

The Trap of Declining Communism

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Are we or are we not in Europe? How much of a mark has communism left upon us? To what extent have our economy and our attitude towards work succumbed to Sovietisation? How far away have we moved from the West in our consciousness, in our reactions, in our everyday attitudes and in our behaviour? These questions are frequently raised in discussions throughout Central and Eastern Europe—and not without trepidation. When the situation improves, the questions surface with less frequency; they appear more often when conditions deteriorate.

These questions are of crucial importance to the restless inhabitants of “the other Europe”; they touch upon individual historical and cultural identity. Their significance stems primarily, though not exclusively, from what Kundera called “the abduction of Europe”, that is, the political strapping to the East as a result of World War II of the geographical centre of Europe, which spiritually as well as culturally hitherto had belonged to the western portion of the continent. Historians who delineate the borders of the Carolingian Empire emphasise the astounding similarity between these same borders and the line that divided Europe into two regions seven hundred years later—in the sixteenth century. The two areas of the continent followed different patterns of organisation and economic development: early capitalist development in the West, the “second serfdom” and dramatic regression in the East. We find almost the same border—let us call it the Yalta border—five centuries later, in our century. In the meantime, the West was either advancing to the East or

receding, while the East Central European lands were left uncertain of their identity and their sense of belonging, exposed to the contradictory influences of both the East and the West. Those who assert the "Western-ness" of the territories recall the role of Western Christianity, the Renaissance, the Enlightenment, Roman law.... The sceptics stress the differences—more or less prominent depending on the country. They claim that civil society was never developed here to a great extent. There was never any feudal disintegration of the state that would have enabled society to assume some of the state's attributes. Also, there never existed the tradition of constructing a political and social entity "from the bottom up". Contract law was less firmly rooted in the East. The middle classes were weaker, as were the institutions of estate representation and autonomous corporate cities. In other words, the region was always more "Western" in terms of its culture and dreams than in terms of its material basis, social institutions and political organisation. A cartoon which appeared a few years ago in the Polish press summarised in an ironic way the dramatic essence of this tension. Poorly dressed man, with books in his hands—quite obviously an intellectual—crosses a dirty, ruined street repeating again and again: We are part of European culture, we are part of European culture...."

Could one not say, then, that all that has taken place, due to historical coincidence, the balance of power and all that which we symbolically refer to as "Yalta", is a return to the traditional division of the continent, however tragically grotesque in form? *The third serfdom!* As in centuries past, this region continues to have a very Western culture. We may boast of artists who not only assert the Europeanness of their own small, poor nations, but who also awaken the consciousness of Western Europeans: figures such as Kundera, Milosz, Ionesco, Herbnert and Kolakowski. At the same time, these countries are chained to the East, embodied in a new historical form by the Soviet Union, not spiritually, but materially.

Dynamics of decline

The creation of Communist rule was often described as a process to overcome manifold obstacles. Traditions, beliefs, morality, law, spontaneous associations and state institutions, political parties and trade unions, private and municipal companies—they all were either destroyed or fundamentally transformed. Autonomy in all its forms—group, cultural, scientific, economic, religious—eroded methodically.

Initially, it seemed that this system created previously unknown possibilities of mobilising human and material resources for the realisation of goals established by the ruling group. With the passage of time, however, this system began to face increasingly acute obstacles of its own making. Precisely these obstacles caused the system's progressive paralysis. The goals which the Communist authorities initially set for themselves—social transformation, mobilisation of the economy and political stability—are becoming more and more difficult to achieve. In the small countries of East Central Europe, where the threat of stagnation and instability is greater, these problems are more dramatic than in the Soviet Union.

Problems arise in four domains crucial to the system's performance. We may refer to these domains as the *regulative*, the *extractive*, the *distributive* and the *symbolic*.

The backbone of the *regulative* system is the Communist party and its apparatus (*nomenklatura*). The effectiveness of such a society, hierarchically integrated through the bureaucracy, was limited from the beginning. In essence, effectiveness could be assured solely in the sphere of government priorities. More than once, the high level of growth attained by these countries at the expense of contemporary generations has been admired. As it turned out, this growth has also proven very expensive for future generations.

