

**Labour Focus on
Eastern Europe**

GLOBALISATION

The New Domination of Eastern Europe

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**Trade Unions in Russia
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Peter Gowan

The Dangers of Facade Cosmopolitanism

Since the mid-1980s there has been what might be called a “Washington Consensus” around the theme of “globalisation”. We could date the economic dimension of this consensus from the so-called Baker Plan for indebted countries, launched in 1985, along with the Uruguay Round and the push for European and other OECD states to open their doors to the free movement of capital. At about the same time, a broad, bipartisan American campaign was launched to re-legitimate American foreign policy around the theme of spreading a particular form of democracy (in the sense of competitive elections) around the globe, along with a particular conception of human rights. This political theme was given an extra twist in the 1990s as the US took up and transformed a theme of Gorbachev’s - the idea of using the United Nations as a new, revived centre of political authority in international affairs.

The resulting themes of both economic and political globalisation flourish first and foremost as themes of American foreign policy discourse. Many of the actions of the US government in foreign affairs could be interpreted as moving away from global multilateralism rather than towards it. Nevertheless, under Clinton, as under Bush, enough has been done at both the economic and political level in ways that are interpretable within

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the discourse of globalisation to produce excited debates on both sides of the Atlantic as to whether we may be at the dawn of a new age, one in which the Westphalian order of sovereign states guided by power politics is withering away and being replaced by a unified global economy and cosmopolitan institutions of government (or, to use the down-beat fashionable phrase, “governance”).

In Western Europe the economic prong of the Washington consensus - “globalisation” of the world economy as fact and goal - is supported most enthusiastically on the neo-conservative right (along with the Blair leadership of New Labour); on the other hand, the centre left has shown some enthusiasm for the political prong - the project for a new global security order centred upon an upgraded and reformed United Nations.

The economic globalisation project involves restricting the rights of governments to shape national economies through binding international agreements about “behind the border” regulation of the economy. Meanwhile, the new security project replaces the Cold War opposition of freedom versus totalitarianism, with pressure (and if necessary “behind the border intervention”, civilian or military) for democracy, human rights (Western values) and humanitarianism against various forms of repressive, populist statism. Here too, the idea is being promoted that the leading states in the international system may have a right, indeed a duty, to intervene against certain overly “statist” practices by certain governments.

There are thus two discursive links between the economic and the political projects: first, hostility to the nation state in the name of a globalised free market, on the one hand, and in favour of defending individual human and democratic rights on the other hand. The social democratic state is being discredited in economic discourse as an obstacle to economic welfare and the Westphalian conception of inviolable state sovereignty is being discredited as a frequent obstacle to the defence of basic individual rights. The second link is the value of strong international, indeed cosmopolitan institutions with authority to impose their standards upon recalcitrant states.

Thus the American state is campaigning against supposedly old fashioned statisms. The US administration is attempting to lead its allies (and economic competitors) in Western Europe and Japan in these directions; and this tripod is, in turn, trying to build incentive structures

for the rest of the world's dominant social groups to seek inclusion within the framework of the new project - not least within the various US-centred economic regimes as well as security systems.

So far the security project has been fairly successful at a global level in the task of integrating the major states: since 1990 there has been something like an international political system based upon something close to consensus politics among the major powers in the United Nations Security Council. The absence of any challenge to US campaigns in the Security Council since the Gulf War is no doubt contingent, resting upon the capture of the Russian state by cliques of gangster capitalists, and Chinese concerns to gain full integration into the institutions of the world economy, especially the WTO. But both these factors seem likely to ensure the persistence of the US government's ability to use the UN Security Council to further its initiatives for several more years. This does not mean, of course, that the US gains agreement on every issue: the French government continues to be an irritant on a number of issues and the US's support for the Netanyahu government in Israel has, on occasion, left it in a minority of one. There have been strong tensions with the former secretary general, Betrus Gali, and within the Security Council over his replacement. But the US has still been able to legitimate every military campaign it has undertaken since 1990 through the Security Council.

Criticism of the project has come far more from the conservative right, hostile to cosmopolitanism and to attempts by members of one culture to impose their cultural values upon others. There are a number of obvious reasons why the social democratic left might be attracted by the Clinton administration's new political project. The left has long championed democratic and human rights against authoritarian regimes and supported international action against brutal dictatorships. During the Cold War, this general stance frequently brought the left into conflict with American administrations happy to support authoritarian regimes so long as the latter backed US political and economic interests. American government support for democracy and human rights seemed to be focused exclusively upon the Soviet Bloc and its allies. Thus the turn in American policy, in insisting upon democracy in East Central Europe and elsewhere, along with a new emphasis upon human rights in non-Communist states, seems to be at least a partial shift by US policy towards traditional themes of the left.

Much the same kinds of shift seem to have occurred in relation to the United Nations. During the Cold War, the European left tended to defend the UN and its Charter as offering the promise of at least a minimal degree of articulation of a world public opinion, and also as a potentially effective and legitimate instrument for international conciliation and for enhancing world peace. The US's behaviour at the UN was frequently perceived to involve a cynical manipulation of the Security Council and a constant flouting of the will of the General Assembly. US policy and US military action typically simply ignored the UN as a source of legitimacy. Here too, it would appear as if the end of the Cold War has brought a new readiness of the US and its allies to work through the UN in pursuit of its new international agenda.

At the same time, concerns on the centre-left about the perceived weakening of the capacity of the nation state democratically to control and direct economic forces has led to an interest in exploring the possibilities of developing an international civil society and perhaps even an international democratic order.¹ Some writers try to make much of the role of NGOs at an international level and seek to find ways of reforming international institutions to make them more accountable and more open to influence by NGOs. Once again, there would seem to be grounds for hope that a number of Western powers, and possibly even the United States, are sympathetic to this approach. In the field of environmental politics, NGOs were able to express themselves vigorously in both Rio and, this year, in New York. The World Bank increasingly not only listens to NGOs but also funds large numbers of them. And Greenpeace's ability to gain support from governments in campaigns against Shell and against French nuclear tests might be viewed as a first expression of a trend that could grow more important in the future.

These general trends have been re-enforced by a series of sharp political polarisations in which much of the West European left has accepted American government approaches to the conflicts. The most important and dramatic example of this was the Gulf War, in which even some Western Marxist intellectuals supported the US-led war effort against Iraq. During the Bosnian war, the Clinton administration's view of the conflict was widely shared on the West European centre-left and, if the US administration was criticised, this tended to take the form of calls for it to intervene with more military force against the Bosnian Serb side in the war.

Nowhere has the new security project been more successful so far than in Europe. Attempts by France and Germany to establish an autonomous regional security system in the early 1990s have given way to a renewed centrality of NATO: the Bush and Clinton administrations have successfully resisted not only early attempts to make the OSCE the central institution of European security but also Franco-German ideas of WEU-EU centrality in the security field. Instead, the West European powers have agreed both that their central institution for security policy-making will be NATO and that the command structures of their joint armed forces will be those of NATO rather than purely West European. At the same time, James Baker's call in Berlin, in December 1989, for NATO to become a more political alliance has made remarkable progress. NATO reforms during the 1990s are supposed to transform it into an instrument for defending various liberal democratic norms: democratic and individual human rights as well as humanitarian objectives are now NATO's principal official goals and its force structures are being adapted for military intervention in local, typically internal wars with the purpose of defending and promoting what are often referred to as Western values. The French government continues to offer some resistance to what Prime Minister Jospin recently referred to as US attempts at hegemonism, and it has not yet fully integrated into the NATO military command. But it has offered no alternative vision of security goals in Europe, only a suggestion for an alternative leadership - namely Paris rather than Washington.

Of course, it is easy to point up the failures and vulnerabilities of this project as well as the obstacles to its consolidation. The Gulf war did not remove Saddam Hussein. The humanitarian intervention in Somalia was a catastrophic failure and involved Canadian, Belgian and Italian troops torturing and murdering the local population. NATO intervention in Bosnia did not lead to a united Bosnia and does not look as if it will do so. Intervention in Haiti has scarcely achieved its declared goals and the Western powers both failed to prevent the genocide in Rwanda and have seemed actually to have sought to give aid and military supplies to the perpetrators of the genocide. But, so the argument goes, all of this simply means that the Western powers should try harder in the future: we need more and better military intervention, not less.

There have been other concerns about these interventions, concerns focusing upon their decision-making centres. Some on the centre left have

argued for a democratic reform of the UN. Various proposals have been made for strengthening the capacities of the UN and of the International Court in the Hague in the field of international law. There have also been proposals for the UN to have a much stronger executive authority of its own and perhaps even its own dedicated armed forces and command structure. But the very fact that such reform proposals are being suggested by policy intellectuals indicates that there is a wide belief on the centre and centre left in the West that serious steps towards real, cosmopolitan institutions of government are becoming possible thanks to the changes in international politics during the 1990s.

Danilo Zolo's very important book,² *Cosmopolis - Prospects for World Government*, exposes the superficiality and speciousness of the arguments of those inclined to imagine that the UN in the 1990s is moving towards anything that could remotely be considered a legitimate, cosmopolitan political order. Indeed he systematically challenges the entire normative theme of moving towards any form of what he calls institutional cosmopolitanism.

The kernel of Zolo's argument can be simply restated. He points out that the leading proponents of what he calls institutional cosmopolitanism centred on the UN, such as Norberto Bobbio and Richard Falk, have failed to undertake the most elementary first task, namely that of subjecting the constitution of the UN as an international institution to a theoretical critique.

Zolo makes such a critique, pointing out the obvious fact that the UN gives near absolute legislative and executive powers to the permanent members of the Security Council. The veto enables these powers to protect their own and their allies interests regardless of the requirements of international law or the UN's own norms or the concerted views of either the General Assembly or indeed the Security Council. At the same time, insofar as the permanent members can agree upon military action, they can pursue such action untrammelled by any mechanisms of accountability. He further points out that some widely held beliefs about the UN's Constitution are baseless: for example, the idea that the Security Council is bound to explore all avenues towards the peaceful solution of conflicts before approving military force, or the idea that UN military intervention must be carried out through the UN's own autonomous command structures.

These points are not, of course, unfamiliar to students of the UN. But Zolo shows us their significance for discussions about the legitimacy of the UN from either a legal or a political point of view. He takes up Kelsen's classical argument that the very acceptance of the principle of state sovereignty presupposes the ideal of an international legal order over and above the legal orders of individual states. But this ideal has force only if there is a legal equality of states as subjects in international law. Indeed, the idea of the equality of subjects is the very cornerstone of all law.

Yet despite the fact that Article 2 of the Charter speaks of "the sovereign equality" of all the UN's members, the real cornerstone of the organisation is the legal inequality of states through the privileges of the permanent members of the Security Council. The creation of the UN precisely undermined from the start the old notion of the legal equality of states. Moreover, Article 23 does not derive the formal inequality from any substantial rule that is in some sense generalisable - such as the population size or the economic capacity of the permanent members: it bases the legal inequality of states simply on victory in war - the victorious powers at the end of the Second World War.

Thus the entire normative and institutional structure of the UN rests upon a diktat that violates the constitutive principle of any modern legal system: the uniqueness of the subject of law. The UN system thus is devoid of legal self-justification. It lacks a basis in a fundamental norm and rests on a pure assertion of political will. It uses law to enshrine the rule of force rather than the rule of law.

Zolo also points out that the Security Council structure of power has not in fact been used by its permanent members to establish and enforce international norms for maintaining peace and for assuring acceptable behaviour by states. At times the permanent members have used their veto powers to help their allies to annex territory; at times they have used their powers to oppose annexations. Despite the absence of any legal basis for UN "humanitarian" military intervention, the Security Council was able to claim a humanitarian basis for its military intervention in Somalia. While the permanent members of the Security Council felt able to base their systematic and continuing violation of Iraqi sovereignty upon the Iraqi government's perceived threat to the Kurdish population in the North of the country, the Security Council has had no scruples about

Turkish military attacks on Kurdish areas within Iraq.

This record from the 1990s indicates one starkly obvious fact: that the Clinton administration's project for subjecting states to various international regimes and institutions, supposedly designed to enhance democratic and individual rights, does not imply the slightest intention to bring the US itself under the independent jurisdiction of any global governmental body for assuring norms of state behaviour or international peace. Indeed, even the formalities of respecting its own proposals for UN supervision of military intervention in Yugoslavia were considered too irritating a constraint for the Clinton Administration.

Indeed, a strikingly persistent characteristic of successive American administrations and Congresses is their predisposition to resist pressures to ratify and subordinate the American state to even the most minimal treaties enforcing human rights standards or indeed other standards restricting the behaviour of states. What Zolo's book demonstrates, therefore, is that the 1990s have brought steps not towards a genuinely cosmopolitan political order but to a facade cosmopolitanism in which the UN has been used as a spurious legitimator of the great power interests of the United States.

Zolo's careful and erudite critique of the evasions, wishful thinking and apologetics of centre left proponents of a UN-based institutional cosmopolitanism is unusual in being informed by many of the values and concerns of the Western left. His argument ranges beyond purely legal and political issues to underline the significance of growing social and economic polarisation of the planet between the rich Northern minorities and the great mass of humanity. There is no discernible inclination on the part of the rich states to take the necessary measures to reverse these trends. As a result, it is hardly credible to view current trends as moving towards a universal, global citizenship. Instead, in many parts of the world what few citizenship rights were available to populations within states are being eroding or even collapsing, while millions of people join a desperate scramble to escape into the territories of the core states. The collapse of states and citizenship rights towards barbarism can hardly be thematised as a development from the narrow confines of state sovereignties into a global citizenship within a more inclusive cosmopolitan order.

The problem of state collapse must surely be a central concern of the Western left today. Such collapses have produced most of the really

grave human conflicts of the 1990s. Much of the rhetoric of institutional cosmopolitanism has its source in attempts to legitimate Western military intervention in zones where states are collapsing, whether in Somalia, West Africa, Central Africa, Yugoslavia, Albania or parts of the former Soviet Union. Other states, though not actually collapsing, could be described as suffering erosion or even fragmentation. The continuation of this trend threatens very large movements of populations, seeking to escape from barbarism to the richer parts of the world, and fears of mass migration have prompted plans to reorganise the armed forces of the Western alliance for military intervention in such situations.

One aspect of the causes of such state collapse is no doubt the effects of the end of the Cold War. The end of Soviet-American political rivalry has resulted in a number of states, hitherto supported by one side or the other, to fail. But two other factors seem to be at least as important: one is the substance of Western policy on the management of the world economy; and the other is power rivalries between the Western states themselves outside the OECD area.

The policy for the world economy, above all the handling of the problems of indebted countries, has surely played an important role in both the Rwandan and the Yugoslavian collapses and has surely also been a contributory factor in the Albanian collapse, to name only a few examples. If this is the case, then the Washington consensus for economic globalisation needs thorough revision: it combines enrichment for a minority with barbarism for another minority.

But too often overlooked is a second factor in some of these state collapses: the continued jockeying for position, rivalries and attempts to secure or protect patron-client relationships between the leading Western powers. However secondary these rivalries may be in the overall relationship between these Western powers, their effects on the periphery can be catastrophic. Susan Woodford has shown how central were these rivalries in the origins of the Bosnian war. The impetus towards a bid for Bosnian independence came not from the Bosnian government so much as from the US government, which was in turn responding to Germany's successful drive for the recognition of Croatia. The Bosnian government itself opposed this Germany push for Croatian recognition at the end of 1991 precisely because it knew the consequence would be growing pressure for Bosnian independence and thus the likelihood of war within Bosnia. It

was Washington's concern to re-establish its ascendancy over Yugoslav processes, against the influence of Bonn, that led it to respond to Croatian recognition with a campaign, from January 1992, for Bosnian independence.³

Similar kinds of rivalries and concerns to maintain patron-client relations have marked tragic developments in Africa. The Rwandan genocide was the product not only of economic collapse and restructuring efforts by the Bretton Woods Institutions impacting on a state facing internal ethnic tensions. It was also intermeshed with French concerns to maintain ascendancy within a country through guarding its links with rulers prepared to launch genocidal slaughter. And in the case of Albania, flagrant sabotage of democratic rights by the Berisha regime were ignored by West European governments, most especially by the British government, because Berisha himself was viewed as "our man" in Tirana.

The striking features of such old-style imperial adventures in peripheral countries is that such power political games can co-exist quite harmoniously with facade cosmopolitanism. Subordination of weak states to institutions of "global governance" does not seriously restrict the room for power political manoeuvre by powerful states within the inter-state system. Indeed, it tends rather to enhance such manoeuvrability by rendering the behaviour of dominant states more opaque, through their ability to process their operations through largely closed multilateral bodies.

Furthermore, examination of the historical origins of the current economic and political globalisation projects suggests that their launch was closely linked to a determination to resist and undermine pressures from Third World countries which had been articulated within the UN General Assembly in the 1970s. The Reagan administration initiated "behind the border" restructuring in indebted countries as a systematic campaign with the so-called Baker Plan for indebted countries, unveiled in Seoul in 1985. And, at roughly the same time, the Reagan administration also launched its drive for the global promotion of its conception of intervention for democracy and individual rights. As Walden Bello has pointed out, a central idea of the Reaganites at that time, promoted by the Heritage Foundation, was the need to weaken the influence of the Third World states since they were perceived as largely hostile to American interests. From these origins on the Reaganite right, the policy has become bipartisan and has spread out across the Western world.

The left cannot afford to ignore the battle for human and civil rights and cannot stand aside in the face of genocidal spasms and barbaric tendencies. But both experience and theoretical critiques such as that by Danilo Zolo should warn us against harnessing our responses to the political manoeuvres of the main Western powers.

Notes

1. David Held's work in this field is particularly notable and influential.
2. Danilo Zolo, *Cosmopolis. Prospects for World Government* (Polity Press, 1997).
3. See Susan Woodford, *Balkan Tragedy* (Brookings Institution, Washington DC, 1995).

David Chandler

Globalisation and Minority Rights How Ethical Foreign Policy Recreates the East-West Divide

With the end of the Cold War, the geo-political division of the world which shaped political thinking and the forms of international regulation for the last half century has gone. A new and very different framework has begun to emerge - that of globalisation. Globalisation theories all share the consensus that today the nation state is no longer the prime actor in the world of politics; power has become much more diffuse in the increasingly borderless world of the new “global community”. The creation of the “global community” itself is symbolic of the sense of a loss of control and conscious direction; it has not been formed by political will or some democratic decision but by forces outside our control.¹ It is held to have been created, on the one hand, by transnational developments in technology which have impacted on communications and economic relations and, on the other hand, by a new consciousness of global threats such as environmental destruction, weapons proliferation and ethnic rivalries. What makes the globalisation thesis particularly important for anyone concerned with the nature of East European integration into the political framework of the world order is not so much its descriptive powers, even less its analytic ones, but much more its capacity to serve as a new basis for legitimating and perpetuating

existing structures of international authority.

Writers analysing international relations today see the key problem of the global order as the disjuncture between the political level and the others. There is a call for intervention on the international level to deal with problems beyond the apparently narrowing scope of the nation state. Global governance, cosmopolitan democracy and international civil society look set to be the key buzzwords of international regulation in the late 1990s. As the United Nations' *Report of The Commission on Global Governance* explains, these new buzzwords do not indicate a shift towards the redistribution of global political power.² Global governance is about strengthening existing international institutions, not just in terms of a broader remit to deal with the host of allegedly new problems unleashed by the process of globalisation, but also strengthening them morally, through putting to the fore a new global civic ethic and the promotion of democracy and human rights. This call for putting democracy and human rights back on the international agenda has been warmly greeted, not only by many commentators disillusioned with the way abuses of power were condoned during the Cold War but also by the major international institutions who have pledged to act under this international pressure. It is clear that today we are witnessing a major transformation in the language and themes of international relations.

The international policy agenda today is dominated by moral and ethical issues, particularly those of democratisation and human rights, which would previously have been classed as the internal domestic concerns of states. This developing concern with domestic political arrangements enables international institutions to intervene in and regulate the conduct of other states much more directly than was possible through the framework of the Cold War divide along military and geopolitical lines. In different parts of the world different issues have come to the forefront in relations between trans-national bodies and individual states. In the context of Eastern Europe the new international attention given to the issue of minority rights has been the most important.

Minority rights, unlike other concerns under the rubric of human rights, has not always been accepted as unambiguously positive. Minority rights protection has had a fairly chequered past. In the inter-war years the League of Nations' use of this concept was discredited

when Hitler used it as justification for German expansion into the East and the dismantling of the Czechoslovak state. The United Nations Charter of 1945 consequently afforded minorities as such no protection other than that of individual rights. On the European level, the Council of Europe's European Convention on Human Rights, established in 1950, was not prepared to grant either the right to self-determination by peoples or any cultural rights to minorities.

Since 1989, however, every major international body has developed new policy in this area and declared a new found interest in the protection of minorities. But it should be noted that this process took off first and has gone furthest in the European context. The major landmarks in this process have been: in 1989, the Vienna Concluding Document of the Human Dimension of the Conference on Security and Co-operation in Europe (CSCE now the OSCE); the CSCE Meeting of Experts on National Minorities in Geneva, in 1991, which judged minority rights protection and the domestic political framework of member states "matters of legitimate international concern... [which] consequently do not constitute exclusively an internal affair of the respective state"³; in 1992, the United Nations' resolution 47/135 "Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities"; the Declaration of the Helsinki Conference of the CSCE, of the same year, which established the post of High Commissioner on National Minorities; and in 1995, the Council of Europe's ratification of the Framework Convention for the Protection of National Minorities.

The consequence of this focus of international institutions on national minorities in Eastern Europe has been the creation of new powers of intervention in the region, with the result that these states are now treated qualitatively differently to those in the West. Central to the political project of global governance is that, in the political sphere, East European states are being made subordinate to the major world institutions. East European states have not been cut off from the world community, but the terms of integration and admission into international institutions, such as the Council of Europe, the EU or NATO, and for assistance, from bodies such as the European Bank for Reconstruction and Development, are shaped by their acceptance of the need for international tutelage in principles of good governance and rights

protections.⁴ Every week in the region there is some inspection or monitoring on the basis of potential minority rights abuses, with states in the region being held to account to the UN's High Commissioner for Human Rights, inspection teams representing the Council of Europe, or the OSCE's Office for Democratic Institutions and Human Rights and High Commissioner on National Minorities.

