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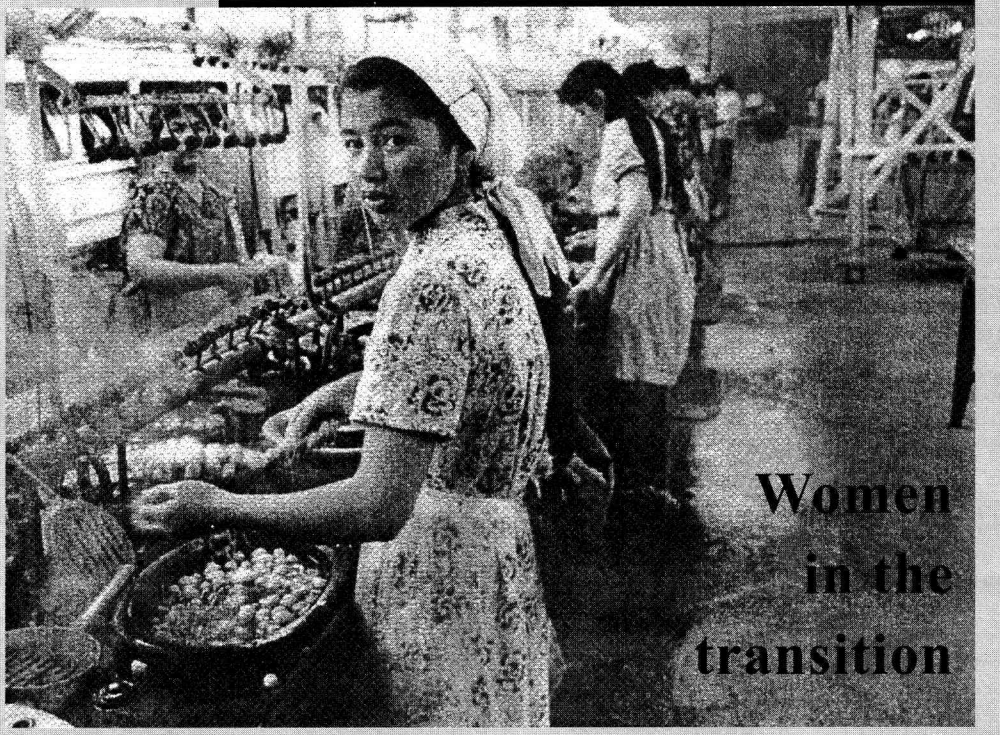

Women in the transition

Anna Pollert Gender Relations, Equal Opportunities and Women in Transition in Eastern Europe **Andrew Kilmister** Restructuring in Poland **Boris Kagarlitsky** Globalisation and Russia **Christoph Jünke** The Will to Struggle: Boris Kagarlitsky's Appeal for a New Socialist Left plus **German PDS** on the Berlin Wall and **Russian Trade Unions** at the End of 2000.

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Anna Pollert

Gender Relations, Equal Opportunities and Women in Transition in Central Eastern Europe

I. Equal Opportunities, European Enlargement and the Politics of Transition.

This article argues that the recent European emphasis on 'mainstreaming' gender-equality provides an opportunity for the first EU entrants from Central Eastern Europe (CEE) to improve women's position and reverse the deterioration in their position since capitalist transition. Equal opportunities (EO) has always been and continues to be a controversial concept. In the context of post-Communism, an especially contentious issue has been the alleged imposition on the East of 'Western feminist' precepts and programmes. 'Mainstreaming' too is highly problematic and often misunderstood. Here, I argue that it could offer a way of responding to some of the hostility to EO among some groups of women in CEE, for whom EO is regarded as a return to what is remembered as enforced 'emancipation' under Communism, with all its associations of tokenistic equality and the 'double-burden'.

The idea of 'mainstreaming' equality is about integrating the needs of reproduction and the family into every aspect of life. Its more sophisticated versions question all gender assumptions and identities and does not impose a male-centred model of EO, that to be 'equal', women should be 'like men' and organise their lives around a male-breadwinner model. Instead, it offers the possibility of recasting all gender identities - male and female - and revaluing so-called 'female' activities, such as nurturing, and offering choices about the sexual division of labour both inside and outside the family.

However, the main difficulty with all programmes and debates on social change - whether on wider social rights, employment conditions, or gender relations - is that they require democratic participation by citizens, public spending and clear state intervention. None of these are encouraged by the neo-liberal hegemony of post-Communist transition in CEE, which has exacerbated social inequality, weakened labour movements, increased poverty, and undermined those legislative protections which previously gave women under Communism some means of reconciling home and family - albeit without challenging the sexual division of labour, or women's 'double-burden'. In Western Europe, all the evidence shows that progress with EO is greatest in social-democratic states, such as the Nordic countries, where labour movements are still strong, where the state spends on the public sector and actively intervenes in social welfare and employment policies to alter gender relations. It is slowest in free-market dominated states, such as Britain, where organised labour has been weakened, where government intervention in employment is directed so as not to be a 'burden on business', and where state spending on the necessary infrastructure to support EO has been behind the rest of Europe.