The problems multiplied as society and the economy developed. Paradoxically, the system manifested growing inefficiency parallel to the transition to non-terroristic methods of government. Society, disinherited and denied rights, began to increase pressure on the system. This phenomenon adopted different forms and varying levels of intensity in different countries.

Problems also appeared at the top. Feelings of security among the privileged groups produced a growth in their aspirations. They wished to surround their positions of power with social prestige, to secure material comfort for themselves and their families. In other words, the social group that was supposed to fulfill the role of an instrument of control, mobilisation and social transformation increasingly aspired under new conditions to assume the role of a group with *class character*. Tendencies to privatise collective privilege can be seen in all countries of the region. In some of them, we perceive inclinations to establish *dynastic socialism*. Pathological phenomena, which in extreme cases permit us to speak of *cleptocracy*, are multiplying.

The result of the processes of progressive fragmentation of the power apparatus, the growing aspirations of its members—but also of deeper processes of development—is a drop in the effectiveness of the institutional structure. This structure is less and less able to fulfill the basic functions which have been bestowed upon it.



The Public and its servants

Until the beginning of the 1960's, the leaders of the Communist countries were blissfully convinced that in the economy they had accomplished the Engelian jump from "the kingdom of necessity to the kingdom of freedom". Antoni Novotny, then the dictator of Czechoslovakia, was concerned about what the party would do with such a rapidly growing GNP. The trip to the kingdom of freedom ended miserably in the economic kingdom of increasingly dramatic economic shortages.

In the *extractive* domain, constraints, bottlenecks and difficulties multiplied from the beginning of the 1960's. A high level of growth was attained as long as considerable reserves of labour and land existed, that is, as long as large growth of capital could be achieved while holding consumption at a low level. With the passage of time, however, the quantity of available labour and land shrunk. It was increasingly difficult to maintain a high level of investment. Overly bureaucratised and inflexible, the "socialist" economies proved incapable of assimilating technical and organisational advances, namely incapable of implementing what Schumpeter has called "creative destruction".

Together with the passage of time, new obstacles came into existence that were the product of the particular style of development: ecological catastrophes are not within the realm of science fiction in such countries as Poland, Czechoslovakia, East Germany and Romania. This factor further influences the limitation of East Central Europe's prospects of development: not to mention the tremendous health costs.

An increasingly fundamental factor acting to restrict the traditional developmental model is the attitude of the populations of the East Central European countries. The crises that mark the history of this part of Europe beginning in 1953 in Berlin have resulted to a large degree from society's deep dissatisfaction with living conditions. In order to guarantee a minimum of social and political stability it is becoming more and more necessary—and increasingly difficult—to take the population's needs into consideration.

These countries whose ruling elites not too long ago aspired to occupy first place in the race to the future are falling farther and farther behind today. This decline can be measured not only in relation to the highly developed countries of the West and the new industrial states of Southeast Asia. The "socialist" countries are also lagging behind many countries of Latin America, which are developing dynamically though in convulsions. Unable to compete in world markets, countries of Eastern Europe are gradually falling out of the international division of labour.

Rebirth of class

Ever-growing structural limitations are also appearing in the *distributive* system. The distribution of "social goods"—positions, income and prestige, to name a few—represented one of the basic tools used by the Communist

authorities in order to gain social support. Initially, the quantity of these goods was virtually limitless. In the majority of these countries, the war created a great void amongst the upper and middle classes. The destruction of the Jews, the expulsion of the Germans, the policy of exterminating elites practiced by both the Germans and the Soviets, mass emigration to the West and the physical and "mere" social elimination of the privileged groups as practiced in the immediate postwar period all contributed to the creation of the social void. The authorities quickly filled these empty spaces through a conscious, politically motivated policy of selecting new cadres.

The expanding, omnipresent bureaucracy created enormous chances for people from the lower classes to advance. Above all, however, massive, brutal and one-sided industrialisation conducted in Soviet fashion led to a dramatic rise in social mobility.