From the West to the “Global Community”

From the perspective of the states of Eastern Europe, the talk of a global community or of the “global neighbourhood” seems slightly premature. Quite apart from the reluctance of other European powers to let East Europeans into the European Union, it seems that East European states are excluded from the global community in a more fundamental way. It is this form of exclusion that is specifically related to the new forms that international relations are taking today. There is a broader sense of a division between those states who are seen to be part of the responsible global community and those who are not. Underneath the attractive veneer of the globalisation thesis there seems to lie a new division of the world, one between the states with the economic strength and “cultural capacity” to deal with the new “global” problems and those who need “help” to become full partners in the “global community”. It appears that not everyone is automatically a member of the global community. The qualifications needed for membership are by now familiar to anyone reading the foreign policy journals; they include “good governance”, “civil society”, democracy and respect for an ever expanding list of democratic and human rights. The states of Eastern Europe are currently “on probation”, constantly monitored and assisted through supra-national institutions. One of the key tests as to whether they are ready (and willing) to join the global community is their treatment of national or ethnic minorities.

The calls for global governance and other new forms of international regulation are often motivated by commentators as a response to the dynamics identified behind the new global nature of world affairs. Held, for example, writes that “at issue is rethinking the nature, form and content of democratic politics in the face of the complex intermeshing of local, national, regional and global relations and processes”.⁵ However, this begs the question of why 1989 should mark

such a major shift in the preoccupation of commentators and institutions with these concerns. Rather than any new found concern for minorities or human rights in general, it seems feasible to argue that the focus on global human rights is a replacement for the mobilising rationale previously provided by the Cold War.⁶ The focus on technological change in communications or the growth in international trade, often seen as the roots of the weakness of the traditional nation state, can tend to play down the importance of the Cold War in shaping and giving coherence to central political institutions. Martin Shaw is not alone in noting that the Cold War was an “ideological cement” for society in the West. It provided a framework in which politicians could claim at least a semblance of ideological legitimacy; today all too often they appear as “self-seeking and ineffectual manipulators”.⁷ The political institutions in the West responsible for both domestic and international regulation, the nation state and the supra-national institutions such as the UN and NATO, require a new legitimacy. The globalisation thesis, at the very least, helps fill this gap through providing Western political institutions and politicians with a new set of “mission statements”.

It is well worth considering the changes at the level of international relations which lie behind the new ethical language of globalisation. In the past the international institutions, established under American domination after the Second World War, attempted to use a similar language of rights and democracy, encapsulated in the American claim to be the “defender of the free world”. In some respects then, the same sets of “universal” values embodied up until 1989 in the self-identity of the West are now promoted under the new identity of the “global community”. This new global collectivity can be seen as a revamped “West” without an “East” to define itself against.

The disappearance of the East from the equation, with the collapse of the Soviet Bloc, has been of greater importance than just facilitating a collective name change in the replacement of the West with “global neighbourhood”. The promotion by the West of universal values such as human rights and democracy was in the past always open to challenge and often discredited in practice, for example, in the popular opposition to the Vietnam War or to the West’s sponsorship of unpopular surrogate states such as Israel or South Africa. The very existence of an alternative to the West meant that the instruments of international domination over

other parts of the world were often exposed as oppressive, despite the attachment of the UN to formal equality in the international sphere. Today, for the first time, the West has *carte blanche* to define and promote universal values. With the removal of any challenge to the dominance of the world's major economic powers, these moral arguments can now be posited on uncontested grounds.

The globalisation thesis receives further support from the fact that rivalries between the Western powers are fairly muted at present. American dominance of the international order is yet to be openly challenged by any rival power. While the Western alliance can be seen to be fraying at the edges, manifested in competition between and within international bodies such as the UN and NATO, there is no open break that would bring into question the claim of any particular power to act in the global interest. For the time being the major powers can pursue their own interests and project their power on the international stage without this taking the form of the pursuit of narrow national interests. The Empire of Civil Society, the fitting title of Rosenberg's book, has truly arrived.⁸ The nation state has been taken out of international relations through the projection of power as being in the interests of the global community. Shaw, for example, believes that: "international state institutions are in the process of transformation from narrow extensions of national state interests to state organisations of the developing global society".⁹

The ethical language of critical international relations theory has today been taken up by Washington, Bonn and London, as foreign policy is universally promoted as politics "cross-fertilised with morality", and President Clinton has proclaimed the promotion of democracy and rights as "the successor to a doctrine of containment".¹⁰ The themes of global civil society and ethical foreign policy have provided a new ideological cement for the projection of Western power.

The global humanitarian values now being espoused as the crucial organising principles of the new era are, of course, not held by all. Held makes the following proposals:

In the first instance, cosmopolitan democratic law could be promulgated and defended by those democratic states and civil societies that are able to muster the necessary political judgement and to learn how political practices and institutions must change...

an association of democratic nations which might draw in others over time.¹¹

Writers like Halliday and Shaw put the case for the remoralisation of the West even more bluntly. Halliday, questioning Fukuyama's assumption of the victory of liberal democracy, writes that only about two dozen states can be trusted when it comes to democratic values.¹² Shaw states that the global responsibilities that come with global society necessitate "a new unity of purpose among Western peoples and governments, since only the West has the economic, political and military resources and the democratic and multinational institutions and culture necessary to undertake it". For Shaw, the West "has a historic responsibility to take on this global leadership"¹³ and Halliday agrees that if major powers fail to assume their global responsibilities, they should resign their seats on the UN Security Council in favour of those who are willing to take more interventionist action.¹⁴

The new post-Cold War legitimisation for the global leadership of the major Western powers is no longer based purely on their military or economic strength but on their capacity for global governance. It seems this capacity stems firstly from their acceptance of the global values of civil society and secondly from their willingness to be seen to enforce these values in the international arena.

The cultural divide

Before turning to Eastern Europe more specifically, the dominant framework from which the East is perceived in the globalisation thesis can already be established. If the global community representing universal values is on one side of the equation, then, of necessity, those on the outside must be promoting particularist values of narrow self-interest. These particularist values come under the various rubrics of nationalism, tribalism and different kinds of fundamentalism which, by their very nature, undermine, and pose a threat to, the new global community.

The intimate connection between the new global community and its "other" can be seen in the way that the globalisation thesis actually posits its "other" in its own development. There is a consensus among writers on globalisation that "globalisation and cultural diversity are

not simply opposites”¹⁵, “tribalism and globalism, fragmentation and integration” are not contradictory but “complementary processes”.¹⁶ Giddens, for example, focuses on the development of fundamentalism as a response to the process of globalisation, the traditions of the past are clung on to in an irrational way that promotes antagonisms.¹⁷ Smith, one of the leading authorities on nationalism, sees ethnic and national particularisms arising through globalisation due to easier access to communications and as a way of making sense of rapid change.¹⁸ Horsman and Marshall, in a popular publication on globalisation, see the new internationalising trends as “an invitation to a return to ethnocentric, xenophobic political formulations, as individuals, disenfranchised by the emergence of a truly global, borderless economy, seek familiar forms of protection”.¹⁹

These particularist threats to the community are the “global Other”; the global community and its values are defined against these global opposites. Just as the West could only define itself against an East, so the values of the global community take shape in the exaggerated distinction made with its Other. Today, when the West is undergoing a crisis of political confidence, with very little positive that can create the necessary societal consensus and cohesion, we find the “global Other” portrayed in ways that reflect the unease of commentators in the West and also that exaggerate the negative points in order to accentuate the positive of Western society.

If the nation state and liberal democracy are seen as unable to cohere relatively homogeneous societies in the West, then it is of little surprise that the political sphere should be perceived as problematic in the East. Seen through the exaggerated fears of Western commentators, the problems are displaced on to the East, where, it is alleged, ethnic rivalries, border disputes and a lack of democratic traditions means there is the risk of national disintegration.²⁰ The more sensitive commentators are to the “democratic deficit” at home, the more negative is the prognosis for the “new democracies” of Eastern Europe.

In terms of traditional assessments of liberal democracy, surveys across the region show that Central and Eastern European states meet international norms.²¹ In fact, the stability of the democratic process in countries which are relatively homogeneous, such as the Czech Republic, Hungary, Poland and Slovenia, as well as in countries with large ethnic

minorities, such as Romania, Bulgaria and Macedonia, has been the norm for the region.

However, for the East European states being judged and monitored by international institutions, the process of international acceptance is increasingly out of their control as they become victims of the drive towards moralising international relations. During the Cold War the definition of democracy was straightforward, with political equality and free multi-party elections seen as the defining aspects.²² However, democracy, good governance and adequate human rights protections have, since 1989, become increasingly illusive concepts to define. For the global democratisers and minority rights theorists today, the judgement is a much more subjective one of culture and the values of civil society.²³ As Held writes, institutions alone are not adequate “a ‘will to democracy’ and a democratic culture are indispensable supporting conditions”.²⁴ The emphasis on culture means that East European states will not be treated as equals for generations. Halliday, for example, writes that “the attainment of a democratic system is not a rapid or once-and-for-all process, but takes a long period of transition”; as it took “hundreds of years of development” for advanced democracies like Britain and the US, the prospects look bleak for East Europe, in fact “no-one can be sure [until] a democratic system is established for at least a generation”.²⁵ Strobe Talbott, the US Deputy Secretary of State, agrees that decades, or “the passing of a generation or more” will be necessary.²⁶ Ralph Dahrendorf thinks that two generations or 60 years, is the time these states will have to be kept on probation.²⁷

The emphasis on the instability created by states lacking the “democratic culture” of the West and thereby prone to the problems of nationalism and ethnic rivalry throws into sharp contrast the new positive aspect of the global community, the fact that traditional inter-state rivalry is apparently no longer a threat to peace. Leading rights theorist, Rein Mullerson, for example, argues that, in the “post-material” West, the major states would not go to war for material wealth or territorial acquisitions because information and education are the key to modern prosperity.²⁸ The focus of concern is no longer the actions of highly militarised major world powers but states that are more peripheral. In a remarkable but fairly unquestioned shift in approach to international security, it seems that the test of a state’s commitment to a peaceful

world is no longer how large its nuclear or conventional arsenal is, nor its record of military intervention or subvention, but its policy on minorities and whether its “civil society” satisfies the shifting standards set by international bodies.

The Commission on Global Governance sees that “[although] war between states is not extinct, in the years ahead the world is likely to be troubled primarily by eruptions of violence within countries”.²⁹ Shaw agrees that, although there may be rivalry between Western powers, no one seriously believes this could lead to war, whereas “regional and, even more, civil conflicts now have greater potential for war”.³⁰ A central supposition of the post-Cold War era for Konrad Huber, an adviser to the OSCE High Commissioner on National Minorities, is that one of the greatest threats to security “is posed not so much by disputes between countries as by conflicts involving - or appearing to involve - national minority issues within a country”.³¹ Halliday’s explanation is that today the major world powers are no longer “in the grip of nationalism” and are uninterested in military action against each other, whereas the “torrent of nationalism” that does exist “takes a communal, inter-ethnic, as distinct from strategic form”.³² Hirst and Thompson argue that conflict between the major powers is impossible because of the nuclear threat, which has meant that “lesser states” are the threat to world peace, particularly because they are more likely to engage in “the politics of losers”, inward-looking nationalism and fundamentalism.³³

The new linkage between international security and the rights accorded to minorities has helped make the protection of minority rights a central preoccupation for Western institutions. Once the global values of civil society, democracy and human rights have been established as not just the best way of organising society but also an essential prerequisite for peace and stability, then it falls to Western institutions to ensure other states comply. Shaw sees international relations today as shaped by a contest “between exclusivist, authoritarian, ethnic-nationalist and inclusivist, globalist, democratic and pluralist versions of civil society”; at stake in this contest “are the values of civil society as they have been developed in the Western world”; either the values of the West will be strengthened or “the decay of the historic forms of Western civil society is underlined”.³⁴ This very struggle was, according

to many commentators, fought out in Bosnia. The fact that this civil war could be transformed into an emblematic symbol of the threat to the global values of Western civilisation posed by the “primitive nationalism” of the East demonstrates the deep insecurities over the international order in the West.³⁵

Eastern Europe and the continuum of risk

In the international relations field US and British policy advisers have been keen to talk up the new potential threats from the former Soviet bloc. Samuel Huntington and William Pfaff provide two different approaches in the influential *Foreign Affairs* journal. Huntington reproduces the East/West divide as a cultural one, leading to inevitable conflict:

The Velvet Curtain of culture has replaced the Iron Curtain of ideology as the most significant dividing line in Europe... it is not only a line of difference; it is also at times a line of bloody conflict.³⁶

For Pfaff, the East European “ethnic definition of citizenship” is the problem. NATO must be permanently on guard because “the idea of the ethnic nation is a permanent provocation to war”. His assumptions lead him to conclude that, for example, “Hungarians cannot be allowed to rest until they are reunited with the Hungarians of Hungary proper”. NATO has to act because “it is the true Great Power in Europe today”, and he urges “a more activist and interventionist Western policy in defence of national minority rights in Eastern Europe and the Balkans”.³⁷

In Britain, Mayall, a leading international relations academic and policy adviser, shares the American concerns about the region:

Wherever powerful and unassimilated national communities must coexist within a single polity, they are likely to use the institutions of democracy to gain preferential access to state power... at the expense of their ethnic rivals. The competition to establish their respective national rights is likely to prove sufficiently ferocious to ensure that any commitment to uphold the merely human rights of all citizens will remain theoretical.³⁸

He argues for a “new transnational regime in which national

minorities would have some measure of confidence that their interests and rights would be protected". The way forward, he suggests, is the expansion of the powers of the OSCE and the Council of Europe in order to create a "strengthened international capacity for rapid and politically robust intervention to prevent the massive abuse of human rights".³⁹

The worst is often assumed. The level of risk is high, East Europeans are alleged to be susceptible to irrational nationalism and likely to engage in "the massive abuse of human rights". This means that even without obvious problems the risk is always there. The OSCE Commissioner on National Minorities, Max van der Stoep, illustrates the way concerns about the region are generalized and therefore more threatening, despite the lack of proven relationship between perceived risk and reality. Asked in 1994, what, for him, the hottest issues were, he replied: "it's hard to say what the real powder-keg issues are. I also think that their gravity can change from month to month".⁴⁰

This consensus that there can be a crisis anywhere, anytime, is demonstrated in many treatments of the region. Laurence Rees, producer of the influential BBC series, *The Nazis, a Warning from History*, writes that:

the underlying philosophy of Nazism - one of hate-filled nationalism - is not dead. It could arise again anywhere in Eastern Europe in an instant... One cannot be sanguine about the countries of the former communist bloc. For if democracy does not bring the economic benefits that they expect, then it is possible that one day they will decide to vote democracy away and put their faith in violent nationalism.⁴¹

J. F. Brown's *Hopes And Shadows: Eastern Europe After Communism* provides another typical example. After listing potential minority problems in every country, he justifies such an extensive catalogue on the following grounds:

The list is not intended to be a Doomsday roster or a jeremiad, but rather a guide to conflict situations and tension spots, a list of bills that history is now presenting for settlement, if not full payment. No attempt is made to calibrate the seriousness of the different issues or their potential for conflict because, as events

since 1991 have shown, conflict can flare up in the less likely of cases and places, while the apparently more likely ones remain smoldering. Better, therefore, to be on the qui vive for all of them and ready for the distinct possibility of new ones appearing.⁴²

This assumption, that no apparent problems can equally mean a smoldering conflict, puts inter-ethnic co-operation and conflict on the same continuum. Through this extension of the potential for conflict, and thereby the necessity of international regulation, nearly every domestic political relationship is opened up to international institutions. A typical example is Jan Kroc's work on ethnic conflict in Macedonia. He notes that Macedonians and Albanians have coexisted in separate communities without violent conflict, in fact, that relations are shaped by "deeply steeped social patterns of conflict avoidance". However:

The behavioural pattern is to suppress, rather than openly confront conflict, which also presents its own risks... The danger of conflict avoidance behaviour arises when the parties fail to use the opportunities that stalemates provide to engage third parties.⁴³

For democratisers such as Kroc, the fact that Macedonians and Albanians have developed societal mechanisms to minimise conflict and avoid the escalation of tensions is not good enough. The belief in the inability of East European, and particularly Balkan, actors to autonomously manage their own "conflict resolution" does not depend on the reality of the situation on the ground, but the assumption that cultural incapacity means that there is always "the risk that social tensions will end up at a higher level of conflict intensity".⁴⁴

The dangers of a nationalist bloodbath, anticipated in the West since the end of the Cold War, have been more a product of a popular prejudice against the East than of the realities on the ground. Hungary has not invaded Transylvania, Romania has not annexed Moldova, Poland and Lithuania have not fought over Vilnius and the separation of the Czecho-Slovak state was carried out without bloodshed. The only exception has been Yugoslavia where the split which led to the war was sponsored by Germany and the European Community and the interventions by Germany, ostensibly on behalf of the Croats, America,

on behalf of the Bosnian Muslims, and Russia, on behalf of the Serbs, ensured that the war was drawn out. As Zamoyski notes “with that kind of outside interference, one would not be surprised at a civil war in Surrey”.⁴⁵ Slavoj Žižek makes the point that commentators in the West impose their own prejudices on the East to explain conflicts over resources in purely ethnic terms and then see their prejudices confirmed when competing groups make claims for their support as minorities deserving more rights.⁴⁶ Sectional groups in the region appeal to the major powers on the basis of minority rights because, in the new framework set by the West, this is the most acceptable way to stake a claim to resources. This process works both ways as the major international powers can project their own interests in the region under the guise of promoting “global democracy” through their sponsorship of selected minorities.

Bosnia is a prime example of this process, illustrating the way Eastern Europe has been used as a forum for competing Western institutions to attempt to regain their lost legitimacy. Comment on the need for international intervention at different stages of the war and the peace process has tended to focus as much on why action was necessary to defend the reputation of the UN, NATO, the OSCE, and other international bodies, as it was motivated by concern with the consequences on the ground. In the end, the United States was able to capture the moral high ground, and through gaining the political dependency of a section of the Bosnian Muslims, as Martin Woollacott notes, the US “relegated the United Nations to a subordinate role and reinvented NATO as an instrument of American power”⁴⁷

The new East-West divide

This ideological consensus creates enormous pressures for many East European states. The assumption is made that ethnic difference is inherently problematic and can lead to conflict and the denial of democratic rights, and that commitments to democracy by states with a mixed ethnic make-up are suspect. These assumptions legitimate a policing role for the global community in East Europe and reinforce the moral divide between the East and the West. This convergence between globalisation theory and the needs of international policy makers provides the ideological backdrop from which to analyse the

relationship between the institutions of the West and the newly independent states of Eastern Europe today. Sensitivity to issues of race and ethnicity in the East and the delegitimisation of the nation state in the region constitute the divisive moral context within which the protection of minority rights can become a central international policy issue.

The Organisation for Security and Co-operation in Europe, the OSCE, has been the front-runner in making the protection of minority rights in Eastern Europe an international concern. This organisation was able to make the quickest transition from the Cold War to the “global order” due to the flexibility of its informal framework before 1990 and the fact that it had already begun to prioritise human rights in the 1980s. The OSCE, known as the CSCE until December 1994, was established in 1975 with the adoption of the Helsinki Final Act by the states of Western Europe, most of the former Soviet bloc, the USA and Canada. In 1990, with the Charter of Paris, the OSCE was institutionalised and has developed wide ranging powers of intervention in East European affairs through the continuing focus on minority rights and the linkage made between this and issues of security and economic co-operation.⁴⁸

The OSCE is a good example of how high sounding declarations of global democracy and universal civil liberties can end up in practices which are very discriminatory. While the language of the OSCE appears to be universal, its interpretation and application is highly restrictive. The legitimacy of OSCE intervention in the domestic affairs of East European states was codified in the Geneva Report, in July 1991, stating that “issues concerning national minorities... are matters of legitimate international concern and consequently do not constitute exclusively an internal affair of the respective state”.⁴⁹

The resistance of several Western states to the far-reaching nature of the proposal led to a rider being adopted that enabled a flexible interpretation of “national minority”.⁵⁰ This section of the Report now states that “not all ethnic, cultural, linguistic or religious differences necessarily lead to the creation of national minorities”. This enabled the exclusion of minorities in the Western states, which were defined as non-national, for example, native Americans in the US, the Turkish community in Germany, the Arab community in France and the Asian and African-Caribbean communities in Britain.

