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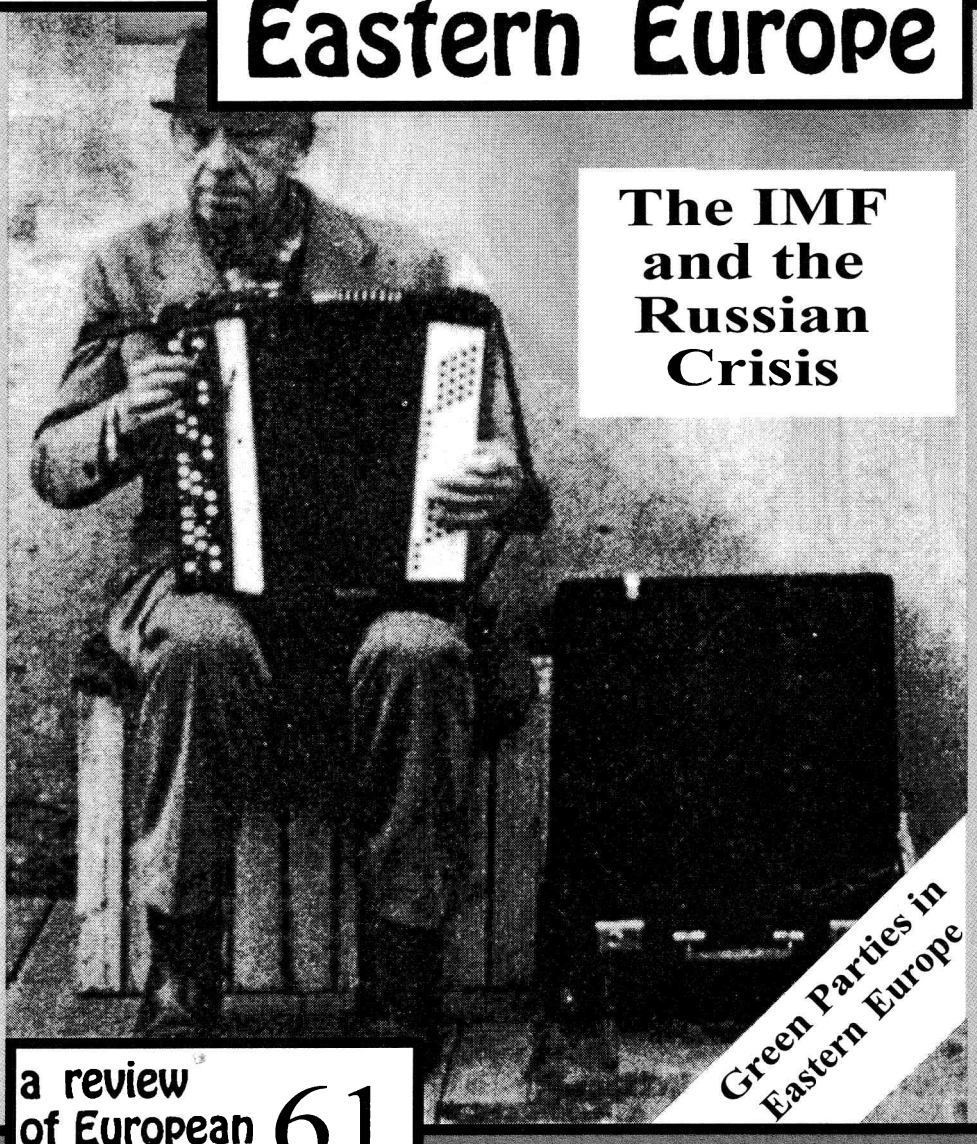

The IMF and the Russian Crisis

Green Parties in Eastern Europe

a review of European affairs

61

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Cover: The Sad Accompaniment to Transformation. Thanks to *Ost-West Gegeninformationen*.

Boris Kagarlitsky: The IMF and the Russian Crisis

First of all I want to stress that it would be highly inappropriate to characterize IMF credits to Russia as "aid". These are credits for which Russia has to pay. Though these credits seem cheaper than those taken on the financial markets Russian government has to accept the conditions formulated by IMF ideologues and policy makers.

So far Russia has in general followed the instructions of the IMF and other international financial institutions. There have been minor disagreements, but basically the IMF has accepted and supported economic policies of the Russian government, while the Russian government has accepted the basic principles and advice of the IMF decision-makers. These decisions resulted in the current chaos which has not only led to the total collapse of the Russian economy, something unprecedented in peace time, but also is bringing the whole world economy closer to recession.

The collapse of the debt market in the first half of August came even though the International Monetary Fund had just begun payments to Russia from one of the largest economic “rescue” packages in history. Along with the devaluation that followed, the crash marked the definitive failure of the key strategies that the IMF and major world governments had urged on Moscow throughout much of the 1990s.

The Russian government never discussed its economic programs with its own people or parliament. It was always the IMF to which all the basic documents were addressed. It was the IMF that systematically worked with the Russian elites, advised them and publicly supported them. The leaders of the Russian Central Bank who are personally responsible for the financial catastrophe in today's Russia have always enjoyed political support from the IMF experts who have stressed "professionalism" of their Russian colleagues.

The policies of the IMF were based on the assumption that a stronger currency automatically leads to a stronger economy. The currency should be strengthened at whatever price including the decline of production, the impoverishment of the population and even the disappearance of most basic services in the spheres of healthcare, education and social security.

The IMF ideologues were sure that the emission of paper money by the national government was the only source of inflation. At the same time they did not see government borrowing as a potential source of inflation. The Russian government even registered borrowed money in 1997 as "budget revenues". The IMF theorists also insisted that privatization would lead automatically to better management of industries and lower government spending.

As early as 1992-93 these measures had disastrous consequences. As was recognized in a report issued in 1994 by former privatization agency head Viktor Polivanov, the quality of management in practice either remained the same or declined. No big company had shown any visible improvement in performance. At the same time the government lost the revenues from profitable public companies, which had earlier been the main source of its income. The new owners were incompetent, often lacked capital for necessary investment, and turned the companies into semi-feudal personal domains. In many cases the old Soviet bureaucracy remained in charge, but the old Soviet system of external control disappeared. Of course there were also success stories, but mainly in small companies that were not capital-intensive.

While the performance of privatized companies generally deteriorated, the state faced a permanent budget crisis. Totally in agreement with IMF instructions, the government saw taxes as the only legitimate source of income, but the taxes never came. In order to cover the budget deficit, the government had to cut services and increase taxes. That inevitably led to an even greater decline of business activity. The purchasing power of the population remained low, private investment

was almost non-existent, and public investment constantly declined. The paradox however is that given the lack of private investment, the state, no matter how it reduced its spending, remained the main investor in the economy.

In the years between 1994 and 1998, however, the government managed to stabilize the ruble. The methods used were government borrowing on the international and domestic financial markets, and non-payment of wages. By August 1, 1998 there were 75.84 billion rubles unpaid wages in the country (that is approximately $12.5 billion). Today the administration in Russia pretends that enterprise managers are the only ones to blame for the wage arrears. While it is clear that the non-payment of wages played a decisive role in the supposedly successful fight against inflation, it is simply not true that the blame for non-payments lies exclusively with the managers of private companies; 19,6% of this money should have come from the budget.

The non-payment of wages lowered the purchasing power of the population and reduced the quantity of money in circulation. That helped to stabilize prices. Even if we abstain from discussing the moral side of these practices it is clear that they also led to the gradual disintegration of the internal market and to a further decline in production (the data concerning wage arrears in Russia are provided as a supplement to this text). Though the Russian government and international financial institutions proclaimed the beginning of economic growth in 1997, the reality was quite different. The growth last year was supposed to have been 0.5%, but the government statisticians themselves admitted that their figures were only accurate to within plus or minus 2%! The best interpretation you could put on things was that during 1997 decline was replaced by stagnation. Then in the spring of 1998 the economy again started to contract. According to information provided by the trade unions, the real incomes of working people declined by 9% in the first half of 1998 alone. Wage arrears increased as well, with the state's wage debt growing at more than twice

the rate of arrears as a whole (the state's wage debt in August was up by 14.6% over the July figure, compared with an overall rise of 6.5%).

Worst hit were services such as health care (a 33% increase in nonpayments), culture and arts (28%), education (17%), housing (10%), science and research programs (7%) and communal services (3,8%). The living conditions of the people deteriorated, and at the same time public services were cut. That meant that where the state stopped providing services no private investor moved in, because people simply had no money with which to pay. The schools do not have enough textbooks, school buildings are falling apart, and in many villages local schools are simply closing down. The number of high school students has also declined.

Government borrowing became a sort of drug to which the ruling elites became addicted. At the urging of its foreign advisers, the government created a market in short-term state bonds. Sales of these bonds would allow the government to lower its deficits and dampen price rises. Lower inflation, the economic ministers gambled, would encourage investment and lead to economic growth, and as the tax system improved, to steadily increasing state revenues. These, it was hoped, would allow the government to service the additional debt.

In fact, this diagram turned out to be full of short circuits.

The lenders - at first exclusively Russian financial institutions, but later including many foreigners - understood from the first that lending to the Russian government was a risky proposition. If they were to play an increasingly hazardous game of financial roulette, they demanded big returns. Real annual rates of interest in the Russian bond market at times exceeded 100 per cent.

If the state was prepared to give lenders high returns on loans for three or six months, why would they invest in long-term projects, where they would have to leave their money for years, endure risks that were just as

hair-raising, and have much lower returns at the end of it? So private investment in the real economy was virtually wiped out. Economic decline continued, halting only for a period from mid-1997. The government was hooked on short-term debt. The only way it could meet the payments on its bonds was to borrow ever more money. Like every drug addict, the administration was not only incapable of imagining life without borrowing, but also needed ever-greater doses of loan funds. The state's financial operations came to resemble the notorious "pyramid scheme" investment funds of the early 1990s, through which Russia's gullible and reckless were stripped of their cash. Inevitably, the point finally came where there was simply no money in the budget to continue servicing the debt. In mid 1998 it was announced that no less than 30% of the budget was being used for that purpose. Economists calculated that if this trend continued, by the year 2000 more than 60% of the budget would go there.

Now, the Russian government's economic ministers in the early 1990s had watched the growth and collapse of the pyramid schemes with as much horror as anyone else. Why did they then go and blunder their way into the same kind of mess? A great deal of the blame lies with the IMF. Not only did the IMF encourage the Russian leaders in the illusion that squashing inflation would automatically lead to growth, but IMF spokespeople also fed the misconception that if things went wrong, there'd be plenty of money in the world financial system to bail the Russians out.

The Russian government, of course, didn't rely only on borrowed money to lower its deficits. The screws went on government spending, including public investment. But meanwhile, the spending of financial institutions both private and public was a bacchanalia of waste. Huge skyscrapers were build by the Russian Central Bank and the publicly-owned State Savings Bank. Staff numbers mushroomed, and salaries increased. The Russian press now tells us that money borrowed from the IMF was used to pay for all these luxuries. However the IMF and its experts in Russia never questioned the expenses of the banking

institutions. They only stressed the need to spend less on education, social welfare, healthcare etc.

It is important to note that the finance ministry was one of the most corrupt institutions of the Russian regime, which is anyway famous for corruption. Officials of the ministry are now being investigated, and some arrests have already been made (for example deputy minister of finance Vladimir Petrov). No doubt more will follow.

Misuse of the funds provided by international financial institutions is well known; it has been reported in the Russian press and discussed in the parliament. Perhaps the most impressive example was when $5 billion provided by the World Bank for the restructuring of the coal industry simply disappeared. The Chechen war didn't stop IMF and other international lenders either. It is very clear that credits given to the Yeltsin regime were used to guarantee the government's political survival in a context of growing resistance.

The conditions that the IMF, the World Bank or other Western financial institutions have placed on their Russian counterparts have never meant very much. How can you talk about due safeguards when it is a notorious fact that capital flight from Russia has far exceeded the sums provided as credits by international financial institutions and world financial markets? To a large extent this is the same money which immediately leaves the country through private banks working with government agencies. It is impossible to imagine that IMF experts are not aware of these facts, which every shopkeeper in Moscow knows about. On the contrary western experts always insisted on open markets and liberal regulations of international financial transactions. In Russian conditions, open markets and liberal regulations on international financial transactions mean not only a green light for capital flight, but also excellent prospects for the mafia. It is no accident that Russian financial markets have become one of the main centers of money-laundering for international drug dealers. But none of this has stopped

the IMF and similar institutions from insisting that controls be kept loose.

Foreign credits did not save Russia. They did not prevent the current crisis. On the contrary they provoked it. At the same time, the conditions imposed on Russia by the IMF and other international financial institutions prevented Russian decision-makers from seeking realistic solutions to the country's problems using domestic resources, which even now are impressive. The IMF created the situation in which banks and trade grew at the expense of industry, in which the enormous possibilities of the public sector were wasted, and in which Russian developed an entrepreneurial community totally uninterested in long-term domestic economic projects.

It is quite possible that the chief concern of the IMF decision-makers was not the success of Russia but the prosperity of the Western financial community which made a lot of money out of our crisis. But if the IMF chiefs take this attitude, they are extremely shortsighted. Today's collapse of the ruble shows that the compradora economy which emerged in our country is a problem not only for us, but for others as well. American companies are not making money in Russia any more, but are losing it.

In 1994-97 the ruble was strengthened against Western currencies. Inflation fell, to about 14 per cent in 1997. Commentators wrote glowingly of “stabilization”. But the crunch was approaching. In May this year, as investment analysts weighed the Russian government's real chances, the stock market collapsed.

Foreign investors began a stampede to get their money out of the country. The government's financial position was now dire. “Each week we were paying 6 to 7 billion rubles [a little over US$1 billion] in state short-term bonds, or 35 billion a month,” former prime minister Sergey Kiriyenko recalled after his ouster. “But our entire budget receipts in May were only 20-21 billion.” Wage arrears spiraled upward, as funds

needed for state payrolls were diverted to debt servicing; workers' protests multiplied as a result.

Efforts to improve tax collection yielded only mediocre results.

Meanwhile, potential lenders were losing their nerve. Even at astronomical interest rates, offerings of state bonds began to be ignored.

To pay off maturing bonds and prevent a collapse of the ruble, the state authorities began massive sales of foreign currency. This, however, was a desperate resort that could not be sustained for more than a few months. To restore confidence and allow bond sales to resume, the government began seeking a huge loan from international financial agencies. Lengthy petitioning resulted in a pledge of US$22.6 billion, mostly from the International Monetary Fund, in mid-July.

Towards the end of July the IMF delivered the first tranche of its money. In the weeks that followed a reported US$3.8 billion in IMF loan funds was handed over to the bondholders. Then the debt pyramid shattered.

Although this collapse was a mathematical certainty, various factors helped decide the timing. The one cited most often was a sharp dip, in early August, in already weak world prices for the crude oil that is Russia's largest export earner. But even before this, the broader Russian economy had begun to sag. According to official figures, Russian GDP in July slumped to a level 4.5 per cent below that of the same month a year earlier. Industrial output was down by 9.4 per cent on July 1997, and agricultural production by a catastrophic 16.7 per cent. The steepening decline in the real economy increased pressures on the banking sector at the same time as state short-term bonds were becoming near-worthless as a source of liquidity. So long as bankers had felt reasonably certain that the state would pay out on the bonds, a standard way for banks to raise cash had been to sell bonds or to use them as collateral for loans. But as the bankers analysed the

government's financial position early in August, their jitters turned to panic. Suddenly, many Russian banks were in acute financial trouble.

Further efforts to prop up the ruble were now doomed. The government could devalue the currency immediately, and keep its remaining reserves of gold and foreign currency intact, or put the devaluation off for perhaps four or five months, by which time the country would have lost its reserves for good.

The pyramid of Russian state debt, built up on the same principles as the private pyramids in Russia and Albania, finally crumbled.

Dumbfounded bankers learned that the government would not pay out on its bonds. Instead of money, it would give the banks new state securities that were supposed to be even more valuable. Payments on the private foreign debts of Russian firms were frozen for 90 days.

Today a crisis of the elites is unfolding in Russia. Neither the collapse of the economy, nor the impoverishment of the population, nor the drawn-out slide in production have posed serious problems for this layer of Russians. They have been preoccupied with other matters.

However bad things have become in the country, their aims have been fulfilled. The richest resources have been seized and divided up, and the demands of Western financial institutions have been satisfied. But it has finally proven impossible to continue along this path. The banking system is quickly becoming ungovernable, demonstrating the truth of the well-known Marxist thesis that the state of production determines the state of finances, and not the other way round. Seized with foreboding, Western investors are rushing to scoop up their money and quit the country. Yeltsin is hastily reorganizing the security forces, which are bearing more and more of a resemblance to the Soviet KGB.

Market mechanisms are paralyzed, and the Russian capitalist class (if there ever was such a thing) is bankrupt both politically and

economically. The dominant mood is anger. No one has any trust in the official institutions. Most of support for Yeltsin is now external. This means that the International Monetary Fund and G7, which supported him, gave him money, and dictated his economic policies, are in crisis as well.

The IMF gave its money in the form of loans, and these still have to be paid back. But the way things are turning out, the repayment of the loans could be in question. It is worth reminding the Western bankers that after the fall of the Romanov dynasty, there was no-one to pay back the debts of the tsar.

The IMF, however, only recently gave Russia a new credit, in order to stave off devaluation. And even after the crash of the ruble, it seems, the IMF will continue to hand over money. The fund simply has no other choice. But in order to lend money, it first of all has to get it from somewhere else. The directors of the fund have already passed the hat around, seeking additional contributions from donor countries, above all the US. The directors of the IMF are in the same trap as the Russian government. They are the hostages of earlier decisions, and above all, the hostages of neo-liberalism. The US government is in the trap as well. The cost of maintaining "stability" in Russia is rising all the time. The "taxi principle" that operates here was familiar to Soviet citizens as far back as the time of Brezhnev - the longer the ride, the higher the fare. And the financial resources of the US are not limitless.

During the 1990s the neo-liberal economic model has been implemented on a global scale. As a result, the IMF and the World Bank have begun to play approximately the same role on a global scale as the Central Committee of the Communist Party of the Soviet Union once played for the "communist bloc". IMF and World Bank experts decide what to do with the coal industry in Russia, how to reorganize companies in South Korea, and how to manage enterprises in Mexico. Despite all that is said about the "free market", world practice has never before known such centralization. Even Western governments are

forced to reckon with this parallel authority. But this spectacular success has given birth to no less spectacular problems of the type that are inherent to any hyper-centralized system. The point is not that the neo-liberal model of capitalism dooms most of humanity to hopeless poverty, and the countries of the "periphery" to dependency on those of the "centre". Such "moral" and "ideological" issues cannot disturb "serious people". The trouble is that the price of mistakes is becoming unbelievably high. The huge resources at the disposal of the IMF make it possible to "stabilize" the situaton and the Soviet Union collapsed.

In Russia, the international financial institutions are not passive onlookers. They bear full responsibility for what is done in our country. All the major decisions that led to the present crisis were cleared with them. The policies of the present day are being agreed with them too. This is why they will do their utmost to maintain the present state of play. It may be a comfort to our national pride to know that the IMF is more interested in Russia than in some African country impoverished under the fund's wise guidance. Russian patriots sincerely think that the West sets out deliberately to play foul tricks on us. "Westernizers", who think that the countries of the West want to help us, scarcely exist any more. Meanwhile Russia, as in the early years of the century, has again become "the weak link of world capitalism." The Russian soul, mystical "collectivism" and other national peculiarities count for nothing here. Our country has come to occupy a particular place in the world system, and the economic collapse here could serve as the prelude to global shocks.

This is also the result of the policies implemented under the guidance of the IMF. The fund set out to incorporate Russia, with its corrupt authorities and debauched lumpen bourgeoisie, into the world system - at any price. The international banks got what they were looking for.

In the late spring and early summer, when the inevitability of devaluation was already obvious to any street trader in Moscow, official spokespeople and international financial bureaucrats spoke of a victory

over the crisis. In a country on the verge of hunger, millions of dollars were thrown into "supporting the national currency". The outcome was a humiliating failure. The ruble fell.

The stable ruble was proof that the course that had been followed was correct no matter what. About a year ago the Western press was full of prophesies of future success for Russia. One economist even published a book entitled The Coming Russian Boom. In fact, not even the authors of these predictions believed them. Such forecasts are like aspirins: they are not good for any long-term effect, but are meant for immediate pain relief. When used persistently, pain-relieving drugs often become less and less effective. With the devaluation of the ruble, such methods of collective psychotherapy will have to be taken out of use for a time.

The available financial resources will become less, and the demand by the fund's clients for rescue credits will increase. The resources of international financial institutions are not unlimited. It may be that defending "weak positions" on the periphery results in the loss of something important in the "center". Europe has its own potential for social explosion; it is enough to look at the eastern laender of Germany. How things will proceed with the unified European currency is not clear either.