Already by the beginning of the 1960's it was becoming evident that the reserves were being exhausted, that the supply of "social goods" that could be arbitrarily distributed was decreasing. Social mobility, which, together with the tempo of economic growth, was viewed as the basic empirical proof of socialism's superiority over capitalism, was slowing down. As it turns out, this system is not capable of ensuring the son of a peasant or a worker greater opportunities to advance than that of the capitalist West. This leads to the conspicuous re-creation of social classes and their stabilisation. (From this point of view, the elites that surfaced during the legal period of Solidarity 1980-81 are interesting. Besides only a few workers who still belong to the generation of "social advance", such as Lech Walesa, the generation of Zbigniew Bujak and Wladyslaw Frasyniuk dominates. These were well-educated workers in their twenties and thirties who were raised in an industrial culture. Despite their unquestionable high intellectual level and competence, they have remained in their own class. Solidarity was, at least partially, the result of blocked opportunities for social advance.)

Not only are the possibilities of manipulating social mobility diminishing. Deepening economic difficulties are compelling decision-makers increasingly to consider criteria of economic rationality at the expense of arbitrary decisions justified by political concerns. Strong moral anger in the face of an arbitrary system of awards and privileges is also making itself more and more felt, thereby further contributing to developments in this direction.

Thus, various developments occurring in the domain of distribution are also leading to a deepening of the system's paralysis, to a decline in the ruling group's "freedom".

On the surface, the issue looks different in the *symbolic* domain. With the passage of time, a "thawing" of Marxist-Leninist ideology has taken place. Socialism, acquiring the adjective "real", has come down to earth. Ideological modifications have appeared that seek to strengthen or slightly modify the authorities' legitimacy, emphasising—without great credibility—the role of *national interest, development and consumerism*. The burning out of Marxism-Leninism has resulted, however, in the demobilisation of the authorities themselves. Without a strong system of beliefs, it became increasingly difficult to force brutal sacrifices upon society. The growth of cynicism undoubtedly contributed to the system's ambiguous humanisation, but it also deepened its paralysis.

A growth of constraints and of internal tensions is evident in the Soviet-style system in East Central Europe. Within this process, changing relations between government and society played a crucial role.

Beginning in 1953—with Stalin's death—when hope for a less repressive system appeared, all the nations of the region, though at different moments, in different forms and with varying frequency, manifested their opposition to the system imposed upon them after the war. The will of these nations presented itself in individual and collective actions, in revolts, in protest movements, in revolution, in strikes, in peaceful reform movements initiated within the system's confines, as well as in the desire to force change from without. The immediate cause has usually been extremely harsh living conditions. But not always. Even when material postulates provided the spark, demands extending

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far beyond the sphere of material needs quickly appeared. Freedom, justice, democracy and independence were demanded. In other words, as soon as the barriers of fear, apathy and disbelief fell, these societies manifested their ties to the traditional values of European culture.

The influence on the authorities was exerted not only during moments of revolution (Hungary in 1956) and great reform (attempted from within the system in Czechoslovakia in 1968 and forced upon the government by society in Poland in 1980-81). During the 1970's and 1980's, a democratic opposition stubbornly fighting for existence appeared not only in these three countries, but in East Germany and Romania as well. In all of these countries the opposition played the role of a national conscience, sometimes listened too closely and other times with a certain reluctance. They represented models of responsible and independent civic behaviour in a system that does not recognise citizenship—that is, the community of individuals who are equal in sharing civic and political rights and thus commonly responsible for the nation.

Social resistance in the course of time has succeeded in forcing the authorities to modify their attitudes, to expand freedom and to pay greater attention to social interests. Significant change occurred with the organisation of an opposition and its conscious formulation of a programme for change. This created conditions for a positive channelling of social energy and consciously enacted efforts to modify the system “from the bottom up”. The experience of Solidarity demonstrated on a large scale the potential of independent thought and action. But it also inevitably strengthened the conviction that a large national movement attempting to overcome the limitations and contradictions inherent in the Old System must look to overcome the system itself.

Saving the system

The post-Stalinist development of East Central Europe up to very recently may be seen as a process of modifying elements of the system in order to assure its higher economic efficiency and political control: as a process of searching for ways of breaking through, avoiding and eliminating constraints, pressures and institutional rigidities imposed by the system.

