

"REAL SOCIALISM" IN HISTORICAL PERSPECTIVE

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"It is not the business of the historian to award prizes for virtue, to propose the erection of statues, or to establish any catechism whatever: his business is to understand what is least individual in the course of events. . ."

Georges Sorel, *Reflections on Violence* (1906)

The death of socialism is affirmed everywhere today as a matter of common knowledge, from yesterday's newspaper to the **neo-Hegelian** "end of history" proclaimed by Francis Fukuyama,¹ and the neo-Burkian reflections on revolution in Eastern Europe by Ralf Dahrendorf.² The events of Eastern Europe are read as the definitive seal of closure upon something much broader than the regimes of "real socialism".³ They signal the end of an historical project that had its origins in the response of nineteenth-century industrial society to the disintegrating impact of capitalism.⁴ Or so it would seem.

Those who retain socialist convictions must treat the proclamation seriously, even in offering Mark Twain's rejoinder that it is greatly exaggerated. Two lines of argument are weak responses. One is that Soviet (or by extension, Chinese, or Cuban or. . .) socialism was never true socialism. It was from the beginning, or from some **later** stage, a deformation, a perversion, of the true thing. Like Christianity, socialism has never been tried. The other weak rejoinder is that the failure of socialism was the fault of evil men — Stalin in the first place and secondarily of a corrupted *nomenklatura*. A corollary of these arguments is the fragmentation of socialism into a multitude of quarrelling groups, each convinced of its possession of the "truth" of socialism.

Whatever validity there may be in these judgments on the failures of "real socialism", they are inconsistent with a socialist view of history and a socialist mode of reasoning. Socialism is both a project of society and a method of social and historical analysis — and there has to be some consistency between its two aspects. The project of society is not a Platonic intellectual construct given in advance which is to be put into effect by enlightened leadership of a mass

movement being led towards the light. The project of society is itself a product of historical struggles which have to be understood as a conflict of social forces the precise outcome of which is never altogether predictable. Individuals and leadership groups are important, but must also be seen as the product of impersonal forces. All revolutions create opportunities for individuals whose aggressive and deviant proclivities would be controlled and repressed in a more stable social situation. We have the right to moral outrage at what these individuals may do, but we should not let this obscure the impersonal forces that unleash their vicious tendencies. Both lines of apology for the failings of "real socialism" forsake historical materialism to fall into the trap of idealism. They thereby endorse the death certificate of socialism.

The most serious present task of socialism is to analyse what went wrong and not to try to avoid the issue idealistically by defining it out of socialism. "Real socialism" was shaped and conditioned by the world into which it came and in which it developed. What were these shaping forces? What historical social structures may survive the **débâcle** of "real socialism" to be available for the making of the future? Which configurations of forces delineate feasible future options, including, perhaps, socialist options? These are pertinent questions for socialism today.

The impersonal shaping forces have operated at three levels: production, the state, and world **order**.³ These three levels are conceptually distinct but interrelated in practice. Production creates the material basis for all forms of social existence, and the ways in which human productive efforts are combined in productive processes affect all other aspects of social life, including the polity. Production generates the capacity to exercise power, but power in the form of state determines the manner in which production takes place. The structure of world order, in turn, conditions the possibilities of formation and development of different forms of state and of production. Socialism as an historical experience arose from a particular crisis of world order. It aspired to be at the same time a system of political rule and of production. The organization of production lies at the heart of socialist politics.

Two intertwined historical processes affected the course of socialist development: (1) external constraints from the world order influenced the origins of socialist experiments, the course they took and their possibilities of survival; and (2) internal dynamics of socialist development generated new social forces with actual or latent conflicting interests and they raised new problems to be confronted. The socialist state faces both inward, attempting to reach a **modus vivendi** or historic compromise with the emerging social forces, and

outward, attempting to secure the political space and the material resources required to confront internal demands. As Machiavelli long ago warned, the necessity of reforms can never be acted upon without danger, the danger being that the state may be destroyed before having perfected its constitution. ■

Machiavelli also underlined the importance of events in demonstrating the necessity of reforms in the state. It is well, in our present context, to reflect upon the relationship of events to historical structures. Braudel expressed this relationship as a dialectic of duration, an interaction of the immediacy of events with the slower-moving structures of the *longue durée*. ■ 800,000 people massed in and about Wenceslas Square in Prague manifesting opposition to the government is a salient event. When they walk home or to work, structures reemerge, though the continuity of these structures may have been called into question. At one moment there is "the people". "The people" is not a structure but an unstructured energized mass, a moment when structures are suspended, only to reappear again. Structures are the means whereby we get from one day to the next, but events may shake and cumulatively may transform structures.

The historical dialectic of "real socialism" comprises four moments: (1) the military-political conditions requisite to survival of a socialist experiment initiated in relatively underdeveloped territories; (2) an organization of state and production shaped and reshaped in the context of this military-political struggle for survival; (3) the emergence of contradictions within this organization of state and production which block its ability both to produce adequately and to guarantee order; and (4) a struggle among internally-generated social forces over the restructuring of state and economy in which external forces also play an influential role.

The analysis which begins with the state of world order in which a socialist experiment becomes possible, proceeds to the internal dynamic of socialist development, to return again to the implications of the *dénouement* of the crisis of existing socialism for the world order and for the prospects of socialism in the larger world.

The primacy of the military-political

Survival was the categorical imperative of socialist construction after the Bolsheviks seized power in a collapsing Russian state during the autumn of 1917. ■ The subsequent collapse of the Central Powers and the limited willingness or ability of the victorious Western powers to sustain a long civil and interventionist war on Russian territory provided the conditions of inter-state relations in which the Soviet state could establish itself. The first socialist revolution gained a precarious existence because the world military-political balance was not

propitious for its suppression. Western statesmen, fearing an advance of the revolutionary movement through Europe, settled for a defensive strategy.

The military-political factor thus was dominant in the initial stages of the socialist experiment. This factor remained dominant in subsequent socialist revolutions. They all occurred in economically backward societies in conditions of internal military *débâcle* and armed struggle and of external hostility to the socialist project. The political, economic, and at times military, forces of the developed capitalist world have been mobilized to harass, destabilize and defeat efforts to consolidate socialist revolutions. Where the socialist experiment was supported or imposed from without, as in Eastern Europe following World War II, the military-political configuration was again dominant.

External pressures have the effect of privileging those internal forces that appear effectively to respond to them. External opposition to established socialist regimes, whether or not intended, whether or not justified, provoked responses from the socialist leaderships in the realms of foreign policy, production, and the form of state that have nothing intrinsically to do with the socialist idea *per se*.⁸ Real historical socialism, in other words, has not been the gradual putting into effect of a socialist idea. Real socialism has grown through an historical dialectic with the forces of world capitalism within the framework of the inter-state system. Socialism has internalized the marks of this dialectic.

