

Integrating the “fraternal countries”

Victor Zaslavsky

Three years have passed since, in March 1985, Gorbachev took power, and the Soviet experience of *perestroika* shows that the Soviet leaders have started one of the largest reforms in Soviet history since the Stalinist system was launched in the 1930s. The impact of these reforms on Eastern Europe, which has been a cauldron of reformist and revolutionary ferment for some decades arouses more than academic interest. According to many analysts who have based their first reactions on the experience of these last few decades, if the Soviet Union should tolerate socio-political evolution in the satellite countries, then the latter would seize the opportunity to gain more autonomy, strengthen relations with the West, and introduce radical reforms, perhaps even developing nationalist movements¹, and wanting to change their socio-political systems.

This view has recently been challenged. Not only East European governments but the mass of the populations as well seem to be reluctant to follow Gorbachev's lead in reforming their societies — or even in formulating serious reform proposals. The noted Hungarian economist Laszlo Szamuely has concluded: “Both the compelling need for change and the perception of its necessity by the political and economic leadership are present (at least in the majority of the East European countries). And yet the 1980s have not become a decade of reforms”². Why, then, is there ossification of leadership and apathy and resignation of the people in Eastern Europe at a time when the seriousness and determination of the Soviet reformists can hardly be doubted?

Inertia and perplexity

The first and most obvious explanation of this immobility is to be found in the character of East European leadership. Eastern Europe has had virtually the same leaders for a long time, and these are simply too exhausted — physically

and intellectually — to undertake radical reforms. They feel very uneasy about Gorbachev's campaign for new personnel and the forced retirement of older officials, and are particularly afraid of the political part of his proposals. Even vague hints at periodic rotation of officials or multi-candidate elections makes the elderly East European *nomenklatura* and its leaders — by now in their seventies — nervous. It is no surprise, then, that the East German press limits itself to publishing mere extracts from Gorbachev's speeches, whilst the Czech press is capable of ignoring them altogether. Romanian, East German and Czech leaders unanimously warn against "automatically applying" Soviet reformist ideas in the East European context.

Another explanation for East European lack of enthusiasm for Soviet reforms lies in the vague and contradictory character of the *perestroika* itself. Gorbachev and his advisers emphatically reject abandoning the principles of central planning, let alone single party rule. They cite dramatic examples of the failures of central planning, and in the same breath promise to keep and strengthen its key aspects. The exact nature of the reformed Soviet economy remains very unclear, especially considering that open discussion of the role of capital, and financial markets, of private and co-operative forms of property is almost totally absent from current Soviet debate. Moreover, many of the present practical Soviet measures have already been tested in East European countries, without producing any spectacular improvements at all.

Finally, some analysts point to the fact that the East European elites "are not under pressure to innovate, to introduce changes and reforms"². To the majority of East European societies, the economic crisis of the 1980s took the form of a balance-of-payments problem due to large trade deficits with the West. This did not cause much domestic social tension, however, since East European producers are largely protected from the direct influence of world markets. The central planning mechanism proved its resilience by permitting a rapid adjustment to the deteriorating external conditions. As has been said "Eastern Europe is the only region in the world that has been successful in reducing its commercial debt"³. The improvement in the convertible-currency trade balance was primarily achieved through drastic cuts in Western imports, which was accomplished without a serious decline in standards of living — a fact that probably encouraged resistance to reform. Only the Polish leadership, which did not succeed in solving the country's problems by correcting economic policies and introducing austerity programmes, has become more receptive to reformist ideas.