The growing difficulties of the IMF inevitably arouse a certain malicious joy among Russians. But the situation will not make things easier for us. In order to escape from the present dead- end, we have to recognize our position in the modern world, our possibilities and our global responsibility. And we have to learn finally to take decisions

Michel Chossudovsky

The G7 Solution to the Global Financial Crisis

A Marshall Plan for Creditors and Speculators

Following the dramatic nose-dive of the Russian ruble, financial markets around the World had plummeted to abysmally low levels. The Dow Jones plunged by 554 points on August 31st, its second largest decline in the history of the New York Stock Exchange. In the uncertain wake of "black September 1998", G7 ministers of finance had gathered hastily in Washington. On their political agenda: a multibillion dollar plan to avert the risks of a Worldwide financial meltdown. In the words of its political architects, US Treasury Secretary, Robert Rubin, and UK Chancellor of the Exchequer, Gordon Brown: "we must do more to . . . limit the swings of booms and busts that destroy hope and diminish wealth."[1]

Announced by President Bill Clinton in late October, the G7 proposal to install a 90 billion-dollar fund "to help protect vulnerable but essentially healthy nations" from currency and stock market speculation will go down in history as the biggest financial scam of the post-war era.

Hidden agenda

Skilfully presented to the international community as a timely "solution" to the global financial crisis, the establishment of a "precautionary fund" under IMF stewardship proposes to deter "financial turbulence spreading from country to country in a contagion process." The underlying objective is "to send a clear message to speculators that they may be taking big risks if they [short] sell a nation's currency."[2]

Yet in practice, the G7-IMF artifice accomplishes exactly the opposite results. Rather than "taming the speculator" and averting financial instability, the existence of billions of dollars stashed away in a "precautionary fund" (safely established in anticipation of a crisis) is likely to entice speculators to persist in their deadly raids on national currencies

The multibillion dollar fund was not devised (as claimed by its architects) to help nations under speculative assault; on the contrary, it constitutes a convenient "safety net" for the "institutional speculator." "The money is there" to be drawn upon and the speculators know it. If central banks in Asia or Latin America (in an abortive attempt to prop up their ailing currencies) were to contemplate defaulting on their (forward) foreign exchange contracts, the precautionary lines of credit (serving as a "backup") would enable banks and financial institutions to swiftly collect their multibillion dollar loot.

In other words, the money "to bail out the speculators" would be readily available and accessible well in advance of a currency crisis. Moreover, the IMF-sponsored "rescue operation" would no longer hinge upon clumsy ad hoc negotiations put together hastily in the cruel aftermath of a currency devaluation.

Whereas the IMF would still be called in to impose even harsher economic measures, the bailout money would be "available up front": no nervous last minute meeting as on Christmas eve (24 December 1997) when Wall Street bankers met behind closed doors (under the auspices of the New York Federal Reserve Bank) to put the finishing touches on the renegotiation of Korea's short-term debt.[3]

Rather than repelling the speculator, the existence of the precautionary fund significantly diminishes the risks of conducting speculative operations. Not surprisingly, the global banks and investment houses (well versed in the art of financial manipulation

through their affiliated hedge funds) have unequivocally endorsed the G7-IMF policy initiative. Barely analysed by the global media, the scheme will reinforce the command of "institutional speculators" over global financial markets as well as their leverage in imposing ruthless macroeconomic reforms.

A Marshall Plan for the speculator

A colossal amount of money has been allocated (from tax payers' wallets) to "financing" future speculative assaults: the 90 billion dollar scheme constitutes a "Marshall Plan for institutional speculators" representing an amount (in real terms) roughly equal to the entire budget of the Marshall Plan (86.6 billion dollars at 1995 prices) allocated between 1948 and 1951 to the post-War reconstruction of Western Europe.[4]

Yet in sharp contrast to the Marshall Plan, the money transferred under both the Asian bailouts (more than $100 billion) and the proposed G7-IMF precautionary fund ($90 billion) contribute "to lining the pockets" of the global banks, leading to an unprecedented accumulation of money wealth. None of this money will be channelled into rehabilitating the shattered economies of developing countries. Under the new IMF Facility for contingency financing, international banks and financial institutions will be able to swiftly collect debts (from developing countries), initially up to the 90 billion dollars ceiling.

Of this amount, some 30-40 billion dollars have already been carefully set aside to ensure that Brazil (following massive capital flight) does not default to its Wall Street creditors. In return, President Fernando Henrique Cardoso, faithful to his financial masters, has committed the Brazilian government to sweeping austerity measures which will drive large sectors of Brazil's population (including the middle classes) into abysmal poverty. In this regard, the IMF's economic therapy in Brazil promises to be more unmerciful than that applied in Asia. In turn, the cost of servicing the precautionary line of credit will be substantially higher.

The remaining 50-60 billion dollars is available to be used to "finance" future speculative raids and bailout agreements (eg. in Latin America, the Middle East and South Asia) leading to the concurrent dismantling of national-level monetary policy. This destructive process,

however, does not terminate once the 90 billion dollar ceiling has been reached: once the money has been used up, the precautionary fund (established as a "standing arrangement") can if required be replenished (with contributions from G7 countries).

The transfer of wealth resulting from currency speculation is unprecedented in modern history. Solely in Asia, more than 100 billion dollars of foreign exchange reserves have been confiscated since mid-1997. Another 90 billion dollars are envisaged under the precautionary scheme. And these amounts do not include the collection of private debts nor the value of assets appropriated by Western capital under the privatisation programmes (estimated for Russia alone to be more than five times the Marshall plan). In return, Russia will receive a meagre 500 million in US Food Aid on condition it faithfully conforms to the IMF's economic agenda.

Demise of monetary policy

Through their decision, G7 leaders have sanctioned the destruction of monetary policy and the derogation of national economic sovereignty. Through the manipulation of currency markets, billions of dollars of money wealth will be transferred from the vaults of central banks into private financial hands.

Total available foreign exchange reserves in the vaults of the World's central banks is less than the daily forex turnover of more than 1,200 billion dollars. A small number of global creditors will control money creation.

In turn, this demise of central banks has contributed to dramatically boosting the levels of global debt, while furthering the process of economic and social collapse. G7 political leaders bear a heavy burden of responsibility in adopting a scheme which contributes to aggravating the global economic crisis. Moreover, they have blatantly misled the international community on the likely consequences of the multibillion dollar precautionary fund.

The speculative assaults not only boost the levels of external debt in developing countries (eg. Korea, Indonesia, Brazil), they also contribute to heightening the debt burden in G7 countries: the financing of the bailouts (under the multibillion precautionary fund) will largely come from the public purse requiring the issuing by G7 governments

of vast amounts of public debt. Ironically, the latter will be underwritten by the same investment banks routinely involved in the speculative assaults.

In other words, the G7 proposal is conducive to a massive increase in the levels of public debt while at the same time creating conditions which accelerate the collapse of production and employment. The latter in turn trigger the accumulation of large amounts of personal (household) debts, nonperforming loans of small and medium sized enterprises, etc., leading to bankruptcies and loan forfeiture.

The "privatisation" of the IMF bailouts

The 90 billion dollar deal was hastily put together by US Treasury officials following consultations behind closed doors with the representatives of the World's largest banks and brokerage houses. The precautionary facility is to provide "short-term" contingency financing at substantially higher interest rates (300 to 500 base points above the IMF standard lending rates).

In other words, financing will be available at 3 percent (or more) above the current IMF soft lending rate of 4.7 percent. This pattern imposed by the US Congress in October (in relation to the $18 billion US contribution to the fund) violates the statutes of the IMF as an intergovernmental body; it derogates the Bretton Woods agreement of 1944. While it increases the burden of servicing the debt under the bailout, it also reduces the repayment period (i.e. from the standard three to 10 years to one to 2.5 years). In other words, the bailout money provided under the fund would (within a short period of time) have to be rescheduled with private lending institutions at market rates of interest.

In other words, the G7-IMF scheme not only artificially inflates the debt burden (by hiking up interest rates), it also establishes conditions which favour the eventual "privatisation" of the bailouts. In this context, "policy conditionalities" would be negotiated by the global banks (rather than by the IMF):

> [M]echanisms could be designed ahead of time to ensure the timely involvement of the private [banking] sector in providing liquidity support to countries in times of financial stress.[5]

The banks have hinted that what they really want is a de facto private sector bureaucracy (which they can more effectively control) rather than a cumbersome intergovernmental body. This overhaul of the IMF is to be carefully supervised by the US Treasury acting on behalf of Wall Street. In other words, the IMF has also been brought more directly under the political trusteeship of the US Administration in blatant violation of its intergovernmental status. Overshadowing the IMF (and limiting its authority to conduct future negotiations with member governments), the Congressional appropriation bill had identified precise loan "conditionalities" to be inserted in future IMF bailouts (including provisions which facilitate the dumping of US grain surpluses as well as the "enactment of bankruptcy laws that treat foreigners fairly").

Speculators call the shots on crisis management

After the meltdown of Wall Street on Black Monday 31 August 1998, G7 leaders had pointed nervously to the need for "taming financial markets." Proposals to control the unfettered movement of money had been put forth. British Prime Minister Tony Blair, highlighting the shortcomings of the IMF, had earlier called for an overhaul of the Bretton Woods institutions: "the existing system has not served us terribly well..."[6]

Mea culpa by renowned speculator George Soros: "financial markets are inherently unstable, which can cause tremendous damage to society."[7] Frictions between the Bretton Woods sister organisations had also surfaced at their annual meetings in October 1998. In an admonishing statement, the Senior Vice President of the World Bank, Joseph Stiglitz, publicly expressed his disapproval of the Washington consensus.

In the meantime, despite renewed stock market instability in developing countries, the storm had temporarily settled on Wall Street much to the relief of New York's major brokerage houses. Caving in to the demands of the global banks, the issue of capital controls had been casually dropped from the political agenda: "the new buzz-words are 'sequencing', 'orderly capital account liberalisation', 'regulations, yes, restrictions, no'."[8]

A new invigorated "Washington consensus" was in the making.

The unfettered movement of capital was presented as the sole means to achieving global prosperity. According to UBS-SBC's George Blum and Citigroup's William Rhodes, speaking on behalf of some 300 global banks and brokerage houses: "capital controls will seriously damage medium-term prospects for raising standards of living".[9]

Neoliberal economic policy was alive, speculators rather than elected politicians were calling the shots. G7 leaders together with the Bretton Woods institutions had formally invited the global banks "to be involved appropriately in crisis management and resolution".[10] In an absurd logic, those who foster financial turbulence are called in to identify policies which attenuate financial turbulence.

In turn, the broader structural causes of the economic crisis remain unheralded. Blinded by neoliberal dogma, policy makers are unable to distinguish between "solutions" and "causes." Public opinion is misled. Lost in the barrage of self-serving media reports on the deadly consequences of "economic contagion", the precise "market mechanisms" which trigger financial instability are barely mentioned.

Despite mounting criticism directed against the Bretton Woods institutions, the G7 decision not only upholds but strengthens the IMF's lethal economic medicine as the unequivocal "solution" when in fact it is the "cause" of economic collapse and financial turmoil.

With the exception of token rhetorical statements on the destabilising impacts of currency and stock market speculation, no concrete revisions of the macroeconomic agenda have been put forth. The G7-IMF precautionary fund "entrenches" the rights of speculators; it provides an unconditional "green light" to financial institutions to "short sell" national currencies all over the world.

Dismantling the state: a private sector bureaucracy

The global banks decide on what constitutes a "politically correct" economic agenda. The new "financial architecture" is to be based on the removal of all remaining barriers to capital movements.

According to Alan Greenspan, chairman of the US Federal Reserve Board, financial markets are too complex for public regulators to oversee: "Twenty-first century regulation is going to increasingly have to rely on private counterparty surveillance to achieve safety and soundness [of financial markets] . . . "[11]

More generally, the tendency is toward a system of "private regulation" (under the direct control of banks and MNCs) in which governments and intergovernmental bodies would play a subsidiary role. In other words, the stranglehold of creditors over the State apparatus in all major regions of the world (including North America and Western Europe) is conducive to the development of a private sector bureaucracy which oversees activities previously under State jurisdiction.

This dismantling of the State, however, is not limited to the privatisation of social programmes and public utilities; corporate capital also aspires to eventually acquire control over all State-supported "civil society activities." Cultural activities, the performing arts, sports, community services, etc., would be transformed into profit making ventures. In this regard, the proposed Multilateral Agreement on Investment (MAI) purports to deregulate foreign investment, dismantle State institutions and transform all State supported "civil society activities" (eg. at municipal level) into money making operations.

"Taming the tigers"

In parallel with the forced removal of impediments on the movement of capital through the disruption of currency markets, the political power brokers of the "free market" will continue their relentless drive to entrench the rights of banks and corporations in several legally binding agreements, including the Multilateral Agreement on Investment (now under WTO auspices) and the equally controversial amendment of the IMF articles on capital account liberalisation.

Combined with overt political pressures by Washington, the G7-IMF multibillion dollar fund will also be used to finance future speculative assaults on countries such as China (including Hong Kong), Malaysia, Taiwan, Chile and more recently Russia (under Prime Minister Primakov) which have defied the "free market" by adopting foreign exchange restrictions and/or controls on speculative transactions. The Taiwan authorities, for instance, took measures "to prevent illegal trading of funds managed by George Soros which have been blamed for causing the local stock market to fall."[12] Hong Kong has introduced measures which curb short-selling of stocks and currency speculation.[13]

The G7 scheme (coupled with the decision not to hamper the

movement of money) is intent on weakening these initiatives and destabilising local-level capitalism; the ultimate objective is to deregulate currency markets, break down remaining impediments to the movement of capital and dismantle State control over monetary policy.

Speculators and creditors get cold feet

By legitimising mechanisms which boost global debt and destabilise national economies, G7 policy makers have also "sown the seeds of destruction." The creation of insurmountable debts is backfiring on the World's most powerful financial actors. The resulting dislocations in production, the "drying up" of consumer markets (following the simultaneous collapse in the standard of living in a large number of countries) has resulted in a proliferation of non-performing loans.

The inexorable accumulation of global wealth has backlashed on the real economy leading to the disengagement of human and material resources. Physical assets stand idle or are withdrawn from the market process resulting in plant closures, layoffs and corporate bankruptcies. Poverty and unemployment are the result of massive overproduction (marked by overcapacity) in virtually all sectors of activity.

The speculators are caught in the twirl: in a cruel irony, financial turmoil is backfiring on the financial institutions which provoked market instability in the first place. Bank losses are not limited to Korea, Japan or China; some of the West's largest financial institutions (involved in shaky investment deals, high risk trade in hedge funds, "heavy exposure" to emerging market debt, etc.) are now getting "a bitter taste of their own economic medicine."

Heavy bank losses have also triggered the layoff of thousands of employees on Wall Street. At J. P Morgan, Merrill Lynch and Credit Suisse-First Boston, etc., previously affluent and successful brokers have been ruthlessly driven onto the streets.

The destabilising impacts of the hedge funds

Some of the World's largest banks and brokerage houses on both sides of the Atlantic have incurred heavy losses: Citigroup, Bank America, the Dresdner and Deutsche banks (hit by massive default on Russian debt), UBS-SBC, Credit Lyonnais, Merrill Lynch, ING Baring, Credit

Suisse-First Boston, to name but a few. Most of these banks can be considered as "institutional speculators" with formal links to their numerous affiliated hedge funds. UBS is under investigation in Switzerland for its shady deals with the LTCM hedge fund; Bank America, the largest US bank, has declared a 1.4 billion credit loss following the demise of its Wall Street hedge fund, D. E. Shaw.[14]

Rather than curbing speculative trade, the G7-IMF precautionary fund provides a "green light" to the hedge funds routinely involved in speculative operations. A large share of these hedge funds operate from offshore banking havens to escape government regulation and taxes.

The political consensus among G7 ministers of finance is that it would be unwise to regulate the hedge funds. Echoing Wall Street and the US Federal Reserve Board, the Bank of England has urged hedge funds "to regulate themselves", underscoring the fact that "tighter regulation of hedge funds could prove self-defeating."

The dramatic rescue by a consortium of Wall Street firms of the LTCM hedge fund in September 1998 (crippled with debts of more than three billion dollars) is but the tip of the iceberg in a global cobweb of over four thousand hedge funds. LTCM was run by a former Salomon Brothers executive, John Meriwether.

Described as "pool partnerships of wealthy investors", the hedge funds were created and bred by the financial establishment, serving the interests of the banks, corporations and rich individuals. They have become an integral part of the structures of investment banking with "reported capital" of some 300 billion dollars. However, through "highly leveraged operations", this capital of 300 billion has been multiplied to reach astronomical figures: LTCM's fund manager John Meriwether, for instance, had invested 500 million for every million in capital with operations totalling an estimated "exposure" of 200 billion dollars. The latter amount is the "exposure" (through shady investments in emerging markets) of a single hedge fund out of a total of four thousand hedge funds! Needless to say, a large share of hedge fund business transacted in the offshore banking havens goes unreported.

The hedge funds have contacts in high places; they also wield considerable influence in determining the direction of G7 reforms. They have the ability of moving billions of dollars around the world overnight, overshadowing the powers of governments. Their operations

are predicated on the manipulation of market forces: the hedge funds capture large amounts of wealth from the real economy, ultimately leading to the accumulation of enormous debts and the demise of productive activity.

Combined with the plight of the peripheral bond markets, a failure of the hedge funds would backlash on the entire structure of Western banking, including its more than 55 offshore facilities (eg. Cayman Islands, Bermuda, Luxemburg, etc.). In turn, stock market instability threatens the future of mutual funds and pension funds (many of which also include speculative investments in their portfolio).

Merger frenzy

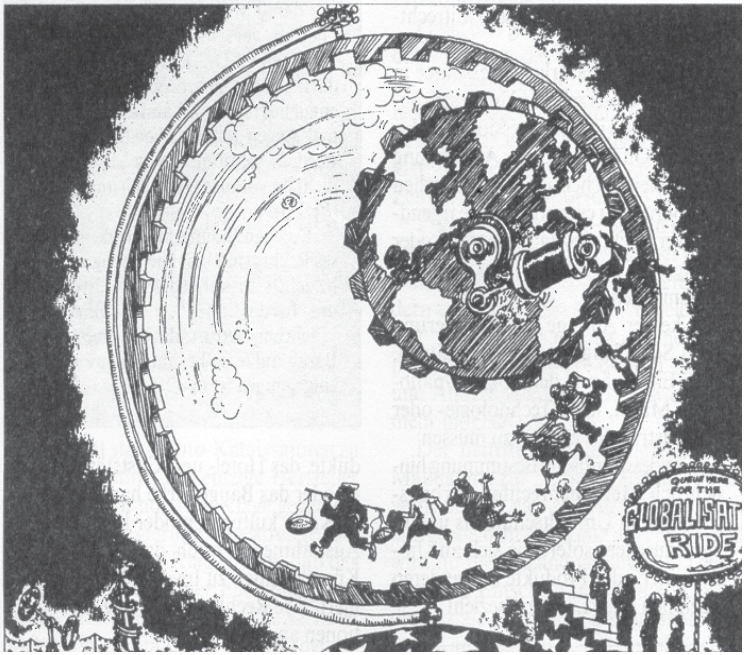
The G7's "new financial architecture" favours an atmosphere of cut-throat competition leading to a new wave of mega-mergers and acquisitions. In turn, the merger frenzy has contributed to artificially boosting the New York Stock Exchange to new record heights. The multibillion spoils of currency and stock market speculation are channelled toward the acquisition of real assets: the enormous cash reserves accruing to institutional speculators are also recycled toward the financing of corporate mergers, including the purchase of state assets under the numerous privatisation programmes.

In turn, currency speculation in emerging markets has favoured the dislocation of national capitalism in Asia and Latin America and the demise and subordination of the local economic elites, leading to an unprecedented concentration of global economic and financial power. In the wake of the IMF-sponsored bailouts, global corporations - out on a lucrative shopping spree in Asia - have acquired control over numerous "troubled" national enterprises and financial institutions.

Global alliances

The formation of new "global alliances" between European and American capital has rapidly changed the balance of power in the World market. With the merger boom, British and German banking interests have (inter alia) joined hands with Wall Street, leading to the formation of powerful financial giants.

Banker's Trust-Deutsche Bank, BP-Amoco, Daimler-Chrysler, to name but a few: the mega-mergers are proceeding at a very rapid



pace in banking, mining, oil and gas, etc., as well as in the "high tech" industries (computers, telecommunications, electronics, bio- genetics). The mega-mergers are also contributing to redefining the geopolitical landscape of the post-Cold war era. Whereas the former Soviet Union has been defeated as a superpower, the onslaught of the Asian currency crisis has significantly undermined the economic dominion of Japan in the Asia-Pacific region.