Two models of state and production emerged from the Bolshevik experience both of which have lived on to influence the shapes of historical socialism. One is War Communism; the other, the New Economic Policy (NEP).

War Communism was the creation of military necessity, though some Bolshevik leaders saw a virtue in it independent of necessity. Its characteristics were economic autarky; requisitioning and rationing rather than market allocation in a money economy; nationalization of industry as a preemptive strike against private capital and foreign control; the reconstituting of trade unions as agencies of labour discipline and labour control; the militarization of labour as an obligation to perform national service with administrative allocation to jobs rather than allocation through a labour market. Under War Communism administrative coercion replaced market coercion.

The NEP was also a creation of necessity; and some other Bolshevik leaders saw virtue in it independently of its necessity. The limits of War Communism were demonstrated by the Kronstad rising in the navy in March 1921 and by peasant resistance to the exactions from the rural economy. The **NEP** was, in the phrase of **Lenin's**

collaborator, Ryazanov, "a peasant Brest-Litovsk", a necessary surrender and concession to the country's most numerous class and the one on which the revolution had to depend for physical survival.¹³ The characteristics of the NEP were reliance upon market forces and material inducements to peasants to increase agricultural supply; encouragement of foreign trade and foreign investment; and emphasis on increasing industrial productivity.

Two foreign policies corresponded to the two models of economy. The policy of world revolution threatened from within the capitalist states which menaced the beleaguered autarky of War Communism. It aimed at transforming the inter-state system away from its identification with a capitalist world order. But when the Soviet Union sought to establish economic intercourse with the outside world in the interest of repairing wartime damage, the strategy of world revolution became dangerously provocative. The NEP required a normalizing of the Soviet Union's relations in the inter-state system. Soviet security would be best assured if Russia were to appear as a state like other states, not one bent upon transforming the structure of world power. A strategy of taking advantage of divisions among the capitalist powers and of encouraging economic relations with those which were willing would serve to gain a pause for internal recovery better than one that united capitalist powers in hostility to Soviet survival. The Soviets negotiated trade agreements with Britain and several other European countries and made a secret treaty with Germany for mutual assistance in developing the military strength of both powers.

The military factor was also influential in the organization of production. The workers' militia concept and the Red Guards expressed the initial form of revolutionary military organization, just as workers' soviets constituted the initial form of production organization. Both were changed into a disciplined hierarchical mode of organization in the testing ground of armed conflict. The Red Guards might be effective in gaining control of major cities; they were ineffective in waging a war against organized military forces over vast distances. The Red Army was constituted along classical military lines, incorporating many regular Russian officers who were placed under the surveillance of political commissars. Similarly, the workers' soviets were displaced by a hierarchical system of management in which many former owners and "bourgeois experts" paralleled the roles of czarist officers in the army. The pressures of war initially foreclosed any experimentation with alternative modes of production organization, either as the spontaneous outgrowth of working-class action or as a planned introduction of socialist ideas. This initial impetus became institutionalized in *edinonachalie* or the system of

one-man-management which survived through the NEP in large-scale industry to become integrated into the central planning of the 1930s and after. Capitalism had achieved the highest development of productive forces through hierarchical management structures of industry. The Bolsheviks took over and developed the model of the capitalist labour process for its organization of industry.

The Stalinist "revolution from above" was a return to the War Communism model, more fully institutionalized as a systematic organization of state and production. The state was centralized and, along with the Party, subjected to police power. A new "people's intelligentsia" was recruited to manage state and economy, learning on the job through trial and error to construct and operate a central planning system. The new cadres, who displaced the purged "Old Bolsheviks" and the residual pre-revolutionary "bourgeois experts", depended exclusively on service to the autocrat in the manner of the prebendary Muscovite czardom of the sixteenth century.

It is possible to understand the features of this system of power without attributing it altogether to Stalin's personality. The coercive-repressive character of the system flowed from the political power struggles within the Party that preceded it; from the spillover of coercive practices from grain seizures and forced collectivization; from the use of coercive discipline in the formation of a new industrial working class of ex-peasants (which in comparative historical terms concentrated the coercion of the British enclosure movement into a single decade); and from a world environment perceived as hostile to Soviet survival and thus as requiring a forced pace of industrialization to prepare the military basis for resisting the inevitable attack.

Revisionist history has challenged and rejected the Stalinist arguments for the policies imposed from 1929 through the 1930s. It questions the economic efficacy of the collectivization of agriculture, and the reality of the external threat, and charges that Stalin's military purges weakened rather than strengthened Soviet defences.¹¹ These matters are not in dispute here. My point is that, wisely or unwisely, necessarily or unnecessarily, the Soviet system in its form of state and production as well as in its armed force was shaped in the consciousness of military threat. Soviet socialism was the product of the world system — a capitalist dominated system — as much as of internal political forces. The whole responsibility cannot be attributed to the personality of Stalin. Revolutionary situations give opportunities for power to personalities who would be excluded in more stable times — to both utopian visionaries and perverse jailers. We should not ignore the circumstances by explaining everything in terms of the individuals. Nor is it useful to speculate about what might have been. (Suppose

Bukharin had won out over Stalin.) Counterfactual histories can never be refuted because they cannot be tested. They are the stuff of idealism rather than of historical materialism.

Coercion consolidated the new system of power. It survived the Nazi onslaught during World War II and maintained its momentum during the post-war decades. But coercion left its impact on a very large part of the population whose surviving friends and family members had bitter cause for grievance against Stalinist rule. This suppressed anger would find expression when the pressure of authority slackened and it would be supported by others dismayed by the historical record and hopeful for a more open society.

The Chinese revolution followed a different pattern in its organization of production, but one which was also shaped by its rather different military experience. China's revolutionary military power was built up after the Long March in the remote rural zone of **Yenan**. It was a new kind of army, adapted to the conditions in which it came to exist. The army lived in symbiosis with peasant communities and engaged in a guerrilla type of warfare. These conditions, very different from those of the civil war following the Bolshevik revolution, shaped the revolutionary theory and practice of the Peoples Liberation Army long before it moved to occupy the coastal cities in the final stages of revolutionary war.

The PLA was organized for production, side by side with the peasantry of the zones it controlled. The leadership type it cultivated was the versatile head of a guerrilla unit who was required to assimilate fully the goals of the struggle and then to improvise autonomously in carrying them out. These characteristics defined the Chinese model of the cadre. It carried over into the organization of civilian production as a tendency to rely on ideologically assimilated leadership at all levels — an assimilation recurrently revised through "rectification" campaigns — together with relative autonomy of work groups and coordination through committees rather than line hierarchy.