When revamped in 1990 OSCE interventions could only take place with the consensus of all members; since then, this principle has been rapidly undermined. From October 1991 inspection missions could be sent against the will of the state concerned, and in January 1992 the “consensus-minus-one” principle was adopted, allowing political measures to be taken by the OSCE against a state without its consent. The powers of intervention were further increased with the creation of the office of an OSCE High Commissioner on National Minorities in July 1992. The High Commissioner’s mandate contains far-reaching competencies, acting as a non-state entity he has the right to enter participating states without formal consent and is an instrument of “early warning” and, if necessary, “early action” if he judges tensions involving national minority issues may affect peace and stability. As one study highlights:

these elements constitute a major step forward in what might be called the CSCE’s ‘increasing intrusiveness’, a process whereby the CSCE increasingly penetrated the sphere of internal affairs of participating states.⁵¹

However, the mandate of the High Commissioner was established to ensure the “participating states” intervened in were those in Eastern Europe. The initial proposal from the Netherlands was for a High Commissioner for Minorities. Among others critical of this formulation, Britain argued the term minority had to be replaced by “national minority”.⁵² A further restriction was on the High Commissioner’s involvement with any conflicts where minority questions were backed by violence and/or terrorism. Not surprisingly Britain (to remove the Irish issue), Turkey (because of the Kurdish question) and Spain (the Basque conflict) all supported a strong anti-terrorist clause.⁵³ Now that the problematic national minorities of Western Europe were no longer included, the focus was solely on Eastern Europe. The main concerns of the High Commissioner are issues such as the tensions between Hungarians and Slovaks, a typical example of a “potential conflict” in the region. The OSCE had had no indications of ethnically based violence between the communities and “at the regional level inter-community relations appeared quite normal”. Nevertheless it has now been established that teams of minority rights specialists should visit both

the Slovak Republic and Hungary twice a year to analyse the situation.⁵⁴

The double standards of the major Western powers are not lost on East European politicians. Even those generally supportive of the new international bodies, such as the Czech President Vaclav Havel, have at times reacted against this. At the European Union sponsored Conference on Stability in Europe in May 1994, when the East Europeans were presented with a list of potential problems which might arise threatening the “good neighbourly relations” essential for their admittance into the EU, he acidly observed it was as if a round table were organised to discuss the Basque and Irish problems under some benevolent eye - perhaps of the Visegrad group of East European states.⁵⁵

Conclusion

Analysis restricted to criticising the double standards involved can downplay the dynamic behind the internationalisation of questions of minority rights and democratisation. The new ethical world order has little to do with a new found concern for democracy or the rights of minorities, even a concern which can be seen as a selective and hypocritical one. National minorities gain little from the moralising perspective of the international community. For example, at the OSCE Human Dimension Seminar on National Minorities, there was much criticism, from national minority representatives, of OSCE policy to encourage separate minority political representation, as it was felt this might foster ethnic differences while providing only a token political voice. Other proposals such as the promotion of minority languages, were felt to be in danger of marginalising minorities even more.⁵⁶ Any genuine concern with improving the situation for national minorities, or people in the region more broadly, would have to involve international support in the sphere of economic and social development. This would be very different to the current approach of expecting lip-service to be given to normative lessons in multi-culturalism at the same time as demanding the enforcement of IMF restrictions on state spending.

In sum, it would appear that the debate about minority rights protection in international forums has less to do with the improvement of life-chances for national minorities than with East European governments demonstrating that they accept a subordinate status and Western tutelage.

At present, there seems to be little challenge to the moral division of the world between the champions of the new democratic global order in the West and the others. Opposition to the imposition of supra-national controls in East Europe is muted, as states in the region need to present a good image in the West in order to gain access to foreign investment. The strength of the West in relation to Eastern Europe ensures that Western claims to exert moral authority over the region remain uncontested. However, to accept the new international rhetoric of national minority rights as a positive development means ignoring not only where the real abuses of power lie, but also accepting the artificial moral divide which gives temporary legitimacy to the institutions of the West only by demonising the East. ●

Notes

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3. OSCE, *CSCE/OSCE Provisions Concerning Persons Belonging To National Minorities* (Warsaw: Office for Democratic Institutions and Human Rights, 1995). p.15
4. See, for example, H. Storey, 'Human Rights and the New Europe: Experience and Experiment', *Political Studies* (1995), XLIII; R. Sadurska, 'Reshaping Europe - Or "How To Keep Poor Cousins in (Their) Home": A Comment on The Transformation of Europe', *Yale Law Journal* (1991) 100; D. McGoldrick, 'A New International Economic Order for Europe?'. *Yearbook of European Law* (1992) 12.
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8. J. Rosenberg, *The Empire of Civil Society* (London: Verso, 1994).
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14. F. Halliday, 'Interpretations of the new world', *Soundings* (1995), 1, p.220.
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17. A. Giddens, *Beyond Left and Right: The Future of Radical Politics* (Cambridge: Polity Press, 1994), pp.5-6.
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23. For example: F. Fukuyama, 'The Primacy of Culture', *Journal of Democracy* (1995), 6, 1; M. Krol, 'Where East Meets West', *Journal of Democracy* (1995), 6, 1; V. Sergeev and N. Biryukov, *Russia's Road to Democracy* (Aldershot: Edward Elgar, 1993), pp.207-8; P. Sztompka, 'Looking Back: The Year 1989 as a Cultural and Civilizational Break', *Communist and Post-Communist Studies* (1996), 29, 2.
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Ken Livingstone MP

Democracy versus the Free Market in the Globalised Economy

I never supported the previous regimes in eastern Europe. So it is without the slightest nostalgia that I can tell you I believe the IMF's brand of free market capitalism is, on the social and economic level, considerably worse. That is why I consider democratic socialism to be the only way forward in both the eastern and the western halves of our continent.

At the end of the 20th century all attempts to create either 'socialism in one country' or 'capitalism in one country' have failed. This is because all of the most modern branches of the economy require a scale of production, and a market, which exceeds that of even the largest national economy. There is room for only one fully competitive producer of microprocessors in the world - Intel. Only two competitive producers of long range civilian aircraft - Boeing and Airbus Industry - exist in today's global economy. The \$50 billion cost of producing the next generation of West European combat aircraft, the 'Eurofighter', is impossible for any single West European country to finance. A producer of mass volume cars with an output of a million a year is too small to be competitive in the world today.

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Political democracy and the international economy

The primarily 'national' model of economic development has crumbled in the market economies which previously pursued it - the United States, India, Argentina and Mexico, for example. Equally, the model of economic development of the USSR from the 1920s, the attempt to construct 'socialism in one country', although yielding significant results when the world market broke up in the inter-war period, also collapsed with the re-integration of the international economy at the end of the twentieth century.

This failure of both market and centrally planned 'national' models of economic development poses anew the basic problem of the relationship between political democracy and the international economy. There now exists a fundamental disproportion between world economic and political structures.

While the economy functions internationally, the only effective forms of political organisation, with a few partial exceptions, are purely national states. The United Nations is, at best, a consortium of large states. A body such as the Commonwealth of Independent States, which succeeded the Soviet Union, is powerless. Only the European Union has shown a minimum potential of international organisation - and this is being sorely tested by the attempt to implement the monetarist terms of the Treaty of Maastricht. Two fundamental, contradictory, and clashing models exist of political relations in this new international economy - the 'free market' and the 'democratic' models.

The free market model

The free market model states that no specifically political institutions are necessary to organise the globalised economy. Instead it argues that this will be accomplished by the market. On this model, the role of the state should be substantially reduced, and national economies opened to international market forces. This became the 'conventional wisdom' of the early 1990s - promoted globally by the International Monetary Fund, in the United States by Newt Gingrich and the Republican Party and in Europe by the Treaty of Maastricht. There are considerable reasons to doubt whether this model can function even economically. Politically, it has profoundly anti-democratic implications.

First, there is no evidence that the state is reducing its economic

role - and much evidence in the opposite direction. Contrary to free market rhetoric, the IMF reported last year that state expenditure as a proportion of GDP has continued to expand in all major economies - including those, such as the UK under Thatcher or the US under Reagan, in which 'privatisation' was official policy. According to the IMF, state income as a proportion of GDP has risen from an average of 28 per cent in 1960 to 44 per cent in 1994. Recent attempts to restrain the expansion of the role of the state in the economy - for example the previous French government's attempt to meet the criteria of the Maastricht Treaty - have met strong popular and electoral opposition. In practice, there is no electoral consensus for the effects of a reduction of the role of the state in the economy. The Economist magazine noted this fact in its annual survey of the world economy this year and suggested, characteristically, that the only solution was to reduce democracy.

Second, most of the successful economies of the last decade did not use a free market model, but boosted internationalisation through huge intervention of the state oriented in that direction. This is particularly clear in Japan, China and South Korea.

Third, 'globalisation' was not truly a multilateral, equal, development of economic flows. The entire recent 'liberalisation' of the international economy was characterised by a huge net outflow of capital from other countries into the United States - to a sum of more than \$1 trillion, that is one thousand billion dollars, since the beginning of the 1980s. Given the reality of these capital flows, the US is a strong supporter of 'globalisation.' Had Russia, Hungary or any other economy, received an inflow of capital on this scale its economic prospects would have been transformed. If, however, there were any reversal of direction, that is if 'globalisation' were to create a flow of capital out of the US, the United States would inevitably demand intervention to control this aspect of the free market.

Reduced to essentials, therefore, there is no evidence that the purely free market framework for the globalised economy is stable. The last attempt to create one, prior to 1914, culminated in a World War. The present attempt, so far, is contingent upon other countries continuing to accept that they should supply large amounts of capital to the US. This system is increasingly opposed by electorates because it undermines the quality of their lives. Finally, there is no evidence that

it is the most efficient economic model - an entirely viable alternative has been shown to be large scale state intervention accompanying an international orientation of the economy. On that basis China, for example, has experienced nearly twenty years of unprecedented economic growth.

At the political level the implications of the free market model are equally profound because it necessitates a radical reduction in democracy. It has always been clear that, in the final analysis, the principles of the free market and the principles of democracy, are in conflict. The organising principle of democracy is that every citizen, regardless of their status, has one equal vote. In the free market, on the other hand, decisions are taken by entirely unequal agents. Different concentrations of capital compete. Within companies, voting is on the basis of the different numbers of shares held, not equal rights of every shareholder. Within private companies, while 'social partnership' is talked about, only those people owning capital, not those who supply labour, may vote - one person supplying capital may decide to dismiss 10,000 supplying labour.

In the final analysis, the organising principles of the free market and democracy are bound to be in conflict. However, a relative balance between the two existed in the post-World War Two period. The exercise of democratic choice at the political level produced significantly different social organisation in the US, Western Europe, or Japan - and between the different west European countries. Although the choices available to voters were made within definite limits, they were nevertheless real.

In the free market approach to globalisation, however, this democratic content is increasingly eliminated. If the fundamental economic decisions are taken at the level of the world economy, and national economies must simply correspond to these imperatives, then national democratic bodies can no longer take decisions which have real content. All fundamental social and political decisions have economic implications. So such decisions are made meaningless if the economic framework which determines them is outside democratic control.

Furthermore, there are virtually no democratic international institutions through which decisions may be taken. The free market model, therefore, if taken to its logical conclusions, would remove all

mechanisms of democratic control over the economy. This is indeed what a journal like the *Economist* now advocates.

As put by some theoreticians of this model, economic and social policy must be confined in a 'narrow corridor of realistic possibilities'. That means that democratic elections, and the institutions of civil society, become meaningless or even turn, according to such logic, into an undesirable barrier to 'normal development.'

It is highly improbable that citizens will give their democratic assent to the economic implications of this free market model. Opposition in certain cases will take violent forms - such as Islamic Fundamentalism in the Middle East or communal violence in Africa and India. But the implications of the free market model mean that even democratic opposition - such as parliamentary elections in Europe or democratically expressed public opposition to the Maastricht Treaty - are viewed as unacceptable or futile. In short, the free market model, far from promoting democracy, requires its radical reduction or even elimination.

The democratic alternative

The alternative to the free market model, within this new internationalised economy, is the 'democratic' one. As there is now a radical disproportion between the internationalisation of the economy, and the national boundaries of the democratic state therefore democratic functioning must be extended beyond the purely national level. Supporters of the free market model claim that this democratic model is both undesirable and unrealistic. The evidence is the reverse. In fact, only the democratic model is capable of maintaining, in a sustainable way, international economic integration. This because the free market model is not viable in a democratic system, while, on the other hand, the democratic model corresponds to the following facts of contemporary economic and political development.

First, while the free market model stakes its claim as the conventional wisdom, in practice even its supposed proponents are forced to undertake international cooperation at the political and governmental level. The most significant world body of this type is not the United Nations but the economic framework of the G7 industrialised nations. At the regional level there are, of course, bodies for Africa, the

Americas, South East Asia, the Asian and Pacific Region, and the 'non-aligned countries' - even though these are extremely weak.

The areas where the 'democratic' model has the greatest current possibility of development are the European Union and the Commonwealth of Independent States - the former Soviet Union. In both cases, in world terms, relatively developed economies exist - although that of the CIS is more backward than Western Europe. In both instances it is evident that efficient production is only possible on a greater than national scale. Barriers to intra-European trade would have catastrophic consequences in the case of the European Union. Equally, a substantial part of the economic decline in Russia, and the former Soviet Republics, is due to the fragmenting of economic ties following the collapse of the USSR.

In the European Union the clash between the free market and democratic principles is clearly demonstrated around the Treaty of Maastricht. The original European Economic Community was a partial transposition, onto the international field, of the social democratic consensus common to Western Europe until the end of the 1980s. While not overcoming the fundamental incompatibility between the free market and political democracy, this model gave relatively great weight to democratic policy choices. There was state intervention in the economy, controlled by at least partially democratic institutions, redistributive taxation and more extensive welfare provision than in Japan or the United States.

This was transposed onto the international field through relatively large scale regional re-distribution of funds within the community. The international transposition was only partial, however, in that these flows were not subject to control by directly elected bodies, such as the European parliament, but only by those indirectly subject to democratic control - via the national governments which took all crucial decisions. The widely perceived, next logical, democratic step was, therefore, to increase the weight of the directly elected European Parliament.

The Treaty of Maastricht, however, did not have this democratic objective. Rather, it was aimed to reverse the direction of the European Union not merely at the international but national level. No significant extra powers were granted to the European parliament, and the European Central Bank, created by the Treaty, is explicitly placed outside all direct

democratic control. The Treaty, also dictated a reduction of democratic control at the national level by transferring key economic powers to unelected national central banks subordinate to the European Central Bank. The limits on budget deficits, and state debt, imposed by the Treaty are designed to prevent Keynesian redistributive policies of the classic West European social democratic type.

The aim is to radically shift the countries of the European Union in the direction of the free market model. For this reason opposition to the Maastricht Treaty and its consequences was strong at its inception, and has subsequently increased - as shown most graphically by the social explosion in France at the end of 1995. The last French election showed this sentiment's impact on the electoral field. There is now increasing doubt throughout Europe that European Monetary Union will hold together within the framework laid down by the Maastricht Treaty. The result has been the most serious crisis of the European Union for 30 years and this is likely to deepen after the launch of the single currency. The problem is that there is not merely some slight 'democratic deficit' in the Treaty of Maastricht but that it constitutes a sustained attempt to destroy any possibility of a democratic model of integration in Western Europe in favour of the 'free market' one. That is why the Treaty of Maastricht has been opposed root and branch particularly by those of us, like myself, who favour European integration - which, as the experience of the last 30 years shows, can only be achieved by the 'democratic' model.

The democratic model, even if only partially applied, created a prolonged dynamic to integration in Europe. The attempt to apply the free market model has produced deep crisis within the European Union.

The free market model in the ex-USSR

A worse crisis, with different origins, has been created by the attempt to apply the free market model in the former USSR. In the USSR, while no democratic system existed, there were large flows of resources between the Republics directed at an all Union level - mechanisms which could, in principle, have been subject to democratic control. In 1991 it was argued that the break-up of the Union, and the substitution of market mechanisms between independent states, would lead to improved economic conditions for the citizens. It was, in essence, claimed that

while the rest of the world was advancing to larger economic units, Russia and other former Soviet states would gain from a regression to a smaller economic space.

As would be expected from the fundamental trend of internationalisation of production, such predictions turned out to be entirely false. In Russia, for example, industries, outside the energy sector, were driven back from a market the size of the USSR, which was already too small for the most advanced sectors of production, to a purely Russian one. Their production collapsed - because in such a narrow framework it is impossible to achieve the scale of production necessary to be internationally competitive. It is for these objective reasons, therefore, that almost every significant Russian political party now has on its agenda strengthening links between the former Soviet republics. The purely free market approach between the CIS states has, implicitly, already been admitted to have failed.

The crisis of the free market model

In the early 1990s the free market model appeared to sweep all before it - producing a deep crisis of progressive political parties and social movements. But now the free market model faces increasing obstacles and crisis -

- * with gyrations on stock markets throughout the world in recent weeks,
- * deepening opposition to the effects of the Treaty of Maastricht in western Europe,
- * a revival of the left in western Europe symbolised by the election Jospin in France, increasing influence of left wing parties in national parliaments like Italy's and even the removal of the Tory government in Britain,
- * a shift to the left at the top of the trade union movement in the United States,
- * revival of support for economic integration in the former Soviet Union,
- * the emergence of militant mass trade unionism in some of the so-called tiger economies, notably South Korea,
- * and a deep crisis of the 'Mexican' model in the developing world.

With the very real likelihood of a new collapse on Wall Street such opposition is likely to increase.

In conclusion, Democratic Socialists cannot turn their backs on the global economy, but we can, and must, open the debate on how to bring its functioning under democratic control. That is why I believe there are few tasks more important in the world today than international cooperation between democratic socialists. In Europe such cooperation, particularly between socialists in the East and the West, is now long overdue. International capital has had a long head start on us. I saw the billboards heralding its advance all over Budapest.

The agenda we need to address is equally clear.

- * To cooperate across the continent to prevent welfare provision and employment rights being reduced to American, Japanese or still lower levels.
- * To oppose an expansion of NATO, and the economic burden this will entail, when the enemy it was created to fight no longer exists.
- * To prevent the European Union cutting agricultural and regional support, as a condition of EU membership, to the countries of Eastern Europe which are precisely those in most need of them?
- * To help democratic socialists in Russia end the humiliation of that country at the hands of the IMF?
- * To support the international campaign for the cancellation of third world debt.
- * To mount worldwide opposition next time the United States and NATO send their armies into the Middle East or Latin America or Africa to maintain their monopolies of the world's resources.
- * To organise global solidarity with trade unionists like the South Korea workers last year, or the Liverpool dockers or the American teamsters when they take on the employers.
- * And to continue to meet and exchange ideas at conferences like this so that the aspirations of the hundreds of millions today turning against the free market model of the global economy are given voice by the growing international unity of democratic socialists with a radically different agenda. ●

David Mandel

**Unions in Russia, Ukraine and Belarus:
A Case Study**

**The Auto and Agricultural Machine-Construction Workers' Unions of
Russia, Ukraine and Belarus**

The account that follows was written after a two-month stay in the former Soviet Union in the summer of 1997. Based upon statistical data, printed materials and oral communications, it offers a general, if incomplete, picture of the three unions, their common problems and differences.

The general background

Economic collapse, anti-popular, undemocratic government (the new ruling class is a fusion of state bureaucrats, capitalists and the criminal underworld, supported by the G-7), and weak popular resistance characterise all three countries. The overall economic and political situation as far as workers are concerned has deteriorated dramatically since 1991, without any clear sign of improvement. There is some evidence that production is finally stabilising at a very low level after seven years of unbroken decline (probably the biggest peacetime collapse in modern history), but capital investment activity continues to fall, indicating that there is still no solid basis for recovery.¹

The economic crisis has brought mass unemployment and a dramatic decline of real money wages as well as the rapid erosion of the once very significant social wage (free or subsidised housing, education, health care, leisure, public transport, certain basic consumer goods).

Impoverishment and economic insecurity, growing inequality among workers between and within sectors, the shrinking and ageing of a workforce formerly concentrated in giant enterprises, the relative decline of the very role of wage labour itself in providing workers' subsistence - all these factors have weakened workers' capacity to resist.

More directly political factors also have played a role, especially the ideological confusion in the wake of the Communist regime's collapse. Workers are torn between nostalgia for the economic security and relative prosperity of the old regime and revulsion at the prospect of a return to bureaucratic "socialist" oppression. This confusion is a consequence of the complex, combined nature of the old system's collapse: at one and the same time the final (social) act of the bureaucratic counterrevolution (the restoration of capitalism has allowed a good part of the top and middle "Communist" bureaucracy to privately appropriate the country's wealth) and a democratic revolution against that bureaucracy's dictatorship.

Another contributing factor to labour's weakness are the defeats suffered over the past two decades by socialist and union movements in the rest of the world. Not only are there no socialist models or struggles for former Soviet workers to emulate, but even victorious defensive struggles that could inspire them are rare.

Despite this weakness, the unions are the strongest popular organisations in society. This general weakness of popular social forces (indeed of all social forces) was the background for the rapid return to the arbitrary rule of the state administration, which has been able to freed itself of democratic control. Although the regimes, to varying degrees, maintain a facade of democracy and tolerate certain civil rights, they are all, in practice, presidential dictatorships.

One of the rights that has so far been relatively tolerated is the right to organise into trade unions. The trade-union organisations inherited from the Soviet Union a mass membership (a majority of workers still belong to unions, though the numbers are declining) as well as a long tradition of imposed corporatism (unions as subordinate "partners" of management and the state), a lack of experience of internal democracy, and very little experience of collective struggle (unions mainly, but not only, administered social benefits and programmes). Though there has been uneven progress in overcoming this legacy, reform has been severely handicapped by the economic and political factors mentioned above, which even the most

dynamic, independent union movement would find daunting.

Corporatism, dignified today as “social partnership”, exercises a powerful attraction for union leaders and as well as for the rank and file. On the other hand, the bureaucratic centralism of the Soviet period has been replaced by extreme decentralisation, with power in the unions concentrated at the enterprise level. This tends to deprive unions of the capacity to develop national programmes and to take effective collective action on the sectorial or national level. Solidarity is in short supply. At the same time, decentralisation has generally not meant a significant increase in rank-and-file participation and union democracy.

Ordinary workers, when they are not hostile or indifferent, tend to have a “consumerist” attitude to their unions. Union leaders, on their part, are usually not interested or unable to change those attitudes. Both workers and leaders have great difficulty conceiving of themselves as independent social and political actors, let alone historical subjects. Even dedicated activists often say that there is no alternative to the present corrupt or conciliationist leaders and complain that there is no leader to unite workers. Workers have difficulty imagining what real democracy would be in the present circumstances. One activist put it this way:

Of course, the country is being ruled by criminals. But how can we change that? We demand real democracy, the real rule of law, legislation in the interests of the people... But to whom can we address those demands? No one will carry them out. I’m afraid that we have only one choice — these demands have to be addressed to ourselves. This government and president leave us no other way. That of course is the most frightening prospect.²

But this general picture, which most accurately characterises the Russian situation, requires some modification when applied to Ukraine and even more in the case of Belarus.