Now all these explanations are unsatisfactory, not because they are wrong, but

because they do not go far enough. Firstly, they share a common assumption that obvious resistance to reform is a strictly temporary situation, due to the prevalence of short term interests over long term considerations. They presuppose that Gorbachev's line will eventually triumph, and that by the end of the decade, the majority of East European countries will have new leaders striving for reform. Secondly, they obfuscate the paradoxical situation of East European opposition today. Traditionally conservative Soviet leaders are charting an exciting new political course, whilst both East European officials and opposition are not only sceptical, but seem to have lost the very spirit of reform and readiness to change. In striking contrast to the 1960s, and despite the greater openness of Soviet-type societies and increased tolerance of freedom of expression, no credible reform programme has been worked out in the 1980s by either reform-minded groups within the party or by the opposition. Even the Polish Solidarity movement did not succeed in this, despite the presence of prominent economists and social scientists in its ranks, and characteristically, Solidarity leaders now remain perplexed by the phenomenon of *perestroika*. In their July 1987 meeting, Jacek Kuron contrasted the hopeful atmosphere in the USSR with the feeling of continuous decline in Poland, but stressed the point that Poland was nevertheless "so far ahead of the Soviet Union, that if we tried to criticize the Polish authorities with Soviet achievement in mind, we would hardly find any grounds for criticism"⁴.

The USSR as nation-state and a social system

To comprehend current East European resistance to reform, focus must be shifted from the individual states to the international community of which Eastern Europe is a part. Especially important in this respect is the world systems paradigm, which views the world as a unified system, stresses the interconnectedness of global economy, and suggests that the policies of sovereign states must still be understood with reference to the particular positions they occupy within the larger international system⁵. East European countries are Soviet-type societies, and represent an integral part of the Soviet world system. The process of sovietization, i.e. the transformation of East European countries into Soviet-type societies, and their economic, political and military integration with the Soviet Union, is thus of foremost interest in our analysis.

For decades, American historians have been heatedly debating the origins of the Stalinist policy of sovietization, and especially the role of the Marshall Plan. It is well known that Stalin decided to embark on a policy of rapid

sovietization of Eastern Europe as a response to the American Marshall Plan initiative. The Soviet dictator was particularly irritated by the positive reaction of the Polish and Czech governments to the American offer of a share in American aid for Europe. This historical connection between the Marshall Plan and Stalin's sovietization has given rise to contradictory interpretations. According to one line of thought, the Marshall Plan signified an encroachment into the Soviet sphere of influence in Eastern Europe. It intensified the Cold War, and led to the militarization of American society⁶. According to the opposite interpretation, however, the anti-Soviet aspects of the Marshall plan have been over-emphasized. As Robert Pollard has written, "while containment of the Soviet Union was an important aim of the plan, it was not the main



objective. The Truman administration would almost certainly have pursued a European recovery programme of some sort, even in the absence of a Soviet threat⁷. Yet what is common to these contradictory interpretations is the idea that the sovietization of Eastern Europe in the aftermath of the Second World War could have been avoided. An American policy without a European recovery programme, or a better understanding of American intentions by Stalin, could have prevented sovietization. The conflict arising from basic incompatibility between the structures and interests of two superpowers, representing clashing socio-economic systems, is thus transformed into a historical accident caused by the ill-defined policies of one adversary, and the over-reaction of the other.

Understanding the Soviet Union in its dual essence of a sovereign state with its state interests and geo-political objectives, on the one hand, and its new

socio-economic system on the other, allows more profound analysis of the policy of sovietization. It was inevitable that the US would embark on some sort of recovery plan, aimed at rebuilding a viable system of pluralist market economies in the European countries. It may be true that such a policy did not threaten Soviet *state* interests, but it certainly did threaten the interests of the Soviet *system* set on sweeping away all such structures as private ownership, free market economy, and political pluralism. In other words, the Marshall Plan did trigger off sovietization, although it did not cause it. Taking into account Stalinist leadership mentality, and the requirements of the Soviet socio-economic system, a policy of sovietization would have been pursued even without any American aid programme.