In effect, two models of production organization were rivals in China following the establishment of the People's Republic. One was the model just mentioned which was a product of the experience of revolutionary war. The other was the Soviet model of one-man-management under central planning. Just as the Bolsheviks took over the only available model of industrial management — the capitalist model — so the Chinese leadership had as the most obviously available model, the Soviet one. Furthermore, in the first phase of the People's Republic, China's leadership depended heavily upon Soviet aid to develop industry, particularly in the Manchurian region. The implantation into that region of the Soviet model led to a struggle that

was both political and industrial, in which the Soviet model and its supporters were defeated.

This victory was more than an assertion of an indigenous Chinese way. It was also the proclamation of a heresy in relation to Soviet Marxism: the doctrine that production relations, not productive forces, could spearhead revolutionary change. It was furthermore, an affirmation that the Chinese way would be more relevant than the Soviet way for economically backward Third World countries which, like China, did not dispose of the numbers of technically trained staff required to manage central planning and industry in the Soviet manner.

As a corollary to the primacy of the military factor in shaping the forms of state and production in "real socialism", the military have had a prior claim upon the resources of socialist societies. Since socialism has come about in relatively poor and less developed societies whose leaders have felt compelled to prepare to resist a military threat from much wealthier capitalist societies, it follows that they have consistently allocated a higher proportion of their total product to the military.

One consequence is that in order to undertake any large-scale measures of structural economic or political reform, the socialist state requires both a relaxation of the external threat and a shift of resources from military to civilian production. From the 1960s onward, the socialist countries confronted the issue of reform, as the structures of production brought into being during the earlier phase of defence of their revolutions produced declining increments of growth.

The challenge from the capitalist world, military in form, was economic in its consequences, whether it confronted the Soviet Union itself or a small peripheral aspirant to socialism. The arms race during the Reaganite phase of Cold War was too much for an unreformed economy to sustain; and efforts to keep up with the arms race blocked economic reform. The "low intensity" conflict maintained by the United States against the Sandinista government in Nicaragua was directed primarily against economic targets and local economic leadership, while requiring the Nicaraguan government to abandon economic and social investment by putting its resources into the military. The Sandinistas made a strategic withdrawal by abandoning power in elections carried out in conditions of war weariness and economic collapse. The Soviet Union, reminiscent of the NEP period, made an about shift in foreign policy to acquiesce in US and Western European concerns, to seek technological and financial assistance from the capitalist world, and to devote more attention to internal structural change.

The social structure of accumulation

It is commonly asserted today that socialist central planning has been an unmitigated disaster. In the context of this general condemnation, some appraisal of the balance of achievements and failures of central planning seems a necessary prelude to any consideration of future options.

Socialist revolutions confronted two basic problems. One was to give work to all who were able. The socialist state took responsibility for the sustenance and welfare of its citizens, and determined to mobilize the whole of society into the production process. Even those who could not produce their keep would add something to the social product upon which everyone depended.

The other basic problem was to break the agricultural barrier to expanded development. Since socialist revolutions occurred in peasant societies, it was necessary to raise agricultural productivity in order to be able to shift employment to industry and to finance industrial development.

By and large, socialist economic organization went a long way towards resolving these two problems. In doing so, "real socialism" created the human resource for economic development in backward societies: an educated public whose health was adequately cared for and amongst whom the basic necessities of life were more equitably distributed. The human costs of these achievements were great, especially in the collectivization of agriculture, in police repression, and in the casualties of war. As these costs were in part determined by internal political decisions, responsibility for pain and suffering can be directly attributed to political leaders. But was the cost more terrible than the suffering caused by the impersonal market forces of capitalist industrialization? There is little basis to conclude that it was, though the socialist experience was compressed into a shorter space of time.

The success of socialist growth did, however, manifest diminishing returns in virtually all the countries of "real socialism" from the mid-1960s. There is, of course, much scope for quarrelling over the quantitative figures for growth rates. The pattern, however, seems clear enough. Return on investment of about 20 percent of national income during the first Five-Year Plans of the 1930s was high, as high as or higher than growth rates during the peak periods of growth of the major capitalist countries. These high growth rates continued during the reconstruction of the post-World-War-II period, not only in the Soviet Union but in the other countries practising central planning. These growth rates began to decline from the 1960s through the 1980s. Higher investment ratios produced lower and lower increments of growth. ¹²

During the same period, those areas in which socialism had produced its greatest achievements also began to manifest problems. The quality of health services deteriorated. There were recurrent shortages of basic consumer goods. There was a growing mismatch between skills produced by the education system and job opportunities. All of these factors built growing frustration into society.

These developments coincided with changes in deep social structure. In the first phase of revolution, the Party confronted a crumbling and disarticulated pre-revolutionary society. This is the phase Gramsci called the war of movement. The old structures of political authority were quickly swept aside because they had weak support in the old-regime society. The Party was able to take the initiative to create new social structures. By the early 1930s, new directing cadres, the "people's intelligentsia", assumed the functions of a ruling group. They were not a class in the sense that they were not a self-perpetuating group possessing power as a group. Rather they were an agglomeration of individuals whose positions of authority depended on their loyalty and effectiveness. They worked in conditions of extreme personal insecurity.

In a subsequent phase, however, civil society gradually reemerged. This new form of civil society was in large measure the result of the ways in which the revolution had become institutionalized in the state and in production. In the Brezhnev period, the tension and personal insecurity of the ruling cadres was relaxed. Not only the small leadership group but also the much larger stratum of officials and managers in Party, state and economy felt more secure. Their access to forms of relative privilege was guaranteed. The chances of their children to accede to the status of their parents was enhanced. The *nomenklatura*, in other words, was becoming a stabilized ruling class.

The lower echelons of Soviet society were also settling into a more permanent stratification. The era of rapid transformation of ex-peasants into a new industrial working class had passed. Two strata of workers emerged. An upper stratum was closely integrated into the economic system, with more permanent stability and privilege; and a lower stratum was less firmly attached to the organizations of production. A new large service-sector was staffed substantially by women workers. The better-off agricultural workers were becoming assimilated to the status of industrial workers, while the less-well-off rural population remained more disadvantaged than urban residents.

Similar trends affected the populations of the Eastern European countries. The cycle of initial suppression of civil society, followed by its emergence in a reshaped form has been common to all the countries of "real socialism". In China, Mao twice launched an offensive against what he perceived as the challenge to the continuity

of revolution from a renascent civil society — first in the Great Leap Forward, then in the Cultural Revolution. But by the 1970s, the war of movement in China was spent and the Party came to terms with the existence of civil society.