In turn, the Euro-American banking conglomerates are shareholders in the World's largest industrial corporations (eg. Deutsche Bank has a sizeable stake in Daimler-Chrysler); they also oversee the restructuring of national economies (under the bailout agreements) in Eastern Europe, the Balkans, Latin America and South East Asia. These "Atlantic corporate alliances" in banking and industry seek to edge out weaker competitors, including their Japanese rivals. Moreover, financial deregulation has also opened up the Japanese economy to corporate buyouts by Western investment banks. Supported by the G7-IMF

economic agenda, the expansion of Euro-American capital into new frontiers is contributing to undermining Japan's position as an economic power.

A "false consciousness" has invaded all spheres of critical debate and discussion which masks the workings of the global economic system; by the same token, it also prevents the international community from acknowledging its devastating impacts on people all over the World. What are the causes of the crisis as well as the powerful financial interests which are responsible for financial turbulence and economic dislocation?

Public opinion has been skilfully misled: the Western economy is said to be "healthy"; "economic infection" is "spreading" from Asia and Russia (designated as "sick economies"); politicians, mainstream economists and the Western media have contributed to trivialising and distorting the causes of the global economic crisis, not to mention the formulation of stylised "solutions": "we must stave off the growing flu because flu proves to be contagious."

Freezing speculative transactions

The most urgent task consists in subjecting financial markets to public scrutiny and social control. A Tobin tax will not suffice in reversing the tide of destruction: "financial disarmament" requires freezing (nationally and internationally) the entire gamut of speculative instruments, dismantling the hedge funds, reintroducing controls on the international movement of money and progressively breaking down the structures of offshore banking which provide a safe haven to "dirty money" and the flight of undeclared corporate profits. While these "preventive measures" do not constitute a (long-term) "solution" to the global economic crisis, they would nonetheless contribute to significantly slowing down the accumulation of money wealth and attenuating the devastating impacts of currency and stock market speculation on millions of people. In the words of Malaysia's Prime Minister Mohamad Mahathir:

> unless [speculative] currency trading is recognised as the root cause of the present problem, corrective actions cannot be made . . . Cosmetic adjustments will not do any good at all.[15]

Dismantling the Washington consensus

Beyond the adoption of short-term "preventive" measures geared toward freezing speculative trade, far-reaching changes in the structures of the global economic system are required, which reverse the concentration of financial power and restore the democratic control of society over the levers of economic policy. As a first step, the "Washington consensus" must be broken, the IMF's lethal economic medicine must be discarded; in turn, the mechanics of macroeconomic reform must be reversed, requiring the establishment of "an expansionary economic agenda" geared toward restoring wages and alleviating global poverty.

Of crucial importance is the concurrent "democratisation of central banks." Under the present set-up, creditors and speculators control money creation including the financing of State economic and social programmes, the payment of wages, etc. In other words, what is at stake is not only the cancellation of enormous public debts held by private financial institutions but also the "re-appropriation" by society of monetary policy, i.e. the democratic control by society of money creation and the process of financing economic and social development.

In turn, the process of dismantling the Washington consensus will also require (in close co-ordination with the process of "financial disarmament") the continued struggle against a number of legally binding international agreements (eg. under WTO and IMF auspices) which establish an "enabling environment" for MNCs and global banks.

Notes

1. Quoted in *Financial Times*, London, 31 October/1 November 1998. See also G7 Communiqué, October 30, 1998.
2. David Sanger, "Wealthy Nations back Plan to Speed Help to the Weak", *New York Times*, 31 October 1998.
3. See *Financial Times*, London, 27-28 December 1997, p. 3.
4. See US Bureau of Labour Statistics, *Purchasing Power of the Dollar, 1950-1995*. The Marshall Plan transferred 13 billion dollars of US aid from 1948 to 1951, equivalent to 86.6 billion dollars at 1995 prices. See also Barry Eichengreen and J. Bradford de Long, The Marshall Plan: History's most Successful Structural Adjustment Programme, CEPR discussion paper, May 1992.
5. IMF, *Strengthening the Architecture of the International Monetary*

System, Washington, October 1998, p. 5.
6. *Financial Times*, 21 September 1998, p. 1.
7. Reuters (press dispatch), 10 November 1998.
8. See Robert Wade, "Behind the Big Push for Free Movement of Capital", *Third World Resurgence*, No. 98, October 1998.
9. Institute of International Finance, Press Release, Tokyo, 13 September 1998.
10. G7 Communiqué, October 30, 1998.
11. Quoted in "Greenspan urges Repair of Global Architecture", *American Banker*, October 1998.
12. Martin Khor. "Tide turning on Financial Free Market", *Third World Resurgence*, no. 98, 1996, p. 32.
13. Ibid.
14. *Financial Times*, London, 15 October 1998, p. 1.
15 Mohamad Mahatir, quoted in the *Strait Times*, 3 November 1998.

Isaac Bigio

The Successor Parties in Eastern Europe

Between Social Democracy and National Communism

Probably no other global movement in this century has inspired so much sacrifice and polarisation as the Communist International (and its descendants) founded seventy years before the downfall of the Berlin wall. Tens of millions died fighting for 'socialism'.

Nevertheless, the same parties that established 'proletarian dictatorships' through violent means have today surrendered their political and economic monopoly without any major bloodshed. The CPSU did not mobilise its millions of members and its all-powerful armed institutions to resist its dissolution after August 1991. The way in which Communist regimes collapsed and succumbed to rapid restitution of pro-market regimes in the former Soviet block led many to believe that we were experiencing the 'end of history' and the final disintegration of the Communist or socialist parties.

> It seemed an easy prediction that whatever the uncertainties of post-communism in this region, Communist parties would certainly be confined to a marginal role, and there was virtually no thought that they might be able to stage, in whatever 'successor' guise, any political comeback. (Mahr/Nagle, 1995, p394)

However, in the majority of Eastern Europe the Communist Parties' successors managed to re-establish themselves as the best organised and also as the largest parties in terms of membership. In most of the countries they remained as one of the two most popular parties and led new governments.

This paper will attempt to analyse the successor parties. We define them as post-Communist, as having broken with many programmatic and organisational features from the past and having establishing some new social bases.

Our conclusion is that once the ex-leading parties renounced the collective plan and accepted the market-based democracy they could evolve towards two alternative extremes: social-democracy, or a hybrid form of nationalism and communism.

Definitions

The successor or post-Communist parties are the ones that originated in the former leading Communist parties, inherited many of their resources and cadres, and admit some historical, ideological and organisational continuity. They describe themselves as socialist and left parties.

This paper will not deal with all the movements created by the ex-Communists. In fact, Anti-Communist paladins like Tudjman, Yeltsin, Constantinescu or Klaus were around or inside the former ruling parties. There are countries, like Moldova, in which the leaders of all the major forces were career functionaries in the Communist Parties.

Some 'people's democracies' allowed the survival of historical parties although as domesticated creatures. The Polish Peasant Party or the Czech Christian-Democrats managed to retain a significant membership. However, they were never the ruling parties and after 1989 they reassumed their own independent course.

There are other new parties that, despite having originated as sections of the former leading party, assume a different social and ideological identity. The Agrarian Parties in Russia, Ukraine and other ex-Soviet republics were created by the rural nomenklatura and survive as lobbies which protect their particular sector. The Slovenian Liberal Democracy was originated in the Communist youth and its leader, Prime Minister Drnovsek, was a Yugoslavian collegiate President.

Nevertheless, it is a member of the Liberal International and is associated with Fidesz (Hungary) and the British New Right.

None of the successor parties retained the exact old acronym. They were re-baptised as 'Social-Democrat' (Poland, Croatia, Romania, Slovenia, Macedonia), 'Socialist' (Hungary, Albania, Bulgaria, Latvia, Serbia), 'Left Democratic' (Slovakia), 'Democratic Labour' (Lithuania) or 'Democratic Socialist' (ex-GDR, Montenegro). Only in the Czech Republic and in several ex-Soviet states (e.g. Russia, Moldova, Belarus, Ukraine, Armenia, Tadjikistan) did they adopt new names albeit maintaining the 'Communist' identity.

The only former ruling party that did not modify its previous name was the Mongolian Revolutionary People's Party. However, it decided to change its allegiance from Lenin to Gengis Khan and to openly embrace multiparty and pro-market 'socialist democracy'. In

Central Asia, the old great leaders of the former soviet republics and Communist Parties remained in power but as new pro-market autocrats who dropped their Marxist credentials and re-established their party machinery and ideology in a populist-nationalist and pragmatic way.

Some parties (East-Germany) changed their name in a congress and others in a referendum (Bulgaria). In Poland and Hungary the ruling 'Workers Parties' decided to dissolve themselves in a special congress and almost immediately most of their delegates proclaimed the foundation of a new social-democratic party. In Romania only the leadership decided the new name. In many ex-Soviet republics the Communist party was banned after August 1991 and later a core of activists decided to reorganise new Communist parties in the new states.

All of them renounced basic principles such as their 'leading role', the nationalised command economy, 'revolutionary violence' and the 'dictatorship of the proletariat', and accepted parliamentarian democracy, the market economy (albeit with different degrees of state intervention) and a peaceful road to achieve or alternate power. In that sense they experienced a radical break with their past and narrowed or eliminated their differences which caused their split from the Socialist International in the late 1910s. However, not all evolved in the same direction. The two poles consist of those which are now members of the Socialist International (e.g. Hungarians or Polish) and the ones that are assuming a national-Communist pattern (e.g. Russia).

Characteristics

A common feature of all the East-European Post-Communists is that the party-states which tried to command the economy, politics, society and culture, have accepted competition. This produced a radical change not only in their policies but also in their membership and relation with society.

When they were in power they included a large chunk of the population. In East-Germany, for example, one fifth of the working population were SED members. After 1989/91 all of them lost the great majority of their former members. The PDS has now around 120,000 members while the SED had 2,3 million ones. The Bulgarian Socialist Party (BSP) and the Communist Party of Bohemia-Moravia (CPBM) have between 300-400,000 affiliates. In The Czech lands they had 1,7

million members. The PDS has five times more affiliates in East Germany than the Social-Democrats and the CPBM had more than ten times the affiliates than Zeman's ruling Social-Democrats. The Albanian Socialist Party managed to have a large membership (110,000) with is not far from the 150,000 that the leading party had, albeit two thirds of their affiliates are new ones. (Zanga, 1994)

The post-Communist parties that tried to make the most complete break with the past are the ones that lost most members. The Hungarian Socialist Party (HSP) was founded with 4 per cent of the former membership while the Social-Democracy of the Republic of Poland (SDRP) initially only maintain 20,000 from the 2,000,000 former affiliates. The Latvian Communist Party had 300,000 members and today no party in that country has more than 2,000.

Nearly all of them dissolved their armed militias and accepted the principle of territorial (instead of production-based) organisation. The first action implies that the party accepts that the monopoly of violence should be in the hands of a state that could be controlled by different and alternate forces. The second decision implies a shift away from an orientation aimed at controlling society through links with the industrial workers towards electoral alliances with broader social strata.

Homogenised 'Democratic-Centralism' was replaced with a model of open factionalism. In fact, the fractional disputes that were always carried out by secret cliques and the conspiracies of the one-party times were allowed to be expressed more openly. Most of these parties have different open factions that are pushing towards more social-liberal or more nationalist orientation, or try to channel workers demands, etc.

Social composition

The ruling parties used to be led by the nomenklatura: the managerial, military and political elite. However, since the collapse of the old system many bureaucrats have carried out a successful personal transition to become businessmen, officials for the new states, etc. In the ex-Soviet republics, the lower level bureaucrats who were not so easily able to accommodate into the new system or to repudiate their convictions are the bases of the neo-Communists.

The post-Communists parties have a different base not only in

comparison to the old ruling parties, but also when confronted with the pre-Revolutionary times. Before they took power in the late 1910s or 1940s they were rooted in the industrial working class or in the lower strata of the peasantry. Today they are not the party of the dominant elite but neither do they represent the working class.

In East Germany, Hungary or Poland the pattern is that these parties have their following among the intelligentsia (from researchers and teachers that are losing their funds to academics who feel displaced), former party and state functionaries, employees of the service and public sectors and pensioners. Many 'red businessmen' also support them. In Hungary the party includes a high percentage of technocrats that deal with multinationals.

It is assumed that the post-Communists regained some popularity amongst the population that suffered the most from the transition. This is only partially true. In fact, in the ex-GDR people with higher education and income support the PDS. They only received the votes of a minority of the working class. In Russia 'the industrial working class had for the most not voted for the CPRF candidate' (Barth/Solovei, 1997, p188)

However, they have retained strong relations with the unions. Despite all the efforts by Western trade union internationals like the AFL-CIO or the ICFTU, the majority of the unions are linked with the post-Communists. The Russian FNPR, the Ukrainian FPU, like most of the official trade unions, were able to maintain their property and social security distribution functions. The new unions like NPG, Sotsprof or VOST lost grounds due to their association with market-reformers. Even in Poland, which had the only East-European massive anti-CP union in the 1980s, Solidarnosc has been outnumbered by almost 200 per cent by the former official OPZZ, which is the major partner of the Social-Democrats in the Left Democratic Alliance. In Russia, Ukraine and Poland, 'nowhere has a party representing the concerns of workers as a distinct group developed. In all of the cases they tend to express their discontent supporting populists or leftists who don't want to stop the reforms, but to moderate them'. (Cook/Kramer/Crowley, 1995, p117)

Elections and governments

The ruling parties that were the pioneers of the return to capitalism and parliamentarian democracy in Eastern Europe had very poor support in

the first polls. 'Few, however, would have predicted the resurgence of the successors to the ruling parties in Hungary and Poland.' (Wightman, 1998, p164). Yet, the social-democratised post-Communists regained power in these countries and Lithuania. In Macedonia, Bulgaria and in Albania they also returned to power. In Romania they were always re-elected until 1996. Rump Yugoslavia is the only country in which the post-Communists were able to win the elections and remain in power. In Slovakia and Slovenia post-Communists had different ministerial posts.

In Poland the post-Communist vote grew from 9.21 per cent in 1990 to 11.9 per cent and 20.4 per cent in 1991 and 1993, respectively. After being in government for two years, in 1995 Kwasniewski was elected president with a vote of 35.11 per cent and 51.72 per cent in the two rounds. In 1997 they lost the government achieving 27.1 per cent of the vote but they still have the presidency.

The Hungarian Socialist Party went up from 10.89 per cent in the 1990 elections to a vote of 32.96 per cent in 1994. After being four years in government they were ousted from it by the May 1998 elections in which they remained the most popular force with a vote of 32.3 per cent.

In the Czech and Slovak lands the Post-Communists had continuously maintained a percentage between 10 per cent to 14 per cent, despite centre-left governments being now in power. In Albania, Bulgaria and Romania the post-Communists won the first elections with around 50 per cent support. In Romania Iliescu often won the polls until 1996. After winning the first round with 32.2 per cent of the vote in the 1996 presidential elections he was ousted by Constantinescu, backed by Roman's 'moderate' post-Communists. The Bulgarian Socialist Party lost the government in 1991, obtaining 33.14 per cent support, but were reinstalled there with 43.50 per cent in 1994. In 1996 they lost the presidency achieving 27 per cent and 40.3 per cent of the vote in the two rounds while in 1997 they had 22 per cent in the parliamentarian elections. The Albanian Socialist Party lost power when they got only 25 per cent support in April 1992. However, in 1997 they re-took government with a share of 52.8 per cent.

In all the countries in which the post-Communists managed to lead governments after 1989 they typically maintained between a fifth

and a third of the electorate while being in opposition.

The former republics of Yugoslavia and the USSR present a special case in which a broader multi-national federation was broken down in many pieces involving a series of wars. These facts altered the political scene. The dominant nationalities (Serbs and Russians) were scattered in most of the splinter republics and they resisted the breakdown. Many Serbs, Russians and Communists perceived the disintegration of these federations as a Western manoeuvre. The secessionist republics that had military confrontations with Belgrade and Moscow or the Russian and Serb minorities tended to affirm more pro-Western and anti-Communist nationalism. As a result the post-Communist parties were heavily discredited in Latvia, Estonia, Croatia and Muslim-Croat Bosnia. In Croatia they started to regain terrain, adapting to national chauvinism.

In Macedonia and Yugoslavia the post-Communists are co-governing with parties on their left and on their right (Macedonian liberals or Serb ultra-nationalists). In Slovenia they oscillated between 9 per cent and 14 per cent of the vote. In Croatia, as the war issues appeals are becoming less central, the Social-Democrats are the second most popular party, obtaining 21 per cent electoral support in 1997. Bosnia-Herzegovina's political life is still dominated by ethnic parties.

In the former Soviet Union, Lithuania is the only case in which a social-democratised post-Communist party was elected in 1992. However, it was ousted after becoming involved in corruption scandals. In Latvia and Estonia, where there are significant Russian minorities (which are a majority in big cities and industrial areas) many hard-liner Communists tend to oppose independence and consequently to be based in the Slav minorities that are restricted in their citizen rights. Other ex-Communists promoted new parties that don't have a clear left-wing label (like the Estonian Rural Union or the Latvian Democratic Party 'Master') and have participated in moderate coalition governments since 1995.

In the rest of ex-Soviet Europe parties which maintained the Communist label are becoming the largest political parties. In the last parliamentarians elections in Belarus (1994), Russia (1995) and Ukraine (1998) the Communist Parties achieved more or less a quarter of the votes. In Russia and Ukraine they are the main parliamentarian force

while in Belarus Lukashenko dissolved the legislature power. The Moldovan Communist Party obtained 30.1 per cent of the votes in 1998 and achieved 40 out of the 101 MPs.

Different transitions

A big problem that many scholars have is how to understand the 'resurgence' of the post-Communist parties in the transition to capitalism. Many believe that the Eastern-European process is part of a 'third wave of democratisation' which started in the mid-1970s in Southern Europe and Latin America, and that all of these have similar dynamics. Some authors tried to formulate some common patterns in the transitions in some East-European countries and Portugal or other Latin countries. It has been suggested that all these countries tend to move towards a democratic liberal society as different combinations of the liberal wings of the former dictatorships and the moderates in opposition have managed to isolate the regime's 'standpatters' and the extremists in the opposition (Huntington, 1991).

Based on Huntington's theory, Ishiyama (1995) argues that all the Eastern European Communist Parties had democratic-reformers (who want a radical breakdown), liberals (who want to do some significant changes) and 'standpatters' (who want to conserve the old system) wings. The most successful post-Communists are the ones in which the first wing (Poland) or the second wing (Bulgaria) won. Since he wrote this, both parties were ousted from the government, and the Russian, Ukrainian and Moldovan 'standpatters' achieved similar or better levels of electoral and social support, parliamentary representation and membership than the other group. The implicit argument of this school of thought is that when the left shifts to the centre it has better chances to growth.

Gowan (1997) pointed out that the Communist Party had always had a significant base, which is disregarded by many Western scholars. The fact that in Hungary and Poland the ex-ruling parties initially had a low support might have another explanation. These were the countries in which the official parties had been promoting policies of shift to the market and social differentiation, which alienated many. In the face of a big pro-Western democracy propaganda drive and mass disillusion towards their austerity measures, many layers of the potential left wing

electorate abstained. In Czechoslovakia and East Germany, where the previous economic situation did not cause so much hardship and no major pro-capitalist policy shift was made, the Communists managed to retain a bigger share of the vote. In that sense, for him, it is not enough to claim, as Mahr/Nagle (1995) assume, that the post-Communists capitalised on a protest vote against the hardship created by the capitalist transition, or on a nostalgia for the past's social benefits.

There is a huge difference between the political transition from authoritarian rule to parliamentarian forms inside capitalist societies and the radical social, economic, ideological and political transformation experienced by societies which are moving from a collectivist totalitarianism towards capitalist democracy. The Iberian American countries already had a capitalist structure and were ruled by property-owners. The dictatorships were pushed out in part due to the pressure of the unions and the traditional parties that managed to survive in opposition. In their democratisation process the most radical wing were the socialist, Communist and far-left-wingers which combined forces to demand political freedoms and a welfare state.

The Eastern European countries had a different class structure. They did not have a bourgeois class or multinational corporations. The ruling elites were inefficient and corrupt administrators, but did not own the state-controlled enterprises. With partial exceptions (like Poland) the unions and the labour movement were not at the forefront in the democratisation process. At the other extreme, in Romania the miners attacked the pro-liberal students. Most of the historical parties were not able to survive due the abrupt social and cultural changes during forty years of collectivisation, industrialisation and totalitarian pseudo-egalitarianism.

The Communists were not the most radical wing of the democratic movement but the direct target of it. If after 1968 the far left experienced a significant growth, 25 years later it was the far right who capitalised from communism's downfall. The political pendulum moved towards the right.

The global situation was also entirely different. In the 1970s the USA and the West were in a difficult situation. In the early 1970s a serious crisis shook their economies and produced many strikes and left-wing demonstrations. The US defeat in Vietnam pushed it towards

a less aggressive foreign policy. The USSR by contrast was in a stronger economic, political and ideological position. That was the decade of the detente and super-power stalemate.