Russia

Production

GDP and industrial output have fallen for six years in a row. At the end of 1996, GDP stood at 58 per cent and industrial production at 51 per cent of

their 1990 levels. These values remained stable in the first five months of 1997. However, in the same five-month period, capital investment fell 8 per cent compared to the same period last year. At the end of 1991, the volume of capital investment was only 25 per cent of its 1991 level.³

Since the start of the “reforms”, Russia’s industrial structure has shifted increasingly toward the production of primary and semi-processed materials, a large part of which are exported. Output in the metalworking and machine-construction sector has fallen by 64 per cent since 1990 (but was stable for the first five months of 1997.) Output in 1996 as a percentage of the 1990 level of the key products made by members of the Autoworkers’ Union was:

tractors: 6 per cent
 combines: 9.4 per cent (1995 level)
 trucks: 20.4 per cent
 cars: 78.7 per cent
 trolleys: 14.7 per cent

The first five months of 1997 saw an upturn in car and truck production (13 per cent and 8 per cent respectively), but agricultural-machine production continued to decline (tractors by 13 per cent and combines by over 50 per cent).⁴

Passenger-car, light truck and minibus production are the only relatively bright spots in the entire mechanical-engineering sector. Despite the general impoverishment of the population, the number of cars on the road has sky-rocketed. In 1990-96, the number of personal cars per 1000 population rose by 58 per cent; in Moscow and St. Petersburg, where the “new Russians” are concentrated, the number more than doubled.⁵ But despite this demand for cars and the duty on competing models of imports, the Moskvich auto factory was just barely saved from bankruptcy thanks to the intervention of the Moscow government. The VAZ plant in Togliatti, which produced 70 per cent (600,000) of all Russian-made passenger cars in 1996, was similarly threatened with bankruptcy and still tops the list of tax debtors, owing close to half a billion dollars US.⁶

VAZ (100,000 employees at its plant in Togliatti) and the GAZ truck and car factory, another giant in Nizhnyi Novgorod, are the only plants that have not cut their work force and are working at full capacity. GAZ’s

relative success is largely due to the GAZelle, a one-and-a-half-ton van that began production two years ago. With no domestic competitor, the vehicle enjoys strong demand among the multitude of new small businesses. GAZ's general director Pugin is often praised as a new-style director-entrepreneur, but his connections as the last Soviet Minister of the Auto-Construction Industry were probably more important than any entrepreneurial talent. GAZ also produces the mid-class Volga passenger car, which even many "new Russians" value for its dependability and solidity. Recently, Yeltsin, prompted by his Vice Prime Minister, the former governor of Nizhnyi Novgorod province, ordered government bureaucrats to exchange their Mercedes and Volvos for Volgas. (He owns a BMW, which he considers "a good little car".)

The main assembly line at Moskvich, the second largest car producer (120,000 unit annual capacity), operated less than seven days in 1996. Its cars have a deservedly bad reputation for quality. The Moscow city government has bought a 60 per cent share and underwritten bank loans. The factory plans to make 40,000 cars in 1997 using Renault motors.

The decline of the truck sector is due to a dramatic fall in demand, high taxes, the absence of affordable credit, and the high price of energy and raw materials. KAMAZ, the biggest truck plant in the world with an annual capacity of 150,000 trucks, produced only 20,000 units in 1996. It too was slated for bankruptcy in 1996 but was saved by the Tatarstan (regional) government, which took a 40 per cent share, writing off most of its debt. Having recently rebuilt and upgraded its motor factory (which burned down four years ago) with Japanese loans, it will probably see an upturn in coming years, thanks to orders from the resource sector and exports. (KAMAZ also makes the Oka micro-car, and plans 18,000 units this year.) GAZ's truck production is a losing operation, subsidised by profits from GAZelle and Volga sales. ZIL, Moscow's giant truck maker, produced only a few units last year, and was also saved from bankruptcy by the Moscow government, which became the new owner. ZIL has developed a van analogous to the GAZelle, but it is so heavily in debt that its very survival is in doubt.

The agricultural-machine sector is on the verge of extinction, due to the collapse of the market in Russia and the rest of the former USSR. Farms have no earnings or accessible credit with which to buy new equipment, which they do need. Most of what is produced remains unsold.

Despite the sector's huge idle capacity, the Russian government accepted a large loan from the World Bank for the purchase of farm machinery - on condition that it be made by John Deere. (The same thing has happened in the Ukraine.) Similarly, the Russian gas monopoly Gazprom accepted credits from the U.S. government for the purchase of industrial tractors, on the condition that they be made by Caterpillar.⁷

Foreign investment

Foreign car producers have begun to show interest in Russia new car market, estimated at one million new units a year. A joint venture between GM and EIAZ (the recently completed plant in Elabug belongs to the Tatarstan government) began assembly of two-wheel-drive Chevrolet Blazers from kits shipped from Brazil at the end of 1996. It will make 10,000 units in 1998 and may assemble as many as 55,000 by 2000. South Korean Kia Motors has signed a deal to assemble 30,000 cars from kits in a converted shipbuilding plant in Kaliningrad and to eventually also make parts in Russia. A joint GM-VAZ-Valmet (Finland) venture, starting from the end of 1998, will assemble 30,000-50,000 Opel Astras annually near the Finnish border using imported parts. This agreement also calls eventually to attract parts producers to Russia. At a later stage, the model may also be produced by one of VAZ's three assembly lines (annual capacity of 250,000 cars annually and 375,000 motors. But it is not clear how firm that part of the agreement is. UralAZ has a joint venture with Fiat's motor division and Gazprom to produce flat-front truck tractors with 6X4 wheel formation. It will eventually have a capacity of 10,000 units annually. Renault is seriously considering a joint enterprise with Moskvich to assemble the Megan Classic and Megan Scenic models, but so far there is only an agreement for assembling motors with French parts and equipment. Caterpillar has a small joint venture with the Kirov Factory in St. Petersburg producing shovels for bulldozers that are assembled elsewhere in Europe. Ford has also expressed some interest in an assembly plant to build Fiesta and Taurus models, but so far its only investment in the former USSR is in Belarus.

The unions in all three countries are sorely lacking an analysis of the consequences of foreign investment for their sectors. Very weak domestic investment and the continued loss of jobs have made that the union generally open to the multinationals. They may express some doubts

about what this investment will mean for the sector and the union, but the decisive consideration is that they create jobs.

Employment

With the exceptions of VAZ and GAZ, practically all the plants have suffered serious job losses. Employment in the entire metalworking and machine-construction sector at the end of 1995 was 68.1 per cent of the 1991 level. Meanwhile, production was only 40 per cent of its 1991 level.⁸ The disparity is due the government and directors' interest in limiting mass permanent layoffs over a short period. Until the end of 1995, most job cuts occurred through "voluntary" departures - people left because they could not earn a decent living and found something they thought was better elsewhere. Other substitutes to permanent layoffs have been involuntary leave and shortened work weeks, with the idle time paid at very low rates or not at all. However, since 1996 permanent layoffs have become increasingly common.

In Russia as a whole at the end of May 1997, 9.6 per cent of the economically active population were unemployed and actively seeking work, and 7.5 per cent were on a shortened work week (in metalworking and machine-construction this figure was 25 per cent). In addition, in 1996, 3.3 per cent of the apt population had despaired of finding work, and an average of 4.5 per cent were on involuntary leave (as much as 16 per cent metalworking and machine construction). Hidden unemployment also takes the form of workers spending the full day at work but receiving below-subsistence wages because their workload is so small. (Most industrial workers are on piece-rates.) Thus, in May 1996, 6 per cent of those employed in large and medium-sized enterprises earned one-third or less of the subsistence minimum. Considering all these factors, one study estimated real unemployment in July 1996 at 22 per cent, a figure supported which was supported by one of the Russian Prime Ministers but disputed by the Minister of Labour.⁹

Wages and Income

Average real disposable money income has fallen 42 per cent since 1991. But if one takes into account the shrinking social (in kind) wage, total real income fell significantly.¹⁰ Urged on by the International Monetary Fund, the Russian government recently launched an offensive against one of the last important elements of the social wage - cheap housing and

communal services, which have cushioned the fall in money income. Over the next three or four years, the prices will fully cover costs. Compensation is promised for the neediest, though the majority of the population is already below the poverty level.

At present, 50.2 per cent of the average family's disposable money income is spent on food. The workers' diet has deteriorated significantly over the last six years. Compared to 1991, average per capital consumption in 1996 of meat and meat by-products was down 26 per cent, fish - 28 per cent, milk and milk products - 32 per cent, fruits and vegetables - 17 per cent. Bread and potato consumption rose, but only slightly¹¹. But these average figures - the top-earning 20 per cent receives 43.2 per cent of the total income in 1996¹². Moreover, other basic needs, such as clothing and recreation, have been cut even more.

Average wages in the auto and farm-machinery sector are a little (about 12 per cent) above average for the economy, but considerably below (about 25 per cent) the industrial average. Wages in the auto sector are about 1.8 times the official "subsistence minimum" for a single adult person and about three quarters of the more realistic trade-union calculated minimum. The average wage in the agricultural-machine sector is two-thirds of that in autos.¹³ All this assumes that wages are paid on time, which is rarely the case. Delays can be up to five months.

Many workers supplement their income with food from garden plots. These take up many hours of work and travel in the warm months. A smaller, but unknown number of workers, have secondary employment in car repairs, petty commerce, construction, etc.

The "traditional" union

The union in Russia has about 1 million members today, three quarters in the auto sector and the rest in agricultural-machine construction. About 10 per cent are non-working pensioners and students. At the start of 1995, there were 1,327,921 members. In plants where the union exists (almost everywhere in the sector, except for a small number of plants whose unions are non-affiliated or which belong to the newly-created (amalgamated) Machine-Construction Workers' Union), 92 per cent of the employees belong to the union.¹⁴ The rest are not union members or belong to one of the small alternative unions.

The Autoworkers' Union shares the organisational problems common to all the other "traditional" unions: extreme decentralisation, under-financing of the regional and especially national unions, weak solidarity. These and related issues are constantly discussed at national meetings. Constitutional amendments and resolutions aimed at rectifying the situation have been adopted, but so far little has changed in practice. There is an obvious lack of will among plant union leaders, in particular at the giant plants (VAZ, KAMAZ and GAZ together have about a third of the union's membership), whose support would be decisive in turning things around. The leaders of plants that are doing relatively well or whose size gives them political clout do not see an interest in sharing power or resources with the national union (and so with weaker and less prosperous plants). The same outlook played an important role in the 1996 Congress's rejection of the proposal of the national leadership's to merge with the other machine-construction unions. (Nine joined the merger. The Autoworkers and the Electric Power Workers' Union stayed out.)

According to the union's national constitution, decisions of higher elected bodies are binding on lower ones. But this is not respected in practice. Many local unions do not pay their share of the dues to the regional committees; the regional committees in turn do not give the national union its share, which, in any case, is a paltry 2-3 per cent. (VAZ, despite its relatively high wages and capacity production, does not pay in full.)

Many local unions do not bother to report regularly to the national office or to respond to requests for information and or for comments on proposals coming from the national leadership. The union's national monthly newspaper - except for the coalminers, no other union has one - has a run of only 4,000, because the national union cannot convince locals to increase their subscriptions. All this limits the exchange of information and discussion within the union.

The lack of resources and the weak discipline and solidarity mean that the union is unable to develop unified, sector-wide responses to common problems, when only such responses have a chance of being effective. Plants that are doing relatively well (that are working and whose workers are getting paid regularly) participate only minimally, if at all, in political actions supported by the national union.

A more dynamic, militant national leadership might have more success in building solidarity. On the other hand, the national leadership

seems rather faithfully to reflect the outlook of most local leaders. There is broad support at all levels of the union for “social partnership.” Although the term, incessantly invoked, is enveloped in confusion, it reflects a practice that tends to link workers and their local unions more closely to management than to each other.

On the one hand, “social partnership” simply refers to the negotiation of collective agreements in the enterprise and of tripartite agreements (state-employers-national union) at the sectorial level (as well as the regional and tripartite agreements with the territorial union federations). But, in fact, these agreements are viewed as much more than a legal-technical attempt to regulate conflict by codifying the correlation of force. Lip service is sometimes paid to the need for unions to demonstrate their strength in order to be accepted as partners, but the alternative to “social partnership” is invariably presented as “class war”. For example, an article in the May 1997 issue of the union paper reporting on a conference about “social partnership” was entitled “Class Peace Is Better than Class Conflict.”

In other words, there is a strong tendency to view “partnership” as a magic wand that can eliminate the major contradictions between workers and employers and free unions from the need to mobilise and educate their membership and to confront management. Support for “partnership” expresses a longing for the corporatism of the “good old days”, which tend to be highly idealised in union circles. This nostalgia for the Soviet period, “when we were strong” (an opinion voiced by at various levels; some people even claim the old system was democratic), is widespread. “Partnership” is the old paternalistic relations dressed up for the new economic and political reality.

The union at GAZ is only a somewhat extreme case of the local union leadership’s adherence to “partnership”. Asked by a journalist from the union paper if he saw any progressive changes in the union’s work over the past year, a department committee president answered that progress is not a word that should be applied to unions:

Some would perhaps like to see the union on one side and the administration on the other. Maybe that’s progressive and modern? But, thank God, that isn’t the case at our plant. We all live like one family; we all depend on each other. Put simply, the plant is doing

okay, and that means that its union organisation is also doing well: it can send more people on subsidised vacations, give them material help, etc... We are all together, a collective, and that includes the administration, the union leaders and the rank-and-file workers.

On the director's initiative, the union has even resurrected "socialist competition", re-baptised "labour competition". Each month, departments and shops are evaluated for productivity and quality. The best units receive bonuses, pennants and honorary certificates.¹⁵

The All-Russian Conference of Machine-Builders of June 4, 1997 was a striking manifestation of the union's attachment to "partnership." This conference, which assembled plant, regional and national union leaders and enterprise directors, was organised on the initiative of the three machine-construction unions to discuss measures and joint actions for resolving the crisis in the sector. This was not a new orientation for the unions. In the December 1995 Duma (parliamentary) elections, the FNPR (Federation of Independent Trade Unions), with the support of most sectorial unions, including the Autoworkers', participated in the "Alliance of Labour", a joint electoral list with a directors' association. It won less than 1 per cent of the votes, but that apparently was not enough to discredit the strategy.

At the Conference of Machine-Builders, speaker after speaker from both management and the unions subjected government policy (or lack thereof) to withering criticism. A resolution, adopted unanimously and without substantive discussion, "proposed" a list of emergency measures for the government, including state protection of domestic producers, reduced enterprise taxes, accessible credit, measures to combat criminality in the economy, establishment of legal priority for wages in the disbursement of enterprise income. It ended with a appeal for "labour collectives" (a holdover term from the Soviet period which embraces all employees, including management) to close ranks and support the resolution, "which defends the legitimate rights and interests of employees of the machine-construction sector."

And it continued: "At the same time, the strengthening of discipline and increasing of labour productivity, the economy of material and technical resources and lowering of costs of production, should become important factors in overcoming the crisis." If anyone felt that workers and

management might have conflicting views and interests in relation to that last sentence, no one said so.

A second resolution “On Joint Actions of Employers and Trade Unions” began by recognising the three machine-construction unions “as partners in the social-labour relations between the sector’s managers and its hired workers” and recommended that managers create conditions to facilitate the functioning of unions in accordance with the law, in particular through automatic dues checkoff. It called to make use of plant and sectorial agreements to regulate worker-employer relations and urged managers to take all measures to pay wages arrears.

Although this resolution was also adopted unanimously, two points came up for very brief discussion. One of these was a paragraph calling to unite the “efforts” of management aimed at the survival of the sector with the “struggle” of the unions for the rights and interests of their workers. One director expressed the view that joining “efforts” and “struggle” was awkward Russian. After a brief exchange, the word “struggle” was replaced with a second “efforts”.

Another point, the final one of the resolution, also provoked a brief exchange: “In resolving social-labour conflicts the participants of this conference call [on the parties] not to take matters to the extent of extreme methods of struggle — strikes and acts of civil disobedience.” One or two union people spoke against it, but the overwhelming majority voted to leave it in the resolution.

But “partnership” is not limited to the relations between unions and employers. It extends also to the state. Perhaps the most striking aspect of the whole conference was the almost complete absence of discussion about how pressure could be brought to bear on the government so that it would adopt the conference’s programme. This silence gave the whole affair an air of unreality. Only one speaker, an ordinary metalworker from Bryansk (one of the few regions where metalworkers have been active) who had managed to get himself elected to the Duma (apparently a member of the Communist caucus), tried to instil a note of reality by pointing out that the directors are not a political force capable of saving the sector. After all, the Duma is full of directors, and they are invisible as such. Not rejecting union-management co-operation, he called on the conference to back up its demands with a general political strike in November, whose aim should be to bring down the government. He did not say how exactly the

government would fall, but he mentioned the February 1917 revolution, when a general strike won over the Petrograd garrison and forced the Tsar to abdicate. But the speech provoked little reaction, as more speakers mounted the podium to condemn government policy without any reference to action.

But from the unions' point of view, the main point of the conference was still ahead. Both of the resolutions adopted called on the directors to form national employers' associations. After the conference, the directors met separately to discuss the matter and possibly to take a decision on that.¹⁶ The unions' want to be able to sign sectorial agreements that will be binding on the directors. Hence their desire that the directors join an association whose decision would be binding on individual members. At present, only about half of the directors have authorised the State Committee for Machine Construction to sign the tariff (sectorial) agreement, which sets minimum standards, on their behalf.¹⁷

Why would unions take the initiative and pour so much effort into organising the employers? Again, this is the magical view of "partnership", which will solve the unions' problems without their having to undertake the long, arduous and perilous task of educating and mobilising their membership, democratising their unions, and confronting management and the state. As noted earlier, the Autoworkers' Union is not presently capable of acting as a unified organisation (thus, for example, wages for the same work vary wildly even within single plants, let alone among plants) and of forcing management and the government to meet its demands. But rather than concentrating efforts and resources on changing that, it tries to organise management and to win management's (in reality, purely symbolic) commitment to partnership. In return, the union even promises to avoid "extreme methods of struggle".

The union's political strategy is similar. The rhetoric directed at the government is stronger, but in practice the union avoids confrontation. When it does raise the spectre of a "social explosion", that is not something it will initiate or even lead. Rather, the explosion will occur spontaneously, despite the union's best efforts. Union leaders often refer to themselves as "buffers" between management and the state, on the one hand, and the workers, on the other. Therefore, according to this view, wise managers and political leaders are interested in strong unions and in partnership with them.

For example, a letter written by the presidents of the seven largest auto and truck unions to Yeltsin and Chernomyrdin in September 1996 listed a series of urgent state measures to save the sector. But the letter made no mention of union action to back up the demands. The authors merely observed that “the resulting situation in the collectives can lead to a social explosion”.¹⁸ The “social explosion” has been regularly evoked for six years. It has not materialised, and the government does not take it seriously.

The union’s political efforts have been limited to lobbying, running candidates, picketing government buildings (to attract the government’s attention?), as well as spotty participation in the Federation’s semi-annual national action days. No one, neither the organisers nor rank-and-file participants of the national action days really believes anymore that these demonstrations will have a tangible impact on government policy. (All the same, it is worth noting that participation in the latest round on March 27, 1997 was the highest ever, with an estimated 150,000 in St. Petersburg alone. This was the largest demonstration the city had seen since the collapse of the Soviet regime, and it occurred during a bitterly-cold, driving, snow storm.)

The national union refuses to align itself with any party and, like the Federation, took no overt position in the 1996 presidential elections. (However, Yeltsin was allowed to speak at the Federation’s May Day rally in Moscow; it also appealed to workers to vote, even though it was well known that a high turnout objectively favoured Yeltsin.) The justification for this stand is that affiliation with a party or support for one of the presidential candidates would split the union, whose members have different political views. Some local leaders feel that the union is too soft on the government and indecisive in its opposition, but they are a minority influence in the union.¹⁹

As a strategy for defending workers interests, “partnership” has obviously failed. Even where collective agreements are signed (in only half of the enterprises in 1996), important elements are often not carried out (especially relating to wages, work loads, employment and also health and safety).²⁰ There is some recourse through the courts, however lengthy and uncertain, but most unions accept management’s claim when it says there is no money. “Partnership” at GAZ has not allowed the union to equalise wage rates for equivalent work or to reduce forced overtime.

(Some workers regularly work 12-hour days.)²¹

“Partnership” in its tri-partite version on the sectorial level has not been a success either. In 1996, the union’s negotiating committee concluded that “the majority of employers regard the tariff agreement as merely a recommendatory document.” Many points relating to wages and employment were being violated. In many plants, the bottom wage rate was lower than the minimum set by the tariff agreement and it was not being indexed. Wage delays remained common despite the tariff agreement and some plants pay workers up to 60 per cent of their wage in kind. There were also many violations of the articles on temporary layoffs (“mandatory leave”) and reduced work hours. Nor was the governmental “partner” living up to its commitments. Money was not being paid out even for confirmed budget items relating to the sector.²²

Despite this dismal record, the union remains wedded to this strategy. There is no serious attempt to analyse the respective interests or power of the union, management and the state. Managers and workers are presumed to share an interest in maintaining production, wages and salaries. The problem, according to the union, is “mistaken” state policy, which requires “correction.” This view of the government is not backed up by serious analysis either - after all, the government has been quite consistently carrying out the same policy for 1992, despite its obviously “mistaken” nature.