The revival of civil society modified the role of the Party. It could no longer play the role of active shaper of a passive social mass. The Party's new role became that of mediator between social forces and state power. The Party's ultimate goal in this phase was to achieve an "historic compromise" whereby the most articulate elements of civil society would acquiesce in its continuing rule in return for a substantial degree of toleration of their own autonomy." The contradictions in the emergent civil society were either internalized within the Party, leading to intra-Party conflict, or they erupted outside the Party where opposition was more vulnerable to repression.

The historic compromise consecrated a social structure of accumulation. Socialist societies accumulate like capitalist societies for the purpose of investment and growth. Both capitalist and socialist societies grow by extracting a surplus from the producers. In market-driven capitalist societies, this surplus is invested in whatever individual capitalists think is likely to produce a further profit. In socialist societies, investment decisions are politically determined according to whatever criteria are salient at the time for the decision-makers, e.g. welfare or state power. The social structure of accumulation is the particular configuration of social power through which the accumulation process takes place. This configuration delineates a relationship among social groups in the production process through which surplus is extracted. This power relationship underpins the institutional arrangements through which the process works.¹⁴

To grasp the nature of the social structure of accumulation at the moment of the crisis of existing socialism in the late 1980s, one must go back to the transformation in the working class that began some three decades earlier. The new working class composed largely of ex-peasants that carried through the industrialization drive of the 1930s and the war effort of the 1940s worked under an iron discipline of strict regulation and tough task masters recruited from the shop floor. During the 1950s a new mentality reshaped industrial practices. Regulations were relaxed and their modes of application gave more scope for the protection of individual workers' interests. Managerial cadres began to be recruited mainly from professional schools and were more disposed to the methods of manipulation and persuasion than to coercion. The factory regime passed from the despotic to the hegemonic type."

The historic compromise worked out by the Party leadership

included a social contract in which workers were implicitly guaranteed job security, stable consumer prices, and control over the pace of work, in return for their passive acquiescence in the rule of the political leadership. Workers had considerable structural power, i.e. their interests had to be anticipated and taken into account by the leadership, though they had little instrumental power through direct representation. This arrangement of passive acquiescence in time generated the cynicism expressed as: "You pretend to pay us. We pretend to work."

The working class comprised an established and a non-established segment. One group of workers, the established worker segment, were more permanent in their jobs, had skills more directly applied in their work, were more involved in the enterprise as a social institution and in other political and civic activities. The other group, the non-established worker segment, changed jobs more frequently, experienced no career development in their employment, and were non-participant in enterprise or other social and political activities. The modalities of this segmentation varied among the different socialist countries. In China, it was more explicitly institutionalized.¹⁶ In the Soviet Union, it was more a question of job relations, attitudes and behaviour.

Hungarian sociologists discerned a more complex categorization of non-established workers: "workhorses" willing to exploit themselves for private accumulation (newly marrieds for instance); "hedonists" or single workers interested only in the wage as the means of having a good time; and "internal guest workers" mainly women, or part-time peasant workers, or members of ethnic minorities allocated to the dirty work.¹⁷ In practice, labour segmentation under "real socialism" bore a striking similarity to labour segmentation under capitalism.¹⁸

This differentiation within the working class had a particular importance in the framework of central planning. Central planning can be thought of in abstract terms as a system comprising (a) redistributors in central agencies of the state who plan according to some decision-making rationality, i.e. maximizing certain defined goals and allocating resources accordingly; and (b) direct producers who carry out the plans with the resources provided them. In practice, central planning has developed an internal dynamic that defies the rationality of planners. It has become a complex bargaining process from enterprise to central levels in which different groups have different levels of power. One of the more significant theoretical efforts of recent years has been to analyse the real nature of central planning so as to discern its inherent laws or regularities.¹⁹

Capital is understood as a form of alienation: people through their labour create something that becomes a power over themselves and

their work. Central planning also became a form of alienation: instead of being a system of rational human control over economic processes, it too became a system that no one controlled but which came to control planners and producers alike.

A salient characteristic of central planning as it had evolved in the decades just prior to the changes that began to be introduced during the late 1980s was a tendency to overinvest. Enterprises sought to get new projects included in the plan and thus to increase their sources of supply through allocations within it. Increased supplies made it easier to fulfil existing obligations but at the same time raised future obligations. The centrally planned economy was an economy of shortages; it was supply constrained, in contrast to the capitalist economy which was demand constrained. The economy of shortages generated uncertainties of supply, and these uncertainties were transmitted from enterprise to enterprise along the chain of inputs and outputs.

Enterprise managers became highly dependent upon core workers to cope with uncertainties. The core workers, familiar with the installed equipment, were the only ones able to improvise when bottlenecks occurred. They could, if necessary, improvise to cope with absence of replacement parts, repair obsolescent equipment, or make use of substitute materials. Managers also had an incentive to hoard workers, to maintain an internal enterprise labour reserve that could be mobilized for "storming" at the end of a plan period. Managers also came to rely on their relations with local Party officials to secure needed inputs when shortages impeded the enterprise's ability to meet its plan target.

These factors combined to make the key structure at the heart of the system one of management dependence on local Party cadres together with a close interrelationship between management and core workers in a form of enterprise corporatism. From this point, there were downward linkages with subordinate groups of non-established workers, with rural cooperatives, and with household production. There were upward linkages with the ministries of industries and the state plan. And there was a parallel relationship with the "second economy" which, together with political connections, helped to bypass some of the bottlenecks inherent in the formal economy.

Several things can be inferred from this social structure of accumulation. One is that those constituting its core — management, established workers, and local Party officials — were well entrenched in the production system. They knew how to make it work and they were likely to be apprehensive about changes that would introduce further uncertainties beyond those that they had learned to cope with. Motivation for change was most likely to come from those at the top who were aware that production was less efficient than it might have

been, and who wanted to eliminate excess labour and to introduce more productive technology. (Those at the core of the system had a vested interest in existing obsolescent technology because their particular skills made it work.) Motivation for change might also arise among the general population in the form of dissatisfaction with declining standards of public services and consumer goods; and among a portion of the growing "middle class" of white collar service workers. The more peripheral of the non-established workers — those most alienated within the system — were unlikely to be highly motivated for change. There was, in fact, no coherent social basis for change but rather a diffuse dissatisfaction with the way the system was performing. There was, however, likely to be a coherent social basis at the heart of the system that could be mobilized to resist change.