The socialist encirclement

To explain this briefly, an analysis of Stalin's world outlook, his philosophy of history, and his understanding of the revolutionary process shows that he had envisaged sovietization long before the Second World War. While pursuing the construction of socialism in one country, Stalin had always "kept faith with the international Communist revolution as a paramount, if deferred, policy goal"⁸. But, as Robert Tucker has convincingly demonstrated, Stalin's view of the revolution was very different from that of Lenin or Trotsky. Stalin believed that the security and "irreversibility" of the Socialist order in the USSR could only be guaranteed through revolution in "neighbouring countries". In the 1920s, he had already asserted that capitalist encirclement had to be replaced by "socialist encirclement", and he thus seized the first opportunity to realize this by the end of the 1930s.

After concluding a non-aggression pact with Nazi Germany, the Stalinist administration proceeded to establish this socialist encirclement by incorporating parts of Poland, the Baltic States, Bessarabia and Northern Bukovina into the USSR itself. Moreover, when Ribbentrop offered Molotov India and the rest of Southern Asia as an area of future expansion, the latter replied by advancing Soviet territorial claims in Eastern and Central Europe, Finland, the Balkans and Turkey⁹.

After the Second World War, however, direct incorporation of territory could only be applied in exceptional cases such as Eastern Prussia, and the need to consolidate control over the newly-acquired East European sphere of influence became a major challenge for the Soviet state. Sovietization was the answer. For Stalin, the eager acceptance of American aid by the East European countries was further proof that, as long as their socio-economic structures

remained compatible with those of the West, the conditions of “capitalist encirclement” would also remain, and control could only be secured by military force. It was also clear that any lasting control over Eastern Europe could be more effectively maintained not by external force, but by those local groups, which, by virtue of their vested interests, would be strongly committed to maintaining an alliance with the Soviet Union. Stalin thus proceeded to impose Socialism and create these loyal groups by restructuring all the East European societies after the Soviet model. The rapid nationalization of private property and the creation of single-party states were fundamental preconditions. Both tasks were accomplished relatively easily, because the structure of private ownership had already been seriously undermined by years of war and the Nazi occupation, and, of course, because the Soviet troops extended unlimited support to local communists; these two factors combined with effective political takeover tactics to swiftly secure one-party regimes¹⁰.

From the outset, the Soviets intended to, and succeeded in, achieving a state of “structural-institutional isomorphism”¹¹. They imposed on Eastern Europe the same set of institutions, the same planning methods and analogous developmental strategies. Moreover, institutional arrangements of central planning determined developmental strategies and investment priorities, thus creating the same energy-intensive and raw-material-intensive industries in all the East European countries, without any regard for their natural resources. The consequence of this was the noted pattern of exchanging Soviet raw-materials for East European finished products. Following the Soviet model, East European countries maintained very high rates of accumulation, investing mainly in heavy industry, and introducing forced collectivization, which secured control over agriculture and provided a steady influx of labour from the countryside¹². By the end of the Stalinist period, Eastern Europe thus represented a conglomerate of Soviet-type societies, completely insulated from the world market, and based wholly on bilateral relations with the hegemonic Soviet Union. Stalinist homogenization was strongly felt in economic, political and ideological spheres, producing various social groups in each country, their loyalty to the USSR being determined by their structural position — of privilege — in the Soviet-type society.

The success of sovietization was, however, limited by the reversibility of the Eastern situation: low standards of living undermined the legitimacy of Soviet-type regimes, while many members of society were more than ready to resume private activities, and would have restored links with the world market at the first opportunity. The Soviets thus had to employ military force to suppress popular revolts directed against Soviet domination and local single party system.