This article therefore argues that the issues of gender relations and EO cannot be treated in isolation from the wider political-economic questions, whether in Western Europe or those countries in the process of capitalist transition and formal convergence with the West. EO has made slow progress within Western Europe itself, and while EU enlargement formally requires 'harmonisation' with European policies and social priorities, including those of mainstreaming, EO policies are likely to remain largely a paper commitment, without real change, unless there is a major shift towards social-democratic-type policies as a

minimum political requirement.

The impact of state policies

The state has always had a critical role in shaping the relationship between household forms and employment. During the twentieth century, increasing state intervention in the reproduction of labour power – through taxation, support for household work, mothers and children and other institutional arrangements which impact on family life, such as working hours – has influenced the sexual division of labour. For example, differing policies on child-care in Britain and the US have shaped different working patterns for women. In Britain, the post-war state favoured the male-breadwinner model, and laissez-faire policies on child-care induced a system in which women improvised, with kinship and community support, while employers provided part-time employment. In the US, child-care was made tax-deductible and encouraged female full-time work. The Communist state fostered the dual-earner household and supported the 'worker-mother' with an array of maternity and child-care entitlements, which are discussed further in the context of transformation.

Not only do state policies impact on household patterns of income generation (male-headed or multi-earning, for instance) but they also affect the degree to which services are provided within the household or by wage labour, and the types of service jobs created. Esping-Anderson's (1990) three-fold welfare-state typology distinguishes between the social-democratic regime, where universalistic provision entitles all citizens to high levels of state social support (e.g. Scandinavian countries); the corporatist regime, based on insurance rights, with high levels of support for service provision within the household (e.g. Germany); and the liberal regime which is largely means-tested and provides only a safety-net for the most needy (e.g. the US, Britain). Esping-Anderson continued his analysis by suggesting how different welfare-state regimes influence the growth and form of the service economy (1993), although he has been criticised for not considering unpaid work (Crompton and Harris, 1997: 192). The corporatist model favours service provision in the household, and holds back growth of commodified services and with it, women's service sector employment. The universalistic model, with its gender-equalising

policies in tax and child-care, encourages women's employment and the provision of services outside the household. At the same time, social-democratic polices encourage strong employment protection, so that (female) service employment is of a high quality. The liberal regime gives poor family support and the male-breadwinner family is a chimera, with women entering employment in an expanding service sector. Neo-liberal policies provide poor employment conditions and pay, and a service sector characterised by insecurity and a 'flexible' labour force.

This typology is pertinent to considering the importance of the state for equal opportunities (EO) policies. Within the reality of occupational segregation and women's concentration in the service sector, the quality of jobs within it is important to EO. Social-democratic states take a strong role in intervening in both the household and the labour market, which has the effect of improving pay and security in the feminised service sector. In the neo-liberal approach, the state plays a minimal role in employment legislation, and service employment is left to the market with the growth of 'poor' jobs.

Within Europe, progress with EO cannot be divorced from these wider political roles of states. Although European EO policy has, since the creation of the Single Market in 1992, attempted to draw nation states increasingly together under the umbrella of supra-national legislation, it is still nation states which drive policy. Despite the high profile of EO in European integration and enlargement, the difference between neo-liberal and more interventionist social-democratic policies continues to influence divergent trends in the success of gender equality projects (Lemière and Silvera, 1999). In the context of post-Communist transition and EO, the neo-liberal thrust of policy since 1989 and the 'rolling back' of the state regarding women's work is thus a central concern.

II. Women and work in capitalism and communism

Any discussion of EO change must obviously include both historical legacy and current structural constraints and policy options. Sexual segregation, both horizontal and vertical, has been very similar in capitalist and state command economies, with women concentrated in a limited range of sectors and occupations – 'light' manufacturing, the

services, and caring professions – and over-represented at the bottom of occupational hierarchies. Ideologically, the household has remained women's domain. The male-female pay ratio has also been strikingly similar, with women earning between 70 and 80 per cent of men's earnings. Women have little power either in employment or in politics.

At the same time, there have been differences between capitalist and Communist countries. In the West, sectoral changes - decline of manufacturing and growth in service employment - have been accompanied by a major increase in women's employment: in 1950, women comprised between 20 and 35 per cent of the labour force in OECD countries such as Canada, France, Germany, Sweden, the US and the UK. In 1982, this had risen to between 33 and 46 per cent (Jenson et al., 1988: 18). But feminisation has also been accompanied by a growing segmentation of the labour force by occupation and sector. For example, even in Sweden, with a major increase in female employment and progressive measures to encourage women to move out of stereotyped jobs, occupational segregation is among the highest in the advanced industrial world (Ruggie, 1988: 181, Anker, 1998: 185).

A further structural shift has been the segmentation of the workforce between full-time and part-time workers. Part-time work is overwhelmingly female, accounting for over 30 per cent of women's jobs in Sweden, the UK and Canada in the late 1980s (Jenson et al., 1988: 21).