However, by the late 1980s the USSR was in complete disarray and the left and the Western unions were suffering a series of defeats. During the 1970s Iberian American transitions, the 'socialist countries' were a pole of reference for many of the pro-democracy demonstrators, and the USA was trying to avoid a radicalisation of the process and to convince their former partners to open political structures. In the late 1980s the only great power and ideological inspiration that most demonstrators could see in Eastern Europe was in the West.

There were no illusions in a collapsing Soviet Union whose leaders, instead of trying to protect their former partners, encouraged the anti-Ceaucescu uprising and were trying to move towards a kind of 'social-market' democracy. In East-Central Europe there was no significant force that could have pulled the movement in the opposite direction.

Most of the Iberian American dictatorships were not based on political parties. Their social base was the rich oligarchies and clients of their patronage, especially in the petite bourgeoisie and the underclass. After their downfall the forces identified with the dictatorships tended to submerge or combine with a new conservative right.

In Eastern Europe an extremely rich property-owning class and such big social polarisation did not exist. A very ideological party advocated an egalitarian society and guaranteed labour security and cheap or free housing, education, health, transport and basic services. The roots of the Communist parties were created in the working class and they had many traditions of resistance and struggle.

None of these parties fulfilled their original promises and they created a totalitarian apparatus that defended the privileges of a minority. Despite the egalitarian discourse and lack of obvious signs of private opulence, the Eastern-European societies had an elite that was better off due to their control of political power. The bureaucratised planned economy produced a 'economy of scarcity' (Kornai). Asphyxiated in a historically backward region and repressing initiative and innovation, the state-socialist systems were incapable of competing with the capitalist Western powers, and became economically stagnant and their elite

demoralised. The elite (nomenklatura) started to shift towards market solutions because they did not see any other way out. The market was like a computer virus that destroyed the programmed plan. Once the turn towards the market was made it was very difficult to stop and the leaders who wanted no more than 'market socialism' were replaced.

During the early days of the Eastern-European transformation a big confusion was introduced in the political lexicon. The forces that advocated a free-market were categorised as the left and the forces associated with the Communists as the conservative right. The right wing, in the capitalist transition from authoritarianism to democracy, was trying to preserve the institutions and classes of a more polarised capitalist society. In Eastern Europe the wrongly labelled 'conservatives' wanted to prevent the restoration of an even less egalitarian society, which was seen as requisite for a Western-type modernisation. For many left-wingers and workers, the events in Eastern Europe were seen as a form of regression to the past that they had rejected in the post-war social revolutions.

Because the transitions were different and the social basis of the authoritarian right wing capitalist dictatorships and the totalitarian pseudo-egalitarian Communist 'proletarian dictatorships' were quite different, the outcome of both processes were dissimilar. In Eastern Europe the former ruling parties had a traditional social base. They became the party that partially expresses people who were losing out in the capitalist reforms and who wanted to preserve as much as they could of the social benefits which they enjoyed before 1989-91. However, none of these parties wanted to return to the old system and they became the forces which had to try to convince the dissatisfied of the necessity of making those reforms but that it was possible to do so without a too high social cost.

The post-Communists had a legitimacy that the fascist and right wing autocrats did not have. They managed to preserve the bulk of their party network. They had skilled politicians and technocrats. They could show that they were a mature party that could maintain some social benefits in a politically and economically plural society.

Different evolution

In Eastern Europe there are three main patterns in the process of social-

democratisation of the post-Communist Parties. These are associated with specific historic and social characteristics and in the separate ways in which they enter in the democratisation process.

The first pattern is found in Poland and Hungary in which a negotiated displacement of parties was produced. The second pattern is in south-eastern Europe, in which the ruling parties managed to survive for a longer period in power because they organised preventive elections. The third pattern happened in the most advanced and industrialised GDR and Czechoslovakia, in which the Communist Parties did not want to make reforms and were deposed by the opposition. Sark and Bruszt (1998) called the first pathway as based in 'compromise' (Poland) or 'unfettered electoral competition' (Hungary), the second as 'restricted electoral competition' and the third one as the regime's 'capitulation'.

In Poland and Hungary the Communist Parties were weak before the Soviet occupation and even after its first years. The ruling parties never adopted a Communist label and they were heavily based in the engineered incorporation of the former Social Democrats. They seized power under Soviet tanks and they were also used to repress protest movements. They did not have much legitimacy in the eyes of many Polish and Hungarians.

During the 1980s both parties were willing to tolerate some dissident organisations and to open talks with them. Concessions to the market and to small private enterprises were more acute in Hungary. In both countries the Workers Parties created coalition governments with the pro-market opposition in order to prepare the transition that finally displaced them from power. Before 1989 these parties encouraged economic and political reforms and while in opposition they managed to radically break with their past and to guarantee the continuation of the reforms.

The Hungarian and Polish post-Communists are more closely associated with the social-liberals. In Hungary they opened the internal market and enterprises to multinational capital and transformed it into the post-Socialist country with the largest foreign control over the economy. Some members of the right-wing opposition even accused them of being too neo-liberal. Both parties are heavily pro-EU and are willing to enter into NATO, although they would like to transform it in order to include Russia as a full member or associate. In Poland they

oppose clericalism. In Hungary they discourage Antal's pan-Magyarism and defend the Hungarian minorities in Slovakia, Yugoslavia and Romania through improving diplomatic relations with those states. They also opposed the nationalist right attacks on the Gypsies. The HSP and the SDRP are the most Westernised and social-democratised post-Communists and are admitted as full members in the Socialist International.

In the Balkans the ruling parties tried to prevent their displacement from power and to administrate an electoral process so that they could control the outcome and win. In Albania and Bulgaria they managed to remain in power until 1991 and 1992 and in Romania until 1996. These parties were more independent from Moscow or had less traditional antipathy towards the Russians. In Eastern Europe if Poland was traditionally the most Russophobic country, Bulgaria was the most Russophile. In Romania and Bulgaria the pro-Gorbachevian wings ousted Ceaucescu and Zhivkov. Before 1991 they were talking about 'market socialism' and were linked with the CPSU, while the Polish and Hungarians post-Communists had more of a Social Democratic orientation.

They were also willing to make more concessions to classical Balkan nationalism and to allow hard-liners inside their parties or alliances. When Zkivkov died the Bulgarian Socialist Party organised big ceremonies for a leader who they considered to be a comrade. In Hungary, on the contrary, the hard-liners reconstituted the Workers Party in strong opposition of the new Socialists. Bulgaria experienced an acute polarisation around two main forces: the anti-Communist Union of Democratic Forces and the BSP. Despite its commitment towards privatisation and austerity measures, former socialist Prime Minister Videnov was reluctant to pursue a radical programme and his inconsistencies led to more inflation and poverty.

The Bulgarian and Albanian Socialist Parties are still not part of the Socialist International. In both countries the small Social-democratic parties were in Berisha's and the UDF's governments. Bulgarian traditional Social Democrats and BSP splinters organised the Euro-Left that obtained 5.6 per cent (a quarter of the Socialist's votes).

Nano's government in Albania is committed to a more pro-European orientation. He is administering the only country that has

experienced a massive armed rebellion against an anti-Communist regime, and he is developing a pro-Western coalition government that is willing to co-operate with Italian troops to maintain social order and call on Nato support in Kosova.

The traditional backwardness, the poverty and distance from Western Europe, and the way these parties stayed in power for forty years and organised the transition marked a different pathway.

Romania presents a significant case. This was the only country to have a violent overthrow of a Communist dictator. The Romanian Communist Party had around four million members and was the largest of their region. However, it was soon replaced by the only post-Communist coalition: the National Salvation Front. Iliescu introduced some unique characteristics. He was willing to use workers in violent demonstrations against the opposition.

He also was one of the first architects of the 'red-brown' blocks. He co-governed with two ultra-nationalist parties and the smaller Socialist Labour Party formed by Ceaucescu's associates. Funar's Romanian National Unity Party used its position in the Cluj city council and in the government for an anti-Magyar campaign. Tudor's Greater Romania campaigned for the reintegration of Bessarabia and denounced Jews, Romanies, the West and specially Magyars as their main enemies. They became a pole of attraction of former Securitate and military officers, intellectuals that backed Ceaucescu's nationalism and pensioners. Some authors describe it as 'neo-Communist' (East/Pontin, 1997, p.162). However, their nationalism is more anti-Soviet than anti-Western and they make an apology for Ceaucescu and fascist Marshall Antonescu, who, they claim, was a patriotic victim of the USSR.

In 1992, after Gorbachev's downfall, Roman split the NSF and merged with the Democratic Party creating a moderate Social Democratic force. He accused Iliescu of slowing the reforms. In 1993 Iliescu transformed his NSF into the Romanian Party of Social Democracy and strengthened a shift towards the EU while it was distancing from the project of Moldovan re-incorporation. In 1995 he denounced his ultra-nationalist allies as 'Zhrinovskies'. Despite his initial nationalist and repressive tendencies, he is moving towards a more Westernised version of Social Democracy. Iliescu's PSDR and Roman's PD are Socialist International's observer members despite the fact that

the latter supported the monarchist candidate against the former.

Czechoslovakia and GDR had a different evolution. Both countries had the largest working class and Communist and Marxist traditions in pre-Stalinised Eastern Europe. Both had a relatively better economic performance and more hard-line leaders before 1989. These parties were incapable of organising earlier roundtables with the dissidents or to anticipate elections. Massive demonstrations overthrew them.

Very soon strong, right wing neo-liberal leaders like Kohl or Havel replaced the Communist leaders. The GDR was rapidly engulfed by the richest European power and the Czechs, in the middle between prosperous Germany and Austria, developed strong illusions towards the West, US help and a fast EU integration. In both countries the Communists initially remained with their former party names. In the GDR the old SED added an extra label (Party of Democratic Socialism), which finally became the new name.

In the middle of a very strong anti-Communist climate these parties were marginalised and became outcast. Trying to win popular support for the extreme market reforms, the neo-liberals demonised the post-Communists and anybody who dared to be associated with them in their resistance to the austerity measures. Kohl's main attack against the SDP in the previous electoral campaign made it impossible to become a PDS ally. Ghettoised in the political scene these parties managed to maintain a considerable membership with a relatively small but loyal electorate. They adopted left social democratic programmes. The PDS never succeeded in expanding into the West and maintained around one fifth of the votes in the east as the party that defended the 'ossies' from the hard reforms. The PDS does not want to restore the former GDR. The CPBM, despite the lack of popular support for the Czech-Slovak split, does not want to re-unite that state. That decision produced the rupture of the hard-line CSK.

Slovakia is a unique case. The local Communist Party achieved its autonomy after 1989 and became the Party of the Democratic Left (PDL), heavily influenced by Social Democracy and later allied with Dubèek's Social Democrats. Former peasant Slovakia was heavily industrialised during the Stalinist period and it was not prepared to go along with Klaus' measures that were producing closures and

unemployment. While Prague advocated shock therapy, Bratislava elected Meèiar's Slovak Democratic Movement, which was initially courted by Social Democracy and recognised as a centre-left force committed to a more gradual transition. Meèiar's rule accepted the market and privatisation, but wanted more moderation while maintaining a more nationalistic policy to keep Slovakia's traditional links with the east. As in Romania, he used authoritarian methods and co-governed with the extreme Slovak National Party that also used anti-Semitic and anti-Magyar rhetoric.

In June 1992 the PDL obtained 14.4 per cent of the vote and the Social Democratic Party, which later entered it, achieved 6.1 per cent. However, in June 1996 the two parties, merged under the PDL label, got 10.4 per cent (less than a half of the combined votes of their separate components). In 1994 the Slovak Association of Workers (SAW) broke with the PDL when they entered the Moravcik right-centre government, obtaining 7.3 per cent of the vote (nearly as much as the social-democratic coalition). Linked with French Force Ouvriere they were the only significant Eastern European force which worked with Lambert's Fourth International. The SAW became Meèiar's main partner. Despite being typified as 'hard-line' Communist, the SAW occupied the ministry of privatisation and other three ministries. Its adaptation to Meèiar and its involvement in privatisation corruption discredited it.

Different trends towards 'socialist democracy'

Today all the successor parties, especially in central-eastern Europe, claim to be 'democratic socialist'. Nevertheless, they subscribe to different trends. The Hungarian and Polish are evolving in a 'Blairite' direction while the Czech and East-Germans are becoming more akin to the European socialist left. Comparing the Hungarian, Slovak and Czech post-Communists, Evans and Whitefield (1995) proved that in terms of social and political liberalism, ethnic rights, nationalism and economic issues, both parties are very close.

The fact that the CPBM was incapable of obtaining 15 per cent or more of the votes is often explained in terms of its radicalism. However 'they are not more extreme than the other former Communist parties with respect to the economic policies they associate with, but

the population of the Czech lands is noticeable more pro-market than are the populations of Hungary or Slovakia.' (Evans/Whitefield, 1995, p573)

The CPBM had the option to evolve to the right following the electorate or to wait and see if the population would start to reject its bad experience with the neo-liberals. They chose the last option and Zeman's Social Democrats (CSSD) were able to capitalise on the disillusion of former right-wing voters when this came about.

Despite similarities the CPBM has significant political differences from the Slovac SLD and the Hungarian HSP. Its retention of the old name name tells us something about its political inclinations. They have a larger membership and are less of an electoral machine. In Slovakia and Hungary the CPBM is helping the former hard-liners who re-appropriated the ex-ruling party's name. The Hungarian Workers Party and the Slovak Communists are close to the 5 per cent threshold and are challenging the social-liberals from the left.

The CPBM is more akin to the PDS, which is a member of the European United Left (a coalition of left socialists, Scandinavian radical-Greens and the French, Spanish and Italian Communists). The Hungarian, Polish and Slovak neo-social-democrats are closer to the Italian ex-Communist Democratic Left and are supporters of the European Socialist Party.

The left socialists distanced themselves from the social-democrats because they tend to raise in a more radical way concerns about ecology, less restrictions on immigration, gender issues, anti-racism, the reduction of the working week, etc. They also tend to be against NATO and military interventions.

Describing the European left, Sassoon (1997) argues that there are three families. In one are the eastern ex-Communists, in the second are the 'northern' Scandinavian-Germanic parties (which were more concerned with setting up the welfare state), and in the third one are the Mediterranean socialists (which were more concerned with modernisation or democratisation).

We could argue that the Eastern European post-Communists are divided in three families.

1) The parties from the most Western area (east-German and the Czech lands) tend to have a larger membership. They compete with anti-

Communist traditional social-democrats who don't like to invite them to their local or national governments. They still claim a formal allegiance to 'Leninist' principles, albeit seeking ideas from Kautsky or Bernstein and to be linked with the socialist left. In a way they are more like east Euro-Communists.

2) The parties from the middle area between the Western parts of ex-soviet Europe and the south and east (Poland, Slovakia, Hungry, Slovenia) are more ideologically influenced by the social-liberals and they are the only ones in the region that are full-members of the Socialist International (SI). They tend to be more cosmopolitan, liberal and pan-Europeanists. The Lithuanian Democratic Labour Party (albeit not a member of the SI and often contested by the Lithuanian social-democrat section) and the Croat social-democrats may also enter in this family.

3) The parties from the Southeast/Balkan (Macedonia, Romania, Bulgaria, Albania) have their own specific characteristics. They are not located in a contiguous area in relation to the EU and they are less cosmopolitan than the previous families. They are also more inclined to use national-populist rhetoric, to be distant or hostile regarding their ethnic minorities, to be critical of fast privatisation and liberalisation, and to adopt protectionist measures. They have a more confrontational attitude towards their competitors. In Albania they participated in an insurrection. In Macedonia the main opposition (IMRO) called for a boycott. In Bulgaria they were ousted from the government by mass demonstrations. In Romania they used authoritarianism and violence against the opposition. Only the Romanian one is a SI consultative member and the Macedonian is consider an 'observer', while the others are not yet part of it.

The only SI section, which proposes the affiliation of the Albanian Socialists to it, was the Pan-Hellenic Socialists. The Greek PASOK, as its name could show, had always-strong national-populist tendencies. Under Papandreou they were critical to the EU and NATO. In the last years all the European social-democrats were evolving in a more pro-EU, pro-NATO and liberal fashion. The Balkan post-Communists may go in that direction in the future.

The 'Red-Brown' pattern

Rump Yugoslavia and Russia had a different history. If the Czech-Slovak was a 'velvet divorce' in which the Czechs did not mobilise for retaining the old federation, in the former USSR and Yugoslavia there were strong reactions among the Russian and Serbs. The idea that their states were broken up with Western aid and the extreme difficulties of the economic transition created the conditions for increasing the already existing nationalist side of the ex-leading parties. The nostalgia for the Yugoslav and Soviet federation led to an unprecedented collaboration between xenophobic elements and Communists and to the transformation of the latter into national-Communists.

During their revolutions the Communist's main enemy were the representatives of the old order. In Russia the Bolsheviks fought a four-year civil war against the whites. In Yugoslavia the Partisans fought against the Nazi-Fascist occupation and the Chetniks. In Romania they fought against King Michael and pro-Nazi dictator, Antonescu.

The paradox is that today the people who claim to be the most orthodox Communists are constantly join forces with supporters of the monarchy, whites, chetniks and fascists. In 1935 the Communist International justified the first popular fronts with the 'democratic bourgeoisie' with the aim of stopping fascism. Currently, the hard-liner remnants are organising blocks with the fascists against the 'bourgeois-democrats'. In Moscow's streets it is not unusual to see joint demonstrations that could carry red flags and Stalin and Lenin portraits alongside Tsarist tricolours and Nazi swastikas. Reds and Browns could shout anti-Semitic slogans or even march together to defend the Tsar memory against Yeltsin's burial ceremony.

In Serbia, Milosevic, who in 1987 declared himself against any form of ethnic nationalism, exacerbated separatist tendencies when he embraced and promoted an aggressive Great-Serbian nationalism. In various instances he was in alliance with Seselj's Serbian Radical Party, which is fighting for a Greater Serbia and is linked with the paramilitary groups responsible for ethnic cleansing. Anti-Muslim and anti-Albanian feelings are used to distract public opinion from its poverty and to achieve popular support for Milosevic. The Titoists, who distanced themselves from Milosevic's Socialist Party, are now under the United Left who shares the government with him and the Chetniks.

The most striking contradiction is the Russian case. The Soviet Communist glories were the wars against the whites and the Nazis and now they are working together with their descendants.

Theories of nationalism

In trying to understand why some successor parties became linked with ultra-nationalists and others not, Kitschelt's concepts had been used. Kitschelt (1995) divided the Communist systems into three main camps:
1) patrimonial (based in heavy hierarchical chains between leaders and followers, and low level of inter-elite contest and rational-bureaucratic professionalism);
2) bureaucratic-authoritarian (based in low level of contest but higher bureaucratic professionalism); and
3) national consensus (which allows some levels of contest and bureaucratic professionalism).

In the first camp were included Russia, Ukraine, Moldova, Belarus, Romania, Bulgaria, Albania, Macedonia and Serbia-Montenegro; in the second Czechoslovakia and Eastern Germany; and in the last one Poland, Hungary, Lithuania, Latvia, Estonia, Croatia and Slovenia.

Ishiyama (1998) argues that the successor parties from the former 'national consensus' communism tend to produce modern models akin to the European left, while the post-Communists which come from 'patrimonial communism' have to start their evolution from scratch towards a more cosmopolitan left.

An initial problem that this scheme may present is that the north-Western territories of the former USSR and Yugoslavia, although part of the same totalitarian state for more than four decades, are categorised under very different systems. Ishiyama recognises that the post-Communists from four out of the nine countries that were 'patrimonial Communists' have not engaged in any practical collaboration with the nationalists. Even more, in Ukraine, Macedonia or Moldova they stand on the opposite sides. He also argues that the legacy of 'patrimonial communism' is to produce un-institutionalised and unstructured parties. In them the social-democratic alternative leans towards nationalism. The greater the concerns of ethnic minorities, the worsening of the economic conditions or the 'greater the degree of fractionalisation in

the emerging party system, the greater the incentive for both the extreme left and the extreme right to coalesce.' (Ishiyama, 1998, p.68)

However, Poland has more than one hundred political parties and even their two main coalitions are based on tens of organisations. Ukraine and Moldova are a terrible combination of economic collapse and interethnic clashes. Nevertheless, in none of these cases are the post-Communists allied with the xenophobes. Nationalism and national-Communist co-operation is something that could affect the wide variety of eastern European countries.

Even the most pro-European and social-democratised parties made coalitions with ultra-nationalists. In Croatia or the Baltic states they allied with extremists who worshipped the 'heroes' from the pre-socialist authoritarian or pro-Nazi dictatorships. They even gave a tacit support to measures that deprived minorities of citizenship rights or resulted in their expulsion from their homelands.

In post-war Europe, Croatia is the only country that managed to remove its national minority by force and the Krajina Serb Republic is the first state whose population was entirely ethnically cleansed. The militaristic semi-parliamentarian regime vindicates Ustasha symbols and legacies. The post-Communist Croat Social-Democrat Party 'frequently supports the Tudjman government'.