Admittedly, a winning strategy in the given circumstances is not easy to imagine. But the union is not searching for alternatives. It hopes against hope that the “partners” will realise that it is their interest to cooperate with the union. Moscow is often held up as a successful model of “social partnership”. The city government, the regional union federation and the employers’ associations sign tri-partite agreements that really are carried out. And despite Moscow’s dramatic loss of industrial jobs, wages and benefits are relatively higher than in the rest of the country and generally paid on time. Accordingly, Mayor Luzhkov is a frequent speaker at union rallies (where he speaks more militantly than most union leaders) and he was even awarded the first honorary professorship of the Federation’s Academy of Labour and Social Relations. (The autoworkers’ paper felt this event worthy of a front-page article.²³)

But while the Moscow Federation of Trade Union might well fancy itself a powerful and successful organisation, its “success” (Moscow’s

workers are only less poor than those in the rest of the country) is due to conditions that it did not create and that do not exist in other regions. Mayor Luzhkov has his eye on the presidential elections in 2000. His populist policies and criticism of the central government are meant to create the image - a mirage - of an alternative to the present government. If the situation in Moscow is better than elsewhere, it is mainly because Moscow is by far the richest region in the country. It has the greatest single concentration of highly profitable (mainly financial) enterprises and of rich people. with 7 per cent of the country's population, it receives half of the direct foreign investment.²⁴

Strikes are rare in the sector, which is not surprising in view of the terrible economic situation. Even rarer are union-led strikes whose demands are directed to management rather than the government. Practically all strikes in Russia today are over wage arrears. A month-and-a-half-long strike occurred in March and April 1996 at the Tutaev Motor Factory in Yaroslavl', where wages had not been paid for five months. The demands were addressed mainly to the government, which had not paid the factory's clients for goods it had ordered, and so the clients could not pay for the motors that had been delivered. Some observers, often unfairly, portray this sort of action as a "director's strike", since it is tacitly supported by the director, who uses it as an argument to lobby the government. In this case, the director, probably under pressure from the government, unsuccessfully sued to have the strike declared illegal. The strike was called off when the Ministry of Defence paid part of its debt to the plant. This allowed management to pay half of the wage arrears.²⁵

Around the same time, Promtraktor, the Cheboksary industrial tractor factory, struck for the same reason, also directing its demands to the government, with the tacit support of the director.²⁶ A one-hour warning strike took place in February 1996 at ZIL, also over unpaid wages. This brief action was against management, but the union leadership was not risking anything since the plant had fallen under the control of a certain Mikrofin financial corporation during privatisation and it had basically ceased operation. A rally following the strike demanded re-nationalisation.²⁷

Some unions, including AZLK, ZIL and Uraltrac in 1996, have gone to court to force management to pay wages. But this is less common than one might expect, given that court actions, or the threat, have been known to get results from management. But taking management to court means

that the union does not believe management's explanations or that it does not care about them. This goes against "partnership", the tradition of unions "showing understanding" for the plant's economic situation (as defined by management), of sharing responsibility with management for that situation. Of course, there is the threat that the court will declare the enterprise bankrupt. But the decision to initiate bankruptcy proceedings is basically a political one and it is rarely taken (though this is becoming less true). Moreover, bankruptcy in Russia does not necessarily mean closure.

The union's leaders consider that in most cases management is the victim of circumstances outside of its control. But this is a matter of considerable contention in Russia, where the government likes to blame managerial corruption and incompetence when wages are not paid and directors point the finger at the government for their enterprise's difficulties. Whatever the specific case, top managers even in failing plants continue to receive high salaries and to amass private fortunes, while their workers go without wages. In the big cities, enterprises can often make more money more easily from rent than from production. Nevertheless, union's view is that workers and managers generally share a common interest in saving the enterprise and keeping the "collective" intact. There is no significant pressure at any level in the union (including from the rank and file) to exclude management from membership.

Besides strikes and legal suits, there has been an increased in civil disobedience by workers over the past two years. A spontaneous strike broke out in October 1995 at the Bryansk truck factory over the failure to pay wages for five months. The strikers blocked a main highway, during which two workers were hit by a motorist. One died. This brought out the city administration, which began to negotiate with representatives of the strikers and the union's regional committee (the plant committee does not figure in any of the reports). The workers kept the highway shut for the entire day, until the negotiations were concluded. The strike ended when the city agreed to give the plant a loan, enabling it to pay two months worth of the arrears.²⁸

But civil disobedience is rare in the auto sector, even though it tends to bring results (albeit partial and temporary) and has so far not provoked serious repression (this may be coming). When it does occur, like the other forms of collective action, the action is isolated and comes to

an end when back wages are paid, even partially. There are often calls by the protesters for the government and President to resign, but these political demands are quickly forgotten once the wages are paid. The state's policy of selective concessions to those who shout loudest has been successful. Even individual shops will often pull out of an action if promised wages, while the rest of the plant goes unpaid.

But the increasing openness of workers to civil disobedience (in private conversation, workers talk of getting machine guns) and the growing turnout at national action days of protest indicate that there is a potential for effective mobilisation. But most union leaders do not believe this and they show little interest in seriously testing and developing that potential.

The orientation to "social partnership", as well as the economic crisis, have also meant that education does not enjoy high priority, despite the urging of the national leadership, which lacks the means itself and has been unable to persuade local unions to give more. Invitations to send people to courses (organised by the union's Moscow committee, by TIE or by the School for Worker Democracy) often go unanswered. Most enterprise unions hold a weekly "seminar", an information session with their shop chairpersons. But relatively few local unions conduct regular educational activities for lower-level officials and activists. VAZ, which has built its own educational-information centre, is an important exception. The enterprise committee of the Zavolzhskii Motor Factory organises sessions for shop activists on health and safety and other issues.²⁹ However, there are "tool" courses, which make little attempt to discuss underlying social and political issues and strategies.

As noted above, the far-reaching decentralisation after 1990 has not meant a greater role for the rank-and-file in union life. Democratisation at the enterprise level is not a priority. Enterprise unions, in practice, function quite autocratically. Key decisions about changes in the scheduling of work and about layoffs (both require union agreement according to law) are often made unilaterally by the plant committee or the president, without consulting the membership. At VAZ (perhaps because of competition from the small but dynamic alternative union), the president seems genuinely interested in activating his shop stewards.³⁰ Nevertheless, he continues to take important decisions without consulting the membership and he vetoed a proposal for regular conferences of shop committee chairpersons,

possibly seeing a threat to his control.

The “alternative” unions

Auto plants are exceptional in the machine-building sector for the presence in several (VAZ, KamAZ, ZIL, Moskvich, Shar ball-bearing factory in Samara, and possibly a few others) of a second union formed in the early 1990s. Their membership is very small, although their influence is greater than their formal numbers. The largest and most solid of the “alternative” unions is Edinstvo (Unity) at VAZ, which claims 2400 members.

These unions see the interests of workers and management as fundamentally contradictory. Consequently, they reject corporatism, are much less trusting of management, which they bar from membership, and they are less inclined to make concessions on the basis of management’s citing “difficult objective circumstances”. Unlike the “traditional” unions, which are generally recognised and tolerated by management, the alternative unions are subject to varying degrees of harassment, sometimes with the passive or active support of the “traditional” unions.

However, the position of the “alternative” unions on worker-management relations is not, as one might assume, linked to a consistent class analysis of society and to an ideological position of working-class independence. Paradoxically, it is more linked to the liberal ideology that is shared by most of the leaders (if not necessarily the rank and file). In this view, workers are strictly sellers of labour power and should not aspire to any role in running the plant, which is the sole responsibility of management. Therefore, any economic problems of the plant are management’s worry — workers still have the right to demand their wages.

Political views among the membership vary, but despite a critical view of the “reforms”, they usually end up supporting Yeltsin. These unions generally refuse to participate in political actions organised by the “traditional” unions, since in a privatised economy, workers demands should be directed to management. Sotsprof, the federation to which some of these unions in the auto sector are loosely affiliated, apparently acted as a conduit for illegal campaign contributions in Yeltsin’s re-election campaign. The leader of Edinstvo (twice the object of an assassination attempt) professes a kind of neo-Menshevik view: the working class is not ready for power and, hence, not for socialism; so what is happening in Russia is inevitable. On the other hand, he believes that the government

will eventually support “normal” unions (i.e., that are independent of management), since they are a spur to more efficient management. During a recent TIE-sponsored trip to Germany, he created a mini-scandal when he said that Russia needed a (good) dictatorship to put things in order (a view probably shared by many workers).

In practice, the political position of the “traditional” unions is not so very different from that of the “alternatives”. But while the former constantly and ineffectively lobby the government on behalf of their sector or enterprise, the “alternative” unions direct their demands almost exclusively to management. Of course, the “alternative” unions are not insensitive to the threat of job cuts or closure. Still, they are much less willing to make concessions.

An extreme illustration of this is the support of the “alternative” union at Moskvich for the recent attempt by Federal Administration on Matters of Insolvency to have the enterprise declared bankrupt. The union argued that this would remove the incompetent and corrupt director (the court would appoint an interim director to put the plant’s financial affairs in order) and help return the enterprise to health and obtain a state order for the plant’s cars. It also claimed that one of the conditions for the Moscow government’s agreement to purchase the plant was that workers forego payment of the wage arrears. The “traditional” union has strongly supported management on this issue. While there is no question that the Moskvich administration is riddled with corruption and needs a major house-cleaning and restructuring, it is far from clear what bankruptcy would mean for the workers.

Whatever the positive and negative sides of both unions, the competition between them is a positive factor at present. The “alternative” unions act as a spur to progressive reform in the “traditional” ones and help to keep the pressure on management, which otherwise would be lacking. For example, were it not for the “traditional” union’s need to counter the arguments of the “alternative” union, few workers at Moskvich would have any idea about the activities and positions of the “traditional” union.

While most of the “alternative” unions have a rather episodic existence, VAZ’s Edinstvo, in particular, is an ongoing, stable organisation that functions on a genuinely democratic basis (the union has no full-time officials - as policy) and a real concern to activate and educate the rank-and-file. It is also worth noting that, unlike the “traditional” union, which

refused them support, Edinstvo was actively solidary with Togliatti's teachers during their month-and-a-half strike in 1996. Solidarity is extremely rare in Russia.

The "alternative" auto unions used to be much more prone to striking, but as the economic crisis deepened and management began to take a harder line (several dozen workers were fired (later reinstated through the courts) and the tactical police brought in for a few hours after the last strike at VAZ), they have increasingly turned to the courts as their main pressure tactic.

Ukraine

Production

Of the three countries, the Ukraine's economy is doing worst. The average annual rate of decline of the GDP was 13 per cent from 1990 to 1995. In 1996 it fell 7 per cent, for a total decline over the period of about 60 per cent. Industrial production has fallen even more. Some economists predict modest growth of 2 per cent in 1997, but in the first half of the year, the GDP continued to shrink. Capital investment in 1996 was a third of the level 1993, itself a crisis year.³¹

Liberal analysts attribute the Ukraine's poorer showing to its inconsistent pace of market reform. Only over the past year or so has the IMF given the government the nod of approval and granted significant loans. But as recently May 1997, Washington "summoned" the Ukrainian president and government for a "dressing down" - they were not showing enough market zeal. The *Financial Times* described U.S. policy to the Ukraine as "tough love."³² The Ukraine government's comprador nature is even more blatant than Russia's.

But while privatisation has proceeded more slowly in the Ukraine, the liberal argument conveniently ignores the fact that privatisation in Russia has not had a positive effect either on production or on investment. If Russia is doing relatively better, that is basically because it is rich in fuel and natural resources, which it has been exporting at an increasing rate. The Ukraine, on the other hand, has few natural resources. (Its fuel reserves meet only 10 per cent of its needs.) It has, therefore, also suffered relatively more from the breakdown of established economic ties (something its government, allied with the nationalists, actually promoted) after the

collapse of the USSR.

1996 was especially disastrous for machine building — production fell 26 per cent (as compared to 5.1 per cent for all of industry.) The share of machine building and metalworking in total industrial output dropped from almost one third in 1990 to only 14 per cent in 1995.³³ Much of what is produced remains unsold.

Passenger car production in 1996 fell 88 per cent; bus and trolley production - more than 50 per cent. ZAZ (the Zaporozh'e Auto Factory), the Ukraine's principal car producer, produced only 6881 cars in 1996, only 5 per cent of its 1990 output. Agricultural-machine production is doing equally poorly. In the words of the union's president, "automobile and agricultural machine construction in the Ukraine has been practically destroyed."³⁴

Foreign investment

The only significant foreign interest has come from Daewoo and General Motors, who have been competitively negotiating with the government for joint production of cars with ZAZ. ZAZ is attractive because its subcompact, the Tavriya, is a relatively new model and has a market in the former USSR. Daewoo has offered one billion \$US for 51 per cent participation in a joint venture. It would boost production of the Tavriya to 300,000 annually and also assemble some of its own models. GM has also promised to increase Tavriya production and as well as to assemble 25,000 Opel Vektors. An agreement seems possible by this fall, probably with GM as junior partner.³⁵

Employment

Real unemployment, including all the hidden forms, is estimated at 25-30 per cent. ZAZ worked at less than 5 per cent capacity in 1996, yet formally it employed more workers (22,828) than in 1990 (19,705). The auto and agricultural machine-building sectors are at least 60 per cent overstaffed, according to the union president. Meanwhile, only 1.3 per cent of the country's work force was officially unemployed (registered at the employment centres and receiving support) at the start of 1997.³⁶

Wages and income³⁷

Living standards have fallen significantly more than in Russia. In 1996

alone, real wages fell 13.8 per cent. The cost of housing and utilities, in particular, rose very rapidly. The average monthly wage (assuming it is paid) in the sector is 137 hryvnia (about \$72 U.S.), while the minimum subsistence budget for one adult is estimated at 330 hryvnia. (The Ukrainian government chooses not to publish an estimate of minimum subsistence income.) About 90 per cent of the population are living below the poverty line. In March 1997, about 20 per cent of the total 1996 wage was still unpaid. No factory in the Autoworkers' Union paid wages on time in 1996. Some pay in kind, and in some enterprises, wage arrears exceed ten months. Pensions and other social allocations are also regularly delayed.

For most workers, wages are no longer the basic source of subsistence. When paid, they are supplemented by produce from garden plots (which is sometimes transported and sold in colder climates) and employment in the unofficial economy, which pays no taxes and is often linked to the criminal underworld. Some estimates of the unofficial economy are as high as 60 per cent of GDP, with two thirds of the active population participating. There is also significant labour migration to Russia (especially in the mining, construction and transport sectors).

Consequently, as is occurring in Russia, industrial workers' economic link to their enterprise has been seriously undermined. At the same time, however, the fear of losing one's job at the industrial enterprise keeps workers formally tied to it, since most alternative employment is insecure, and the enterprise is still linked (more and more only in workers' minds and less in reality) to social benefits. The hope is still nurtured that the plants will resume production and give workers' a wage. The Ukrainian, like the Russian, working class is undergoing a process of social decomposition (becoming "déclassé"). This is undermining the labour movement and could have very serious consequences for the political evolution of the country.

The union³⁸

The Ukraine's "traditional" unions, like Russia's, are the direct successors of the unions of the USSR. But there is an important difference. Soviet union structures paralleled economic administration (the ministerial hierarchy). Since the economy was highly centralised, most unions (except for public services, light industry, transport and a few other sectors) had a three-level structure: national (in Moscow), regional and enterprise. The

republican level was absent, except as an office for relaying information. Republican unions, including in Russia, were first established only in 1990 and 1991. In the case of Russia, there was significant continuity in personnel from the old industrial unions to the new Russian ones (located physically in the same place). But this was much the case in the other republics, where new people had to be found to staff the national unions. This created a certain opening, especially the Ukraine and Belarus, for more progressive, dynamic leaders, all the more so as the founding congresses and elections took place at a time when the upsurge of labour militancy, initiated by Perestroika, had not yet exhausted itself under the weight of the economic crisis.

The Ukrainian Autoworkers' Union had 520,000 members when it was founded, virtually all the employees in the sector, including administrative personnel. At the start of 1997, it had 312,000 members (the economically active population is 23 million), and it remains the largest of the twelve metalworking unions. These unions often work together, through a presidents' council, and negotiate a joint national agreement with the government and employers.

The national leadership of the Ukrainian Autoworkers' Union is the most progressive force in Ukrainian labour movement. While in the Russian union, there is little pressure for basic change at any level, here it comes mainly from the top. But it has not been very effective, and below the national level, the union is not very different from its Russian counterpart, although there are more exceptions, than in Russia.

The national leadership's efforts come up against the active and passive resistance of the regional and plant committees, which expresses itself in various ways: refusal to allocate a greater share of dues to the national union (for national campaigns, education, research, information); rejection of the national union's repeated proposals to bar managerial personnel from the union; blocking the flow of communication between the national union and the rank and file; refusal to mobilise seriously for national campaigns decided democratically by the union. This resistance is conditioned by the economic crisis, which means that there has been little pressure from the rank and file on plant and regional officials. Workers are preoccupied by a struggle for survival that takes mainly individual forms.

Another obstacle to reform is the conciliationist leadership of the

Ukrainian Federation of Trade Unions (which, in this respect, resembles its Russian counterpart). The machine-building unions and the coalminers' union are the more militant elements in the Federation. But the Federation's leadership, which avoids mobilisations and confrontation with the government, finds support in the regional federations and the public service unions. The Federation can also be relatively independent from its members, thanks to its business revenues that have their source in real estate holdings that formally belong to all the unions. The situation is similar in the regional federations.

Nationalism is another factor that weakens the union movement. It is intense in the eastern part of the country and tends to blunt opposition to the central government, which has consistently played the nationalist (basically anti-Russian) card. The Western regions and the centre, which are more Russified, are much less satisfied with the results of independence and much less susceptible to nationalist appeals.

There are no significant alternative unions in the auto and agricultural machinery sector. The union embraces 98.5 per cent of the sector's employees. The main alternative unions in the Ukraine (as in Russia) are in coalmining and in transport.

The national leadership has been pushing for change in the union along a number of closely interrelated lines, all related to the union's capacity to act as a solidary, unified force. Some progress was made at the union's Third Congress in April 1995, with the adoption of a programme and constitutional amendments that put an end to the absolute predominance of the plant committees and gave to the higher elected bodies powers that go beyond simple co-ordination. Their decisions were made binding on the lower levels, and the national union's share of dues was increased.

Although much of this has remained on paper, the Congress's decisions at least gave the national leadership increased moral authority to push ahead. In the President's view, the Congress "moved the union away from that dangerous line, beyond which lies anarchy and the disintegration." The commitment to reinforced unity expressed itself also in the Congress's decision to create new central funds - for strikes, solidarity, political work and to increase the financing of existing funds for research and information, and education. In all, the national union's share of dues was to rise from 4.5 per cent to 6 per cent.

But of the more than two dozen regions in the union, only two

actually pay the 6 per cent. The average share actually given to the national union is 1.5 per cent; 82 per cent remains in kept by the enterprise unions, and the rest goes to the regional committees. In practice, each plant decides how much to keep, and that ranges from 65 per cent to 90 per cent.

As in Russia, it is more often the larger plants that give less. Their leaders are less convinced of the need for solidarity with other enterprises and they are reluctant to cut support to their “social sphere” - sports and cultural activities, as well as material aid to workers in need. At the start of 1997, the plant unions had a total of 699 cultural and sports employees on their payroll. Fifty-two per cent of union dues are spent on cultural and sports activities, mainly for children. It is also worth noting that “material aid” is really redistribution of part of the workers’ wage. It does little good even on an individual level, while undermining the union’s capacity to fight to improve the collective lot of its members. Meanwhile, the national union has no money for education or to hire an economist. It has been forced to cut back its paper to six issues a year and 3000 copies (from 5000). (It is the only national union paper in the Ukraine.)

One option being discussed is the creation of centralised funds with the participation of the enterprise unions willing to contribute. They alone would use them. A desperate move, the hope is that the other unions, and especially their membership, we come to see their value.

The national union does not share its Russian counterpart’s faith in “social partnership”. This is based on an analysis of the conflicting interests of the sides, as well as on the observation that labour lacks the strength to force the government and the directors to respect even the agreements they sign.

Thus, where the Russian union sees “mistakes” and calls for “corrections” of government policy, the Ukrainian union sees interest:

In its actions, the government is guided, not by the interests of the majority of the population of the Ukraine, but by those of a small group of greedy people who are enriching themselves, hiding behind the slogan of creating efficient owners... An inhuman bourgeoisie is being created that devours everything, plunders everything, uproots everything. It doesn’t give a damn about the people, the country state, patriotism. It lacks all human sentiment in its pursuit of wealth. Some of the right-wingers in our union don’t like me

talking like this... Well, so be it. If we are to think like unions, like organisations on the side of wage labour, then we are on the left.³⁹

The approach to union-management relations on the enterprise level is similar. The national leadership has consistently pushed for a constitutional amendment to bar managerial personnel from the union. This proposal was rejected most recently at the May 1997 Central Council. Most local and regional leaders have a pat response: "Sure, it's coming, but why force things?" One of the reasons is that local leaders feel very insecure in face of the arbitrary power of management that has grown sharply with deepening crisis and the generalised lawlessness. They feel they cannot count on their dispirited, demobilised membership. But they rarely seriously try to mobilise them and win their active support. The prospect of a confrontation with management is frightening even for dedicated, honest local leaders (who not that common).

These are some of the reasons why local leaders often tell the national leader not to "cause trouble for us with management. We need good relations and to work with management to restore production." But in the president's view:

It's not the director who is going to restore production. That's a question of state policy. That's the whole issue. The directors are an integral part of this state system; they have to do what the state is doing. You might find the odd honest director. But at least the overwhelming majority are getting rich by all available means - they create small enterprises, commercial firms, they sell and resell the plant's output five times over through these firms and skim off huge profits. Their interests and those of the workers were always divergent, but somewhat less so before under the old system. In those days, directors were privileged and could allow themselves some liberties but if they started to steal and were caught, they were put away. There were limits. Today there are none.⁴⁰

At the May 1977 Central Council, the president characterised the current period as calling for:

more determined efforts to mobilise workers to use forceful methods of struggle [as opposed to lobbying and negotiations not backed by mobilisation] against the government and employers... We have

to explain to our workers that without tough, forceful struggle within the framework of the law it is no longer possible to obtain even the minimum of our earned benefits. Enough patience! It is an illusion to expect a basic change of policy from this government.