Into a single society

At the new, post-Stalinist stage of sovietization, new principles and institutional mechanisms were needed to integrate this loose conglomerate of satellites. According to Soviet theory, advanced levels of integration would be achieved by eliminating national sovereignty and introducing a totally centralized international economy, guided by a central plan. This structure was intended to secure unimpeded exchange of labour, investments and goods between the different parts of the socialist commonwealth¹³. At the earlier stages of integration, however, Soviet and East European leaders pursued less ambitious goals: better co-ordination of national economic planning, increased productive specialization and common efforts to protect domestic socio-political structures from foreign influence. The basic factor of post-Stalinist sovietization was the creation of an "international socialist division of labour" and an autonomous socialist world market¹⁴. The Soviet Union changed its policy towards Eastern Europe considerably. Soviet leaders felt that Eastern Europe was by then firmly tied to the USSR by formal security treaties, military and party links, structural-institutional isomorphism and the inner logic of the Soviet system, while the inability of the West to challenge Soviet dominance was also recognized. They permitted considerable differentiation of socio-economic policies within Eastern Europe, each country introducing a variety of policies to cope with its own particular problems, as long as the essential principles of Soviet-type society remained. New forms of relations among Soviet bloc members found institutional expression in the activities of the Council for Mutual Economic Assistance (CMEA), and in the Warsaw Pact, their roles as instruments of integration being well-known. The Warsaw Treaty also added further legitimation to the presence of Soviet troops in Eastern Europe, compelling the satellite allies to maintain armed forces far exceeding any defence requirements, and guaranteeing the adoption of Soviet-made weapon systems by the allied military organizations. The CMEA, which proclaimed the "building of a socialist world economy into a single society" as its ultimate goal, was quite successful in creating a more rational — from a Soviet point of view — division of labour and promoting intensive internal CMEA trade.

Bilateral relations between the Soviet Union and the East European countries which characterized the Stalinist period were replaced by multilateral relations between all members of the Soviet bloc, the volume of internal CMEA trade expanding much faster than that of Western trade. Moreover, by the end of the 1970s, East European economies had become dependent on the Soviet

Victor Zaslavsky is Professor of Sociology at the Memorial University of Newfoundland, Canada. He emigrated from Leningrad to Canada in 1975. He has taught in the Soviet Union, United States, Canada and Italy and he is currently visiting Professor of Sociology at the University of Perugia. His publications include: *Il consenso organizzato*, Bologna, Il Mulino, 1981; *The Neo Stalinist State: Class, Ethnicity and Consensus in Soviet Society*, New York, Sharpe, 1983; *Soviet Jewish Emigration and Soviet Nationality Policy* (co-author R. Brym), London, Macmillan, 1983.

economy in a variety of ways. Firstly, East European economies increasingly relied on Soviet raw-materials and energy resources. Secondly, a growing share of their products was absorbed by the enormous Soviet market. Finally, whenever serious economic difficulties struck an East European ally, appeal to the Soviet Union would bring assistance.

The case of Soviet “implicit subsidies” is exemplary. During the 1970s energy crisis, the Soviet Union provided Eastern Europe with energy and raw materials at prices well below those prevailing on the world markets, these subsidies amounting to some \$100 billion between 1972 and 1981¹⁵. Eastern Europe was thus protected from the energy shock, and could adjust to energy scarcity over an extended period of time, (though it misused the opportunity all the same)³. As will be seen later, this dependence on Soviet resources and the Soviet market, combined with the privileged position of the East European countries in the socialist division of labour, lies at the root of present East European resistance to reform.