It did not 'consistently declare itself against the military 'solution' both with regard to the formerly Serb held territories in Croatia and in Bosnia-Hercegovina' (EuroForum, 1998, Croatia). Some members joined Tujman's ultra-nationalist government: Spegelj was defence minister and Tomac was vice-president (Promitzer, 1992).

The reason why nationalism could attract an audience is due to the character of the transition. The discrediting of socialist-internationalist ideas and the destruction of previous social links led many people to try to create new social cohesion around national/ethnic bounds.

The nationalist impact

Eastern Europe is the least ethnically homogeneous and the most nationally fragmented half of the continent. During the Second World War the Communists, especially in Yugoslavia, appeared as the only multi-ethnic force.

After the war was over the allies managed to move frontiers and displaced tens of millions. Newly ethnically engineered Germany and Poland were moved Westwards. For more than forty years Europe's border stability was based on the supremacy of two great blocks. The Communist centralised economy and federalism were able to maintain some state unity, developed some backward regions (like Slovakia) and integrated minorities, appearing to diminish national oppression.

However, the Communists never eliminated nationalism and they continue to maintain their allegiance to state patriotism. In Romania and Bulgaria there were many plans to ethnically homogenise the two countries, drafted against Hungarian or Turkish minorities.

The decline and destruction of the Soviet Block's centre and the pressures of the market and Western ideas led to a nationalist revival. The republican elite used nationalism to distract social protest and to capitalise on it, in order to build their own power base and state that could lead them to become a new bourgeoisie. Nationalist traditions were always surviving under the surface and it managed to exploit them. The richest regions geographically and culturally close to the West tried to get rid of the backward eastern republics in order to integrate better with the European market. In Moscow and Belgrade imperialist nationalism increased its popularity and began to attack the West, which was identified as instigator of the state collapse. Pan-Germanism was a powerful tool used by the right wing and social-democrat anti-Communist alliance, which finally destroyed the most industrialised 'socialist' state.

The 'red-brown' blocks in these countries are often seen as an aberration, when nationalism has an anti-Western content (Russia, Serbia), while the post-Communist/nationalist collaboration is not condemned when it has a pro-Western and pro-EU flavour (Croatia).

Europeanism has a stronger appeal in Eastern Europe's north-Western arc. They have more historical, cultural, economic and geographic ties with the Germanic countries and the West. These countries are EU's immediate neighbours. Their nationalism could have strong anti-Serb or anti-Russian elements, opposing orthodox and oriental domination.

They were traditionally more developed and industrialised than their eastern neighbours and the majority of the population think they

could progress faster being part of the more prosperous EU.

In Poland and Hungary, as Schöpflin (1993) argues, the national-conservative right did not evolve in the same fashion as the modernising Thatcherites that embraced a more liberal outlook. The right is still based on traditionalist, clerical or irredentist claims. They don't agree that the development of a bourgeoisie, even if it is based in the nomeklatura's re-conversation into new owners, is in their own historical interest. In these countries the post-Communists appeared as champions of pan-Europeanism and secularism, while they could also be the most aggressive privatisers.

In the southeastern arc and in Russia/Ukraine the economies, societies and cultures had weaker links with the West. Nationalism could adopt an anti-Western character because they wanted to preserve some industries that were threatened by a more liberal policy and foreign involvement. Great-Serb and Great-Russian nationalism are nostalgic for the Stalin-Tito or previous monarchist eras.

Regions that are particularly concerned with the extreme social

Belarus leader, Lukashenko, with Yeltsin

cost of fast liberalisation develop strong protectionist policies. Lukashenko and Meèiar want to maintain traditional economic ties with the east, and to slow down privatisation and the transition to the market, with the aim of protecting their national industry and of avoiding excessive social costs. They are using authoritarian methods against the mainly pro-Western opposition. In Slovakia the political scene is almost entirely characterised by the split between the forces which support and those which reject Meèiar. The latter are made up of all the parties linked with Western ideological trends. In a sense Meèiar's nationalism has some similarities with the nationalism that developed in Bolivia and Argentina at the end of the Second World War. There all the parties with international links (from the left to the right) were united against a national-populist and protectionist anti-Western regime.

Although Lukashenko is not a Belarus nationalist and Meèiar is no more authoritarian than Tudjman or Berisha, they are considered to be against the global trend. Their anti-Western scepticism and consequent authoritarianism reflect the aim to create a more autonomous and less dependent national capitalism.

In the Former USSR, the Communist Parties tend to be Soviet-nostalgic and promote the reconstruction of a new federation in what was a unified state for more than a century. In using the patriotic card they end making the most incredible alliances with the far right.

The Russian Communists

For more than seven decades the Kremlin was the capital of the International Communist Movement. In many capitalist countries the Communist parties joined the government and accepted the system's laws. However, what distinguished the pro-Moscow parties from the rest of the left was their ideological subordination and the fact that they saw Russia as a model.

In the 1970s the most important Communist parties in the Mediterranean region proclaimed their autonomy and their intention to pursue their national and parliamentary roads to socialism. Euro-communism started a process of national-Westernisation and social-democratisation with the aim of breaking out of the political ghetto and being accepted as establishment parties capable of ruling a NATO country. The great majority of the Communist parties maintained their

allegiance to the model of a ruling party over a centralised planned economy.

However, after 1991 the Russian Communists themselves accepted the heresies formulated some time before by Berlinguer, Marchais and Carrillo. They renounced violence and the leading role of the party, and accepted political and economic competition. They resembled Euro-Communism and Social-Democracy, although with strong nationalist elements.

Nevertheless, nationalism is not the only difference between the 'Latin' Eurocommunists of the 1970s and the 'Slavic' Eurocommunists of the 1990s. The former adopted the new approach as a consequence of having adapted to the parliamentary and trade union legality of Western democracies, while the latter adopted a statist-patriotic orientation as a consequence of the collapse of their totalitarian rule. The 'Latinos' were furiously anti-Stalinists and adopted a Western-democratic and cosmopolitan reading of Marx. The 'Slavic' Eurocommunists vindicated Stalin and wanted to carry forward his incomplete evolution towards nationalism.

For Zyuganov (1995, p49) if Stalin's '"ideological perestroika" could have kept its momentum, there is no doubt that within 10 to 15 years the USSR would have ... achieved very constructive results.' The Soviet leaders that followed him were unable to continue Stalin's work and accepted Russophobia and liberal-democracy.

During the 1930s Stalin adopted the tactic of creating popular fronts which allowed the Communists to enter into 'bourgeois' governments. Later this tactic was developed into the 'national resistance' fronts against Nazi-Fascist occupations. The 'Latin' Eurocommunists developed that trend, moving towards a more complete integration into parliamentary democracy. Zyuganov developed that trend in an anti-Western patriotic direction. For him it is now the Westernerisers who are leading an anti-Russian war with more devastating consequences than Napoleon's invasion. For that reason all the patriotic forces (including monarchists and fascists) have to be united.

Zyuganov is pushing forward the latent Great-Russian Stalinist tendencies towards their ultimate conclusion. He replaced Marxist class analysis with the idea of sobornost (the organic spirituality of the Russians). According to his view, the October revolution was not a

triumph of communism but a tragedy. During the civil war both whites and reds were right and today it is indispensable to achieve a synthesis between 'reuniting the red ideal of social justice ... and the white ideal of nationally conceived statehood' (Barth/Solovei, 1997, p.76-77)

Instead of class struggle (which is seen as something that damaged Russian unity) the Russian Communists are promoting the struggle of civilisations. Zyuganov approves the millenarian tradition of the Tsars and the Orthodox Church and wants to develop the idealistic and collective nature of that civilisation as the only counterweight against individualistic Western civilisation. Socialism is part of Russian spirituality and it should be imposed as a part of Russian recovery as a super-power. Around a strong Russian ethnic core, an eastern civilisation should arise in alliance with Eurasian Islamic and Buddhist peoples against the pro-Westernisers and cosmopolitans (in which Jews are included).

Around Zyuganov a rainbow of monarchists and fascists have been gathering. The National Bolshevik Party is trying to combine the Nazi red flag with its middle white hole with a black hammer and sickle. For them 'ultra-right and ultra-left political groups are natural allies who should unite to seize power' (*SPT*, 7-July-98).

Notwithstanding its vociferous nationalism, Zyuganov is fairly committed to maintaining order and developing Russian capitalism. During the August 1991 coup the Party did not support the plot. When Yeltsin banned the Party it did not try to mobilise its millions of members to resist it in the streets. During the clashes between Yeltsin and the parliament in 1993, the CPRF was the largest party backing the White House but 'it did not organise a single meeting or mass protest in Russia.' (Barth/Solovei, 1997, p86) They also did not mobilise their supporters when they denounced fraud in the 1996 elections.

Zyuganov knows very well that should the protest radicalise, a Pandora's box could open up, which he would not be able to close.Trying to appear as the champion of social and national protest, the CPRF is canalising it through the institutional framework. Zyuganov could make very radical speeches, yet he is a man committed to maintaining a legal framework and a peaceful road to power.

The CPRF's programmatic manifesto does not say a word about socialism or 'Marxism-Leninism'. Its economic programme promoted

an ambiguous 'planned-market, socially oriented, ecologically safe economy' (Barth/Solovei, 1997, p.56). It's goal is to develop a 'national bourgeoisie' and a Russian entrepreneurial class less dependent on the West. The CPRF claims that 'the task of the Communists is not to liquidate property-holders but to transform all citizens into real property-holders.' (ibid, p.163).

The CPRF is not a homogeneous organisation and inside it are nationalist, reformist and nostalgic wings. Kuptsov is seen as a moderate without too many links with nationalists. Seleznev, the Parliament's Communist speaker, is in favour of the 'Swedish model of socialism' (Barth/Solovei, 1997, p.155). Outside the CPRF there are many neo-Communist organisations. Some are more akin to a sort of Social-Democracy. The most radical extremists are around Working Russia and the Russian Communist Workers Party. They combine an apology for Stalin and North-Korea with very strong anti-Semitism.

The Communists in the 'Near Abroad'

While in Russia nationalists and Communists are making constant alliances, in the other former Soviet republics the Communists are confronting the Pan-Romanian and Ukrainian nationalists. They have become the largest parties in terms of members, votes and MPs.

The different politics of the Ukrainians and Moldovans does not reflect different strategies from the Russian Communists. On the contrary, Zyuganov's CPRF has a very good relation with their 'brother parties' in the 'near abroad'. All of these Communist parties are committed to the reconstruction of a 'Soviet federation' and strengthening the CIS. In fact, both of them were previously associated with the local Socialist Parties, but the latter were prepared to accept Ukrainian and Moldovan independence, while the Communist were more enthusiastic about rebuilding the Soviet Union.

In their attempts to rebuild their multinational states, the Communists could find unusual allies in the Great-Serb and Great-Russian nationalists, who were seeking to restore the old empire. The self-proclaimed Communists in Moldova, Ukraine, Belarus and the Baltic states often have strong support amongst the Russophile population. Eastern Ukraine and Crimea, were the Russians are the majority or a big proportion of the population, are the electoral base of

the left, while Western Ukraine, which is more rural and less Russified, is more nationalist.

In eastern Moldova is found the only 'Soviet republic' which remains. Trans-Dniestr is the only place in which the state claims to be 'socialist'. In most of Moldova the pro-Romanian forces are in retreat. Although the Trans-Dniestr authorities don't allow branches of the Moldovan Communist Party inside their border, the Communist appear as the party that can reunite the country and reinstall social benefits.

The Moldovan and Ukrainian Communist Parties worked together and had a programme of gradual and state-led transition to the market. They are willing to accept what 'was privatised legally' but they want a strong state which guarantee social welfare, domestic production, support for agriculture and industry and a tough approach to corruption. (BBC, 24-3-98)

Similar goals can be repeated in the propaganda of other Communist parties. In Armenia they are in favour of 'the establishment of a new union of independent states with Russia' and 'predominance of state property and nationalisation of enterprises of strategic importance.' (BBC, 30-3-98) None of these parties want to return to the past and are challenging the market and the multiparty system. They want a national-capitalism with more state intervention.

Conclusions

In this paper we have looked at the social, ideological and organisational character of the Communist's successor parties. A common trend is that these parties have renounced the most distinctive features of the old Communist movement. Instead of trying to eliminate capitalism, they now are trying to 'humanise' it. The parties, which once tried to

eradicate the bourgeoisie, are now promoting its restoration and many Communists are becoming part of the new private-owner class.

For most of this century the international left had been divided into different international currents. Today, a reverse trend is taking place towards a more unified central tendency. The socialist, social-democrat and Communist parties 'speak(s) with a consistency of language and tone unrivalled in its history'. This homogenisation 'has brought convergence not only to the Left but also between Left and Right, and largely unavoidably on the terms set up by the Right'. (Sasoon, 1997, p10)

In this rightward movement some of the ex-Communists (as in Hungary) are even competing with Thatcher in their attempts to dismantle the public institutions, to diminish social services and in 'liberalising' their economies. Some post-Communists are trying to move towards a capitalist society without putting too much at risk their productive structures and sharpening even more social inequalities.

The convergence of the international left is producing four main types of successor parties:

a) the Blair-type 'New' Social-democrats who are willing to develop the social-liberal agenda (Hungary, Poland);

b) the Balkan 'socialists' who are still combining social democracy with national and populist tendencies;

c) the modern central-eastern Euro-Communists or left socialists who are willing to compete with historical social-democratic parties;

d) the 'red brown' one that is being promoted by Zyuganov's Communists in which authoritarian-Communist tendencies are combined with state-patriotism. Milosevic's socialists have some features of this camp albeit they have more ex-Communist rhetoric.

The first two types have been in power. The third could expect in the near future to be accepted as a coalition partner by the Social Democrats. The fourth has a better chance to capitalise on the post-Soviet economic collapse. What would happen if the Communists returned to power?

According to an author in *Transition*:

> If Zyuganov makes it into Kremlin in 2000, will this mean a return to Communism? ... No. He is too deeply immersed in the

> present set-up and too closely connected with the carve-up of property to be able to undo it or break the whole system of using power for profit... their leaders will soon adopt the social-democratic model.... most significantly, the wealth will remain with its current owners. (Kabakov, 1998, p.31).

Globalisation does not lead to more homogenisation. On the contrary, it is producing more acute social divisions and international competition. Instead of a unified liberal system the world is going towards a combination of different types of capitalism. In Hungary, Poland and other eastern countries the post-Communists want to join the EU and develop that kind of capitalism.

However, other post-Communists are becoming suspicious of that trend and instead of building socialism 'with their own national characteristics' they want to adopt their own national road towards a market economy, which would have considerable elements of state intervention and social and economic protectionism.●

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The Greens in Eastern Europe

Most of the Green parties of Eastern and Central Europe emerged in the wake of the Communist collapse of 1989 and 1990. Initial political successes were followed by a deep crisis after 1992 from which these parties are now beginning to emerge.

Origins

As in the West, the Green parties of Eastern and Central Europe emerged out of movements in opposition to official policy. The activists in these movements were recruited from both the long-standing nature protection organisations and from the scientific intelligentsia. In some countries these Green movements played a role in the turbulent changes of 1989 (for instance, Eco-Glasnost in Bulgaria, the movement against the Nagymaros Dam in Hungary) or were participants in the independence movements (the Baltic states). Green parties entered the parliaments of a number of Eastern and Central European countries in 1990. Unlike in the West, some of these Green parties found themselves overnight in government coalitions (in the Baltic states, in Slovenia and later in Georgia) and played an active role in the formulation of environmental laws.

Loss of influence and new problems

Throughout Eastern Europe, with few exceptions (Georgia), the Green parties suffered a severe decline and loss of influence and electoral support around 1992. The reasons for this decline were:

* The systemic transition from a form of state socialism to Western-style capitalism gave a new emphasis to economic questions, not an area of strength for the Green parties, and the environment receded as an area of public concern.
* The transition also brought the social question to the forefront of public awareness. Increasingly large layers of the population were thrown into poverty while a small social minority - often involving criminal elements - enriched themselves. In the bitter struggles of daily life, environmental protection was a luxury. The "post-materialist culture" was lacking and it was mainly the post-Communist and Socialist parties that benefited from the social misery and disillusionment.
* In the non-Russian republics of the former Soviet Union, Green parties and movements had played an important role in the struggle for independence but, once this independence had been achieved, the domestic political situation changed significantly - nationalism was now directed against local minorities and the Greens who didn't want to be part of this found themselves on the margins of political life.
* Other parties now began to take up the environmental issue, even if only rhetorically and in an inconsistent manner. Likewise, some prominent Green politicians pursued their career interests in other parties. For instance, Filip Dimitrov, UDK government leader in Bulgaria from October 1991 to October 1992, had been vice-president of the Bulgarian Green Party in 1989.
* The competition from Western-style Christian Democratic, Liberal and Social Democratic parties, which had material support from the West, hit the Greens, who had little or no material support, very hard. High election hurdles often forced the Green parties into electoral coalitions which cost them dearly in terms of image and membership.
* Finally, having overcome the problems associated with infiltration by apparatchiks of the old system in the founding phase and narrowed the distance from the environmental movements, the parties themselves suffered from a variety of splits and internal conflicts. In both Hungary and Slovenia, members of the Green parties formed in 1989 later

established new Green Alternative parties.

Different from West European Greens

The Green parties of Eastern and Central Europe differ in a number of significant ways from their sister parties in Western Europe. These differences have their roots in the different social and political conditions in which these parties originated.

* There are few or no women among the leaders or parliamentary representatives of the East European Green parties and gender parity in the drawing up of electoral slates is practically unknown.
* Scientific experts and occasionally bureaucrats from the various environmental ministries, on the other hand, have a large presence in these bodies. University professors in areas such as biology, town planning, agriculture, etc. often play leading roles. In Western Europe, the number of scientific experts in party politics is relatively small.
* In some of the countries of Eastern and Central Europe, Green parties participated in government in 1990. This didn't happen in Western Europe until 1995 in Finland and then later in Italy and France. However, West European Green parties, with a strong influence from the left, have had a much more positive view of state intervention that is the case with the East European parties that developed in a tradition of hostility to the Communist state system. Similarly, the Eastern parties, certainly in the early years of their existence, saw themselves as centre rather than left parties.
* It is also the case in Eastern Europe that some Green parties are financially supported by firms and business people that deal with environmental technology in the broadest sense or that would benefit from a more ecological orientation on the part of government (for instance, in Ukraine). In view of the lack of resources, this is an interesting and indeed quite legitimate route to follow. The ecological party Kedr, in Russia, however, is a rather curious example of this policy. This party won 1 per cent of the vote in the December 1995 elections in which it was supported by the state-owned gas corporation, Gazprom.

Their role inside the European Greens

It is not only the European Union but also the European Green Federation that has to concern itself with the issue of integration and eastward

expansion. At the Fifth Congress of the Euro-Greens in Paris in April 1989 Greens from the Baltic States and from Poland made their first appearance. The Estonian Greens were the first as a group to enter the European Greens in December 1989. The East German Greens followed in March 1990 and then later merged with the West German Greens in January 1991. The Bulgarian and Georgian Greens joined in March 1991, the Slovenians in June 1992 (they asked to have their membership "frozen" in 1993 because of internal conflicts). The Ukrainians, the St Petersburg Greens and the Hungarian Green Alternative joined in January 1994, the Slovaks in June 1995 and finally the Czechs in May 1997.

A representative of the Eastern Greens has been part of the leadership Committee of the European Greens since 1992. From 1992 to 1994 this was Surab Schwanija, from 1994 to 1997, Natalia Kirvalidse, both from Georgia, and since 1997 it has been György Droppa from Hungary. Three of the regular meetings of the European Greens have taken place in Eastern Europe: 1990 in Budapest, 1991 in Sofia and 1995 again in Budapest.

On the basis of an initiative by the Dutch Groen Links party, a Green East-West Dialogue was established in 1991 to discuss controversial substantial issues. At its first meeting in Piešt'any in Slovakia in November 1991 there was a discussion on nationalism and nationality. Further meetings took place in Piešt'any (May 1992), in Kiev (Dec 1992), in Gliwice, Poland (July 1994), in Bratislava (May 1995), in Sofia (Oct 1995), in Kiev (April 1996), in Gliwice (May 1996), in Noordwijkerhout, the Netherlands (Jan 1997), in Sofia (Nov 1997) and in Warsaw (March 1998). There also have been a number of sub-meetings in the Caucasus and in the Black Sea region and elsewhere.

The themes discussed at these East-West meetings have included atomic energy, security policy, environmental policies, EU expansion eastwards, the problems of the Balkans and discrimination against the Roma. On some issues, for instance, assessment of the EU, a common view has emerged. Among the Green parties of the one-time EFTA countries, traditionally quite hostile to the EU, the entry of these countries into the Union has led to a more realistic policy while the EU-euphoria of the East European Greens has given way to a more critical wait-and-see attitude which is still positive about EU entry but

is more aware of the dangers and problems.