These attempts may be classified according to the following categories: *totalitarian breakthrough, rationalisation, withdrawal, constitutionalisation and administrative power devolution.*

Totalitarian breakthrough can be defined as an attempt at overcoming obstacles through the acceleration of the development of the totalitarian system itself. We find this phenomenon in its purest form in China during the period of the Cultural Revolution. Mobilisation of the masses, ideological reinvigoration, attacks on the party apparatus—all of these methods were supposed to suppress the tendencies of the system of the ruling class to develop autonomy and to settle down into the routine of day-to-day administration. East Central Europe did not experience this type of attempt at revolutionary engineering. In Romania, however, we find a type of development which can be characterised as an attempt at totalitarian conservative breakthrough. The accumulation of problems connected with the style of government and the chosen strategy of development have led to an intensification of traits inherent in the traditional system: centralisation, arbitrariness, repression and the imposition of inhumane, materially and spiritually degrading sacrifices upon society. These methods lead inevitably not to the elimination of social tensions, but rather to their intensification. They deepen the internal contradictions of the Soviet-type system and strengthen the processes of decay.

The strategy that is bound to reap the most popular support in the effort to make the system more efficient without introducing significant modifications goes by the name of *rationalisation*. It appears in different forms and encompasses a broad range of measures and policies. It finds expression in the attempt to introduce certain Weberian rules of bureaucracy into the administration of society and in the popularity of theories of “scientific management”. Rationalisation also reveals itself in attempts at a “systemic approach” (a very popular ideology in East Germany in the 1960’s). Rationalisation expresses itself in certain periods in the desire to separate the party apparatus from the administration. At other times and in other countries it leads to the completely opposite desire to integrate the two as closely as possible, resulting in their personal and/or institutional fusion.

Quis custodiet custodes?

An expression of the search for the ideal form of rationalisation was the utopian vision of a computerised economy (computopia) advanced in the late 1960’s and early 1970’s. Many economic theoreticians and practitioners believed that problems of administration involving both information as well as decision-making in increasingly complex economies could be solved with

the help of computers and modern statistical techniques. A significant problem addressed by different attempts at rationalisation was the need to guarantee the compactness and efficiency of the administrative apparatus by creating an appropriate system of control. We already mentioned the problems connected with the fragmentation of this apparatus, its feudalisation and the constant temptation of transforming the collective monopoly of power into private privileges. There have been different answers to the question: "Who will guard the Guardians?"

Attempts to prevent excessive stabilisation and independence of the apparatus are constantly renewed through an accelerated rotation of cadres. This demand has surfaced in different countries at different moments, but the *nomenklatura* generally has succeeded in neutralising all efforts in this direction. Krushchev tried to introduce this kind of principle, and Gorbachev is currently following a similar course. During the period of Solidarity (1980-81), Poland also witnessed this type of cadre policy. Romanian leader Nikolai Ceausescu has introduced it for a different reason—in order to protect his own power. Todor Zhivkov was promising its introduction in Bulgaria, and so on.

There have also been various efforts at applying control "from below" through different forms of populist mobilisation. Again, we may find examples in the period of Krushchev and, today, with Gorbachev. We saw the same thing as well in Jaruzelski's creation of a so-called "commission of worker-peasant control" in Poland after December 13, 1981. The history of attempts to control the party apparatus "from below" through "masses" created by the very same party apparatus is long and sterile.

A more effective method of controlling the apparatus lies in mutual supervision by its different branches. After a long period of domination by the party apparatus which grew increasingly unaccountable for its actions, we see here and there efforts to submit it to control not only "from the top" or "from the bottom", but also "from the side" through the political police and the army. Again, the example of Jaruzelski is significant. After December 13, 1981, the Polish army began to treat the party apparatus rather uncerecermoniously, publicly manifesting its contempt for the latter's corruption and lack of efficiency. Despite various efforts at increasing the system's effectiveness by way of rationalisation, the results are very poor. Although this remains the most popular type of reform, the authorities must look elsewhere for ways of slowing the pace of decay.

The archetype of the *strategy of withdrawal* is the Leninist New Economic Policy (NEP). This strategy calls for the Communists to abandon certain areas of social life, as the costs of control are, in their eyes, greater than the value of the positive effects achieved through this control. The authorities cease to be interested in citizens' private lives. They gradually abandon art and science (though the proximity to politics and ideology makes this process more difficult to enact here). Above all, the sphere of independent economic activity expands. It becomes somewhat easier to exist for private agriculture and for the remnants of private ownership that have managed to survive in the cities. New areas are gradually created for it, as regulations governing the maximum size of private enterprises, the number of workers they may employ, etc., are liberalised. A growing interest—parallel to the deepening crisis—in joint ventures and in direct investment by Western capital manifests itself.