Economic reform and democratization

Socialist systems, beginning with the Soviet Union, have been pre-occupied with reform of the economic mechanism since the 1960s. The problem was posed in terms of a transition from the extensive pattern of growth that was producing diminishing returns to a pattern of growth that would be more intensive in the use of capital and technology. Perception of the problem came from the top of the political-economic hierarchy and was expressed through a sequence of on-again off-again experiments. Piece-meal reform proved difficult because of the very coherence of the system of power that constituted central planning. Movement in one direction, e.g. granting more decision-making powers to managers, ran up against obstacles in other parts of the system, e.g. in the powers of central ministries and in the acquired job rights of workers.

Frustrations with piece-meal reforms encouraged espousal of more radical reform; and radical reform was associated with giving much broader scope to the market mechanism. The market was an attractive concept insofar as it promised a more effective and less cumbersome means of allocating material inputs to enterprises and of distributing consumer goods. It was consistent with decentralization of management to enterprises and with a stimulus to consumer-goods production. The market, however, was also suspect insofar as it would create prices (and thus inflation in an economy of shortages), bring about greater disparities in incomes, and undermine the power of the centre to direct the overall development of the economy. Some combination of markets with central direction of the economy seemed to be the optimum solution, if it could be done.

Following in the tracks of the reform movement came pressures for democratization. These came from a variety of sources: a series of movements sequentially repressed but cumulatively infectious in East

Germany, Poland, Hungary, and Czechoslovakia; the rejection of Stalinism and the ultimate weakening of the repressive apparatus installed by Stalinism; and the consequences of the rebirth of civil society and of the historic compromise allowing more autonomy to the intelligentsia. The two movements — perestroika and glasnost in their Soviet form — encountered and interacted in the late 1980s. Would they reinforce each other or work against each other? We do not yet know the answer.

Some economic reformers saw democratization as a means of loosening up society which could strengthen decentralization. Some of these same people also saw worker self-management as supporting enterprise autonomy and the liberalising of markets. Humanist intellectuals tended to see economic reform as limiting the state's coercive apparatus and as encouraging a more pluralist society. For these groups, economic reform and democratization went together.

Other economic reformers recognised that reform measures would place new burdens on people before the reforms showed any benefits. There would be inflation, shortages, and unemployment. The social contract of mature "real socialism" would be discarded in the process of introducing flexibility into the labour market and the management of enterprises. The skills of existing managers would be rendered obsolete, together with those of many state and Party officials engaged in the central planning process. Anticipating the backlash from all these groups, the "realist" reformers recognised that an authoritarian power would be needed to implement reform successfully. Without it, they reasoned, reform would just be compromised and rendered ineffective, disrupting the present system without being able to replace it.²⁰ The economic Thatcherites of real socialism would become its political Pinochets.

The initial effects of both economic reform and democratization have produced some troublesome consequences. Relaxing economic controls towards encouraging a shift to market mechanisms has resulted in a breakdown of the distribution system with a channelling of goods into free markets and black markets, rampant gangsterism, and a dramatic polarization of new rich and poor. This is hardly surprising, since many of those who had any previous market experience had been involved in the often shady activities of the second economy. The relaxing of political controls gave vent to conflicts long suppressed, mobilizing people around ethnic nationalisms, various forms of populism, and, at the extreme, right-wing fascist movements. Furthermore, the outburst of public debate, while it has severely shaken the legitimacy of the Soviet state and its sustaining myths, has also demonstrated its inability to come to grips with the practical reorganization of economy and society. The

reform process has itself made things worse, not better. (One Soviet journalist in the United States summed this up by observing that while the radical-leaning municipal council in Leningrad debated for months whether or not to change the city's name back to St. Petersburg, the shops became more and more empty.)

The legitimacy of "real socialism" was destroyed by Stalinism and the anti-Stalinist backlash. Civil society is reemergent but its component groups have not achieved any articulate organized expression. This is a condition Gramsci called an organic crisis; and the solution to an organic crisis is the reconstitution of a hegemony around a social group which is capable of leading and acquiring the support or acquiescence of other groups. What does our analysis of the structure of Soviet society tell us about the prospects of this happening?

There are three distinct meanings that can be given to "democracy" in the context of the collapse of "real socialism". One is the conventional "bourgeois" meaning of liberal pluralism. It has a strong demonstration effect, particularly in Eastern Europe. Liberal pluralism has a history and many examples. Two other meanings arise out of socialist aspirations.

One is producer self-management. It has been expressed in spontaneous action by workers in many different revolutionary situations — in the original Russian soviets, in the **Ordine Nuovo** movement of northern Italy in 1919, in workers' control of factories during the Algerian revolution, in the works councils set up in Poland following the events of 1956, and in factory movements in Hungary during the 1956 revolution and Czechoslovakia in 1968. These experiences were all short-lived. The only long experience with worker self-management is the Yugoslav one and, despite continuing debate, it cannot be considered persuasive. There is a strong point about producers being able to determine their own conditions; but there is also evidence of a tendency for such experiences, assuming they survive repression by a higher political authority, to turn in the direction of self-serving corporatism.

The other socialist meaning is popular participation in central planning. No historical experience can be cited; it would have to be invented. And yet it is perhaps the most attractive prospect in the spirit of socialism. **Alec Nove** suggested a form of compromise between democratic planning and producer self-government: consumers would decide what to produce; producers would decide how.²¹

Georg Lukács wrote a text that was posthumously published in Hungary as *Demokratisierung Heute und Morgen*.²² Rejecting both the Stalinist past and the liberal concept of democracy, he speculated

about the conditions in which a democratization of socialism might be possible.

A first condition was a reduction in socially necessary labour time that would shift the balance in human activity from the realm of necessity to the realm of freedom. Society would have to be able to produce sufficient to satisfy the necessities of material existence without absorbing all the time and effort of its people. This condition is recognised also by others who have thought about the problem. Kornai posited that sufficient slack in production would be necessary to undertake reform in an economy of shortage.²³ Bahro argued that a state of "surplus consciousness", i.e. the existence of a margin of time and effort over and above the satisfaction of basic wants, was requisite for the pursuit of "emancipatory interests" as an alternative to the "compensatory interests" of consumerism.²⁴

The next condition would be a coalition of social forces upon which the structure of democratic socialism might be based. At this point, Lukács' prescription becomes obscure. Like Bahro and like Gorz in the West, he did not, in this last phase of his thought, look to the workers as the leading social class around which democratic socialism could take form. He spoke rather of liberating the "underground tendencies" hitherto repressed. The Party could, he hoped, reconstitute itself to achieve this.

This was a hope inspired by the reform movement led by the intelligentsia in Czechoslovakia in 1968. It had a brief revival again in the GDR during the time Neues Forum and similar groups were building the popular movement that overturned the Honecker regime. The project lives on for now in the Soviet Union, though its plausibility is diminished. The Party is an object of cynicism and the idea of socialism no longer has a secure basis of legitimacy.