He also stressed the “tremendous positive value” of rank-and-file activism and collective struggle, even when not all the demands were won:

Only by stubborn struggle can working people defend their rights and gains. Workers who stand shoulder to shoulder at demonstrations and in strikes are proud, freedom-loving people. They refuse to crawl into the twentieth century on their knees... We recommend to all plant and regional committees to take the lead of all local collective actions of workers, to help them correctly formulate their demands, win victories.

This attitude is absent in the Russian union, except in isolated shops and a few enterprises. But they find little support at higher levels. Without exaggerating the differences, the contrast is striking. In the Ukraine, the national union emphasises independence from management and rank-and-file mobilisation against the government and employers. In Russia, there is no real recognition that the realisation of the union’s goals requires mobilisation of the membership in order to change the balance of forces. Instead, the union has devoted much effort to organising the employers and, in alliance with them, to lobbying the government for changes in policy. In the process, union leaders even voted for a resolution foregoing strikes and civil disobedience.

The Ukrainian union has developed co-operative, informal links with the small Ukrainian Social-Democratic Party, which has four young deputies in Parliament, including chairman of the Commission on Labour and Social Policy. This party, which was established independently of the labour movement and lacks a social base, seems intent on forging links with the unions. Its leader even declares that the party is prepared to subordinate itself to the union movement. Its leaders regularly attend national meetings of the Autoworkers’ Union, and its parliamentary deputies promote bills at the request of the unions.

The party is in open opposition to the President and government. It considers the main left parties that issued from the CPSU (the Ukrainian Communist and Socialist Parties) as backward-looking. Its programme is a

rather complicated affair (the party's leader is a young astro-physicist) but the main elements are traditional Keynesianism, protection for domestic producers, welfare state, as well as elements of self-management, or at least the unions' right of oversight.

Some union leaders express doubt the union's "consumerist" approach to a party in search of a social base. But the links between the two are growing stronger. The president of the Kharkov regional committee of the union, one of the most militant leaders, is a party member and actively promotes it among his members. Most union activists and leaders are probably anti-capitalist by conviction, but they do not see socialism as a realistic alternative today. Those of them who reject "bureaucratic socialism", in particular, have trouble imagining what a socialist alternative would be in practice.

As noted, the differences between the Russian and Ukrainian unions become less clear as one descends below the national level. There is consistent, active support for the positions of the national leadership among only a minority of regions (most notably Kharkov) and enterprises. The national leadership's proposals for mass campaigns do not always meet with support, and even when decisions are adopted by a Congress or Central Council, that is no guarantee they will be carried out locally. The May 1996 Central Council voted unanimously to bring legal suits against administrators who do not pay wages. Experience shown they could be effective. Moreover, since law requires that worker file suit individually, this provided an opportunity to work with the rank and file and reinforce links between it and the plant committees. But only of minority, even among those who voted for the decision, carried it out.

The union's amended constitution provides for sanctions up to expulsion for organisations that violate of its statutes. But violations are so widespread that to apply sanctions would destroy the union. In any case, that would mostly punish the rank-and-file members, who are generally not aware of the problem and had no role in creating it.

Consequently, the national leadership has stressed the need to strengthen democracy at the plant level and to raise rank-and-file members' consciousness through education and militant, collective action. Real reform in the union requires effective control by the membership over elected leaders, many of whom are incapable of change and need to be replaced.

According to the President's report:

our practice demonstrates that the processes of democratisation of the union movement have led to the absolutisation of democracy for leaders and members of elected organs - in fact, the situation verges in anarchy - while they have restricted democracy as far as rank-and-file union members are concerned. In essence, the rank and file are excluded from active participation in the life of the union, from creating their own history. Real union meetings in the plants have are no longer held. Some leaders are afraid to face their membership and justify this by the workers' embittered mood. But who else but those desperate people constitute our union? Who else but those workers should be defending their rights and interests through the union organisation? Shouldn't the leaders express and carry out their will in their daily work?

There are a lot of paradoxical examples. Thus, the Labour Code (article 45) gives plant committees the right to remove directors. But certain plant committee presidents turn to the higher union instance to demand that it remove the director, rather than going to their membership for support or even to their plant committee to adopt the decision. It isn't surprising, then, that when the authorities or the director subsequently go themselves to the workers, they get their support. Sometimes these conflicts end with new elections and the eviction of the old plant committee.

The president urged the restoration of the role of union meetings and conferences in taking all key decisions and called for a regular accounting of elected leaders before the rank and file. (The latter suggestion is also made by the Russian union leadership.)

This would also help enterprise unions to put pressure on the regional committees for positive change, making them more accountable to ordinary members and to the enterprise unions. Only a few regional committees (Kharkov, Lvov and Vinnitsa) have shop-levels activists among their membership or hold regular conferences. The others at most assemble the plant presidents from time to time, and even so, only the full-time presidents. Some regional leaders claim they have replaced this with individual work with the plant unions. But even so, that means there is no

collective decision-making at the regional level or accountability to the rank and file.

A related problem is the widespread practice of forming higher union bodies on the basis of *ex officio* delegation of full-time elected official from the lower levels. While this overcomes the problem of getting time off for delegates, it means that there are no, or very few, shop-level activists or ordinary workers in these bodies - in union committees of large enterprises, in regional committees, and also in the union's Central Council. The majority of regional committees, in particular, have only full timers among their members. In many regions, committees have been replaced with councils of plant presidents. Yet, it is these committees that decide in practice whether to carry out the decisions of Congress or the Central Council, whether to respect the constitution, to share dues with the national union. As a result, "we have more than isolated cases where demonstrations and strikes occur without the participation of the elected trade-union committees, and the participants in these actions demand the resignation of their plant committee."

The national leadership is trapped in a magic circle, where its efforts to push reform from the top come up against the personal interests of regional and local leaders. "Not all union leaders today are thrilled by the idea of responsibility, accountability and discipline. Some have grown used to having to answer to no one and have become independent little princes guided by personal ambition rather than the interests of the organisation and the cause that they claim to serve. Some display smugness, not to say self-adoration." As in Russia, these interests block the national union's proposal for a merger of the twelve machine-construction unions.

In an effort to break out of the circle, the national union devised a educational programme for shop-level activists. Its aim is to prepare worker-"agitators", who would receive copies of all the materials that are sent from the national union to regional and local leaders. One of their tasks would be to make sure the rank and file are informed of, and understand, national policies and initiatives, and to help mobilise them. But the realisation of this project has also been stalled by lack of funds due to the absence of support from the local leaders.

One thing the national leadership can and does do is support local leaders who are prepared to take on management. It also supports

spontaneous rank-and-file mobilisations when local leaders refuse to lead them or even resist them actively. One such “revolution” occurred at the Kiev Motorcycle Factory in 1995, when the workers rebelled against the conciliationist positions of their union president and elected a new one in the heat of the conflict with management, at a meeting that did not conform entirely with union statutes. But whereas the local president refused to address the meeting, the national union leaders did, and the national president supported the newly elected plant president against the sitting one, who refused to resign.⁴¹ In Russia, by contrast, even sitting local presidents cannot take for granted the support of higher union bodies in confrontations with management. In at least one such conflict, the regional committee actually colluded with management against the militant local president, while the national leadership refused to intervene.

There are relatively more regional and local unions in the Ukraine Autoworkers’ Union than in the Russian that show independence toward management and the state, that try to mobilise and actively support national campaigns, but are still by far a minority. This demonstrates both the importance and the limits of the role of leadership in the labour movement. Qualitative progress in both countries probably awaits a broad, spontaneous mobilisation of the base (the Kiev Motorcycle Factory on a much larger scale) that will sweep many of the local and regional leaders, most of whom have held office from Soviet times and are getting up in age. (There are few union office holders above the shop level younger than forty.)

But that would probably require a tangible upturn in the economy, not very likely in the next few years. Of course, the continued deterioration of the workers’ situation, together with the endemic corruption and incessant political scandals, could spark the often-threatened “popular explosion”. What sort of social force desperate and impoverished workers would represent depends upon many factors, not least how far the social decomposition of the working class has gone. But as far as the Ukrainian auto and agricultural-machine construction workers are concerned, they have at least a national leadership prepared to direct the them toward progressive ends.

Belarus

Production

The overall economic decline in Belarus has been somewhat less dramatic than in the other two countries, even though Belarus is the poorest in natural resources. Its main industries are metalworking, machine-building and electronics. Officially, GDP has fallen about 35 per cent since 1991, less than in Russia (42 per cent). Industrial production fell by 34.5 per cent, compared to 49 per cent in Russia. The machine-construction and metalworking sectors declined by 37 per cent in 1991-95. Although the 2.6 per cent growth of GDP and 3.3 per cent increase of industrial output claimed by the government for 1996 are disputed (for one thing, production figures hide the fact a part of the goods do not find buyers), the overall situation still appears somewhat better than in Russia.⁴² Even the unions recognise there has been a certain improvement in the situation over the last months.

Several factors have contributed to this. One is government's relative slowness in applying "shock therapy," which has earned it the disfavour of the "international community" (that is, the G-7). The governments of the rich capitalist states have come down hard on President Lukashenko's authoritarian regime, even though it is hardly different from Yeltsin's. In the first three or so years after the collapse of the Soviet Union, the Belarussian government's caution was to a large extent forced upon it by the unions, especially the two large industrial unions, Auto and Radio-Electronics, that formed the Association of Industrial Unions. After the presidential election of 1995, Lukashenko's own erratic populism was a new factor. But the unions, on their part, argue that the government lacks a viable policy.

Belarus has the smallest private sector of the three countries. Of the employed population in 1995, 83 per cent were still employees of the state, of leased enterprises, collective farms and co-operatives, and this figure has not changed much since.⁴³ The government has also retained a more active role in the economy, controlling some key prices, providing a degree of cheap credit to industry and agriculture, and protection for domestic producers. It also has discouraged the permanent layoff of excess workers.

But gross capital investment continues to fall - 13 to 15 per cent in

1996, when it stood at one third of its 1992 level (again, the decline has been less than in the two other two countries.)⁴⁴ There does not seem to be much real basis to the Lukashenko's claim that Belarus is about the emulate the Asian "tigers".

Foreign investment

Belarus has an agreement with Russia for duty-free trade that covers vehicles. Its geographical location between European Russian and the other states of Eastern Europe, its developed auto sector, its cheap, skilled workforce, make it potentially attractive to foreign automakers, which the government is eager to attract with tax breaks and rapid privatisation of plants.

Ford has invested 9.8 million \$US for a 51 per cent stake in an assembly plant just outside of Minsk. It is to have an annual capacity for 6000 Escorts and Transit vans. The plant, which was to begin production at the end of July 1997, would be the first car producer in Belarus, a major agricultural tractor and heavy truck producer. The government's share in the joint enterprise is 26 per cent, consisting of the land and buildings, a million in cash, a five-year tax holiday and indefinite duty holiday on imported parts and kits. The other 23 per cent is held by a Belarussian-British joint venture that imports and services Ford vehicles. Ford views the plant as an entry point to the Russian market, which will take upwards of 80 per cent of its production. If demand is sufficient, it might consider a full-scale integrated operation for 200,000 cars.

Daewoo has signed a memorandum of understanding with the Belarus government for a possible \$400 million investment to build 60,000 sedans and 30,000 commercial vehicles a year, including minibuses and vans. Half of the investment would be for the production of Daewoo vehicles and half to support existing production at the BelAZ factory in Zhodino, which makes heavy-duty trucks and off-road construction vehicles. If the deal is signed, BelAZ would be rapidly transformed into a joint-stock company, with Daewoo taking equity. BelAZ is already assembling light commercial vehicles made by Poland's former FSL factory, bought by Daewoo in 1995.

Volkswagen's Czech automaker Skoda is negotiating a project worth \$20 million to assemble up to 5000 Felicia model cars a year. However, it has not yet chosen a location, which might be across the border in Russia.⁴⁵

Employment

There are no reliable unemployment statistics. The official unemployment rate was 3.5 per cent in January 1997, but some estimates put it, in all its forms, as high as one third.⁴⁶ Between 1991 and the summer of 1996, the Autoworkers' Union lost about one sixth, or 40,000 of its 240,000 members. In 1996, 22,000 workers, or about 4.5 per cent, were permanently laid off in the enterprises of the Association of Industrial Unions (Auto and Farm Machinery Workers, Radio-Electronics Workers, the Minsk and Vitebsk regional organisations of the Instrument-Makers Union, the Minsk Subway Workers' Union, and the Union of Workers of Small Enterprises). These figures do not at all reflect the real drop in production or the real state of employment, but overall Belarus has lost relatively fewer industrial jobs, and the workers who are formally employed tend to work a fuller schedule.

Wages and income

Here too, the decline in real wages is dramatic, but considerably smaller than in the Ukraine and possibly smaller than in Russia, especially since wage arrears are much smaller in Belarus. In mid-May 1977, enterprise in the Minsk region had all been paid March's wages, and most had been paid April's. Average wages in enterprises vary from 2.0 to 2.8 million rubles, a smaller spread than in Russia.⁴⁷

The recourse by workers to supplementary employment seems somewhat less common in the Belarus, although the cultivation of garden plots is as extensive. Belarussian workers general have stronger family ties to the countryside, and this perhaps also helps to cushion the drop in real wages. (The republic's capital was a small provincial town before the war.)

The union

Of the three unions, the Belarussians have made the most progress in tackling their common problems. It is a relatively more unified, solidary organisation. The national union receives 35 per cent of the dues and plays a more visible, tangible role in the life of the local organisations. The minimum standards set by the national agreement play a more real role in local negotiations, and wage disparities among enterprises are significantly smaller than in either Russia or the Ukraine. National campaigns are taken

seriously by local unions. The union does not have a national paper, but publishes an irregular bulletin and participates in the monthly bulletin of the Association of Industrial Unions.

Union independence, the rejection of “social partnership”, is policy not only at the top but in many locals, probably embracing a majority of the membership. The union’s national constitution excludes managerial personnel from membership. Not all locals have modified their constitutions accordingly, but there is a greater and growing willingness among local leaders to confront management and to hold it responsible for violations of collective agreements and workers’ rights.

Local union democracy is also more developed. Since the founding of the national union in 1990, there has been a significant turnover of enterprise leaders and/or their evolution away from the old corporatist policies toward a more militant defence of members’ interests.

None of these differences should be absolutes. The situation in the union remains far from ideal, and it has obviously not been able to maintain its members’ living standards or numbers. Nevertheless, it has played a real role in limiting the decline in wages and slowing the loss and decomposition of its base. The Autoworkers’ Union is one of the few forces in Belarussian society that Lukashenko really fears. It also the only union in the three countries (along with its partners in Association of Industrial Unions) to have founded a union-based party, the Labour Party. Its leader is the national president of the union, a parliamentary deputy until Lukashenko’s presidential coup in December 1995. The party remains in open opposition to the government.

A number of factors have contributed to the relatively greater success of this union in transforming itself into an effective, unified organisation for the defence of its members’ interests, as well as a progressive force in society as a whole. In both Belarus and the Ukraine, the founding congresses of the national unions elected progressive, militant leaders. This reflected the heightened social activism of the time (the end of Perestroika and the élite’s open opting for capitalism). But despite the general mood (which should not be exaggerated - the bureaucratic élite never really lost the imitative), the machine-building sector in Russian and in the Ukraine remained quite passive. In Russia, the Kirov Factory long remained a prominent exception, and it had no analogue in the Ukraine.

Things were different in Belarus, which, paradoxically, had a reputation for conservatism and social quiescence. Until 1991, the only important protest had occurred at the giant Gomel Agricultural Machine-Building Factory in 1990. A strike committee was formed, led the president of the local union (who soon after was elected president of the newly founded national union), which led a march on Moscow to demand state support for the victims of Chernobyl. But in April 1991, a major strike wave erupted that embraced most of the plants of the auto and agricultural machinery sector, as well as many other industrial enterprises, and last, with pauses, the entire month.

It began as a spontaneous mobilisation, sparked by the Moscow's administrative price rise, and it put union leaders to the test. Many failed it, refusing to take an active role in the elected strike committees. But the national Autoworkers' Union, which was no less caught by surprise, did not hesitate to participate in the movement's leadership. In some plants (like the Minks Ball-Bearing Factory), the strike committees eventually displaced the old union leaders in new elections. In others, the sitting leaders evolved under pressure from the rank-and-file. In many plants, the unions changed little beyond the shop level, and some have not changed to this day.

But the April 1991 strikes created a critical mass of reformed local unions that could support and sustain the national leadership and the momentum for reform. Even though rank-and-file activism has declined under the impact of the crisis, participation in so broad a strike movement has had a lasting effect on worker consciousness. In Russia and the Ukraine, most of autoworkers have never experienced a strike, let alone one embracing the entire sector.

The Belarussian union also has other important advantages. The country is small, with the bulk of its membership concentrated in large enterprises in or around the capital. By contrast, the Ukrainian union has only two relatively large enterprises in Kiev; the rest are scattered around the country. The Russian union's largest plants are also dispersed and far away from Moscow. The Belarussian enterprises are thus physically much more accessible to the national leadership and so susceptible to its influence. One of the first moves of the union was to eliminate its regional organisations, which, in the other countries, more often than not are conservative, blocking the influence of the national leadership on the rank

and file. This also saves the Belarussian union a lot of money, easing the problem of its financing. In Russia and the Ukraine are too large and their plants too dispersed for the unions to forego regional structures.

The Belarussian working class is also more homogeneous and less affected by nationalism than the Ukraine's. The Belarussian nationalist movement, pro-West and pro-capitalist, is very weak. On the other hand, the Belarussian Communist Party, unlike its Ukrainian and Russian counterparts, suffers less from nostalgia for the Soviet past. The party has split over support for Lukashenko, with most of the leadership and much of the pre-independence membership opposing him, in alliance with the other parties.

It may also be of some significance that the Communist regime in Belarus was relatively less corrupt than in Russia or the Ukraine. Corrupt, clientelist relations between workers and management and unions and management were therefore less marked, something that facilitated the rejection of "social partnership" after the fall of the Soviet Union.

Among the factors impeding the union's progress, is the political regime, the most repressive and openly dictatorial of the three countries. (This is not unrelated to the fact that the labour movement here is the strongest.) The media here are more controlled, and although repression against unions has been sporadic and limited, it has been real enough, including the dissolution of the Minsk subway workers' union in December 1995 and the dismissal and detention of its leaders (the union has since been reformed and has joined the Association of Industrial Unions), harassment of local leaders (police surveillance and questioning), pressure on directors not to allocate halls for union rallies and to prevent access by national union representatives to plants, massive shows of police force at union demonstrations. Hundreds of demonstrators (though apparently few union activists) have been detained for brief periods and sentenced to short terms or fined.

The Belarussian Workers' Party, founded in 1993, has about 5,000 members, of which about 300 are activists. Membership is individual, and the party has made slow progress among the union's members and even among the local union leaders. There is a widespread popular aversion to party affiliation in the former USSR.

The political positions of the national union and the party are virtually identical. The party defines itself as social democratic and is

reconciled to the restoration of capitalism as such. Again, for many of the union's leaders and activists this is not so much out of conviction that capitalism is best for workers but rather because the forces for an alternative are too weak. Moreover, they genuinely cannot imagine what that alternative to capitalism and "bureaucratic socialism" would look like. The union's position on privatisation is similarly pragmatic: the decision should depend on which form of property will best serve the interests of the workers... of the individual plant. Given the, at best, defensive posture of the rest of the labour movement in Belarus and outside, it would be hard to expect a more radical position even from this militant union.

The union and party have been uncompromising in their defence of democracy. They were opposed from the start to the creation of the post of president, arguing that it would undermine popular control of the government. They were heavily involved in resistance to Lukashenko's dictatorial aspirations, and continue, despite the threat of repression, to organise mass actions opposing the government and its policies. 10,000 people came out in Minsk in March 1997 in a protest organised by the Association of Industrial Unions under the slogan "Yes to Work, No to Poverty". According to the president of the union:

Constant struggle for the interests of working people with the party-administrative system, the government of Kebich and Lukashenko, have convinced me that in the present system, where bureaucracy and corruption rule, the worker's voice will never be heard... It would be good to be able to decide all contentious matters by peaceful means, but that is not how things are. The basic struggle is ahead. In all times, the international workers' movement has stood for humanism and democracy, and no force could destroy them... Our force is in worker solidarity!⁴⁸

In April 1997, the party's bulletin began publication of an historical essay on the 1962 massacre of workers in Novocherkassk.

A major problem limiting the union's effectiveness is its relative isolation in the Belarussian labour movement and in society. Although the majority of industrial workers are affiliated with the Association of Industrial Unions, the Association is not strong enough to control the Belarussian Federation of Trade Unions. The public service and agricultural workers' unions support the more moderate, conciliationist Federation leadership,

which has often undermined the efforts of the Association.

Lukashenko enjoys genuine popularity among a significant part, probably a majority, of the population, especially outside the large cities and among the older generation. He is a talented demagogue, and his rejection of shock therapy and promotion of closer ties with Russia have been popular. Despite the catastrophic decline in living standards, many workers, when they look across the border at the Ukraine and Russia, consider themselves lucky to be paid regularly and to feel relatively secure in their jobs. For similar reasons, many Russian and Ukrainian union activists show little sympathy for the Belarussian Autoworkers' opposition to the Lukashenko regime.