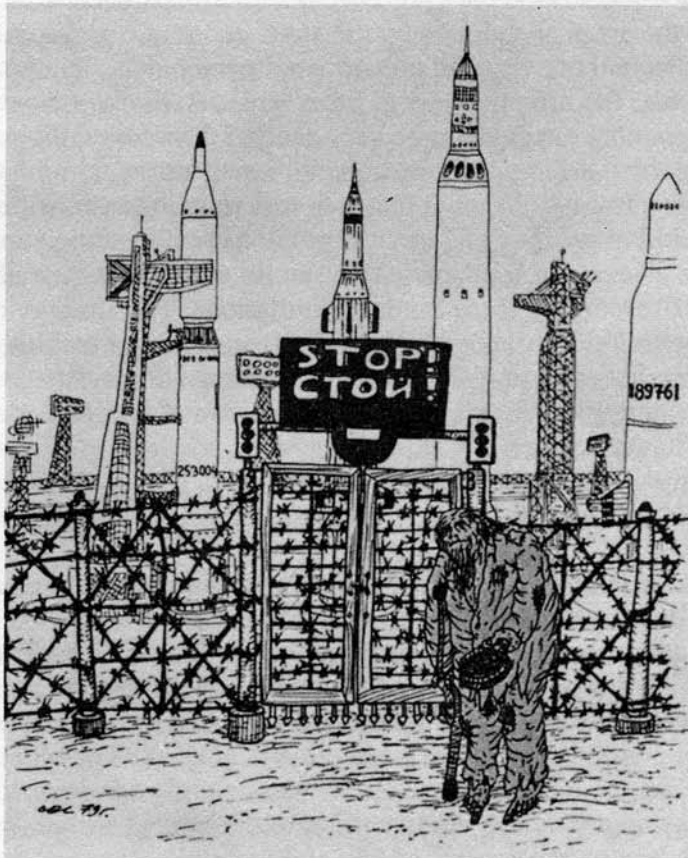
Withdrawal also takes the form of tacit tolerance of the "gray sector", which operates illegally or semi-legally, not paying taxes and generally exploiting state-owned productive resources: workers' time, goods, raw materials, machines. In this way, the state, shutting its eyes, tolerates the process of informal re-privatisation of the official economy. Numerous members of the party apparatus participate in this wide-spread process.

Another direction of change designed to overcome the system's internal contradictions consists of endeavours at its *constitutionalisation*. It is concerned with the expansion of the rule of law and an increase in predictability in public and private life. Progress here is slow and very uneven. It is greatest in relations between individuals (uninteresting from the state's point of view) and remains limited in relations between institutions subject to the logic of political arbitrariness. The smallest progress occurs in relations between the bureaucratic leviathan and the individual citizen. The main obstacle to constitutionalisation remains the party and its continued existence as the central element of the institutional set-up. The party, due to its philosophy, tradition and position in society, places itself above the law and, indeed, above all formal limitations.

The most important area of the changes we call *administrative power devolution* is the economy. Since the mid-1950's there has been talk of decentralising the economy. According to the Hungarian economist Janos Kornai, this kind of reform was based upon the illusion that it would be possible to reconcile the market—understood as an instrument—with the

retention of the fundamental role of centralised planning subject to political authorities. Such an understanding continues to deny enterprises the status of independent subjects; they continue to be administrative units. The command economy succumbs to liquidation, but market coordination combined with market-inspired effectiveness and technical progress does not replace it. A hybrid mechanism of bureaucratic negotiations arises that expands economic freedom but fails to guarantee efficiency.

Parallel to decentralisation, there occurs power devolution of a different type. Tolerance for corporate representation of social interests grows within the



Poverty of military might

confines tolerated by the authorities. These confines are easily modified and are also established by institutions created "from above". This results from the authorities' weakness and the growing feeling that differentiated social interests must find possibilities for articulating themselves in order to ensure the efficacy of social guidance and to prevent the outbreak of social unrest. In this fashion, departments, different organisations and territorial authorities begin to represent particular interests to an ever greater extent. These particular interests generally reflect the goals of specific portions of the party apparatus and not those of broader social groups.

