Republic has already set up its own movement known as Popular Front, which is fully independent of the communist party. They are being tolerated because of their avowed support for *perestroika*. The Estonian and Lithuanian parliaments already passed resolutions declaring the Republics 'Sovereign' in their internal affairs, much to the chagrin of Moscow. All three Popular Fronts are demanding as much autonomy from Moscow as possible. Estonia even refused to apply restrictions on cooperatives, handed down from Moscow, in its territory.

The recent elections in the USSR has also intensified the ethnic stirrings among the nationalities of the Soviet conglomerate. The results are testimony to the fact that those party leaders who adapted to nationalist sentiments in the Republics and autonomous regions did better in the election than those opposing nationalist demands. The victory of party leaders of Estonia as against the defeat of those in Lithuania and Latvia are examples. It may also be mentioned that unlike the traditionally apathetic Russians, the non-Slavic nationalities in the Baltic, the Caucasus and in Central Asia, have been showing greater interest in private agriculture and business activities. The fear of enriching the ethnic peoples at the expense of the Russians might have served as a brake on promoting private sector in the USSR. Under such circumstances, it is not clear how Gorbachev would reconcile the opposing goals of greater autonomy and more freedom for the Republics and at the same time greater cohesion for the multinational state.

Finally, although Gorbachev, like any other Soviet leader, is committed to keeping the Eastern Europe under its security control, he seems to have been pursuing a policy of benign indifference—personally bring neither against nor in favour of reforms in Eastern Europe. However, it is self-evident that the reforms initiated by Poland and Hungary could not have been possible without the



blessings of Gorbachev whose political liberalization at home gave the Poles and Hungarians both the cover and stimulus to make their own way. There is now talk of a "Finlandized" or "Austrianized" Eastern Europe, from which Soviet Union could reap far more economic and security benefits, than from its current buffer of allied, but unstable partners. But a liberal approach from Moscow is creating new tensions—a customs war and centrifugal tendencies within the CMEA, rows between the reforming Hungarians and Poles and conservative East Germans, Czechoslovaks and Romanians. Old nationalisms in the region are again flaring up, which in the past have been crushed by the Soviet tanks. All indications suggest that the current leadership in Moscow is likely to allow the Prague Springs of 1968, but not the 1956-type Hungarian uprising in Eastern Europe. Therefore, if things go beyond permissible limits there, the possibility of which cannot be ruled out, Gorbachev's reforms may face a brake as was the case after 1968, and he may also face the choice between using of force in Eastern Europe and losing power in the Kremlin.

#### CONCLUSION

From the foregoing discussion it is evident that communism as a theoretical framework and as a social system has been undergoing constant changes. Before the Russian revolution of 1917, Marxism has been split mainly into evolutionary and revolutionary trends, depending on the interpretation of developments in the late 19th and early 20th century. A defeated and war-ravaged Russia with all its entailing disorder, coupled with its utter lack of democratic tradition fell victim to Leninist Marxism. This success brought about by a small group of middle-class revolutionary intellectuals threatened to take the twentieth century by storm. But the revolutionary appeal of Marxism could not hold ground to its originally intended destination—the industrially advanced Western Europe and USA. Instead, gun-barrel Marxism kept the idea on the move—into Eastern Europe and China in the late 1940s and into the developing world in the

1960s. However, it took not much time for a final halt in communist triumph and its subsequent decline.

After communist construction over almost three-quarter of a century, the ruling regimes themselves are resorting to both revisionism and reformism. They have finally come to realize that Marx's dictum that existing production relations become a fundamental obstacle to the development of productive forces, that is, the prevailing economic system can stifle economic growth, applies not to the capitalist, but to the socialist countries. Hence, the past reforms and changes "within the system" of communism have ultimately given way to reforms and changes "of the system." In this task, the ideology today has become a communist's most flexible friend—whatever serves to modernize their societies and enhance peoples' standard of living is being construed as permissible parameters of Marxism-Leninism-Mao Zedong Thought. In fact, the communist leaders are frustrated with the straitjacket of inherited doctrines and seek to expand its outer limits. That is why, after seven decades Gorbachev is set to reform the 'developed socialism' apparently to return to Lenin's original blueprint; after four decades the Chinese leaders have begun building socialism from its 'primary stage'. Deng's witty aphorism : "It doesn't matter whether a cat is black or white as long as it catches mice" seems to be in full play!

As a matter of fact, the ruling elites of the communist system, like any other regimes of the past, are facing the crucial choice between holding on to all power and privilege at the risk of losing all of it, or surrendering some of both in the hope of holding on to the rest. History knows both outcomes. The spate of current reforms unleashed by the communist regimes bear testimony to adoption of the second path. However, the far-reaching implications of adopting this path seem to be great and immeasurable. Hungary went into market socialism years back and is now stepping into multi-party competitive politics. In Poland, political pluralism is in partial operation, with promises of full play in near future. Today,



the talk in these two countries is not to reform socialism, but to use reforms a way out from socialism. All trends suggest that they are likely to gradually move into sort of parliamentary democracy, of course with Gorbachev's blessings.

In China Deng viewed that he could have a closed communist party that would preside over an open economy. He was wrong. Forces of change are brewing up from below in China, while they are being initiated and patronized from above in the Soviet Union by Gorbachev, the new Peter the Great. Hard-liners now in Beijing may have an upper hand, but they could again be proved wrong. If reforms in these countries are meant for dismantling the Stalinist economic model and it seems that they are, then Stalinist political system cannot continue for long. Gorbachev could well read this and paved the way at least for one-party pluralism. All indications suggest that in the shorter time frame Soviet Union and China, while introducing varying degrees of market socialism, are likely to move into authoritarian regimes. Brezëzinsky's reading of *The Grand Failure and Death of Communism* might prove too hasty and sweeping a conclusion.

Experience, however, shows that at a certain level of societal development, prosperity and democracy have to be enmeshed, if not to retard back. The last decade particularly has vindicated that pluralism, democracy and market forces are universal values which cross-cut social systems or boundaries. The communist world finally registered their agreement to these values and began advocating a system of international relations that transcend ideology and class struggle. In this context, the talked-about 'convergence theory' of of the 1960s, made popular by Harvard Prof. Galbraith, may not present a very unrealistic proposition in a longer time frame. Since Marx, capitalism has also tremendously changed and constantly adapting to changing circumstances. The Marxist instruments of planning and coordination have been applied in the capitalist economies as a response to complex nature of modern economic

management. In like manner, the socialist countries are also gradually introducing the elements of market economy and political pluralism. In the increasingly 'inter-penetrating' world, countries or systems can not be kept insulated and neither capitalism nor socialism can afford to have rigid and immobile structure. If the communist reforms can logically move forward and it is believed that it would, then in a long-term perspective the concept of convergence of the two social systems may not remain a mere wishful thinking.