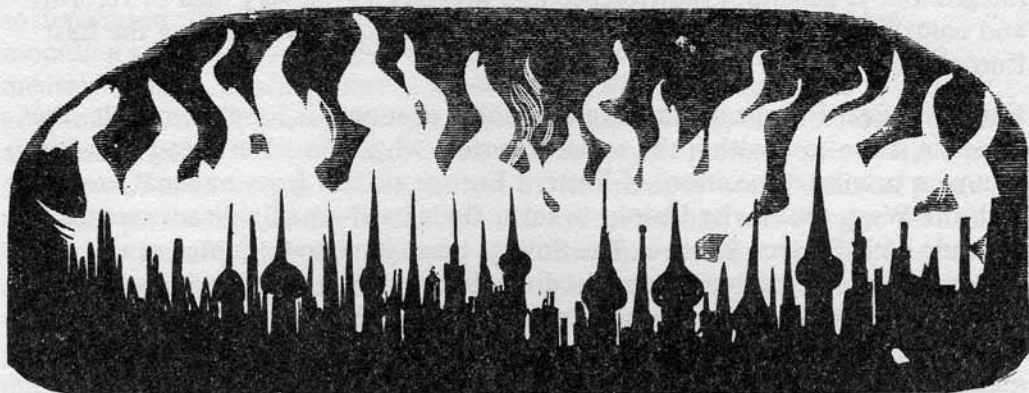
The socialist trap

Could Eastern Europe have ever pursued alternative policies? Even brief analysis of the rapid decline of East European trade with the West helps to explain why it has resigned itself to the trap of the autonomous “socialist market”. A Soviet-type society which intends to preserve its specific structural and organizational principles cannot freely participate in the world market system, because it would then be compelled to open its borders to an influx of Western capital and entrepreneurs, to strengthen domestic market-oriented

groups and mechanisms, and to allow consumers to demand improvements in living standards — all of which would eventually destroy both central planning and the single-party system. A Soviet-type society needs to be insulated from world market influence for its survival. Closed borders, combined with limited and tightly controlled contacts with the West, monopoly over foreign trade and inconvertibility of local currency are the typical features of all known Soviet-type societies.

Having built this multiple protective fence around their economic systems, East European countries began developing trade with the West towards the end of the 1950s, a time of great euphoria in the Soviet bloc, as the Soviet model proved quite adequate in ensuring complete mobilization of internal resources, and achieved impressive rates of economic growth. Soviet and East European economists, including such specialists as Oskar Lange and those who prepared the data for Khrushchev's 1961 party programme, predicted that in a couple of decades, the Soviet-type economies would leave their Western counterparts far behind. They only needed to close the technological gap with the West, but they expected higher productivity and superior product quality to be achieved by combining the advantages of central planning with the latest Western "know-how". They also assumed that increasing Western imports would not only facilitate modernization, but also soon lead to growing competitiveness of East European products, and thus foster strong export chances for manufactured goods. Already by the 1960s, "most East European countries had embarked on the path of import-led growth"³, considerably increasing imports from the industrialized West, and channelling investment policies and product specialization towards the future expansion of export in the manufactured goods field.

The results are here for all to see. Despite the fact that the 1970s were quite favourable to the East European countries, as they were sheltered from the energy crisis by the Soviet Union, and at the same time obtained inexpensive and easily available credit from Western banks, all their efforts to increase exports and to increase the share of manufactured goods in these exports failed. These countries incurred heavy debts with the West, and failed to close the technological and productivity gap through import-led growth. During the late 60s and early 70s, they succeeded in stabilizing the gap, but it has been widening ever since¹⁶. The East European countries have correspondingly experienced a continuous decline in relative competitiveness, not only with respect to the industrialized West, but also to the less-developed Third World, having recently been out-performed by countries such as South Korea and Taiwan, which were at a lower level of economic development some years ago.



Years of experience incontrovertibly prove that Soviet-type societies systematically lose out to Western industrialized societies over competition for higher labour productivity, higher rate of innovation, and better satisfaction of demand. Soviet-type economies inevitably and consistently generate and reproduce shortages¹⁷.

Under conditions of permanent shortages, producers have no incentive to develop new products or improve the quality of existing ones. Fully protected from foreign competition by the state monopoly on trade and the inconvertibility of domestic currency, producers also have no incentive to sell their products on the world market. There is incentive, on the other hand, to increase imports, because their quality and reliability usually exceed those of domestic products. The weak position of East European countries in East-West trade is therefore inevitable; they have been compelled to sell their products to the Soviet Union which has "routinely accepted from Eastern Europe, in exchange for its raw materials, inferior goods unsuitable for sale in world markets, all the more so during periods of recession"¹⁸. Under these conditions, a separate socialist market would have materialized even if there were no conscious policy of Soviet-East European integration. The failure of Eastern Europe to achieve a positive balance or even parity in its convertible-currency trade reinforces the cohesion of the Soviet bloc. In particular, an East European economy entering the world market would not be able to compete with either Western economies, (with their much higher productivity) or "with the developing countries where labour costs are significantly lower"¹⁹. This lack

of alternatives has become an important stimulus of Soviet-East European integration. It generates indifference and hostility to the very idea of reforms and contributes to the feelings of inferiority and resignation among the East Europeans.