Notes

1. *Nezavisimaya gazeta*, June 17, 1997.
2. From a seminar with autoworkers and teachers in Togliatti in March 1997.
3. Ekonomicheskii fakul'tet MGU, *Ekonomicheskii almanakh*, vyp. I, TEIS, Moscow, 1997, pp. 6 and 20; Goskomstat Rossii, *Informatsiya o sotisal'no-ekonomicheskom polozenii Rossii, yanvar'-mai 1997g.*, Moscow, 1997, p.7; Goskomstat Rossii, *Rossiiskii statisticheskii ezhegodnik 1996*, Moscow, Logos, 1996, p. 446.
4. *Statisticheskii ezhegodnik*, pp. 446, 524-26; *Ekonomicheskii almanakh*, p. 23; *Informatsiya*, pp. 15-16.
5. *Statisticheskii ezhegodnik*, p. 1072.
6. *New Europe* Aug. 3-9, 1997, p.17. 1.. The threat of bankruptcy was taken serious enough by the union for it to ask the School for Worker Democracy to organise a seminar with the plants union leaders on the implications bankruptcy and possible union responses.
7. Communication from the presidents of the two unions, and *Izvestiya*, Feb. 3, 1996.
8. *Statisticheskii ezhegodnik*, p. 905.
9. A study by Guy Standing cited by Open Media Research Institute, Mar. 12, 1997; *Informatsiya*, p.58, *Ekonomicheskii almanakh*, pp. 27-28, *Statisticheskii ezhegodnik*, p. 105.
10. *Ekonomicheskii almanakh*, p. 30.

11. *Ekonomicheskii almanakh*, p. 30.
12. *Informatsiya*, p. 52.
13. *Statisticheskii ezhegodnik*, pp. 122-3; *Informatsiya*, p. 63, *Solidarnost'*, no. 8, 1997.
14. *Golos profsoyuz*, May 1997.
15. *Golos profsoyuz*, Mar. and Apr., 1996.
16. I do not know what was decided.
17. *Golos profsoyuz*, July-Aug., 1996.
18. *Golos profsoyuz*, Sept. 1996.
19. See, for example, the interview with the regional committee chairman from Chuvashiya, in *Golos profsoyuz*, July-Aug. 1996.
20. Ibid.
21. *Golos*, Mar. 1996.
22. *Golos*, July-Aug. 1996. Ibid.
23. *Golos*, Sept. 1996.
24. Bank Austria, *East-West Report*, Jan. 1997.
25. *Golos*, April and May 1996.
26. *Izvestiya*, Feb. 3, 1996.
27. *Izvestiya*, Feb. 8, 1996; *Golos*, Apr. 1996.
28. *Trud*, Nov. 1, 1996; *Solidarnost'*, no. 22, 1995.
29. *Golos* 5-96
30. *Golos*, July-Aug., 1996.
31. Bank Austria, *East-West Report*, Jan. 1997.
32. *Financial Times*, May 30, 1997.
33. Bank Austria
34. V. Zlenko, Report at the Conference "Toward a New Transnational Workers' Response to the Curtailment of Production Neoliberalism," Mar. 6-9, 1997, Frankfurt, Germany, and Report at the May 21, 1997 Plenary Session of the Central Council, Chernigov.
35. *Finansovye izvestiya*, May 8, 1997.
36. Zlenko, Report at Frankfurt conference.
37. Figures are based on Zlenko's report at the Frankfurt conference and oral communication from union leaders.
38. Unless otherwise specified, quotes from President's report at the May 1997 Central Council.
39. V. Zlenko at seminar at the L'vov Bus Factory, June 1996, and D. Mandel, "A Ukrainian Union in the Transition to the Market: Interview with V.

- Zlenko,” *Labour Focus on Eastern Europe*, no. 55, 1996, p. 77.
40. “A Ukrainian Union...”, p. 69.
41. “A Ukrainian Union...” pp. 72-4.
42. *Statistical Handbook, States of the Former USSR*, World Bank, 1996, pp. 92, 115; *EIU Country Report, Belarus 2nd Quarter 1997*, Economist Intelligence Unit, Redhouse Press, Dartford, England, p. 3.
43. *Statistical Handbook*, p. 96.
44. *EIU Country Report, Belarus 1st quarter 1997*, p. 17; *Statistical Handbook*, p. 86.
45. *Moscow Times*, June 28, 1997; *New Europe*, Aug. 3-9, 1997, p. 21.
46. *EIU, Belarus, 1st Quarter Report*, p.16.
47. *V profsoyuze ASM*, May 18, 1997.
48. *Rabochaya solidarnost'*, no. 1 (3), Apr. 1997.

Renfrey Clarke

Russian Public Opinion in 1997

The embers of the Russian Revolution, whose anniversary was celebrated again this year, have not been totally extinguished. This was evident on 7 November this year (1997), when tens of thousands gathered in Lyubyanka Square in Moscow to commemorate the 1917 revolution and demand an end to the dismantling of the gains the Bolshevik victory brought them.

The size of the demonstration, one of the largest political gatherings of any variety in Moscow in the post-Soviet period, and its obvious militancy provided a further jolt for Russia's rulers after 10 days of the Moscow stock market indices looking like the cardiogram of a fibrillating heart patient.

Meanwhile, sociologists were continuing to chart the disillusionment of Russian citizens with resurrected capitalism. During the year, there have been a series of illuminating surveys of how Russians now perceive the social system under which they grew up, and the one they currently inhabit.

On October 18, the Moscow daily *Segodnya* reported: "According to the latest public opinion survey conducted by the Public Opinion Research foundation, only 6 per cent of Russians are convinced that their country is moving in the right direction, while 54 per cent believe that Russia is going the wrong way".

In a survey by the All-Russian Centre for the Study of Public Opinion (VTSIOM) in mid-October, 70 per cent of respondents gave the Russian president's policies a general thumbs down. Only 28 per cent indicated support. Earlier, in July 1997, an Institute of the Sociology of Parliamentarism poll found that a bare 11 per cent of those questioned

indicated they had confidence in Yeltsin, while 61 per cent replied that they did not.

Where survey questions have addressed concrete “reform” measures, the results have typically been hostile - in the case of one policy critically important for ‘the transition to capitalism, overwhelmingly so: “As many as 58 per cent of Russians are against privatisation (only 25 per cent favour the sale of state property to private owners)”, stated the *Segodnya* report. The article also noted that poll respondents opposed, by 52 to 27 per cent, Yeltsin’s demand for dropping all restrictions on the sale and purchase of agricultural land.

The ideological preferences reported by poll respondents are consistent with these findings. Citing a VTSIOM survey conducted during the summer of 1997, the magazine *Interfax Argumenty i Fakty* stated early in November: “48 per cent of the population prefer socialism, and only 29 per cent claim that the socialist system cannot in principle create normal conditions for the development of the country and its citizens”.

Why should a clear plurality of Russians prefer socialism? During July, the Institute of the Sociology of Parliamentarism found that 58 per cent of those it polled categorised themselves as poor or as “living below the poverty line”. A VTSIOM survey in October found 36 per cent agreeing with the proposition: “The current situation is intolerable”. A Public Opinion Foundation poll on October 18 revealed that 58 per cent of employees were owed back wages; 25 per cent had still not received pay from the second quarter of the year. Sixty per cent of respondents to a VTSIOM poll during the summer said they had lived better under socialism, and only 10 per cent disagreed.

The polls show that most Russians perceive the new capitalist order not just as materially disadvantageous to them, but as morally objectionable as well. When the VTSIOM survey cited by *Interfax Argumenty i Fakty* asked people which of a variety of possible reasons for poverty in the new Russia they thought were significant, 82 per cent ticked “the economic system” and 65 per cent “unequal opportunities”, while 77 per cent thought “laziness and drinking” were important.

The more interesting findings concerned the reasons why people became rich. Personal “connections” were thought important by 88 per cent of respondents, and “dishonesty” by 76 per cent. The traditional

capitalist virtues were barely in sight: “talents” were thought significant by only 50 per cent of interviewees, and “hard work” by a mere 39 per cent. This last finding was ironic in view of a complaint persistently voiced by Soviet liberals in the late 1980s that, because of corruption and “levelling”, the Soviet system was failing to reward talent and hard work. In this respect, it seems, capitalism has brought no improvement. The damning view of the reasons for wealth was not just due to envy. The responses differed only marginally in the case of interviewees who were themselves high income earners.

When far more Russians want socialism than capitalism, but capitalism is restored all the same, it is obvious that Russian democracy is not all it is made out to be. But the fact that the electoral process has failed to deliver the popular will is not due just to media-controlling plutocrats. Left forces have squandered enormous political opportunities. By failing to make an honest analysis of the errors and crimes of the past, by enthusiastically embracing Great Russian chauvinism, and above all by leaving little doubt that they crave a stretch of the feed-trough and would quickly be bought off by the capitalists if voted into power, the major groupings on the left have made themselves repellent to big sections of the potential anti-capitalist electorate.

That is not to say that the left has failed to attract new followers. If elections had been held last July, as the Institute of the Sociology of Parliamentarism poll at that time indicated, the aggregate left vote would have increased from about 31 per cent in the December 1995 elections to about 37 per cent. But this remains strikingly fewer than the number of supporters of socialism, let alone of opponents of privatisation, within the population at large. It is the people in between - the 20 per cent or so who are hostile to the rule of private capital, and who are often conscious socialists but are not moved to support the existing left who can be looked to as the future source of dramatic new trends in Russian politics.

In recent years, masses of Russians have rejected the liberal demonising of the 1917 revolution. A recent VTSIOM poll indicated that the number of Russians who consider the revolution to have been a historic tragedy has now fallen from 15 per cent in 1992 to just 8 per cent. The number who think 7 November is a great anniversary worthy of celebrating has risen from 20 per cent to 47 per cent. ●

Reviews

David L. Bartlett, *The Political Economy of Dual Transformations: Market Reform and Democratization in Hungary* (Ann Arbor: The University of Michigan Press) 1997.

David Bartlett's book is a more than impressive review of information and literature about the economic and political reform process of Hungary in the last two decades. The foreign reader may be overwhelmed by the excessive use of Hungarian language titles and names of institutions which is designed to demonstrate the depth of knowledge built up in the field and not only in libraries and offices on other continents. For the present reviewer, however, who is not just a survivor of the era under investigation but a participant in the policy debate over the last few years, even this aspect of the book turns out to be a great disappointment, not least because of the high incidence of mistranslations and misspellings, although the author's rare and honourable efforts to get the Hungarian vowels right deserves some praise.

One cannot begin reading this book with some optimism: the title includes the magic phrase "political economy", long sidelined by mainstream economic science in Hungary. There follows 300 pages with scores of footnotes and references, and a list of 80 individuals interviewed for the volume. The structure of the book is again smart and convincing. It starts with a general introduction to the institutionalist approach to the East European transition, both political and economic. Part 2 discusses the economic reforms between 1979 and 1989 and Part 3 makes an even more detailed assessment of the 1990-1994 period. The time units of the two parts are clear. The first is the crisis period of state socialism in Hungary, when economic reforms were not simply instruments to improve the system but vehicles to bring it down. The second is the governmental period of the first multi-party coalition. We find very few books on the market that explain these critical decades in Hungary to the foreign reader with economic and political expertise. The merits of David Bartlett's enterprise cannot be denied.

Bartlett understands perfectly both the uniqueness and the general

importance of the Hungarian case in the world history of market reforms, which is why he finishes his analysis with a final section on the “Implications and Comparative Perspectives” not only for Eastern Europe but for other so-called emerging economies, including those of East-Asia. In this section we also find some references to the second post-Communist governmental period, i.e. the Socialist-Liberal coalition.

This is not, however, an ultimate source book on the Hungarian transition. It is, rather, only an introduction into the most widespread interpretation of the transition. Students who have progressed beyond an introduction to the topic will know that the most widespread interpretation of a transformation is not necessarily the correct one, particularly if it mixes journalistic sources with personal interviews and data analysis. The problem with this magnificent work is that the author exposed himself too much to contemporary press commentators and to the actual policy makers of the period without ever questioning their ideological constraints.

There is a clear example that demonstrates how much Bartlett trusted his interview subjects and failed to double check the information he received from them. Based on a single interview with an economist in a small commercial bank (Unicbank), he repeatedly suggests that SZDSZ (the Alliance of Free Democrats) had wanted to re-negotiate the Hungarian foreign debt in 1989-90 and had called for debt relief. If he had interviewed Free Democrat economists, however, Bartlett would have discovered that this claim could not be further from the truth. The debate on renegotiation or even repudiation of debts had a different script. It was a dispute comparable to the debate on war debts after the war of independence in the United States two hundred years ago. Equipped with scores of genuine free-market economists, with the highest possible level of loyalty to the IMF and the World Bank, the Free Democrats represented a Hamiltonian view about Cold War debts, while it was the MDF (the Hungarian Democratic Forum) that entertained Jeffersonian ideas about many issues, including the cancellation of debt and the need to start with a clean sheet. Since leading Free Democrat economists had worked for the ruling MSZMP (the Hungarian Socialist Workers’ Party) on economic reform from the early 1980s (a few of them as MSZMP members, of course), they would

have had no legitimate basis for rejecting the love child of their decade-long work on market reform: the towering foreign debt of the country.

Interestingly enough, the Hungarian Democrats found an unlikely ally in this debate, namely George Soros. Soros, however, who has been a most active participant in the policy debate and a major sponsor of economic research and education, is not mentioned in the book. In 1990 it was Soros who tried to convince the MDF leader, Jozsef Antall, about the need for and the advantages of a substantial debt relief. His counterpart, György Suranyi, with all the intellectual power of the Free Democrats behind him, defended a policy of no retreat and of servicing the debt until the last drop of blood.

We learn from Bartlett that “the main liberal party, the SZDSZ [the Free Democrats], embraced the shock therapy proposals supported by Janos Kornai and other leading economists”. In fact, no such embrace occurred, and if it did, it happened the other way round. Kornai wrote his famous pamphlet (later published in English as *The Road to a Free Economy*) against the neo-liberal shock-therapy supported by the Free Democrats and the reform wing of the Socialist Party. He advocated gradualism, heavy regulation of state industry, a slow development of a new middle-class, and thus an organic transformation into capitalism. He was viciously attacked by Free Democrat politicians and, as a result of this threat of political marginalisation, he changed his views. He advocated private property rights (one of the major neo-liberal ideologies) for a couple of years, but was frightened by the rise of the far right in the former socialist countries. So he became a Keynesian in 1993 and promoted “pro-growth” policies just like Bartlett’s many anti-heroes who allegedly lacked proper expertise. Once Kornai saw it was not the Fascists but the ex-Communists who came to power, he returned to neo-liberalism and announced the need for structural adjustment by slaughtering what he called “a premature welfare state”. When, however, the government finally accepted his advice, under unbearable pressure from the IMF, he appealed to the US ambassador for generosity after a public lecture at Collegium Budapest.

Such subtleties evade Bartlett’s attention, which makes it possible for him to create camps of goodies and badies, very much on a Cold War pattern. Instead of an insight into the dynamic of the evolution of economic ideology and policy, we end up with a black and white picture

of reformers (Socialist Workers' Party reformers, the Socialist Party and the Free Democrats) and conservatives (Socialist Workers' Party hard-liners, Democratic Forum and other right-wing parties). This simplification actually creates a great deal of confusion. Karoly Grosz, for instance, the secretary general of the Socialist Workers' Party after Kadar, is described as head of the hard-line faction of the party and an enemy of reform. This is wrong. When Grosz died early in 1996 he was hailed by the international press as "the Gorbachev of Hungary", which is actually close to the truth. In July 1988 he said that a quarter of Hungarian industry could be in foreign hands in the near future. Is this anti-reform? As prime minister in 1987, he was determined to implement stabilisation and adjustment policies prescribed by the IMF and much opposed by the real hard-liners of the party. He was in favour of economic reform, though until a certain point (early 1989) he was indeed against political pluralism. This latter, however, should not obscure his commitment to market reform. Hungarian and East European politics in general has always been more complicated and can not be adequately analysed by simply describing it in terms of the two poles of reform and conservatism.

Bartlett's approach, which no doubt would please the financial elite in Hungary, is rooted in the second pillar of his methodology, which is called new institutionalism. This approach has its virtues and drawbacks. One of its virtues is that the author does not see the state as a mechanism that is an alternative to or necessarily inimical to the market, i.e. his view of the state and the market is significantly more sophisticated than that of most neo-liberal economists. One significant drawback, however, is that this new institutionalism requires us to distinguish between a right and a wrong set of institutions, right and wrong policies, and these distinctions are presented as universal value judgements.

In the title of his book Bartlett promises his readers "political economy", but the institutionalist approach ensures that the political side of his economic analysis remains limited. This deficit is especially clear in Part 2, when he misses the entire international political context of the Hungarian market reforms, i.e. the linkages between the 1968 economic reforms and German chancellor Willy Brandt's new Eastern Policy (Ostpolitik), as well as between the second wave of reform and

the revival of the Cold War in the late 1970s and early 1980s. Bartlett is right to point out that much of the policy debate in the late 1980s revolved around certain grand projects such as the Gabčíkovo-Nagymaros dam, but he fails to grasp the real political embeddedness of this as well. He refers to the dam as the most notorious of the “costly international projects aimed at currying favour with Hungary’s allies in the Warsaw Pact”. What he fails to see is that the idea of the dam was revived as a result of the oil price shock, when Janos Kadar and the Hungarian government wanted to reduce the reliance of the Hungarian economy on oil, and more precisely, on Soviet oil. Kadar, first secretary of the Central Committee of the MSZMP, disliked the Brezhnevite Soviet Union and he wanted to develop Western ties in order to counter-balance the influence of Moscow. The dam was a part of this project, not just as an alternative source of energy but also as a project to improve the waterways towards Germany, the Benelux countries and France through the rivers Main and Rhine.

Another example of this West-oriented foreign policy component in large-scale investments was the Adriatic pipeline, built in the late 1970s but never used until the collapse of the Soviet Union. The irony of history is that these projects of undercover Westernisation later became the symbols of Stalinist gigantomania and waste and appear in such all-purpose clichés as “the Gabčíkovo-Nagymaros dam and other ill-conceived projects”.

Part 2 is nevertheless the strongest part of the volume, given the time distance from the period analysed and the lack of pressure to judge contemporary events on the basis of limited information. We get a particularly useful analysis of microeconomic developments, which is one of the main assets of the book in this and in the following section, Part 3.

Part 3, however, will have to be re-written for the second edition. Consider the sentence: “Antall [...] placed the key economic agencies, the National Bank and the Ministry of Finance, in the hands of two officials, György Suranyi and Mihaly Kupa, whose political independence, technical expertise, and close ties to the Washington lending agencies allowed them to dominate economic policy making.” This sentence is a prime example of Bartlett’s fledging accuracy and methodology. For this reviewer, to characterise someone as having

“political independence” while, at the same time, having “close ties to the Washington lending agencies” is simply nonsense. The IMF and the World Bank are political creatures, they represent a certain ideology, they transmit the policies of the great economic powers and particularly those of the United States, and they operate in a political environment in the member countries. In this context, political independence means that these officials are prepared to ignore the results of the democratic process of their country and follow the guidelines originating from the US State Department instead.

This sentence also demonstrates Bartlett’s tendency to simplify, to bring events and persons into coincidence in order to maintain the myth of expertise and marketisation. The appointments of these two economists happened with half a year delay, which was not simply a time difference but also a consequence of a policy shift. When the government was formed, Antall appointed Professor Ferenc Rabar, an advocate of shock therapy, to be finance minister. Rabar could have worked well with Suranyi. However, he had an antagonistic relationship with György Matolcsy, head of Antall’s economic policy unit, who is himself more of a Keynesian. First, Matolcsy had to go as a result of the conflict, but Rabar also submitted his resignation because he saw things were more complicated than he had thought. What convinced the prime minister to accept Rabar’s resignation was the so-called petrol riot at the end of October 1990, which was a three-day national crisis which demonstrated the unity of the people against shock-type policy changes (in this case, a 60 percent rise in petrol price). Bartlett devotes dozens of paragraphs to analysing the anti-reform behaviour of trade unions, but he does not even mention the petrol riot, the greatest popular demonstration in the country since 1956, which blocked the road for Polish-type shock therapy in Hungary. This led to Mihaly Kupa’s rise, who indeed came from the same Financial Research Institute as Suranyi, but represented a different view. He was able to make a compromise with gradualism, and thus developed a four-year programme of transition, feeding on two World Bank structural adjustment programmes. Unlike Suranyi, Kupa made his political commitment open by later running in a by-election and becoming a member of parliament for the MDF, and thus “became a real politician” in Antall’s words. Since then, he has preserved his economic nationalism and pro-growth

attitudes, which would be evidence for professional incompetence in Bartlett's view.

Bartlett completely misses the first period of the Antall government by eliminating finance minister Ferenc Rabar from history, and thus gives a false picture about the rise and the public reception of neo-liberalism and "economic expertise" in Hungary. He makes a similar mistake when he makes a shortcut from the 1994 elections to the nomination of György Suranyi as head of the National Bank and Lajos Bokros as finance minister. The time difference in this case is eight months. During that period, prime minister Horn mobilised all efforts to extend his room for manoeuvre in order to avoid what was to come, i.e. tough restrictions with accelerated marketisation of the public sector and privatisation of public utilities. He really delayed these policies until his premiership was at risk at the end of 1994. The nomination of the two above mentioned economists, however, pleased the international financial community, and was a guarantee that such a policy would be pursued. At the same time, however, Horn also made some moves to ensure that the period of austerity could be ended at a suitable moment. For this purpose, he placed his most loyal lieutenant, Tamas Suchman, in charge of privatisation as a counter-balance to Bokros. Apart from selling off public utilities, Suchman as a minister was working to undermine the credibility of Bokros from within the cabinet.

Bartlett overlooks the ministerial appointment of Suchman, which makes the reader believe that the Socialist Party as such was wedded to neo-liberalism for eternity. From his story we would not understand the events that happened after the closure of the manuscript, when Horn happily got rid of Bokros once the latter had done the dirty work of stabilisation, and returned to a muddling through policy style which facilitated the recovery of the electoral chances of his party by 1997.