The European Greens are now developing common polices on issues such as eastward expansion and the single currency, something unthinkable only a few years ago.

Green parties in the Baltic States

In the Baltic states the Green parties had already established themselves by 1988/89 and played, first as movements then as parties, a significant role in the struggle of these countries to free themselves from Soviet domination. Resistance to foreign domination was easily combined with opposition to particular ecological threats: the demolition of phosphate and oil schale installations in north-eastern Estonia, leaking oil pipelines, the nuclear power station, Ignalina, in Lithuania, chemical factories and refineries, the pollution of rivers and inland waterways by emissions and power stations, neglect or destruction of historical areas (for instance, the construction of the underground in the heart of old Riga), the nuclear submarine ports, corroding kerosene tanks on military airfields, etc. Protest was directed against "ecological destruction carried out by the Russian imperialist occupying power" and against the Red Army. New industrial projects were also linked to the influx of Russian-speaking workers which threatened the ethnic balance of the Baltic states.

The attainment of independence in the summer of 1991 altered the situation. The Soviets were no longer the owners of the industrial plants and their polluted environs but the Baltic states themselves. And these industrial plants were essential for export. The new rich in the newly independent states preferred to build their villas in the protected green-filed sites on the coast and to drive their expensive cars through the pedestrian centres of the old inner cities. The Greens are no longer either in the governments or the parliaments of the three Baltic States.

Since 1989 there have been regular contact meetings among the Green parties of the Baltic and North Sea area. Co-operation among the Green parties of this region is seen as a more meaningful goal than links with the parties of a centralised European Union.

Estonia

The Estonian Green Movement grew in 1988 out of the protests against the closure of phosphate mining in the north of the country. In August

1989 the Green Party was established as a breakaway from the movement which it saw as not sufficiently active. In the elections to the Estonian supreme soviet in March 1990, the Green Party won 8 seats. Its leader, Toomas Frey, a biology professor at the University of Tartu, became the country's first environment minister.

The Movement and the Party re-united on 7 December 1991 to form the Estonian Greens. In the election of 20 September 1992, the Greens failed to get the necessary 5 per cent to enter parliament as a group, winning only 2.6 per cent, but had one candidate directly elected in Tartu. In the election of March 1995, the party's share of the vote went down to 0.8 per cent and no candidates entered parliament. In local elections, the Estonian Greens won one council seat in Tallinn.

The party has 260 members. It calls for a sustainable development of the Baltic region and is engaged in consumer campaigns as well as in the debate about EU entry. They see EU entry as a possible threat to the environment of the Baltic area but, for security reasons, see no other alternative. They oppose membership in NATO. They work closely with other environmental groups, especially Friends of the Earth.

Latvia

The Environmental Protection Association VAK was established in February 1987 and fought to protect the Daugava river. The Green Party was formed on 13 January 1990. In the elections to the Supreme Soviet (later renamed the Supreme Council) in March 1990 the Greens were part of the Latvian Popular Front which won the election and had 7 seats. In the elections of 6 June 1993 a joint Green slate of the Green Party and VAK won only 1.2 per cent, failing to reach the required 4 per cent. The Greens also failed to have any candidates elected in the 1995 election.

Lithuania

In Lithuania the Green Movement was founded in October 1988, the Green Party in July 1989. Its main political campaign centred on the nuclear power plant Ignalina. The party and the movement were part of the pro-independence Sajúdis (formed in June 1988) which won the majority of seats (80 per cent) in the two elections of February/March 1990. 9 Greens entered parliament, 4 from the party and 5 from the

movement. Sigmas Vaisvila, deputy prime minister between January 1991 and the spring of 1992, was a member of the Green Party. However, the Sajúdis suffered massive losses in the elections of 25 October/15 November 1992 (17 per cent of seats) and the Greens were no longer represented in parliament. There were no Green candidates in the elections of October/November 1996. The Green Party was also affected by internal conflicts and splits.

Bulgaria

The Ecoglasnost initiative, formed on 11 April 1985, emerged out of the Committee for the Ecological Protection of Ruse, a small border town on the Danube which was threatened by pollution from a Romanian chemical plant on the other side of the river. Ecoglasnost came to public attention in the autumn of 1989 when it organised public demonstrations and petitions on the occasion of the meeting of the CSCE Ecoforum in Sofia. The activities of Ecoglasnost contributed to the difficulties of the regime and the overthrow of Todor Zhivkov.

Members of Ecoglasnost formed the Green Party on 28 December 1989. Both groups campaigned in the first free election of 10 June 1990 as part of the oppositional Union of Democratic Forces . The Green Party won 13 seats and Ecoglasnost 16. Some politically active members of Ecoglasnost later became fully part of the UDF while others went to the Bulgarian Socialist Party. The founder of the Green Party, Alexander Karakatschanov, was elected as mayor of Sofia in October 1990, a post which he held for one year.

In both elections that followed, the Greens failed to get past the 4 per cent hurdle. In the election of October 1991, having separated from the UDF majority, they campaigned together with the Democratic Clubs and the Democratic Party as "UDF Liberals" and won 2.8 per cent of the vote. In the election of 18 December 1994, campaigning as Democratic Alternative for the Republic, they narrowly missed the necessary 4 per cent, winning 3.8 per cent.

For the 1997 election of 19 April, together with the Movement for Rights and Freedoms (MRF), led by the Bulgarian Turk, Ahmet Dogan, and other smaller partied, they formed a coalition under the name Alliance for National Salvation. The Alliance won 7.6 per cent of the vote, 19 seats in the 240-seat National Assembly. Most of the seats

went to the MRF; two seats went to the Greens. The Green MPs are the party founder, Karakatschanov (who is also the spokesperson for the Alliance) and Valentin Simov. They act as a constructive opposition and their choice of the MRF as a coalition partner is an expression of their political goal of integrating minorities and ethnic groups.

The Bulgarian Greens have around 2,000 members, among them many intellectuals. In local elections in October 1995 they won 40 seats in various councils. Among their goals are the closure of the nuclear power station at Kosloduj and the prevention of another such plant at Belene, both on the Danube. They are in favour of Bulgaria's entry into the EU and NATO.

Georgia

In Georgia, as in other countries, it was from an existing Green Movement that the Green Party was formed in 1989. In the elections of 11 October 1992, the Green Party won 7.3 per cent of the vote and 11 (later 12) seats in parliament. The party had three ministers in the Schevardnadze government. Greens were among the founders of the Civic Union in 1993, a political organisation that supported Schevardnadze. In the elections of 5 November 1995 the Civic Union slate, which included the Greens, won 23.7 per cent of the vote and 107 out of 235 seats in parliament. There are four Greens and a number of ex-Greens among the Civic Union group of parliamentarians. Nino Schkhobadse of the Greens is environment minister and another Green, Surab Schvanija, also General Secretary of the Civic Union, was elected leader of parliament.

The environment minister holds regular weekly meetings with environmental organisations and has organised regular contact with representatives of the Abkhasi. The Greens are active in the battle against the Armenian nuclear power plant in Erevan, in the campaign to ban wood export, in resisting the plan by Turkey to construct a number of large hydroelectric dams on the river Choroch that flows into the Black Sea at Batumi.

The Georgian Greens, with 2,000 members, were quite nationalist oriented when they were first established. They were vigorous in demanding independence from the USSR. However, their experiences with the ultra-nationalist president, Sviad Gamsachurdia, who

suppressed the opposition (including the Greens) and who was overthrown in the spring of 1992, may have weakened their nationalist fervour. They are now engaging in dialogue with neighbouring countries and with minorities in Georgia itself. They want to bring an end to all violence in the Caucasus. As far as becoming part of the European Union is concerned, they favour a Europe of the regions rather than an expansion of the existing EU.

Poland

The first Green Party in Eastern Europe was formed in Poland. The Polska Partia Zielonych was established in Kraków on 10 December 1988. One of its founders was Zygmunt Fura, member of the Polish Ecological Club (PEK) established in 1980. There were splits in the party soon after it was founded and many environmental organisations kept their distance from the party. Seven different Green groups campaigned in the elections of 27 October 1991, winning altogether 2 per cent of the vote.

The strongest party in this election was the Democratic Union, which won 12.3 per cent of the vote. Many of the old human rights activists of the 1970s and 1980s were members of Democratic Union, which won 10.6 per cent of the vote in the next election in September 1993 (74 seats out of 460 in the Sejm). This party later became the Freedom Union (UW), within which there is a kind of Green lobby which calls itself the Ecological Forum (Unia Wolnoœæi-Forum Ekologiczna). The Forum has a few hundred members and has links with the European Greens. Between 1993 and 1997, 6 UW members of parliament were members of the Forum. Following the election of 21 September 1997, in which the UW won 14 per cent of the vote and 65 seats, there are 3 Forum members in the Sejm.

Since the 1997 election, a member of the Ecological Forum has been deputy environment minister. He is Radoslaw Gawlik who, in the 1980s, was an activist in the independent peace group Freedom and Peace (Wolnoœæi i Pokój). He was elected to parliament and became a member of the parliamentary environment committee. He is seen by most environmental organisations - from the PEK to the more anarchist oriented cycling groups - as the person to talk to in government. Jointly with other NGOs, the Ecological Forum organised a campaign “Ecology

in the Constitution" and collected 80,000 signatures in a petition in support of their demands. The new constitution was approved in a referendum in May 1997 and contains clauses that speak of protection of the environment based on the principle of sustainable development, environmental protection as a duty of public bodies, the right to information about the condition of the environment and its protection and support from official public bodies for citizens' initiatives to protect and improve the environment. The Ecological Forum supports Poland's entry into NATO and the European Union. This is defended as the only secure option in view of developments in Russia.

With the early collapse of Poland's various Green parties, there is some discussion as to whether the Ecological Forum should establish a party. This, however, is not very likely because it would mean a loss of access to the facilities currently provided by the Freedom Union. It would also confront them with the problem of the 5 per cent electoral hurdle. In addition, Polish NGOs see themselves as lobbies that can address any party. They see no need, therefore, to establish their own party.

Romania

Although there were no campaign movements in Romania under the Ceausescu, two Green groups were established in January 1990 which were then elected to parliament in the elections of 20 May 1990. These were the Ecological Movement (MER) which won 2.6 per cent of the vote and 12 seats, and the Ecological Party (PER) which won 1.7 per cent of the vote and 9 seats in the Romanian parliament. Both groups lost their seats in the elections of 27 September 1992. In the elections of 3 November 1996, the Green candidates stood as part of the oppositional Democratic Convention of Romania (DCR: formed in November 1991), an alliance of 17 different parties and groups which won 30 per cent of the vote and 122 seats in the Chamber of Deputies (328 elected members plus 15 representatives of minority organisations). The Greens in the DCR are organised in the Ecological Federation (FER) and have one seat. The Ecological Movement (MER) claims to have a number of members elected in regional and local councils.

Slovakia

The Slovakian Union of Nature and Landscape Protectors (SZOPK) was founded at the beginning of the 1970s. It was an official organisation but became increasingly critical of the government. In the events of 1989 SZOPK activists were involved in the popular movement against the Communist regime. In December 1989 they established the Green Party of Slovakia (Strana Zelených na Slovensku) which held its first congress in Banská Bystrica on 27 January 1990. In the Czechoslovak elections of 8/9 June 1990, they failed to get the necessary 5 per cent to enter the Federal Assembly (their vote was 3 per cent) but they won 6 seats in the Slovak National Council (total of 150 seats) where the electoral hurdle was set at 3 per cent. The party split at its congress in the summer of 1991 over the issue of Slovak independence. The Green Party lost their seats in the Slovak National Council in the election of 5/6 June 1992, winning only 2.14 per cent of the vote. An alternative Green List which favoured the maintenance of the Czechoslovak federal system won just over 1 per cent. This debate ended with the independence of Slovakia on 1 January 1993.

In the elections of 30 September/1 October 1994, the Greens made a comeback, this time in an electoral alliance under the name of Common Choice which also included the Party of the Democratic Left, the Social Democratic Party of Slovakia and the Farmers' Movement. The Common Choice alliance won 10 per cent of the vote and 18 seats (out of 150). Of these seats, 14 went to the reform-Communist Party of the Democratic Left, 2 went to the Greens and one each to the Social Democrats and the Farmers' Movement. The Green MPs are Jozef Pokorný and Anton Juriš. They have spoken out in parliament against the construction of the Mochovc nuclear power plant, have argued in favour of an animal protection law and an environmentally cautious approach to the Gabæikovo hydroelectric station. They have also succeeded in winning a smoking ban in all public buildings.

The Slovak Greens oppose the Winter Olympics 2006 in Poprad (the Tatra mountains) and they are resisting the large-scale cultivation of forest land in eastern Slovakia. Although they were initially sceptical about Slovak entry into NATO, the increasingly pro-Russian stance of the prime minister, Vladimir Meèiar, has created more pro-NATO sentiment in the party. The leader of the Greens since March 1997 is

the one-time MP, Zdena Tothova.

The Slovak Greens have around 2,000 members and are relatively strong in the localities. They won over 450 seats in local elections in 1990; in 1994 they had 200 seats. In some small towns there are Green mayors, for instance in the industrial town of Dubnica nad Váhom (pop. 25,000). They are also strong in the spa town of Piešťany.

For the elections of 25/26 September 1998, the Greens entered another electoral alliance, this time the Slovak Democratic Coalition, which also included the Christian Democrats, the Social Democrats, the Democratic Union and the Democratic Party...

Slovenia

There was an environmental movement in Slovenia in the 1980s. There were big demonstrations in 1986 at the time of the nuclear accident in Chernobyl in Ukraine. The Greens (Zeleni Slovenije - ZS) were formed in July 1989 and too part in the elections of 8 April 1990 in which they won 8.8 per cent of the vote and 8 seats in the assembly of the Slovenian Republic (still part of the Yugoslav Federation). In this election they were part of the Democratic Opposition of Slovenia (DEMOS), a broad anti-Communist coalition containing six separate parties (in addition to the Greens, the Christian Democrats, Farmers' Alliance, Democratic Alliance, Social Democratic Alliance and the Slovene Craftsmen's Party). DEMOS won the election and formed the government in which the Greens led the ministries for the environment, energy, health and science. The DEMOS government promised, among other things, to close the nuclear power plant at Krško by 1995, a promise they later retreated from.

In the elections to the new 90-seat National Assembly on 6 December 1992, the Greens won 3.7 per cent of the vote and 5 seats in the Assembly. The party was soon divided, however, as many of the members disagreed with the centre-left course of the parliamentary group. The 5 members of the Assembly renamed themselves as the Ecological Social Party and in early 1994 some of them joined other parties. One of these was Leo Šešerko, who first joined the Liberal Democratic Party (23 per cent of the vote in 1992 and the biggest party in the Assembly), but later left them because of their inadequate support on environmental issues. With other environmental activists from

Ljubljana and Maribor, he founded the Green Alternative (Zelena Alternativa - ZA) on 21 December 1995. The new party had 250 members. In the elections of 10 November 1996 the ZA won 0.52 per cent of the vote. The more conservative oriented Greens (ZS) won 1.76 per cent.

One of the main campaigns of the Green Alternative is for the closure of the nuclear power plat ant Krško and for a referendum on the nuclear power issue. In general, they argue for ecological and social restrictions on the market economy and for greater social justice. They campaign against cuts in public health care and public transport. They argue for a reform of agriculture, the protection of drinking water and measures to encourage greater use of bicycles. On the issue of NATO entry they are either sceptical or neutral. They favour Slovenia's entry into the European Union but on the condition that heavy lorry transit through Slovenia would be restricted. The see the other left parties in Slovenia as potential partners.

Czech Republic

The Czech Green Party was formed in February 1990, made up of independent parties from Bohemia and Moravia and linked with the Greens of Slovakia. In the Czechoslovak elections of June 1990 they failed to reach the 5 per cent that was necessary for both the Federal Assembly and the Czech National Council (their vote was 4.1 per cent). In the local elections in the autumn of 1990, several hundred Green councillors were elected in Bohemia and Moravia.

In the elections of 1992 the Greens entered an electoral alliance with Socialists and the Agrarian Party to form the Liberal Social Union (LSU). In the Czech National Council the LSU won 7 per cent of the vote and 16 seats (out of 200); 3 seats went to the Green Party. One of the three later joined the Czech Social Democrats (CSSD). The Greens also won seats in the Federal parliament, but this was dissolved within half a year following the break-up of the Czechoslovak federation.

The LSU coalition led to a great deal of dissatisfaction among the membership of the Green Party and there was a loss of members - the Greens were barely visible inside the coalition. They had planned to stand independently in the elections of May/June 1996, but for technical reasons the Green list of candidates was not accepted in

northern Moravia and the Greens then decided not to stand elsewhere.

At local level, the Greens have around 250 councillors, one of them in Prague. There are three Green deputy mayors, in Ústí nad Labem, Karlovy Vary and Olomouc. Their main strength is in northern and western Bohemia and in northern Moravia. The party has around 1,500 members,

The Greens stood as an independent party in the 19/20 June elections. With 1.2 per cent, they failed to achieve the necessary 5 per cent. Their best results were in western Bohemia (1.45 per cent) and Karlovy Vary (1.67 per cent). The Greens are part of local government in Karlovy Vary and it interesting to note that in May 1998, just shortly before the elections, the first public meeting of gays and lesbians took place in this town with the support of the local council.

The main themes of the Greens in the elections were transport, energy, social policy, health and education. In their election programme of 1998 (main motto: The citizen has the right to be informed, to be listened to and to influence decisions), they called for an immediate halt to the construction of the Temelin nuclear power station. There are elements in the Czech government that now support this demand.

They also call for the introduction of an eco-tax, promotion and modernisation of rail transport, a review of the motorway and road building programme, reform of agricultural methods, tax incentives for recycling, support for small and medium sized businesses, a stronger role for towns and local communities, a housing fund for the socially under-privileged, social security for the disabled and pensioners, harsh penalties for organised crime and measures against economic criminals.

There are also conservative aspects of the programme: there are no concrete demands with regard to the role and position of women - the programme speaks merely of improvements in education with a view to “reducing the number of divorces, abortions and other undesirable phenomena”. Similarly, demands for tightening up the conditions for drawing unemployment insurance would be hard to find in Green programmes in western Europe.

On the question of foreign policy, the Green election programme restricts itself to three general demands: an equal position for the Czech Republic in Europe and the world, preparation for Czech entry into the EU and peaceful solution of international conflicts. Although the Greens

have concerns about the effects of EU entry on transport and agriculture, they defend Czech membership of the EU. The question of NATO is left open. While there is some support for the critical position of the European Greens which opposes NATO eastward expansion, there are also vague fears expressed about a "new 1968". There are also some Greens who defend Czech neutrality while others would be willing to accept NATO as long as there were no weapons of mass destruction stationed in the Czech Republic.

Ukraine

The Green Party of Ukraine was founded in the spring of 1990 and officially registered on 24 May 1991. It was formed by activists from the environmental movement Green World (Zeleny Svit). As a protest against the Ukrainian electoral system, which discriminates against small parties, the Green Party did not stand candidates in the March/April 1994 election. In the meantime, the electoral system has been changed and now half of the 450 members of the Ukrainian parliament are elected on the basis of party lists and proportional representation.

The Greens began to reorganise themselves in 1993 and established a large number of local organisations. Their programme emphasises the importance of sustainability and responsibility. Among their goals are: the closure of Chernobyl, an exit from nuclear energy and disarmament. In October 1993 the Green group in the Kiev city council (3 councillors) succeeded in having the city declared a nuclear-free zone. The Greens oppose NATO expansion eastward, call for Ukrainian neutrality and are opposed to a CIS superpower under Russian dominance.

Hungary

The main issue for Hungarian environmentalists in the 1980s, organised in the Danube Circle, as well as for political opposition groups, was opposition to the Slovak-Hungarian project, partly financed by Austria, to build the Gabèikovo-Nagymaros dam on the Danube. In 1989, as a result of the popular opposition, the Hungarian government withdrew from the project.

The Hungarian Green Party (Magyarországi Zöld Párt - MZP) was founded on 18/19 November 1989 in Budapest. In the election of

25 March 1990, the party won only 0.36 per cent of the vote and no seat in parliament. Tensions increased in the party following this electoral disaster and an alternative-feminist group was expelled. The MZP was weakened by this exclusion and in 1993 a more right-wing current pushed the remaining moderates out of the party but kept the official party name.

Since then the Hungarian Green Party has defended such policies as support for the Gabèikovo-Nagymaros dam (because "opponents are influenced by the international nuclear mafia"), the repression of homosexuals and prostitutes, forcing aids victims to wear a yellow patch, aids tests for the whole population and "protection of the Hungarian race". Democrats are "betraying the fatherland". Green Party publications inform the public that "Zionists are making money by means of economic deceit; it is in the nature of Jews to have a good understanding of money".