From the point of view of effectiveness, the most successful of the various strategies designed to remove the limitations and internal contradictions tightening the rope around the Old System's throat has been *withdrawal* in all its forms. In the areas abandoned by the state, economic and cultural activity revives. Intellectual activity and unhampered personal association assumes a lively character. The effectiveness of other endeavours—confronted with the system's stagnation—appears to be very limited. Moreover, their influence is highly ambiguous. Rationalisation, constitutionalisation, administrative economic reforms—all of these measures ease certain tensions produced by the Old System, but at the cost of further limitations on the authorities' freedom of action. In the absence of fundamental systemic transformations, this system is incapable of overcoming these kinds of limitations. The strategy of survival based upon withdrawal also leads to similarly ambiguous results. This method provides immediate solutions to a series of problems and systemic tensions at the price of the system's gradual self-liquidation at the fringes and a reduction of its power.

Difficult road to Europe

The remarks made up to this point have limited themselves to an analysis of the methods employed by the Communists to counteract the increasingly painful limitations encountered during periods of "normalcy". Their objective was to mend the system not to transform it. Of course such an appreciation is no longer sufficient to describe changes taking place in Hungary and Poland with increasing speed, especially since the end of 1988. The objective is no longer to reform the old regime which is unanimously condemned as a "Stalinist" one, but to assure the transition to the system which would be democratic, based on the respect of law and on market organisation of the economy. There is a certain historical irony in the fact that the word

“transition”, which was associated in the Marxist Socialist tradition with the passage from capitalism to socialism, is used today to describe the process of transformation of the Soviet-type socialism into a democratic, market-oriented, Western type of organisation of society. The objective is clearly stated and repeated almost everyday by the representatives of different social and political forces of both countries. “Back to Europe” is the order of the day.

The will of the people of East Central Europe is a clear one even if the future is uncertain. There is a total rejection of the system imposed upon those countries by the Soviet Union after the Second World War. Furthermore, Moscow under Gorbachev seems to be ready to accept far-reaching internal changes in East Central Europe provided that the strategic interests of the Soviet Union are respected. In other words, external conditions for internal changes in the region are better than anytime during the last fifty years.

In spite of the moral, intellectual and to a large extent political abdication of the Communist elite in those countries—they are negotiating the conditions of surrender rather than those of perpetuating their domination—and in spite of the clear will of the population and of external favourable conditions, the problem of transition “to Europe” is certainly not a simple one. The ways this transition will take place is difficult to predict.

For decades conventional wisdom about the possible future evolution of Communist countries contended that the easiest path to Europe would lie in the “Europeanisation” of their economies. According to this line of thought, the process of eliminating total control is more difficult in social life, encountering the greatest opposition in the spheres of politics and ideology. It appears now that the exact opposite is probably the case.

Until quite recently, ideology seemed to be one of the most important, perhaps even the most important defining factors in the Soviet-type system. In today’s Hungary and Poland, the decomposition of Communist language is striking. The distance separating perceived reality from the reality of ideology and official information has been drastically reduced if not totally eliminated. Lies continue to occupy a certain position in public life, but they are now traditional, common, and lacking the pathos and monumental dimensions of totalitarian lies. *Raison d’Etat*—the purported existence of the Soviet threat—is accepted more and more openly as the only basis of legitimacy (well illustrated by the fact that the attribution of the ministry of defence and of internal affairs to

Communists in the new Polish Government formed by Tadeusz Mazowiecki was considered as just natural.) In this manner, the system has lost the traits of historical necessity and inevitability even in the eyes of its adherents. Even the argument of "geopolitical necessity"—the Soviet danger—plays an increasingly limited role.

In the realm of politics, real actions, and not words, are of significance. But here also, changes in the last months are dramatic. "Round table" negotiations in Poland and Hungary and the resulting compromises which should lead to the democratic transformation of both countries are hard cold facts. So are the acceleration of events in Poland as a result of the elections and the sweeping triumph of Solidarity as well as the formation of the first government in this part of Europe which is not under Communist control. Revolutionary changes without revolution! *Signum temporis*, Jacek Kuron, a nine year political prisoner is now in a member of government. Although in Hungary there is no mass movement of the Solidarity type, changes even more radical than in Poland can soon take place. Hungarians stress as an immediate objective, not only a reestablishment of full democracy, but also they discuss openly their relations with the Soviet Union, and their future as a neutral country. Of course, from the Soviet strategic point of view, such evolution seems more acceptable in Hungary than in Poland.