But if the East European status in the global economy is hardly enviable, the opposite is the case within the socialist system where East European countries occupy a privileged position. If Eastern Europe suffers from unequal exchange with the West, the Soviet Union, in turn, finds itself equally disadvantaged in its trade with Eastern Europe. The Soviets often have to exchange raw materials and low-processed commodities for manufactured products of Eastern Europe. In doing so they exchange exhaustible resources, which would command higher prices in hard currency, for inferior, otherwise unmarketable manufactured goods. If Soviet implicit subsidies and non-repayable aid to Eastern Europe and, for full measure, additional military expenditures are also considered, the extent to which Eastern Europe has become an economic burden to the USSR can be appreciated. The Soviet Union pays a high price for the sovietization of Eastern Europe. A Hungarian economist put it bluntly: "Since in the choice of both the integration model and its techniques as well as in the formation of national industrialization policies and management methods, the (often too direct) adaptation of Soviet solutions prevailed, it is quite obvious that the 'raw materials for finished products' type of division of labour is a by-product and, what is more, an immediate consequence of Soviet priorities"²⁰.

Homo Sovieticus vs Reform

But the situation may be viewed from yet another angle. East Europeans are now enjoying higher standards of living than are warranted by the productivity of their economies and the quality and competitiveness of their products. From 1960 to 1980, encouraged by Soviet assistance, East European regimes "opted for grave indebtedness rather than reduced consumption"²¹. This being the case, there is no programme of reform that might be in the least attractive for the overwhelming majority of East Europeans. Any reform programme, regardless of its concrete details, would force them to increase productivity, improve the quality of their products, (especially those exported to the USSR) introduce austerity programmes, and all this without any prospects for a higher standard of living in the foreseeable future. It is hardly surprising then, that East European economists have failed to produce a credible and promising programme of reforms, and that Gorbachev's reformist drive has found little support in Eastern Europe.

A discussion of current Eastern European resistance to reform and its cause would be incomplete without noting another major effect of the forty years of sovietization. During this entire period, Soviet-type societies have been moulding a specific type of personality with a specific system of values and mental attitudes, characterized in the words of Siberian sociologists "by firmly adopted norms of behaviour in the spheres of production, distribution, exchange and consumption"²². In full agreement with society's operating principles, typical members of a Soviet-type society believe in the omnipotence of political power and hold personal initiative in contempt. Unprepared and unwilling to take risks, they stress stability, job security, and egalitarianism as major social values and are more interested in promoting "social justice" and equal distribution than in rewarding higher productivity and initiative. This basic personality type predominates at all levels of social hierarchy: from blue-collar workers to managers and administrators. Thus, as Soviet sociologists admit, Soviet society produces a worker whose social type is characterized by "low labour and production discipline, an indifferent attitude to the work performed and to its low quality, social passivity, a low value attached to labour as a means of self-realization, and an intense consumerist orientation"²². The Polish Solidarity programme expressed fully the popular attitudes and aspirations prevalent in Soviet-type societies. It demanded "more distributive justice, more social protection policy for the weak ... not only drastic progressive taxation but also the setting of absolute ceilings on personal income and property, quite irrespective of its source, and, consequently, a partial expropriation of the well-to-do"²³.