Members expelled from the MZP, with activists from environment groups such as the Danube Circle, formed a Green Alternative (Zöld Alternativa - ZA) on 15 June 1993. In the election of 8 May 1994, the ZA succeeded is entering a candidate in only one electoral district, in Nógrád in northern Hungary. [In the Hungarian electoral system, a party can present a candidate only by collecting 750 recommending signatures in the individual district.] In the Nógrád district, it polled 0.7 per cent (0.02 per cent of the national vote). The right-wing MZP stood candidates in 7 districts, polling 0.16 per cent of the national vote. A last-minute agreement with the Agrarian Alliance did not bring success either. The Agrarian lists, which included 2 Green candidates, won only 2 per cent of the vote, well under the necessary 5 per cent. Needless to say, the mood among Hungary's Greens after these electoral failures was not a good one.

There were some local successes in the local elections of December 1994 - 12 Green councillors were elected in four districts.

The Green Alternative has a very small membership base, around 200. Their work in the media, however, is very effective. Their political programme calls for social security, an ecologically sustainable economic order, eco-tax and the protection of minorities (Roma). In the referendum of 1997 they campaigned against entry into NATO but they are in favour of Hungarian membership in the EU.

The Gabèikovo hydroelectric plant is one of the party's main themes. The International Court in Den Haag, on 25 September 1997, urged Hungary and Slovakia to seek an ecologically defensible solution to this problem. The Greens are calling for an increase in the water flow through the old Danube river bed on the Hungarian-Slovakian border. The redirection of the river by the Slovaks led to a 80 per cent reduction of water after 1994.

When the social-liberal government began again to discuss plans for the second stage of the Nagymaros project, there were major demonstrations and protests in Hungary. The environmentalists are hopeful that the new government of Viktor Orban (the environment minister is a member of the right-wing Smallholder Party) will pay more attention to the interests of the Danube Circle.

For the parliamentary elections of 10/24 May 1998, the Green Alternative formed an electoral alliance with the Party of the Republic (2.5 per cent in the 1994 elections), five other small parties and a number of NGOs from the area of social rights and animal protection. The new alliance was called the Common Union for Hungary (Egyûtt Magyarországért Unió - EMU). In the first ballot this alliance list won 0.2 per cent of the national vote. However, in the 176 electoral constituencies, there were only four candidates from the Green Alternative.

Summary

The crisis which began around 1992 in Eastern Europe's Green parties was linked to the effects of the transition process in these countries, in particular, the fact that ecological issues declined in importance relative to other major social and economic problems. Another problem has been the high electoral hurdles in most of these countries, generally around 5 per cent. Competing parties are also wealthier and better organised.

In the past few years, these parties and movements have gradually been establishing an identity. Programmatic discussions, including discussions and the development of common platforms with the Green movements and parties in Western Europe, have also intensified. They are more cautious about electoral participation and have also begun to consider alliances with left-leaning parties. The creation of a local base

and the development of party structures is a central concern. In the coming years there is every reason to believe that the Green parties of Central and Eastern Europe will become a stable part of the political spectrum of these countries.

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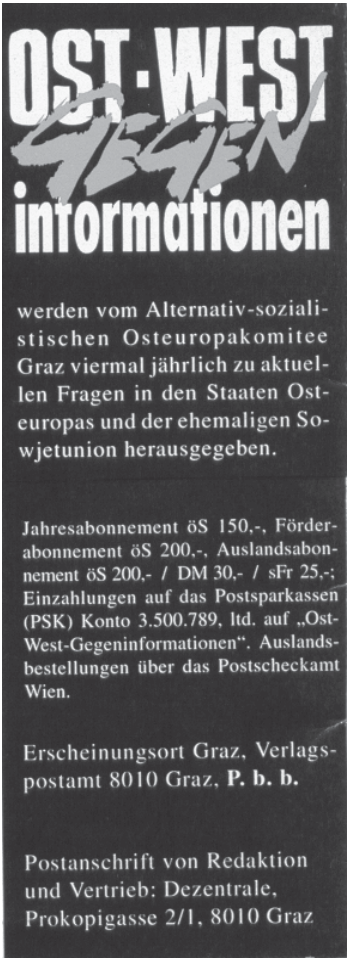

David Mandel

Russia: Revolution, Counterrevolution and Working Class

Reflections for the 80th Anniversary of the 1917 Revolution

Despite the three quarters of a century that separate the October Revolution from the collapse of the Soviet system and the present régime of capitalist restoration, the two revolutions[1] are part of the same socio-historical époque: the soviets' seizure of power in 1917 inaugurated a social revolution; the fall of the bureaucratic régime and the restoration that has followed represent the final chapter of the counterrevolution began under Stalin in the 1920s. The intervening seventy-five years were a period of co-existence and struggle of revolution and counterrevolution, a period whose complexity does not lend itself to any simple formulation.

The paradox

In both cases, the immediately determining factor was the correlation of forces between working class and bourgeoisie. From this point of view, a comparison of the two events presents a striking paradox. On the one hand, a very small working class in an undeveloped, peasant country was able to assume the leadership of society and to leave its determining imprint on the further course of social development. On

the other hand, a huge working class in an industrialised, urbanised country was incapable of influencing the course of social change, watching helplessly as hostile social forces reshaped the system in their own image.

The Russian working class of 1917 was a relatively small minority of the population, surrounded by a sea of peasantry with whom it had not entirely broken its ties. It was a recently formed class - most of its members had grown up in the countryside in peasant families. Its general level of formal education was low. Yet, it assumed the leadership of the revolutionary democratic movement and led it to victory. Of course, the October Revolution was more than one revolution. Among other things, it was a peasant revolution and a series of national-liberation revolutions. But it achieved victory because it was predominantly a workers' revolution. The abolition of private property, the planned economy, full employment, the relatively large and growing social wage and basic economic security did not all appear at once, but they had their origins in the workers' revolution.

True, the working class lost political power soon after seizing it. But that was expected by the revolutionaries when they took power in October. They were convinced that they would not be able to hold onto it without the support of the victorious revolutionary proletariat of the developed countries. What they did not envisage was that the loss of power by the Russian workers might be followed by something other than a bourgeois restoration. (They were ultimately right, but they did not think the restoration could take 75 years to happen.) But it was - it led to the dictatorship of the party-state bureaucracy, whose interests were fundamentally opposed to those of the workers.

Trotsky called the bureaucratic dictatorship a political counter-revolution within the social revolution.[2] This counterrevolution had a major distorting effect on the social revolution, but it did not lead to the restoration of capitalist relations. Accordingly, Trotsky called for a political revolution to overthrow the bureaucratic dictatorship and put the USSR back on a socialist path of development. He felt that capitalist restoration would be a tremendous blow to the working class, setting Russia back decades both culturally and economically. Today it is clear that he was right.

Various interrelated factors contributed to the unexpected

longevity of a system that, from an historical point of view, ultimately did prove to be only transitional. But a central factor was the strength of the initial working-class impulse that made the revolution and the resulting social weakness of the bureaucratic dictatorship that eventually emerged. Without property on which firmly to base its power and without any real legitimacy (the facade of a soviet democracy was assiduously maintained), the Soviet bureaucracy existed in permanent mortal fear of the working class. It could not survive without its totalitarian repressive apparatus - Gorbachev's liberalisation, which was the immediate cause of the régime's collapse, amply proved that.

At the same time, fear of the workers prevented the bureaucracy from achieving the security and stability it wanted and which would have required its transformation into a new propertied class, a bourgeoisie. Around 1989, after his attempts at reform had fatally undermined the system, Gorbachev, in fact, did opt for restoration. But his fear of the popular reaction prevented him from proceeding in a consistent or decisive manner. (Around this time, a team from the Central Committee apparatus visited the Kirov Factory (and probably other large plants) to gauge the workers' probable reaction to privatization.[3]) Gorbachev and his Prime Minister Ryzhkov were quite open about these fears when they replied to criticism from the radical restorationist forces.[4] The Polish experience and the rising and increasingly politicised labour unrest in the USSR showed that he really did have something to fear.

But once the régime fell (it collapsed much more than it was overthrown), the working class almost immediately ceased to have any tangible influence on the course of social change. At most, it has had a small, indirect impact on the particular means chosen and on the pace of reforms, but not on their direction. Although the Yeltsin régime's repressive capacity does not even begin to compare with that of the old régime, it, nevertheless, does not fear the workers.

Capitalist restoration, and the relative ease (from a political point of view) with which it is proceeding, took the left outside of Russia by surprise, and not least those who had subscribed to Trotsky's analysis of the USSR and had long been expecting the political revolution. It did happen, but instead of putting the USSR back on a socialist path of development, it lead to capitalist restoration. But Trotsky himself had been realistic enough to allow for this scenario, despite his general

revolutionary optimism. Writing in 1936, he argued that restoration would be inevitable without socialist revolution in other developed countries. But most of his followers forgot this part of his analysis.

Of course, there was more than wishful thinking to explain their optimism. The decades were passing and, if there were few overt signs of a maturing political revolution, there were also no obvious signs of the coming restoration. Leftist analysts of the Soviet Union, myself included, pointed to favourable objective factors, such as the growing size of the working class, the level of urbanisation and education, the rising living standards, etc., that seemed to make inevitable the rebirth of civil society that had been destroyed by the bureaucratic dictatorship. True, the Soviet working class was relatively quiescent, but in Hungary, Czechoslovakia and Poland powerful anti-bureaucratic movements arose in which the workers were, or eventually became, the leading force. These movements fought for democracy and self-management under a socialist, not capitalist, banner. They all failed, but that was largely a consequence of direct or indirect Soviet intervention. In any case, for Western socialists it was just hard to imagine that workers, having overthrown their bureaucratic oppressors, would let capitalist bosses replace them.

In this article, I offer some elements of comparison of the workers' situations in the period of socialist revolution and in the contemporary period of restoration in order to shed some light on the paradoxical fact of working class hegemony in 1917 and its disconcerting weakness today. The comparison will deal mainly with factors affecting working-class consciousness, the "subjective" side of things, since, the "objective" situation, on the face of it, was much more favourable to the workers at the time of the collapse than in 1917. To the factors mentioned above, one can add the relative homogeneity of the Soviet working class, all working for the same employer (the state), who determined their basic material and work conditions, which were relatively egalitarian, as well as the weakness of the domestic capitalist forces: during or after the failed coup of August 1991, had the workers wanted to take power, there was no armed force prepared to stop them.

Of course, the closer one gets to concrete reality, the more the distinction between "objective" and "subjective" appears artificial. But it has its heuristic uses. It should also be clear that the various factors

discussed below are intimately interrelated and in practice inseparable.

1. The international context

Trotsky, as noted, linked the fate of socialism in Russia with its victory in the rest of the world. If no victorious socialist revolution occurred in the developed capitalist world

> a bourgeois counterrevolution rather than an insurrection of the workers against the bureaucracy will be on the order of the day. [But] If, in spite of the united sabotage of reformists and "Communist" leaders, the proletariat of Western Europe finds the road to power, a new chapter will open in the history of the Soviet Union. The first victory of a revolution in Europe would pass like an electric shock through the Soviet masses, straighten them up, raise their spirit of independence, awaken the traditions of 1905 and 1917... Only in that way can the first workers' state be saved for the socialist future.[5]

The crisis of the bureaucratic régime at the end of the 1980s occurred in a period of major setback and weakness of the socialist and union movements across the world. Not only are there no successful socialist models (the "Communist bloc" countries were themselves stagnating bureaucratic dictatorships and/or in the process of restoring capitalism) or advancing socialist struggles for Soviet workers to emulate, but there were not even any victorious defensive battles that could inspire them, as the bourgeoisie successfully hacked away at the post-war "welfare state." In these circumstances, the argument of the pro-capitalist forces that "the whole world has embraced the market", that capitalism alone was "normal", carried a lot of weight among workers.

Moreover, these forces were backed up by the ideological, political and financial support of the international bourgeoisie. The international labour movement, in contrast, was practically absent from the equation, except as a mainly negative factor. The small amount of aid offered by it was aimed at helping Russian unions to adapt to capitalism, not fight for an alternative. Even worse, the AFL-CIO, which

had by far the strongest presence in Russia, consciously directed its "aid" at splitting the labour movement in order to develop and reinforce an actively pro-capitalist labour current.

The international situation also played a central role in the October Revolution. It occurred in a historical period of mounting labour strength, marked by the formation of mass unions and workers' parties in the industrialised countries. While the outbreak of war and the betrayal by most of the socialist leadership was a setback, it was not a decisive defeat. The war itself eventually became a powerful radicalising factor, contributing to the unprecedented post-war labour upsurge that swept Europe and did not completely exhaust itself until the defeat of the German October of 1923.

The October Revolution was a part of this revolutionary period, even while being its first act. Workers all over Europe came to perceive the World War as a sign of the crisis of the old bourgeois order. Socialism for an increasing number of them, far from being a discredited utopia, as it appeared to many Soviet workers at the end of the 1980s, was a real, necessary alternative. In Russia, which had the weakest bourgeoisie among the major powers, capitalist spokespersons were reduced to defending their system with the argument that Russian conditions were not yet ripe for socialism (implicitly conceding its viability and inevitability). All over industrial Europe, it was the bourgeoisie, not the workers, whose decisive action was paralysed by the perception of a lack of alternative.

Had the October Revolution not been part of this international revolutionary upsurge, it would have gone down in history as a second Paris Commune. The revolution almost immediately found itself locked in mortal conflict with all the major capitalist powers. These rich and powerful states had been able to put millions of men under arms and to throw them into the imperialist butchery. But they could not win a military contest with the infant Soviet state, that had to build up an army from nothing, whose industrial based had collapsed, and which was sealed off form the outside world by an economic an diplomatic blockade.

As the historian W. Chamberlin put it:

> There was one absolutely convincing reason why the Allied

> powers could not fulfil the hopes of the White Russians and intervene with large numbers of troops: no reliable troops were available. It was the general opinion of leading statesmen and soldiers alike that the attempt to send large numbers of soldiers to Russia would most probably end in mutiny.

Mutinies there were. But the unreliability of the armies was itself a symptom of the period. According to Chamberlin:

> The statesmen [at the peace talks] in Paris were sitting on a thin crust of solid ground, beneath which volcanic forces of social upheaval were seething.[6]

International labour support for the Russian Revolution took mostly an indirect form — class struggle that kept their ruling class too occupied at home and insecure to intervene more forcefully in Russia. But there were also many instances of direct, conscious support for the revolution.

At the same time, the expectation that substantive international aid would soon be forthcoming played an important role in sustaining the morale of the revolutionary forces in Russia. Spirits soared at each piece of news of major labour unrest abroad. Conversely, the realisation at the end of the civil war, reinforced by the international labour defeats at the end of 1923, that the revolutionary wave in Europe had been beaten back everywhere except in Russia, had an important demoralising effect on Soviet workers that played no small role in the victory of the political counterrevolution.

2. Workers consciousness fostered by the old social system

The relationship between the exploiting and exploited classes is the central factor shaping the consciousness of the oppressed class, even if its particular content at any given moment is determined by concrete historical experience and socio-political conditions.

The Soviet Union was a sui generis, transitional system, a hybrid with elements of both capitalism and socialism, while itself being neither. It was a totalitarian dictatorship of the party-state bureaucracy based upon a nationalised, planned (or administered) economy, whose official

ideology was a castrated version of socialism spiced with nationalism. Under Brezhnev it even acquired the shameful, semi-official label of "really existing socialism". Pre-revolutionary Russia, on the other hand, was an absolute monarchy resting upon a capitalist economy with strong vestiges of feudalism. Workers in both systems were wage-labourers, with their core element employed in large-scale, mechanised factory production. Nevertheless, these were two very different social systems and, accordingly, the worker consciousness that they generated also differed in significant ways.

a. *Class independence versus subordinate collaboration (corporatism)*
I will look at only one central dimension of working-class consciousness: workers' perceptions of themselves in relationship to their exploiters. Do workers see their basic socio-economic interests as linked to those of all other workers, whose interests are in fundamental opposition to those of their employer, a member of the exploiting class? Or, on the contrary, do they perceive their basic interests as linked to their enterprise and to their employer? The issue of class independence versus subordinate collaboration with the exploiting class poses itself similarly on the level of political action.

Of course, real-life consciousness is always more complex and contradictory than these "ideal types". Nevertheless, they represent the fundamental choices before workers. The exploiters and their ideologues constantly promote among workers one or another form of dependent class collaboration. Revolutionary socialists, on the other hand, promote the ideological and organisational independence of labour from the exploiters, while not ruling out temporary, tactical co-operation from an independent organisational and ideological base.

One of the most striking traits of the Russian labour movement in the years leading up the revolution (this became especially marked in the 1912-14 labour upsurge) was the strength of its attachment to a policy of "class independence" vis-á-vis the bourgeoisie, on both the enterprise and national-political levels. It was this issue, more than any other, that divided the Bolsheviks and the Mensheviks and which explains why the Bolsheviks became the predominant political force in the Russian labour movement from at least 1912 onward (with a brief pause after the February Revolution). The Mensheviks called for an

alliance with the liberal wing of the bourgeoisie and, accordingly, for workers to moderate their demands on the employers, who would otherwise be scared into the arms of Tsarism. The Bolsheviks, on the other hand, rejected any political alliance with the liberals, seeing them as a fundamentally opposed to democratic revolution. They encouraged and led workers in collective actions whose demands were indistinguishably directed against the employers and the state. Moreover, even workers who did not support the Bolsheviks always supported one of the other socialist parties, never a bourgeois party.[6]

One of the objective factors that favoured this consciousness was precisely the "feudal vestiges". Russian society still bore many traits of an estate-based system. For example, elections to the State Duma were based upon curia, defined by a mixture of estate and property criteria (and overwhelmingly favouring the propertied classes). This favoured the workers' perception of themselves as fundamentally separate from the propertied classes ("census society").

Another factor was the political and ideological weakness of the Russian bourgeoisie, which can ultimately be traced to its economic weakness and dependence on the state. This class on the whole did not feel itself able to make concessions to the working class, especially after the experience of the 1905 revolution that convinced the bourgeoisie that the labour movement was bent on social revolution, posing a mortal threat to its very existence. The Russian bourgeoisie was a reactionary, pro-Tsarist class; its liberal elements (some even briefly gave financial support the Bolsheviks) were a very small minority with little overall influence. In the circumstances of close collaboration between management and the Tsarist police in weeding out activists and repressing workers' collective actions, economic or political, there was little room for illusions among workers about shared interests with the bourgeoisie.

Pre-revolutionary Russia was a socially and politically polarised society. Even the intelligentsia, which historically has often acted as a bridge between the classes (ultimately serving the ruling class), was virtually absent from the labour movement after the 1905 Revolution.

Soviet society presented a much more complex and contradictory picture. On the one hand, the bureaucracy's monopoly of power, the overall repressive framework of social relations, did foster among

workers a sense of "us against them", the bosses (nachal'stvo). But this coexisted with a strong element of corporatism. That element became especially pronounced under Brezhnev. When Perestroika was going sour, some workers would refer to the Brezhnev period as their "golden age".

The bureaucracy itself was organised in a hierarchy of power and privilege, each bureaucrat under the thumb of his or her own bosses. This tended to blunt the "us and them" distinction, since workers could view themselves merely as the bottom rung of a continuous ladder. Although the bureaucracy has often been referred to as a "caste", it was far from a closed group. Most of the last group of leaders of the Soviet Union, including Gorbachev and Yeltsin, were not children of functionaries. Conscientious workers were typically urged to study to become engineers, and from there many began careers in the administrative hierarchy. Many directors began their professional lives as workers in the same plant. Conversely, children of bureaucrats rarely became bureaucrats. They mostly chose to become professionals in privileged sectors.

But more important were the clientelist, often corrupt, relations that flourished, especially under the Brezhnev regime. This period was characterised by the loosening of the central leadership's control over the bureaucracy, the de facto decentralisation of the political and economic administration. In these conditions, the dual role of the enterprise director, the minister, or the first secretary of a territorial committee of the party, became much more pronounced. They were representatives of the state in the production unit, the economic sector, or the territory they administered; but, at the same time, they were representatives, lobbyists, defenders of the employees of the enterprise or the sector, or of the inhabitants of the territory vis-ŕ-vis the state. Under Brezhnev, it was the latter aspect that was the most pronounced, as the economy became increasingly "feudalised".

The importance of the social wage, largely administered by the enterprise (including housing, sick pay, subsidised leisure and vacations, healthcare, pre-school childcare and more), as well as the growing practice of distribution of scarce consumer goods through the enterprises, also reinforced corporatist attitudes among workers, who were often called upon by management to "consider the situation of the enterprise",

that is, to make concessions (especially on overtime and worked holidays) to help the enterprise meet plan targets. There was a certain amount of threat behind these appeals: to refuse entailed risks. But the workers' generally positive response was also based on a perception of their interests as linked to those of the enterprise and to management.