As a result of those changes, the system of *nomenklatura* is openly questioned and its disappearance is only a problem of time, of modalities and of its social costs. For now, rising criticism applies above all to the economy, where the results of the rule of *nomenklatura* are most disastrous, and where this group tries to transform its political privileges into more secure property rights. But most certainly *nomenklatura* will disappear even more quickly from all other domains of social life with the exception of the army and the police which in Poland are still entirely controlled by the Communists.

Simultaneously, the depth of the economic crisis and the aura of social and political instability lead to a very large opening in both countries for independent social initiatives: private foundations, cultural societies, and projects designed to encourage private initiative. We can expect a serious growth in their number and importance.

The above-mentioned changes in ideology, politics and social life, posing the foundations of what the French would call "Etat de droit", in which the state is

subject to the rule of the law could not have been imagined only one year ago. And to this one could add the important changes in the legal system. These changes point unmistakably in the direction of Europe. This process of gradual and peaceful transformation is possible among other reasons because such modifications can be won and implemented gradually as a result of limited reforms—to the extent that they do not awaken excessive expectations in society and excessive fear among the local authorities and in Moscow, thus leading to polarisation and confrontation. In this respect, economic transition presents significantly more serious problems.

Common sense has compelled us in the past to see that the greatest possibilities for developing beyond the Soviet system lie in the field of economy. Such a conviction could be found as well in the West as in the East, in the opposition and in official reformist circles. It would have been simplest, so it seemed, to isolate this area from politics dominated by arbitrariness and utopian thinking. Here, it would have been easier to impose objective criteria of rationality, as the authorities are vitally interested in the production of goods, not of planning papers and reports. If for no other reason, economic results are important due to military considerations. Not to mention the fact that the rate of economic growth has traditionally been held up as the most important proof of socialism's superiority.

Significantly, economic reforms were recognised as permissible earlier than other types of reforms. The first economic reforms date back to the mid-1950's. Although there were periods during which the word *reform* itself was not tolerated (after intervention in Czechoslovakia), the intention of reforming the economy was never abandoned.

The problem, however, lies in the fact that the economists of these countries and increasingly politicians as well have come to realise that real reform of an economic system—that would assure efficiency, that would guarantee a rising living standard, technical and organisational progress—is an uncommonly complicated undertaking: much more difficult than the previous generation of reformers thought.

Today we know that reform cannot be limited to problems of current production. It also cannot be based upon the utopian concept of linking central planning with occasional toleration of the market. The role of capital and labour markets has been given greater consideration. Without the introduction

of these two mechanisms, rational economy is impossible. This means that the issue of property is now becoming a part of the political and economic agenda.

Real reform, or rather radical economic transformation—the word “reform” implying more a perfecting of the existing system—that would lead to an opening of the borders, convertibility of currency, the introduction of “real prices”, etc. would entail a brutal reconstruction of the economy. The economy that has been created, particularly in Poland, is irrational from the point of view of the country’s needs, its natural resources, its cost structure, as well as from the perspective of supply and demand in international markets. Radical changes would thus bring the threat of massive unemployment, inflation and a drastic



Enlisting bureaucratic cooperation

rise in differences in living conditions. Resistance is therefore inevitable, and we may expect it to be massive for at least several reasons.

Radical economic reform is essentially *indivisible* if we ignore the marginal areas. This means that it can be implemented neither fragmentarily nor gradually as the result of piecemeal engineering. This also means that the *costs of reform* are largely indivisible. This is a fact that cannot be avoided, although it is possible and imperative to soften their effects, particularly for the poorest groups. The poorer the state of the economy and the smaller the quantity of reserves it possesses, the more severe this problem becomes. The current situation in the entire bloc (with the partial exception of East Germany and Bulgaria) is from this point of view exceptionally unfavourable.

The fundamental problem of every reform, even more so in today's situation, lies in the *radical asymmetry between costs and benefits* of the changes to be introduced. The implementation of reform immediately results in the serious costs which, as already mentioned, cannot be spread out over a period of time. The uncertain benefits of the reform will show up only with a certain delay, if not after years.