This concern with redistribution rather than productivity, the tendency to favour stability over changes that herald unforeseeable risks and uncertain benefits also characterize the managers and administrators of Soviet-type societies, who do not welcome a market environment with ensuing competition and increasing responsibility. Soviet studies of managers' attitudes conclude that managers do not want decentralization and increased decision-making autonomy, but rather prefer a more centralized system with less power and less responsibility²⁴. Even in Hungary, where market relations are more developed than in other East European societies, the managers of enterprises have always tried to eliminate competition and achieve "price setting without market control" while maintaining social peace in the factory through "a flexible approach to labour discipline, indulgence towards absenteeism, and distribution of incomes with the least possible tensions (in most cases, this means egalitarianism)"²⁵. This subjective dimension of East European resistance to reforms should not be underestimated, the more so since the Soviet system "has become a self-reproducing social system, deeply rooted in popular mentality"²³. Szamuely

is obviously correct in observing that in the 1950s and 1960s, that is, during the early stages of sovietization, "the social acceptance of reform ideas was in a sense easier than it is today"². Taking into account the systemic, structural and personal-subjective determinants of current East European resistance to change, the reversal of attitudes towards reforms in the Eastern Europe of the 1980s does not seem paradoxical.

An analysis of sovietization effects also helps explain why East European *intelligentsia*, both in its official and dissident incarnations, expressed a profound scepticism with regard to Soviet reforms and to date have not extended their support to Soviet reformers. Subjectively, East European intellectuals feel strong contempt for Soviet society, its culture and its way of life. Culturally, sovietization has been a failure and today, after four decades of membership in the Soviet bloc, East Europeans remain much closer to the West than to the USSR. In addition, they can justifiably blame the Soviet Union for their present predicament — though this does not make the burden any easier to carry. More importantly, East European intellectuals are objectively in no position to discuss the Soviet situation constructively. Even East European leaders are forced "to deal with factors that are entirely beyond their control" when designing their economic policies¹⁸. East European specialists have almost no direct knowledge about the true state of Soviet society. They have to rely on official Soviet data and statistics, while only a part of the numerous Western sovietological studies is available in Eastern Europe. Here the blame can be squarely placed on the all-pervasive Soviet secrecy and falsification of statistics, the incredible dimension of which are being gradually revealed by the proponents of *glasnost*²⁶.

How long will this East European immobilism last? It is quite clear that as long as the East European regimes are able to exchange their manufactured goods for Soviet raw materials and fuel on favourable terms, to service their hard currency debts, and to satisfy the basic consumer needs of the population, they will attempt to delay reforms and maintain the *status quo* by curtailing Western imports, boosting exports of marketable commodities and cautiously modernizing their economies. In Eastern Europe, reforms can either be externally imposed or come about because of internal social tensions, too great to be contained within the existing socio-economic structure.

The latter situation has already materialized in Poland where the government, unable to resolve the profound economic crisis, has unsuccessfully been seeking popular approval for its package of reformist measures combined with a severe austerity programme. As Szamuely has pointed out, "the present Polish

reforms are no more than a reform experiment, since the fundamental social and political conditions for their success, i.e. social consensus, is lacking. And nobody knows how and when it will emerge²².

АХЪ МАТКИ МОИ БОРЪ ПРИШЕЛЪ ВОЛНЕ БОДКОРЪ ЕКИА ВЕ
СТИ УКРААЪ ПЕТУХА СНАЕСТИ БАДИ ВЛАДАНЪ СЫНЪ БОРЪ
МОЕГО ПЕТУХА. ВИТЬ НЕСЫТА БУДЕТЪ ТВОА ТРЕБУКА.
2. МОЛЪЧИ ВАБА ПОЛНО.А ЗАШЕЛЪ НЕСТОИ УЛИЦИ.
НЕЗАБЫЛЪ ВЪЗАТЬ ВСЕ ТВОИ КУРИЦЫ А ДА ТЕБА НЕКЪ
ШАЮ ИОДИНЪ ЕВО КЪШАЮ.....



A thief in the farm

Gorbachev and the "fraternal countries"

It appears quite certain, however, that should Gorbachev's reformist programme proceed apace, all the more prosperous members of the East European community will feel growing Soviet pressure to reform their economies, raise productivity, improve product quality, and make new strides towards further integration with the Soviet Union.