Two other routes towards democratization in recent Eastern European experience have been, first, a movement from outside a moribund Party led by an independent workers' movement to which an intelligentsia attached itself (Poland); and second, an enlargement of scope for independent decision-making in the economy through a strategic withdrawal by the Party from direct control over certain aspects of civil society (Hungary). Both of these routes now in retrospect seem to be leading towards a restoration of capitalism. The former GDR shows a third route to capitalism: total collapse of the political structures of "real socialism" and full incorporation of its economy into West German capitalism.

For the remaining countries of "real socialism", options for the future can be grouped broadly into three scenarios. Each of these should be examined in terms of the relationship of the projected form of state and economy with the existing social structure of

accumulation.

The first scenario is a combination of political authoritarianism with economic liberalization leading towards market capitalism and the integration of the national economy into the global capitalist economy. In its most extreme form, this is a project favoured by some segments of the intelligentsia who recognise that a "shock therapy" in the Polish mode will be necessary to carry through privatization and the freeing of market forces; and that dictatorial powers will be needed to prevent elements of existing civil society, notably workers and segments of the bureaucracies, from political protest and obstruction in response to the bankruptcies of enterprises, unemployment, inflation, and polarization of rich and poor that would occur as the inevitable accompaniment to this kind of restructuring. This is the option encouraged by the Western consultants pullulating through the world of "real socialism" as the whiz-kid offspring of private consulting firms and agencies of the world economy. It is encouraged by the revival of von Hayek's ideas in Eastern Europe and by the mythology of capitalism and of a pre-environmentalist fascination with Western consumerism.

More moderate and mature political leadership might hesitate before enforcing the full measure of market-driven adjustments upon the more resistant elements of civil society. The compromise envisaged by this leadership would likely be a form of corporatism that would aim at co-opting core workers into the transition to capitalism, separating the more articulate and more strategically placed segments of the working class from the less articulate and less powerful majority. The enterprise-corporatist core of "real socialism"'s social structure of accumulation would thus lend itself to facilitating the transition to capitalism.

Some intellectuals have entertained the possibility of a transition to capitalism combined with a liberal pluralist political system. This vision most probably underestimates the level of conflict that would arise in formerly socialist societies undergoing the economic stresses of a transition to capitalism in the absence of a corporatist compromise. The choice then would become which to sacrifice, democracy or the free market? The historical record, as Karl Polanyi presented it in *The Great Transformation*, suggests that democracy is first sacrificed but the market is not ultimately saved. This setting was, for Polanyi, the opening of the path towards fascism; and some observers from Eastern Europe raise again this spectre as a not unlikely outcome of the social convulsions following the breakdown of "real socialism".¹³

The second scenario is political authoritarianism together with a command-administrative economic centre incorporating some

subordinate market features and some bureaucratic reform. This would leave basically intact the enterprise-corporatist heart of the existing planning system, which would also constitute its main political roots in civil society and its continuing source of legitimation in the "working class". China seems to be following this route; and the "conservatives" of the Soviet Union (with the backing of influentials in the military and the KGB) could also be counted among its supporters. The long-term problem for this course would be in the continuing exclusion of the more peripheral segments of the labour force from any participation in the system, though these elements might be calmed in the short run if the revival of authority in central planning were to lift the economy out of the chaos resulting from the removal of authority in both economic planning and political structures.

The third scenario is the possibility of democratization plus socialist reform. As suggested above, this could take the form either of producer self-management, or of a democratization of the central planning process, or conceivably of some combination of the two. Of the three scenarios, this one, with its two variants, is the least clearly spelled out. One reason for this may be, as David Mandel has suggested, that the power of the media in the Soviet Union has been monopolised by the adherents of the first two and especially by the radical market reformers.³⁸

Self-management has been claimed by both economic liberals and socialists. It has lost ground among the liberals without noticeably gaining conviction among socialists. Some of those economic reformers who once thought of self-management as a support to economic liberalization, now appear to have drawn back from this option.³⁹ Nevertheless, from a socialist perspective, the possibility must remain that self-management in the absence of some larger socialist economic framework is likely to evolve towards a form of enterprise corporatism within a capitalist market, i.e. the moderate variant of the first scenario.

The position of workers in relation to these three scenarios remains ambiguous and fragmented. In this there is a striking resemblance to the position of workers under capitalism since the economic crisis of the 1970s. The same question is to be raised: does the unqualified term "working class" still correspond to a coherent identifiable social force? The potential for an autonomous workers' movement was demonstrated in Poland by Solidarnosc; but in the hour of its triumph that movement fragmented. The Soviet miners' strike of July 1989 revived the credibility of a workers' movement; but it has not definitively answered the question.

Projects for managing and reorienting the working class that

emanate from members of the intelligentsia are more readily to be found than clear evidence of autonomous working-class choice. David Mandel reports that the Soviet government tried to channel the miners' strike towards demands for enterprise autonomy, only subsequently to abandon self-management as part of market reform.²¹ Academician Zaslavskaya, in the internal Party Novosibirsk Report that was attributed to her authorship, prescribed a planned reorientation of worker attitudes:

“. . . it is in the interests of socialist society, while regulating the key aspects of the socio-economic activity of the workers, to leave them a sufficiently wide margin of freedom of individual behaviour. Hence the necessity for directing behaviour itself, i.e. the subjective relationship of the workers to their socio-economic activity. Administrative methods of management are powerless here. The management of behaviour can only be accomplished in an oblique fashion, with the help of incentives which would take into account the economic and social demands of the workers and would channel their interests in a direction which would be of benefit to our society."²²

Some economic liberal reformers, no longer interested in self-management, entertain the notion of collective bargaining by independent trade unions as a counterpart to a capitalist economy.

Workers, it seems, may not have very much of an active initiating voice in the reform process. They may continue as previously to be an important passive structural force that the reforming intelligentsia will have to take into account. Their attitudes might be remoulded over time as Zaslavskaya and others would envisage. For the present they are, as a structural force, likely to remain committed to some of the basic ideas of socialism: egalitarianism in opportunities and incomes, the responsibility of the state to produce basic services of health and education, price stability and availability of basic wage goods. (In this respect, they would have to be classified, in the new vocabulary with which perestroika is discussed, as "conservatives".) Workers like other groups are critical of bureaucracy and irritating instances of privilege. These are the basic sentiments that future options for socialism could most feasibly be built upon.