The long-term nature of the process of economic transformation, conflicting with the need for rapid political stabilisation adds up to a dilemma. Its economic aspect is the contradiction between the need to save and accumulate and the popular demand for the maintaining of the present system of wealth redistribution, or even for making it more generous.

The *mechanism of vertical integration* and organisation of the Soviet type economy means that all negative phenomena dealing with the economy compromise the government in the eyes of society. The ruling groups, having taken complete power upon themselves, have retained complete responsibility for what happens even if they have lost the substantial attributes of power. Thus, paradoxically even those who rebel against the state perpetuate and indirectly legitimise the traditional Soviet role of the omnipresent state, thereby making very difficult any kind of efficient reform. Even the possibilities of action of independent government can be very much limited by this heritage.

Those who belong to the *privileged groups* in this system, controlling the allocation of resources and the distribution of income and thereby enjoying privileges "outside of the market", have no reason to be enthusiastic about the

reforms. And if they do accept the new rules of the game they try to transform their old political monopoly into new property rights thus discrediting the idea of privatisation in the general public's perception. Nor do the elite of the "counter-system", of the second economy, have very strong motives to support the reforms. Their position and their potential to enriching themselves result from their ability to exploit the weaknesses, the gaps and the lack of order in the official economy. They have a partly symbiotic, partly parasitic relationship with this system. A reform that would hypothetically create significantly broader and more normal areas for independent economic activity would above all destroy the world whose weaknesses they are able to exploit so perfectly.

The radical economic transformation may encounter another, even more fundamental problem. The market implies certain attitudes: towards property, towards contracts, towards uncertainty and spontaneity, which were to a large extent destroyed in the everyday functioning of the Communist state. Even legitimacy of private property and of market relations can pose complex problems after the foundations have been ravaged. What can be their moral justification—not a pragmatic one, based on their proved efficiency—in the society which did not know them practically for two generations?

Reflecting on the above-mentioned problems, we may conclude that the fundamental obstacle in the transforming economy lies in the difficulty of building *constituency* for profound reform. On the surface, almost everyone is vitally interested in radical changes. There exists a universal conviction that the current system is leading to nowhere. Public opinion polls indicate rising popularity for private property. At the same time, however, people are afraid of the costs of reform and we can expect them to resist changes. We have here a peculiar paradox of collective action. Together, and in the long run, everyone would certainly gain from reform; individually, everyone realises how much he/she risks to pay and therefore wants to counteract this threat.

The introduction of democratic changes in Poland and Hungary (and in the Soviet Union) was to a large extent justified by the necessities of economic development. Democratisation was to play a double role. It should contribute to destroy the *nomenklatura* system that suffocates the economy, to liberate the economy from the domination of politics and to create objective conditions for economic development. On the other hand, democratisation was the only good the Communist authorities could have delivered to the population in order to diffuse mounting tensions and assure social stability.

It is, however, quite obvious that democratisation in Communist countries creates the possibilities for different groups to defend their interests, notably against economic changes. So the democratisation process which is a precondition for economic changes can paradoxically at the same time create obstacles difficult to overcome.

We have seen the defeat of the authoritarian modernisation in China. The rapid economic changes had created a new middle class with its aspirations for more liberty. But inflation, increasing inequalities, unemployment and corruption resulted in the strong and popular movement for democratic political changes. The Chinese authorities accepted the risk of destroying the economic prospects of the country in order to maintain an unchanged traditional Communist system of political and social organisation. The East European problem is just the opposite. It is impossible to modernise the economies of these countries under the Communist system. Will it be possible to assure economic transformation in the present semi-democratic conditions? Will it be possible to mobilise and integrate the population around the programme which will inevitably imply severe austerity measures? Will it be possible to have a *strong and democratic government* capable of promoting these changes? Such are the major problems faced by the countries which have chosen to come back to Europe.

These countries are, of course, responsible for the transition. Nobody can replace them. But it is certainly possible and necessary to help them. In their interest but also in the interest of the West and especially of Western Europe, a successful democratic transition and creation of a market economy in these countries will be historically important for all of us, from the East and from the West. They need today Western help to stabilise their economies and to diminish inevitable tensions brought on by the radical transformation. Without such help these countries' return to Europe could be dramatically slowed down if not stopped altogether.