Of course, for this system to work, management, had to give something in return. Besides the social wage administered by the enterprise, this took the form of managerial flexibility toward workers in work schedules and the toleration of violations of discipline, as well as making sure the workers got their bonuses (a large part of the take-home wage), whether they were merited or not by the enterprise's real production results.

b. *The social content of the Democratic Revolution*

These aspects of worker consciousness were an important element in the course of events in 1917 and in the period of Soviet collapse, which offer some striking parallels and contrasts. In the first case, the democratic revolution (overthrow of Tsarism) was soon followed by the workers' taking power in both the state and in the enterprises, a socialist revolution. In the second case, the democratic revolution (the collapse of the bureaucratic régime) was quickly followed by the complete exclusion of workers from political and economic power in a rapid restoration of capitalism.

In February 1917, although the workers briefly followed the Mensheviks in giving administrative power to a liberal government, they nevertheless immediately formed their own, separate, class organisations, the soviets. In their view, it was the soviets that determined policy for the liberal government to execute. In the enterprises, too, they set up independent class organisations, the factory committees, which did not hesitate to encroach on managerial power when workers were faced with the threat of mass layoffs or plant closure. The factory committees arose entirely from below - they had not figured in the programme of any party, though the Bolsheviks soon embraced and led them.[8]

There was no significant tendency for workers in their separate enterprises to seize them collectively. Factory committee conferences consistently rejected anarchist proposals for the immediate seizure of

the factories by their workers. These proposals were typically silent on the issue of state power. In fact, the Petrograd Conference of Factory Committees was the first important workers' assembly to demand Soviet power, only three months after the February Revolution. At that and ensuing conferences, the worker delegates recognised that that the bourgeoisie was not interested in averting the economic crisis, that a popular government, free from bourgeois influence, was a necessary condition for averting economic collapse and mass unemployment. Workers' control could be effective only in the context of national economic regulation and planning, and that required a soviet government.

Before October, outright plant seizures were rare and occurred only when workers were faced with imminent shutdown or when the administration's sabotage was blatant and persistent. Even so, seizures were accompanied by the demand for state sequestration. After October, with the economic crisis rapidly deepening and backed by soviet power, workers were more apt to seize their plants, but the factory committee conference already demanded full nationalisation. This had not been part of the Bolshevik programme either. But the decree on generalised nationalisation was passed eight months after the revolution. The National Economic Council, the central state organ for economic administration, was staffed largely by member of the Central Council of Factory Committees.

The point of all this is that the workers in 1917 reacted to the crisis that followed the democratic revolution in an essentially class-independent, solidaristic way. This was very different from the reaction of workers when the bureaucratic régime fell in the midst of growing economic crisis. The latter-day workers never formed their own class organisations, political or economic.

In many regions workers did support candidates running on anti-bureaucratic platforms, but no one seriously thought to demand the exclusion of bureaucrats (or recent bureaucrats) from elected posts. Many functionaries, especially from the lower levels, got elected. None of the various initiatives to create a worker-based party got anywhere. In practice, labour politics was and remains limited to forms of lobbying, much of it in subordinate collaboration with managers.

The differences in the very character of the two democratic

revolutions is also striking. The February Revolution was entirely a movement from below. The masses never lost the initiative, and even after they handed the government over to the liberals, they insisted on retaining "control" over it through their soviets, which alone commanded armed force.

The new Soviet labour movement also played an important role in the downfall of the bureaucratic régime, but it was not really an independent role, and the movement never embraced more than a minority of the working class. It is difficult to evaluate the precise impact of the movement "from below" on the fall of the régime, but it seems clear that it owed much to a "revolution from above" by the forces of capitalist restoration (within and outside the bureaucracy), that were able to manipulate and co-opt the popular forces. In the crucial moments of August 1991 (the failed "conservative" coup) and the December 1991 (the dismantling of the Soviet Union), the workers remained passive bystanders. Had the downfall of the bureaucratic régime taken the form of a popular revolution, the restoration would have been a much more problematic endeavour. Restorationist strategists were keenly aware of this and strove for an alliance with the pro-capitalist elements in the bureaucracy in order to avert the necessity of a popular mobilisation to bring down the old system.

"Workers' committees" were formed during Perestroika in a number of plants, and a part of the coalminers' and a few other groups eventually formed new unions that, at least initially, admitted only workers. But in an important sense, these were more corporatist than class organisations, since they were conceived as organisations exclusively of manual workers (in the miners' case — only underground workers), excluding non-managerial white-collar workers together with the managerial personnel. In any case, these efforts remained isolated, and corporatist unions (which still formally include managerial personnel) remain the norm today in Russia.

Under Perestroika, organisations arose in the plants and even a national movement appeared that were concerned with the issue of economic power and property. These labour-collective councils, or STKs, were formed originally on Gorbachev's command and were given limited, ambiguous self-management powers. These were typical Soviet-style corporatist organisations, since the "labour collective" included

all employees, from the lowliest janitor to the general director. Not surprisingly, the latter almost always controlled the councils, in which workers generally showed little interest.[9]

The CTK movement itself arose in 1990, after Gorbachev took his restorationist turn and decided to suppress any self-management tendencies he might earlier have encouraged. But this was never a mass movement. Most workers remained indifferent to it, while its leaders, on their part, made no serious attempt to mobilise them. Engineering and managerial personnel, including directors, were strongly over-represented at its congresses.

This movement, although it was fundamentally opposed to the old bureaucratic system, was itself based upon a corporatist ideology. Even its most radical elements accepted the idea that workers' earnings should be dependent upon the market performance of their enterprise. And they demanded complete autonomy for their enterprises. It was very striking that the movement offered no overall conception of the national economy beyond self-managed, collectively-owned (a minority supported leasing from the state) enterprises linked to each other only by market relations. In practice, this was capitalism, but it would start out with worker-owned enterprises.

This is not to say that the activists consciously wanted capitalism. Many thought of their movement as an alternative both to capitalism and to the old system. Others accepted the idea propounded by the pro-capitalist ideologues that the distinction between socialism and capitalism had outlived itself: there is only more or less market, more or less state regulation.

This movement proved easy prey for the restorationist forces. In Russia, the movement's leaders lent their support to Yeltsin, who promised to make the STKs the basis of his government and passed a few laws making it easier for employees to become collective owners. But when Yeltsin's privatisation programme was finally published, it ruled out collective ownership of the shares of newly privatised plants. (Kravchuk played a similar turn in the Ukraine, though that country has been slower privatising.) The movement's activists consoled themselves with the fact that the programme at least made it easy for the "collective" to acquire a majority of the shares, if not all, as they had hoped. But since shares could not be held collectively and since the

workers were incapable of organising themselves to pool their shares, the programme easily achieved its desired goal of totally excluding workers from any influence in enterprise administration.

3. Experience of collective struggle

Of course, the class consciousness of the pre-revolutionary Russian workers did not spring ready-made from the social relations of Tsarist Russia, even if the latter did offer them a favourable terrain. (It is worth noting, for example, that the soviets arose quite spontaneously in Ivanovo and St. Petersburg already in 1905.) It developed in the course of a relatively brief, but extremely rich and intense period of class struggle. Despite the strong repression, this labour movement coexisted with the Tsarist régime for a quarter century. Without this experience of struggle, especially that of 1905 and 1912-14, it is hard to imagine 1917 taking the course it did.

To this one must add the role of the Bolshevik party, which was crucial to the outcome of 1917. But the party should not be seen as an totally independent factor. If there was a such a party, it was because there were favourable social conditions for it. Its relationship to the worker masses and the labour movement was a dialectical one. Especially after 1905, this was an overwhelmingly working-class party, uniting the most conscious, revolutionary workers, themselves organically linked to the worker masses. This party was the result of an entire epoch of class struggle and accumulated experience.

In contrast to Tsarism, the bureaucratic régime, precisely because of its fragility, could not tolerate, even for a brief time, any independent labour organisation or movement. Soviet workers were unable to win themselves any autonomous space within the system until Gorbachev's liberalisation opened it for them. This liberalism proved almost immediately fatal to the régime. Not that Gorbachev wanted an independent labour movement but he was unwilling to use repression to put it down.

But Soviet workers were given too little time. They entered the period of overt political crisis of the régime with almost no experience of collective struggle or independent organisation beyond the shop level, and few even had that. Spontaneous explosions had occurred from time to time on a larger scale before the Gorbachev period, but they were

localised and quickly repressed, leaving almost no trace in the collective consciousness. As a result, Soviet workers, once they began to be active, had no experience to draw open, when only experience of independent collective struggle could have enabled them to overcome the corporatist legacy and to forge organic links of solidarity among themselves.

4. The economic collapse

Economic collapse played a key role in both periods. The consequence of the imperialist and civil wars, the economic collapse that followed soon after the October Revolution, along with the civil war and the needs of state-building, was a key factor in the dispersal of the working, a process that did not even start to reverse itself until 1921. It was only in 1926 that industry recovered its pre-war levels. The high rate of unemployment had a severe dampening effect on labour activism. As a result, soon after the October Revolution, the working class ceased to be an independent historical subject. The workers played a critical role in the civil war victory, but soviet democracy soon gave way to the party dictatorship. There were many conscious, dedicated workers in the party, which was very much a revolutionary movement dedicated to the workers' cause. But the working class as such, to the degree it still existed, had no direct means of influence over it. This set the scene for the eventual rise of the bureaucracy.

Russia's economic crisis today is less severe than that of the civil war, but then it is occurring in peacetime, and, as such, its depth and length are probably unprecedented in modern times for any major country. But more to the point, it hit the labour movement when it was still in an embryonic stage of development, greatly slowing down, if not completely cutting short, its development. Paradoxically, the rapid erosion of the old social bases of corporatism (the paternalistic state and enterprise management, job security, the social wage, etc.) has not only not weakened its hold on workers and their leaders, but, if anything, reinforced it. Today corporatism goes under the official title of "social partnership". The persistence of dependent class collaboration is very much a consequence of the deep insecurity and the sense of impotence caused by the economic crisis.

One of the political motives behind the choice of restoration

through "shock therapy" was, in fact, to quickly cut the social ground from under potential worker resistance. The workers' demoralisation made possible Yeltsin's coup d'état of October 1993 and the establishment of what is for all practical purposes a dictatorship, albeit a "soft" one. (There has so far been no need for more repression.) The coup was directed immediately against the parliament's opposition to Yeltsin's economic course, but it was also a preventive measure against potential worker resistance. (It was made know that Yeltsin had on his desk ready for signing a decree disbanding the main union federation, whose president initially supported the parliament against Yeltsin.) The coup proved very successful in snuffing out any latent militant tendencies among the union leadership.

5. Conclusion

This comparative analysis offers some idea of what it will take for the Russian working class to again become a subject of history. The conclusions it leads to are not optimistic for the near future. But it would be wrong to simply write off the Russian working class. There has been a certain tendency to do that among Western socialists in the wake of the dashed hopes raised by Perestroika and by the appearance of an independent labour movement in the USSR.

For one thing, the conditions that have contributed to the weakness of the Russian working class will change, and are already changing. But one of those conditions is the strength of labour and socialist forces in the developed countries and also their direct support for their counterparts in Russia.

It is worth repeating that much of the immense tragedy of Russia's twentieth century history is linked to the weakness of socialist forces in the developed capitalist world. The peoples of the former Soviet Union have paid the heaviest price for the absence of socialism in the West. At the same time, the bureaucratic dictatorship in the Soviet Union, directly or indirectly, played a key role in holding back the revolutionary potential of the Western working class, which is itself paying an increasingly heavy price today for the absence of socialism.

Notes

1. I realise that I am using the term "revolution" rather loosely here to refer to the collapse of the Soviet system. Nevertheless, the bureaucratic dictatorship was replaced, however briefly, by a democracy of sorts, which also coincided with the beginning of capitalist restoration.
2. His analysis is systematically presented in *The Revolution Betrayed*, written in 1936.
3. Personal communication from A. Kalachev, a leader of the workers' committee at the plant at the time.
4. See, for example, Ryzhkov's presentation of the government's reform programme to the Supreme Soviet in May 1990, *Trud*, May 25, 1990. Even this watered-down programme was met with widespread hostility among the population, giving rise to strike threats and panic buying, and forcing the head of the trade-union federation, Yanaev, who had never shown any independence, to qualify his initial endorsement. (*Trud*, June 16, 1990). For more on this, see D. Seppo, "Les épines du marché," *Inprecor*, June 15-28, 1990, pp. 7-11.
5. L. Trotsky, *The Revolution Betrayed*, Pathfinder Press, N.Y., 1972, p. 290.
6. W.H. Chamberlin, *The Russian Revolution*, Gosset and Dunlap, N.Y., 1965, vol. II, p.153.
7. D. Mandel, *The Petrograd Workers and the Fall of the Old Régime*, Macmillan, London, 1983, pp. 18-21.
8. On the factory committees, see D. Mandel, *Factory Committees and Workers' Control in Petrograd in 1917*, International Institute for Research and Education, Amsterdam, 1993.
9. On the CTKs, see D. Mandel, "'Revolutionary Reform' in Soviet Factories," *Socialist Register 1989*, Merlin, London 1989, and "The Struggle for Power in the Soviet Economy," *Socialist Register 1991*, Merlin, London, 1991.

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Reviews

Adam Burgess, *Divided Europe* (Pluto Press, 1997) pp.222, £13.99.
William Miller, Stephen White and Paul Heywood (eds) *Values And Political Change In Postcommunist Europe* (Macmillan Press, 1998) pp.460, £60.00 (hbk).
Maria Todorova, *Imagining the Balkans* (Oxford UP 1997) pp.257, £17.99.

These three books challenge the view that there is a cultural division between West and East Europe which pre-dates the Cold War and has left a legacy which justifies the differential treatment of the 'new' democracies of the former Soviet Bloc today. Although Central and East European states have liberal democratic political systems and market-led economies, it is argued in the democratisation literature that this cultural legacy means that Western institutions can not simply be transferred to the East. It is often stated that people in this region lack a democratic culture and that democracy will need a lengthy process of 'consolidation'.

William Miller, Stephen White and Paul Heywood, in *Values and Political Change in Postcommunist Europe*, empirically critique the view of a cultural divide through extensive opinion surveys conducted in the Czech Republic, Hungary, Slovakia, Ukraine and Russia, between 1993 and 1996. They conclude that political values and support for democratic political systems is little different in East and West Europe. Political values may vary slightly between states and between social strata, but the similarities outweigh the differences and there is no geographic East/West division which correlates with political values. In terms of support for liberal values, the rule of law, multi-party elections and tolerance for minorities, socialist values, of state economic intervention, and nationalist values, of cultural conformity, regional autonomy and irredentism, the historical legacy of British constitutional democracy fares no better than that of Habsburg, Romanov and

Ottoman rule, inter-war authoritarianism and Soviet domination. In fact, comparable surveys showed the British public to have less trust in politicians, to be less tolerant of public protest and to be more inclined to both socialist and nationalist values than the public in Central East European states (pp.389-412).

Far from any determining historical legacies, the extensive opinion surveys of Miller et al, reveal that views of the present constituted the biggest influence on voting intentions and attitudes towards the post-Communist transition. One indicator of the rapidity of value change and the fluid nature of political culture is the statistics of support for communist ideals. Around 20 per cent of former members of the Communist Party stated they had never believed in its ideals as membership was a career necessity, however around 40 per cent of former members had switched from believing in its ideals to not believing, and 25 per cent of non-members made a similar value switch. Former members of the Communist Party had only marginally different values to non-members and 'in every country, economic complaints were more strongly related to current voting intentions than to past membership' (p.316).

Far from a lack of democratic culture, in all the countries surveyed, a large majority of the public supported liberal and democratic values. The high levels of support for democratic institutions and structured voting patterns demonstrated that 'there was no evidence that the people of the former Soviet Union and East Central Europe were not ready for democracy' (p.28). As Miller et al conclude 'the lines of division that have excited so many theorists and historians seem remarkably faint in terms of contemporary political values' (p.28).

Where there was less support for post-1989 reforms, this was expressed in support for socialist values rather than an opposition to democracy per se. This greater attachment to socialist values had little to do with people having problems adapting psychologically to rapid change, but seemed more related to the fact that for many people in the region there had been no rapid change only stagnation. One of the main determinants of support for multi-party elections, and transition more generally, was whether people had gained or lost out through the reform process. Unsurprisingly, social strata and geographic regions most

marginalised by marketisation showed least enthusiasm about the empowering nature of market reforms and political pluralism. 'The old, the working class and those who lived in Russia tended towards socialist values, while those who worked in the private sector, the highly educated... and the Czechs all tended against socialist values' (p.333). Far from political values being a determining factor in political or economic transition, it would appear that they are consequential to this, shaped by lived experience rather than historical legacies, whether from the post-World War Two period or some earlier time.

While Miller et al provide an interesting and useful empirical corrective to the popular conception that there is a cultural divide or an historical legacy which shapes political values in Eastern Europe, Maria Todorova and Adam Burgess approach the question from a more historical and theoretical perspective. Both these authors consider the complex interplay between Western ideological and strategic concerns in the treatment of the East as culturally distinct. They chart how, through the self-flattery of perceiving 'Western' culture as progressive, civic-pluralist and non-nationalist, the problems of capitalist development and Western state rivalries have historically been displaced to the East. During the twentieth century a non-Western culture has been held responsible for the problems engendered by Great Power manipulation of 'Balkan' rivalries, capitalist collapse in the inter-war period, and the destructive consequences of nationalism in World War Two.

Although both these authors trace the historical linkages between the past and present-day essentialist treatments of culture, history and ethnicity in the East, they differ in their analysis. Todorova, in *Imagining the Balkans*, follows the discourse approach of Edward Said's *Orientalism* and the more recent treatment in Larry Wolff's *Inventing Eastern Europe*. She stresses the continuity of Western approaches to the East, locating the conception of a cultural divide in an Enlightenment bias towards 'urban bourgeois culture' and negative view of the less advanced states on the periphery of capitalist development, dominated by a 'superstitious, irrational, and backward rural tradition' (p.111). Burgess, in Divided Europe, provides a useful corrective, drawing out the difference between the nineteenth century

condemnation of a lack of development and twentieth century views which rejected this universalist perspective and have tended to see the limits of capitalist development as fixed and rooted in history or culture (pp.85-88).

Burgess and Todorova analyse how a fixed culturalist understanding of the East/West divide has re-emerged after the Cold War. Todorova locating this in the apologia for, and the consequences of, East Europe's marginalisation and exclusion from Western institutions such as the European Union. South and East Europe are no longer of strategic importance with the end of the East/West geo-political axis and exclusion from the Western club has forced East European states to compete with each other to demonstrate their 'Westerness'. As she notes, this process of exclusion and division was directly linked to the violent fragmentation of Yugoslavia, as Slovenia and Croatia sought to ditch the poorer republics and demonstrate their Western values. The Yugoslav wars in turn fed the pre-Cold War stereotypes of historically and ethnically determined rivalries (p.136).

As Burgess outlines, once 'ethnicity' and 'history' are seen to have a special importance in explaining events in the East: 'responsibility for any problems which befall the region are laid squarely at the feet of people in the region themselves ... The flip side of this reasoning is that the role of external forces, in particular those of the West, are conveniently taken out of the picture' (p.5). The key event in this process for both Burgess and Todorova has been the Yugoslav wars where not only did Western powers decisively intervene prior to the outbreak of conflict, through European and US support for separatist movements which undermined the possibility of negotiated solutions, but the common perception has been that the West stood by and did too little to resolve a 'Balkan' conflict.

Todorova notes that the essentialist understanding of 'Balkan rivalries' would never be employed to understand political conflict in the West. She urges that instead the Yugoslav crisis should be 'approached with the same rational criteria that the West reserves for itself', which would include an understanding of present-day pressures on the region, including those originating from the new international context (p.186). Burgess equally condemns those explanations that seek

to read history backwards through the transcendental medium of 'culture', he cogently argues: '"culture" has no explanatory power in itself. It can describe how people react to circumstances ... but it can not explain why... The real pressures and opportunities of social existence determine the patterns of life, not the other way around' (p.11).

Burgess draws out the consequences of this essentialist perspective today. The commonplace prejudice that there is a separate political culture in the East has meant that the region has become open to Western influence and intervention under the guise of tutoring and educating the people in the new democracies about civil society and political pluralism. The new East/West divide is being shaped through the relationship of democratisation whereby mature Western democracies judge East European states against an idealist view of their own political systems. This judgmental approach moralises the East/West divide and blames Eastern political culture, rather than the lack of Western investment and Western desires for protected markets, for exclusionary policies towards the East.

Burgess argues that rather than democratisation and civil society building being a useful goal-setting framework for European integration, this is in fact a process of exclusion as formal democracy is no longer seen as good enough to join the Western club. A fictitious cultural divide has been used to justify a new division of Europe in the tautological language of the democratisation industry which argues that by definition 'new' democracies can not have Western culture or be fully 'consolidated' (p.191).

David Chandler