World order and the future of socialism

The state of the world system now seems singularly unpropitious to a socialist future anywhere. The United States remains the strongest military power, though it is moving into the same kind of difficulties as beset the Soviet economy — declining rates of productivity, high military costs, and an intractable budgetary deficit. US military power serves as enforcer for deregulation and unrestricted movement of capital in the global economy. The financial mechanism of the global economy disciplines all countries except the United States whose

deficits continue for the moment to be financed by other countries, notably Japan. Third World countries as well as countries of "real socialism" insofar as their external economic linkages grow are subject to the policies promulgated through the main agencies of the global economy — the IMF, World Bank, OECD, G7 etc.

This phase of apparent unification of military and economic power behind a capitalist structure of world order is, in the sweep of history, necessarily transitory, though none can say with certainty how long the transition may last or towards what future structure of world order it may tend.

An underlying dynamic is at work in the global economy that gives some indication about possible futures. Its present manifest effect is globalization in production and in finance sustained by US military power. The further consequences of this globalizing movement are also predictable: more acute polarization of rich and poor within the global economy; and lines of social cleavage that will cut across boundaries thanks to the restructuring of production and to world migratory movements, transforming the geographical **core/periphery** structure of the past into a social **core/periphery** structure.

This polarization is likely to proceed apace before it provokes a concerted response because it generates a segmentation of peripheral social groups rather than a clear global class cleavage. The segmentation of the more disadvantaged groups will likely form around various distinct identities — ethnic, religious, nationalist, and gender identities, in particular. These distinct identities may find new grounds of unification. Islam, for instance, can become a metaphor for Third World revolt against Western capitalist domination. In this respect, the situation of countries of "real socialism" is not different from that of other countries. The same global tendencies are at work.

The long-term challenge to socialism will be to bridge these various identities so as to arrive at a common understanding of the global economic forces that place all of them in a subordinate position. Bridging identities means preserving them, while allowing them to develop their distinctive personalities by removing the causes of their subordination. This socialism would have room for diversity — for mutual support in the pursuit of distinct projects of society.

Two tendencies apparent at present may open opportunities for the rebirth of socialism. One is the decline of hegemony in the global system. This undermines conviction in the legitimacy of the principles upon which the globalization thrust is grounded. The cloak of common values becomes a transparent veil revealing the dominance of power, not the impersonal functioning of the order of nature. Such events as the collapse of the GATT negotiations and the mobilization by the United States of military intervention in the Persian Gulf

contribute in different ways to the erosion of global hegemony. ¹⁰

The other tendency, not unrelated to the first, is toward a world of economic blocs. Insofar as this would imply a decentralization of power, it could give room for diversity in projects of economy and society. The balance of social forces is different in Europe, in East Asia, and in North America. Opportunities in social struggle will be different in different parts of the world. The survival and transformation in some form of "real socialism" is conceivable in this context. The struggles going on in the Soviet Union and China towards the definition of a new project of society could have a longer range importance not just for those countries.

Effective containment or limitation of the central military enforcer of the present global economy will be a necessary condition for any devolution of power or economic decentralization in the world system. This can happen only through internal resistance within US society combined with external resistance, perhaps in parts of the Third World that reject the IMF medicine and the US-dominated "new world order". For the future, the Gramscian war of position becomes the appropriate strategy for socialist construction, most particularly in targetting the heartlands of capitalism, but carried on in coordination with movements in the Third World and in the countries of "real socialism". The struggle will be at once internal and global.

NOTES

1. The National Interest (US), Summer 1989.
2. Ralf Dahrendorf, *Reflections on the Revolution in Europe* (New York: Random House, 1990).
3. The cumbersome and redundant term "actually existing socialism" became current in English-language discourse, after the publication of the English translation of Rudolph Bahro's *The Alternative in Eastern Europe* (trans. by David Fernbach, London: NLB, 1978). It applied to those social formations shaped since the Bolshevik Revolution by Leninist and Stalinist types of political parties and by economic central planning. This term now seems outdated as well as cumbersome since the continuing "actuality" and "existence" of this type of formation was placed in question by the events of 1989 in Eastern Europe. Gordon Skilling suggested to me that a more accurate term is "real socialism" (from realsocialismus). "Real socialism" both designates a concrete historical phenomenon (whether past or present) and avoids confusion with measures introduced by social democratic and socialist party governments in capitalist social formations. The quotation marks signify a borrowed term designating an historical phenomenon open to critique, which the author does not consecrate with the meaning of a real essence.
4. Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957).
5. I use here the framework for analysis applied more specifically to capitalism in Robert W. Cox, *Production, Power, and World Order: Social Forces in the Making of History* (New York: Columbia University Press, 1987).

6. Machiavelli, *The Discourses*, Book 1, Ch. 2.
7. Fernand Braudel, "History and the social sciences: the *longue durée*", in Braudel, *On History*, trans. by Sarah Matthews (Chicago: University of Chicago Press, 1980).
8. I have not included footnoting for factual or historical information in this article. Such footnoting, if carried through consistently, would result in a series of appended essays on each point of historical interpretation or evaluation — a distracting encumbrance in what is intended as an essay in theory rather than in historical research. Critics need no encouragement to strike where the shield is down.
9. R. W. Davies in a recent article points out that the three major principles of the nineteenth-century vision of socialism — common ownership, democratic management, and equality — were all either rejected or drastically modified in the construction of the Soviet model of "real socialism". "Gorbachev's socialism in historical perspective", *New Left Review*, 179, January-February 1990.
10. E. H. Carr, *The Bolshevik Revolution 1917-1923*, Vol. II (London: Macmillan, 1952), p. 278. Lenin's longer phrasing was: "Only an agreement with the peasantry can save the socialist revolution in Russia until the revolution has occurred in other countries."
11. There is evidence that collectivization, far from enabling agriculture to contribute a surplus to the state during the First Five-Year Plan, actually drained resources from the non-agricultural sector through the need to supply agricultural machinery. The chief aim of collectivization was probably to break the power of the peasantry — the power of a social force independent of the state to determine what grain to produce and what to sell. Stalin was prepared to incur loss of production to gain state power over agriculture. As in the sphere of control over the military, Stalin's policies opened a period of extreme Soviet vulnerability to outside attack. He must have gambled that the depression in the capitalist world would deter aggression while Soviet power was being consolidated. This opening of vulnerability has to be read in the context of a speech in 1931 in which Stalin declared (*Works*, Vol. 13, pp.40-41): "We are fifty or a hundred years behind the advanced countries. We must make good this distance in ten years. Either we do it, or we shall go under." Ten years later, Germany invaded the Soviet Union.
12. CMEA figures showed an average annual rate of growth in aggregate output for the USSR from the early 1930s to the beginning of World War II of 16 percent. This was about twice that of capitalist countries during their boom periods of development, e.g. the United States during the second half of the 1880s, Russia in the 1890s, or Japan between 1907 and 1913. During the years following World War II, the USSR and the Eastern European countries maintained annual growth rates of industrial production in the range of 10 to 16 percent with investment ratios somewhat in excess of 20 percent of national income. The most backward (Bulgaria and Rumania) grew the fastest during the 1950s and 1960s. From the 1960s on, high and even increasing investment ratios began to yield lower rates of growth in industrial production. Soviet industrial growth averaged 13.2 percent annually in the 1950s, 10.4 percent in the 1960s, and 8.5 percent in the 1970s, while the investment ratio had risen from 23.9 percent in the 1950s to 29.5 percent in the 1970s. The combined rate of growth in national income (measured in (measured in Net Material Product) for the USSR and Eastern European CMEA members declined steadily from the mid-1960s. From a rate of 10 percent annually in the 1950s, it dropped to 7 percent in the 1960s, and 5 percent in the 1970s (6 percent in the first half of the decade and 4.2 percent in the second), down to about 2 to 3 percent in the early 1980s. These figures do not appear disastrous compared to the economic performance of some major