There is no doubt that Gorbachev, who has just called for a "profound integration of the Soviet economy with that of fraternal countries"²⁷, will continue consolidating the Soviet world system. The new Soviet leaders are as fully committed to securing lasting control over Eastern Europe as were their predecessors, but today they have more room to manoeuvre. Both the Soviets and the East Europeans have by now realized that East European economies stand little chance of succeeding on the world market and that the West is unlikely to launch a new Marshall plan in order to bail out Eastern Europe. Complaints about the poor quality of East European products, previously confined to specialized publications, are now becoming widespread in Soviet mass media. The Soviet Union has at its disposal much in the way of leverage over Eastern Europe: it can cut down fuel deliveries, reduce subsidies, or introduce strict quality control over imports. There is no doubt it will threaten or actually carry out such measures should Eastern Europe continue delivering sub-standard products. The Soviets are now pressing for modifications in the division of labour and production specialization among the CMEA members. They are also demanding greater East European investments in the Soviet economy.

Gorbachev's leadership is seeking new integration mechanisms and new methods of alleviating the economic burden represented by Eastern Europe. Measures promoting labour exchange within the Soviet world system deserve special attention. The Soviet bloc has already known some instances of labour transfer between socialist countries, i.e. Polish workers employed in East Germany. Recently the Soviet Union began employing Bulgarian and growing numbers of Vietnamese workers, in effect accepting labour as exchange for fuel and armaments. This practice of facilitating labour transfer will undoubtedly develop further. Along these same lines, the Soviet government has just lifted certain limitations on the travel of Soviet citizens to Eastern Europe. Soviet citizens still cannot travel freely, but visas for visiting "fraternal countries" are now easier to obtain. Soviet tourism to Eastern Europe should thus grow rapidly in the 1990s.

The Soviets are also now pressing for currency convertibility within the CMEA. They expect that a convertible rouble will become a potent instrument of integration and help create a viable CMEA "common market". A leading Soviet economist, Nikolai Shmelev, has outlined the new Soviet approach to Eastern Europe in an article that has attracted much attention and has been personally endorsed by Gorbachev: "It is high time to reconsider what should be done about the heavy debt owed us by the CMEA countries, which helps them little and us not at all. Of course, the debt is largely a political problem. It should be feasible, however, to make its slow repayment attractive to the debtor countries. To this end the Soviet internal market should be opened to all of their products. If you want a good return on trade with the USSR — leave us part of the profits to reduce the debt. The prospect of continuous production for the practically unlimited Soviet market is a boon that would be hard to ignore, the more so if we consider the growing challenge of international competition"¹⁷.

Gorbachev aims at unifying the socialist commonwealth on a new, technologically higher level and making it a more effective competitor on the world market. He insists on immediate and concrete steps towards a greater economic integration.²⁸ Simultaneously the Soviet leadership sends unmistakable signals to its East European counterparts that the Soviet Union will not tolerate major political reforms that could threaten Eastern Europe's internal stability. Thus, the appointment of Vadim Medvedev to the post of the Secretary of the Central Committee responsible for relations with Eastern Europe is very indicative. Medvedev's views on reform are well-known from his numerous publications and can be seen from the following passage: "It is impossible to avoid shortages and improve economic efficiency through such measures as curtailing the centralized management of the economy, as strongly developing independence, cost accounting and self-reliance unacceptable in principle for us"²⁹. Also a sudden decision of the major Soviet publishing house specialized in political literature to publish in 1987 mass editions of collected articles and speeches of such theoreticians as Kim Il Sung and Conducator Ceausescu does not go unnoticed. But the appointment of Milos Jakes, personally responsible for purging half a million communists who sympathized or supported the Prague Spring, as a new leader of Czechoslovakia represent the most graphic evidence that the maintaining of internal stability and the tightening of control over the activity of the junior members of the Soviet bloc continue to be major objectives of Gorbachev's policy towards Eastern Europe.

Gorbachev's team is now working out a programme of far reaching domestic reforms that will alter the entire economic and social system. Whatever its detailed form, a further integration of Eastern Europe with the Soviet Union remains part and parcel of Gorbachev's reformist programme.

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