Bartlett may believe himself to be friendly to the Hungarian Socialists by portraying them as honest friends of free market reforms. For methodological purposes, however, he allies himself with certain critics of neo-liberalism such as Claus Offe or Adam Przeworski. Just like these living classics of sociology, he does allow diversity in the necessary amount of state intervention in various regions of the world, but he still does not allow any diversion from the end result of state

policies and economic development in general, i.e. the creation or emergence of competitive markets. To apply this approach to the most relevant question, this institutionalist view suggests that it is not a problem to be a Communist bureaucrat as long as you promote market reforms. As a result, Bartlett does not share the hawkish objections to post-Communist socialists coming to power in 1994, because he sees them as a normal right-wing social-democratic party friendly to the IMF, foreign investment, the market mechanism and the capitalist system. This is, however, a simplification. Bartlett plays down the trade union links of the Socialist Party and does not pay attention to counter instances such as, for instance, when prime minister Gyula Horn admitted that the abolition of MIER (the Ministry for International Economic Relations, an allegedly anti-neo-liberal stronghold) was a premature step and contemplated the restoration of a national planning agency, even if not in the form as it existed until 1990.

Bartlett's account of the Hungarian transition is therefore more myth than history, because his sample of interview subjects was not representative of the policy debate and he did not have the right approach to process the materials he collected. While second and third rank economists and journalists appear among the interview subjects and authors of references, the name of Peter Medgyessy, finance minister and deputy prime minister responsible for economic reforms in the late 1980s, and later a key instrument in Gyula Horn's policy tool-kit, only appears in a title of an article mentioned in a footnote. György Matolcsy, a leading voice of "gradualists" and head of the Privatisation Research Institute is also sentenced to only one reference in a footnote, while authoritative critics of neo-liberalism such as Sandor Kopatsy, Karoly Lorant or Pongrac Nagy are not mentioned at all. The remarkable contribution of senior academicians like Tibor Erdos, Robert Hoch, Tamas Nagy or Katalin Falus Szikra is ignored, and this is also the fate of Tamas Szentes, an internationally well known Hungarian economist who has published a book that discussed the Hungarian economic reforms within the context of international political economy.

By allowing the biases of the Hungarian financial elite to dominate his views, Bartlett imports the distortions of the Hungarian policy debate into the English reading world. He writes a story in which organised labour can only appear as a liability and never as an articulation

of legitimate needs of people who want to survive difficult times. He adopts the arrogance of his friends Suranyi and Bokros by stigmatising dissent as incompetence and conservatism.

Unlike Bartlett, however, the reviewer believes that it is not economic incompetence to be post-Keynesian or even Marxist after the Cold War, and it is not dishonest to demand economic growth when the income level of our nation has not returned to that of the last year of state socialism after seven years of transition. To promote at least a mixed economy and to advocate a decent level of economic democracy should not be seen as defying economic rationale and expertise. ●

László Andor

David Kotz with Fred Weir, *Revolution from Above. The Demise of the Soviet System*, Routledge, 1997, 302 pp, £16.99.

David Kotz and Fred Weir's original, well argued and clearly documented book sets out to answer a number of questions about the sudden demise of one of the world's superpowers, an event unprecedented in modern history. Why did Perestroika, intended to reform the Soviet system, lead to its demise? Why was it attempted in the first place? Why was the demise accompanied by such a rapid economic and social decline? And what does it all mean for the future of capitalism/socialism?

They reject the two dominant views in the West, firstly that the Soviet Union's demise resulted from the non-viability of a socialist economic system, secondly that it fell due to popular opposition to the system and support for capitalism from below. They argue that no economic system can become suddenly unworkable due to its own internally generated problems and that declining growth rates, especially at the end of the 1980s, were not such as could provoke collapse. Similarly, their account of polling and other evidence from the period demonstrates the absence of popular support for the sort of capitalism

found in the United States.

The authors offer an altogether different explanation. Gorbachev's reforms, designed to "reform socialism", unleashed processes that created a new coalition of groups and classes that favoured replacing the state socialist system with capitalism. Boris Yeltsin became leader of this coalition in opposition to both the reform group, led by Gorbachev, and the Old Guard who wanted to preserve the state system with only minor changes. Yeltsin was able to emerge victorious over both groups because he won the political support of the majority of the party-state elite of the Soviet system. The majority of the elite had concluded that a democratised form of socialism had little to offer them other than a reduction of their power and material privileges. Campaigning against the leadership for ill defined political and economic change, Yeltsin was able to win the support of the democratic intellectuals and ordinary voters. He was even able to win over key sections of the organised working class, for instance, the striking miners in 1989 and 1991, when Yeltsin promised to transfer control of the mines from Soviet to Russian jurisdiction and offered the market economy as a way of winning their independence from the ministries. But, most importantly, he was able to win the support of the elite by clearly signalling his intention to sweep away socialism and take Russia into a capitalist future. It is this abandonment of the system by its own elite which explains its surprisingly sudden and peaceful demise. It was a revolution from above. This did not involve the abandonment of deeply held beliefs because "they had had none in the first place".

This interpretation of the demise as a capitalist revolution carried out with the support of the Soviet party-state elite is not a conspiracy theory but an account based on careful examination of a complex political battle in which perceptions of material self-interest played a major role.

If the received wisdom is true, that the democratic majority in the Soviet Union defeated the party-state elite of Communism, then the question must be asked - where is that elite now? Let us remember that, in the way this was often presented by leading reformers at the time, the Gorbachev reforms were being resisted by a majority of the bureaucracy. This was the view of Tatyana Zaslavskaya, for instance, one of the influential theorists of the Gorbachev reform programme.

But, with the dust settled on this revolution, the elite have remained by and large where they always were - in high level positions in the successor states of the Soviet Union.

The ideology of this elite had already begun to shift in the late 1980s. One study of the ideology of the Soviet elite in Moscow in June 1991, based on focus group discussions, showed that only 12.5 per cent described themselves as “democratic socialists”. Less than 10 per cent were “Communist” or “Nationalist”. As many as 76.7 per cent classified themselves as “Capitalist”.

The changes that were taking place were not just at the level of ideology. Large numbers of the party state elite were already moving into the world of private business well before official privatisation began in 1991. In a study of a random selection of 267 private businesses in Moscow in 1993, it was found that 25.8 per cent were run by someone from a professional background (scientists and engineers), while more than two thirds - 68.1 per cent - were headed by a former manager of a state enterprise.

A list of the hundred top businessmen in Russia in 1992-93, based on the criterion of size of capital, showed that 62 per cent of them came from the Komsomol apparatus (one of the earliest elite sources of businessmen), industrialists (from the ministries and state enterprises), bankers (from the state banks) and elite families (children of high-ranking state elite). Viktor Mironenko, Komsomol first secretary from 1986 to 1990 and member of the CPSU Central Committee, was arguing in 1992 for a “normal economy” and was an ardent admirer of Margaret Thatcher. The board chairman of the private Finist Bank, founded with 700 million rubles from Komsomol, was Alexander Shcherbakov, formerly an official of the Komsomol Central Committee.

In the political arena as well, leading Communists turned capitalist. One well known figure, Yuri Afanasiev, head until 1987 of a department at *Kommunist*, theoretical journal of the CPSU Central Committee, was one of the founders, with Boris Yeltsin, of the Interregional Group of deputies in 1989, the first effective pro-capitalist opposition. He later was a leading figure in the Democratic Russia movement. Yegor Gaidar, head of a department at *Kommunist* until 1990, was devoting himself in his later years at *Kommunist* to reading Milton Friedman and the speeches of Margaret Thatcher. He went on,

as deputy prime minister for the economy under Yeltsin, to develop the “shock therapy” strategy.

The Kotz/Weir account is particularly enlightening as it traces the complex political battle in the Soviet Union during 1989-91, showing how it ended up with a victory for the pro-capitalist coalition and the disintegration of the Soviet state (76.4 per cent having voted against the dismantling of the Union in a referendum barely nine months before). It also examines the links between the battle for power by the pro-capitalist groups and the rise of the nationalist movements.

The final section of the book analyses the period from 1992 to 1995 in Russia, the shock therapy strategy, the considerable economic and social problems, as well as the remarkable rise from the grave of the Communist Party.

For anyone wanting to go beyond the accepted wisdoms about the Soviet transition, this is an invaluable book, not least for the lessons it draws for the left from the Soviet experience. ●

Gus Fagan

G Standing, *Russian Unemployment and Enterprise Restructuring: Reviving Dead Souls* (Macmillan 1996, pp. xxix + 404, ISBN 0-333-66872-3, £45)

The question of enterprise and industrial restructuring has emerged as central to the Eastern European transition process. Guy Standing’s recent book provides a detailed account of this process in the Russian Federation. In fact the book is both narrower and wider than the title promises. It is narrower because it is really about the labour market and restructuring as it affects workers in that market, rather than more general issues concerning structural change, with the exception of one chapter. It is wider because it does not just deal with unemployment but also

with a variety of labour market issues including inequality, wages and union representation.

The basis of the book is four rounds of an enterprise survey, the Russian Labour Flexibility Survey (RLFS) carried out between 1991 and 1994. The survey involved both the Centre for Labour Market Study in the Institute of Economics in Moscow and the International Labour Office's (ILO's) Central and Eastern European team, of which Standing was at this time director. In its largest version, carried out in July 1994, the RLFS included 384 enterprises covering over 300,000 workers in five regions; Moscow City, Moscow Region, St. Petersburg, Nizhny Novgorod and Ivanovo. Enterprises were taken from seven sectors; metals, engineering, food processing, construction materials, textiles and garments, wood and paper and chemicals. The book is very much a straightforward presentation and interpretation of the survey results. This has advantages and disadvantages for the reader. On the one hand it is full of interesting information, mainly in tabular or graphical form, broken down by ownership type, sector, region and other variables such as changes in sales and employment. On the other, however, the experience of reading the book is very much that of looking at a detailed official report; almost all of the account consists of statistical analysis and presentation and as Standing frankly acknowledges the actual experience of transition in Russia does not come through strongly. More seriously, it is sometimes not clear whether all the statistical detail is really necessary for the points being made or just there for completeness; and occasionally important points are not highlighted as clearly as they might have been. However, for those prepared to persevere the book contains a wealth of detail which complements the more detailed case study work now available from writers like Simon Clarke, Peter Fairbrother and their Russian collaborators.

An orthodoxy has emerged in much of the discussion of recent economic change in Russia. According to this view the most important aspect of such change has been the privatisation process which has led to the control and ownership of enterprises being handed over to formal or informal coalitions of managers and workers. It is then argued that this has inhibited restructuring by entrenching the position of 'insiders' within companies at the expense of outside investors. As against this the defenders of the Russian approach to privatisation, often Western

advisers to the Russian government, argue that the rapid transfer of ownership was a precondition for any structural change in Russian industry and that it has laid the basis for future positive developments.

The interest of Standing's book is that it challenges both of these viewpoints. On the one hand he argues that little effective restructuring has taken place in Russia, at least over the time period covered by his work. On the other hand, however, he does not primarily attribute this to the nature of privatisation. Rather the culprit is the working of the labour market and Standing argues early in the book that

in the following chapters there is one hypothesis that deserves to be highlighted: in the Russian Federation, employment restructuring has been impeded by excessive labour-market flexibility in several key respects (p. 62).

Standing's argument is that, while open unemployment in Russia is higher than official figures suggest, there is also a considerable amount of concealed and disguised unemployment. He identifies five key forms of this. Surplus labour exists where output could be produced by fewer people and this is generally recognised. Complete or partial production stoppages shut down enterprises or parts of enterprises temporarily while workers remain formally employed. Administrative leave "arises when a management tells workers they do not need to turn up for work, but does not make them redundant" (p.82). Short time working involves either reducing the number of hours worked per day, or more often the number of days per week. Finally, Standing points to the fact that, despite a very low birth rate, in May 1994 on average no less than 5.9 per cent of the female workforce were on maternity leave, suggesting that prolonged maternity leave was being used as a way of hiding unemployment. Standing's estimates of these five factors lead him to the conclusion that "in 1994 suppressed unemployment in Russian industry affected 35.2 per cent of the workforce" (p.88).

Various common explanations of this situation are considered and then rejected. The view that it is hard for managers to cut employment is not consistent with high labour turnover and the substantial decline in employment that has taken place. The argument that state firms feel no need to cut employment because of the 'soft budget constraint' comes up against the problem that private and joint

stock companies also exhibit disguised unemployment. Standing's estimates indicate that

sector of production was the main determinant of inter-firm differences in employment performance. Large firms were not more likely to have cut employment, property form made no appreciable difference and the higher the share of manual workers the lower the reduction in total employment, indicating a lack of occupational restructuring (p.99).

This raises the question of why it is that such restructuring has been so slow to occur and how it is financially that Russian enterprises have been able to retain so much surplus labour. The answer to this is in the low wages and flexible labour market prevailing in Russia. Not only did low wages allow for retention of labour but also by keeping workers on the books but on unpaid or minimally paid leave companies could reduce average wages paid and avoid the tax on excess wages. Another way of doing this was to shift enterprise wage funds away from wages towards benefits in kind. Finally, even when wages were due they might not be paid for a considerable period: in October 1994 the Federation of Independent Trade Unions of Russia (FITUR) estimated that enterprises owed workers 5.6 trillion roubles in unpaid wages, a rise of 38 per cent over the August figure. The result of all these developments was a labour market which placed managers under little pressure to ensure genuine change. Standing thus argues that

what is needed is a rapid move towards effective collective bargaining backed by effective legal redress, not just for the benefit of the workers but to improve the effectiveness of the labour market and facilitate employment restructuring (p.140).

More generally, Standing argues for a variety of reforms to the Russian labour market. In particular he develops a concept of a 'human development enterprise'. Enterprise contributions to human development are based on four aspects of behaviour: the provision of training, equity in recruitment practices and access to training for workers, low wage differentials within the enterprise and high wages generally relative to others in the sector and finally 'enterprise democracy' as expressed through collective bargaining, worker appointment of managers and profit-sharing. It is clear from the fourth aspect that Standing does not

see trade union representation as the only means for securing the position of workers in Russia. While it is his preferred mechanism for doing this he also writes that

in the twenty-first century, one wonders whether worker ownership of part of the capital rather than trade unions will be the main vehicle through which Russian workers will obtain an effective voice and negotiating status, because substantial unemployment and low levels of social protection from state transfers will continue to mean that workers qua workers will have a weak bargaining position (p.230).

Standing's proposed reforms centre around developing the various aspects of the human development enterprise and also improving conditions for the unemployed, ending the tax on wages, reducing severance pay if alternative jobs are found and encouraging the transfer of enterprise based social facilities to the community as a whole.

Standing's account of Russia forms an interesting mirror image to the work of Hans-Werner and Gerlinde Sinn on Eastern Germany. The Sinns criticise the wages policy adopted following German unification and claim that wages should have been kept lower to preserve employment and that in return East German workers should have received an ownership stake in the enterprises being privatised. Standing in contrast is arguing against an approach to transition in Russia which is based precisely on low wages and employee ownership stakes. In this debate there appear to be powerful arguments on Standing's side. The long term effects of compromising independent representation and the assertion of workers' interests in bargaining, even when these might appear sectional at times, in favour of collaboration with management and an ownership stake in enterprises of doubtful value, appear likely to be deeply problematic. This is true both from the point of view of restructuring and also of the position of the working class more generally. To that extent Standing's thesis appears broadly convincing. However, there are a number of other areas where questions can be raised about his argument.

In particular it is not clear that Standing has proved his point that excessive wage flexibility has played an important role in limiting the degree of restructuring. Clearly in a functioning capitalist economy

employers are often faced with a choice between pushing down wages and raising productivity through changes in work organisation or technology. In such a circumstance it can be argued that high wages encourage restructuring and this argument was put forward in the East German case. Russia, however, is some way away from this kind of simple example and the forces encouraging or inhibiting restructuring are poorly understood. Standing shows that little restructuring has taken place and that Russian wages are low and downwardly flexible. He does not necessarily show that one of these factors has caused the other.

At this point the issue of ownership appears important. Standing shows that a variety of variables, for example wage and employment changes do not appear to vary systematically with ownership form. He concludes from this that ownership is not a primary determinant of restructuring. Yet this finding could be interpreted in a different way; as expressing the way in which the privatisation process in Russia has been used by managers and workers to ensure the continuation of some of the features of state ownership under a new property regime. If such strategies were successful and if they were directed towards limiting restructuring then the data would show no clear difference between enterprise behaviour under each form of ownership. Yet in a more dynamic sense the privatisation process would still be playing an important role in shaping the Russian transition.

More generally, there are some concerns about the interpretation of Standing's empirical data. An immediate response to the tables and graphs which he presents, linking one variable to another in a two dimensional setting, might be that the correlations he highlights are actually the result of third variables excluded from the picture. He responds to this by supplementing the visual presentation with a number of regression equations which attempt to estimate the independent effect of a wide range of variables on enterprise performance. These are interesting, yet it is noticeable that in almost all cases relatively little of the variable being analysed is actually explained by the equation.

There are also questions about the relationship of Standing's investigation to broader accounts of what is happening in Russia. Neither state policy towards industry nor the role of the financial sector is discussed in any detail. There is no account of the profitability of Russian enterprises except in the context of profit sharing. This raises issues

both about Standing's account of the nature of restructuring and also about his policy conclusions. These conclusions are in many cases attractive but they also remain somewhat abstract, since they are presented simply as a list of labour market reforms unrelated to the forces outside that market which are shaping the Russian economy and might be hostile to Standing's proposals.

These remarks should not be taken to lessen any recognition of the usefulness of the work which the RLFS embodies and which is presented in this account. While it does not cover every aspect of the Russian transition the data provided here is indispensable for what it tells us about the evolution of the labour market over a crucial three year period. It is to be hoped that future volumes will be forthcoming which extend the analysis into new areas and later time periods.

Andrew Kilmister.

Denis Deletant, *Ceausescu and the Securitate: Coercion and Dissent in Romania, 1965-1989* (Hurst, 1995) pp 424, £16.50.

There is no shortage of material on Nicolae Ceausescu, ranging from the sensational - John Sweeney, *The Life and Evil Times of Nicolae Ceausescu* - to the scholarly - Mary Ellen Fischer, *Nicolae Ceausescu: a study in political leadership*. His relative independence from Moscow made him and his regime a subject of some interest in the West - an interest which a leader like Zhivkov, for example, or Husak, did not arouse. The circumstances of the overthrow of Communism in Romania in 1989 also caught popular attention, as did the revelations of some of the more cruel and degraded aspects of Ceausescu's regime.

Denis Deletant's book, *Ceausescu and the Securitate*, fills in a huge amount of detail about many of the exceptional aspects of Romanian life in an extremely readable fashion. Its contents are rather better summed up by the subtitle, however, because only a relatively small part of the book deals directly with the Securitate itself. Other

chapters deal with Ceausescu's appeal to nationalist sentiment, the issues of Transylvania and Bessarabia, the role of intellectuals, the Orthodox church, the policy of systematisation, and so on. The book is primarily, as Deletant points out in his preface, the history of Ceausescu's use of fear and coercion in maintaining himself in power and in suppressing opposition and dissent. The Securitate is studied in so far as it was the instrument for perpetuating this state of affairs.

Nevertheless it is actually the parts of the book that are about the securitate that are the more interesting, because much of this material is new, drawn from the Securitate's own archives. Much of the other material is already well documented elsewhere - that the failure to report a conversation with a foreigner was a criminal offence, the rarity of photocopiers, and the difficulty this created for potential dissidence, the terrible human costs of the policies on abortion and contraception.

Deletant makes the case that Ceausescu shifted the balance away from what he describes as the 'reliance on terror', characteristic of the Gheorghiu-Dej period, to the reliance on a more generalised atmosphere of fear in the period 1965 to 1978. This first phase of Ceausescu's leadership was one in which he enjoyed a certain amount of popularity, largely stemming from his opposition to the intervention in Czechoslovakia by Warsaw Pact troops in 1968. It was a popularity, however, built on the economic success of the country, redistribution of wealth and modernisation. Deletant deals with political developments within the country almost entirely from the perspective of Ceausescu's fixation with repression and control and does not take sufficiently into account the economic factors. Deletant dates the second phase of Ceausescu's leadership from the defection of Ion Pacepa, deputy head of the foreign intelligence service and a deputy minister of the interior, to the United States in July 1978. This was undoubtedly a huge blow for Ceausescu, leading to a massive purge. This consolidated a series of organisational changes in the Ministry of the Interior, recreating a Department of State Security within the ministry itself. This, as Deletant points out, was a return to the position before the 1968 reforms. As Deletant also points out, these changes began after the Jiu Valley miners' strike of 1977, which had a profound effect on Ceausescu. This strike resulted from a government attempt to end disability pensions for miners and to raise the retirement age from fifty to fifty-five. The government

was forced into a humiliating set of concessions and Ceausescu himself had to meet the miners to hear their demands. The government subsequently reneged on the deal, but the power of the regime had been challenged. The remit of the Securitate was subsequently extended to include propagating the personality cult of Ceausescu and silencing the regimes' critics abroad.

This strike by the Jiu Valley miners was the first real act of dissent against the regime of any mass significance, and all the more significant because it was dissent from the working class. The dissent of cultural figures such as the writer, Paul Goma, comparable to the intellectual dissent in Czechoslovakia's Charter 77, was of less immediate concern. The key factor is that it was the result of increasing problems in the Romanian economy, problems which were leading to attacks on working class living standards. The resulting outrage, which flared up again throughout the 1980s, combined with ever increasing austerity measures, were the background to the increasing repression within Romania, as was the defection of Pacepa and its impact on the apparatus.

This point is reinforced by the demonstrations in Brasov in November 1987, where thousands of workers protested against reduction in heating quotas for domestic consumption, coming on top of wage cuts for the second consecutive month for failure to meet production targets. As Deletant points out, 'they could not be met because of a shortage of orders since the internal market was stagnant and there had been a drop in exports'(p.252). Following these events, Ceausescu ordered the stepping up of security measures and new special security units were set up in the major provincial cities.

Deletant has produced a hugely informative work, detailing the methods of coercion and repression used in Ceausescu's Romania. My own preference would be for a work which paid more attention to the economic, political and social factors explaining why Ceausescu pursued the kinds of policies he did. That, however, would be quite a different book.

Kate Hudson