- capitalist countries during the years of economic crisis, but they contrast markedly with earlier socialist performance and indicate a trend towards stagnation. The editors of *Monthly Review* (March 1990, p. 12) cite Soviet Academician and Gorbachev economic adviser Abel Aganbegyan to the effect that the official figures for 1981-85 are flawed because of a failure to take account of hidden inflation, with the inference that in that economic period there was practically no economic growth. (Sources for the above figures include Silviu Brucan, "The strategy of development in eastern Europe", IFDA Dossier 13, November 1979, for the historical comparisons; Alec Nove et al. *The Eastern European Economies in the 1970s*, London: Butterworth, 1982, p. 215; A. Bergson, "Soviet economic slowdown and the 1981-85 Plan", *Problems of Communism* 30, May-June 1981; and T. Colton, *The Dilemma of Reform in the Soviet Union*, New York: Council on Foreign Relations, 1984, p. 15.)
13. The concept of "historic compromise", borrowed from the lexicon of the Italian Communist Party (compromesso storico), was applied to this phase of "real socialism" by George Konrad and Ivan Szelényi, *The Intellectuals on the Road to Class Power* (Brighton: Harvester, 1979), esp. pp. 185-187.
 14. I have taken the concept of social structure of accumulation from David Gordon, "Stages of accumulation and long economic cycles", in Terence K. Hopkins and Immanuel Wallerstein, eds. *Processes of the World System* (Beverly Hills, Calif.: Sage, 1980), pp. 9-45. My use of it focusses more specifically on the relationship of social forces, whereas Gordon uses it more broadly to encompass e.g. the institutions of the world economy. I have applied the concept to the capitalist world economy in Cox, *op. cit.*, Ch. 9.
 15. The terms are taken from Michael Burawoy's use of Gramsci's concept of hegemony. See Burawoy, *The Politics of Production* (London: Verso, 1985).
 16. William Hinton, *Fanshen* (New York: Vintage Press, 1966), p. 287 called the formal categorization of people as workers or peasants (with correspondingly different rights and responsibilities) a form of "hereditary social status". Industry in China was also organized on a core/periphery basis in which core enterprises employing established workers had satellite enterprises employing peasant-workers, and core enterprises could also employ teams of temporary peasant-workers in their main plants alongside established workers but with lower pay and benefits. The "iron rice bowl" of permanent job tenure and buyuan system whereby a worker is entitled to pass on his job to a qualified family member are Chinese counterparts to the social contract of Soviet post-Stalinist practice.
 17. See Hungarian Academy of Sciences, Institute of Economics, 1984, Studies 23 and 24, *Wage Bargaining in Hungarian Firms*.
 18. One study covering capitalist countries that comes from an International Working Party on Labour Market Segmentation, is Frank Wilkinson, ed. *The Dynamics of Labour Market Segmentation* (London: Academic Press, 1981).
 19. Prominent among those who have opened up this line of theoretical enquiry are Włodzimir Brus, *The Economics and Politics of Socialism* (London: Routledge and Kegan Paul, 1973); János Kornai, *Economics of Shortage* (Amsterdam: North-Holland, 1980) and *Growth, Shortage and Efficiency: A Macrodynamic Model of the Socialist Economy* (Berkeley: 1982).
 20. The positions of various groups in Soviet society with regard to reforms are reviewed in R. W. Davies, "Gorbachev's Socialism", *op. cit.*
 21. Alec Nove, *The Economics of Feasible Socialism* (London: George Allen & Unwin, 1983), p. 199.
 22. Budapest: Akadémiai Kiado, 1985. I am indebted to Dr A. Brody, Director, Institute of Economics, Hungarian Academy of Sciences, for drawing this text to my attention. It proved to be difficult to trace a copy of it.

23. János Kornai, *Anti-Equilibrium. On Economic Systems Theory and the Tasks of Research* (Amsterdam: North-Holland, 1971).
24. Rudolph Bahro, *The Alternative in Eastern Europe* (London: NLB, 1978).
25. E.g. Milan Vojinovic, "Will there be a palingenesis of extreme rightist movements". Paper presented for the conference "After the Crisis", University of Amsterdam, 18-20 April 1990. Ralf Darendorf, while arguing the possibility of capitalism with liberal pluralism, is also concerned by the possibility of a fascist revival, *op. cit.*, pp. 111-116.
26. David Mandel, "A market without thorns': the ideological struggle for the Soviet working class", *Studies in Political Economy*, 33 Autumn 1990: 7-38.
27. R. W. Davies, *op. cit.*, p. 23 reports this of e.g. Aganbegyan.
28. *Op. cit.*, p. 18.
29. Novosibirsk Report, 1984. Trans. published in *Survey 128* (1): 88-108. Quotation from pp. 95-96.
30. There is a substantial literature about the decline of hegemony, mostly American. Much of the debate is about whether or not there has been a relative decline of US economic, financial, and military power. **More** basic to the question of hegemony, in a **Gramscian** sense, is the extent to which the principles of world order on which the Pax Americana has been based are broadly shared, especially among the more powerful capitalist countries. Susan Strange (e.g. in *States and Markets* London: Pinter, 1988, pp. 235-240) argues that US power is still relatively great, but that the United States has misused its power in narrow national interests by following **unilateralist** policies. I would agree in large part with her assessment, but consider this trend in policy to be an indication of declining hegemony. There is a formally hegemonic aspect of the United Nations Security Council decisions in the Persian Gulf crisis; but since in brute fact they express a temporary coalition put together by diplomatic arm-twisting and side payments rather than a basic consensus on global order, this too must be considered an indication of US dominance rather than of hegemony.