CEE before 1989

Structural shifts of this type were delayed in the command economies. Compared with post-war developments in the West, Communist countries concentrated on industrial growth, leaving the service sector (except for health and education) underdeveloped until after 1989. Sectors such as retail, hotels and catering have only recently developed (Employment Observatory, 1993:23). Women were concentrated in light industry, public services and in agriculture. Their integration into the workforce was fostered by state policy, which was driven by the imperatives of industrialisation and economic growth and supported by the ideology of women's emancipation through paid employment.

The high proportion of women in the labour force of Communist countries compared with Western Europe is well known. In most of

CEE, they still comprise between 45 and 50 per cent of the labour force. In the Czech Republic, women as a percentage of the labour force grew from 38 per cent in 1948 to 47 per cent in 1969, a level at which it remains (Crompton and Harris 1997: 190). Between 70 and 90 per cent of working-age women (15 to 55 years) were employed in the Communist countries in 1989, similar to the Swedish level, but much higher than the 50 per cent European average (Einhorn, 1993: 113, UNICEF 1999: 24). At the same time, part-time employment (other than in the informal sector) was almost unknown.

The double burden

The impact on women of the 'double burden' of responsibility for the family and full-time employment – and even the 'triple burden', which included engagement in public office - has received widespread attention (Scott, 1976, Heitlinger, 1979, Wolchik and Meyer, 1985, Einhorn, 1993). Labour shortage prompted policies to retain women in the labour force, which included entitlements for women workers as mothers (e.g. the GDR's 1950 Act for the Protection of Mother and Child and the Rights of Women, and the 1960 Czechoslovak redrafting of the 1948 constitution which improved conditions for the mother-worker). However, state policy was always ambivalent about its treatment of women as producers and reproducers (Einhorn, 1993: 23). State childcare facilities, maternity grants and paid maternity leave reflected the tension between needing women as producers and as reproducers, and improvements in provision were usually conceded when pressure from women coincided with pronatalist policies to solve declining birth rates.

While EO principles were propagated for ideological reasons, they contained contradictions. There were measures to help women improve their qualifications and gain access to male-dominated occupations, but the 'worker-mother' model permeated language and policy. For example, an egalitarian 'socialist family' was encouraged in official rhetoric, but women's 'natural' responsibilities for reproduction and the family were never questioned in public discourse. For example the GDR enacted a progressive Family Law in 1965, but while it provided for equal responsibility between marriage partners it continud to define women in terms of their 'dual roles' (Einhorn, 1993:

28). Women bore the major responsibility for housework, childcare, and shopping, with its infamous queues. Furthermore, the actual provision of public service to ease women's 'double burden' was inadequate: public childcare was overcrowded, health care often poor and social support for crises in family life was lacking (UNICEF, 1999: viii).

Gender equality before 1989

Nevertheless, in comparison with the West, gender equality did make some advances. Women made inroads into gender-atypical occupational fields. In Czechoslovakia, between 1948 and 1958, although most women were confined to light industry, office work, agriculture, teaching and health, post-war labour shortages prompted efforts to recruit them into other fields. By 1966, instead of women being crowded into two out of seventeen sectors (agriculture, and health and social welfare services) they were spread more evenly and accounted for over half of workers in ten out of eighteen industries (Scott, 1976: 2). Nevertheless, vertical segregation and a wide gender pay gap remained.

As in the West, women remained in the lowest skill-levels, performing repetitive assembly work, or at the bottom of managerial hierarchies. In Czechoslovakia, a 1968 study found women earned 27.9 per cent less than men on average. Most of this was due to segregation, but also to discrimination: in some light industry plants, women earned 24 per cent less than men in the same job (Scott, 1976: 5). Growth in research on women's disadvantage in the 1960s revealed similar findings to those in the West: women had to perform better than men to achieve recognition, and even when this was achieved, equivalent posts had poorer conditions (such as not having a secretary).[1] As in the West,

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1. Research in the mid-1960s in Czechoslovakia on women and the family was prompted partly by pronatalist policies, which aimed to improve the birth rate by improving women's position as mothers with protective labour legislation. At the same time, after the 1966 party congress, looser central planning and a generally more liberal political approach encouraged the Women's Committee of the Party to establish a Czech Union of women, which aimed to confront the problem of the 'double burden' and women's exclusion from top jobs (Scott, 1976: 114).

inability to hold public office and to network, due to domestic commitments, prevented promotion.

Another marked feature of Communist regimes was the high educational level of women – an unintended consequence of women's labour market disadvantage. The industrial hierarchy, which privileged male-dominated heavy industry, in comparison with light and consumer industries and services, meant that a male industrial technician or administrator with only nine years of compulsory education earned almost as much as a women with a university degree (Scott, 1976: 6). Female exclusion from senior posts in industry meant that the only route upwards was through higher qualifications and into the professions. This was made possible by progressive education policies, such as the GDR's Education Law, which stipulated EO for girls and women and uniform school curricula for girls and boys (Einhorn, 1993: 48).

However, other processes also led to the feminisation of higher education. Gendered choices (and stereotyping) within education continued, with girls preferring arts and humanities and boys technical subjects and vocational education and training. Women's preference for academic, rather than technical and vocational training meant they left the vocational route to heavy industry to boys, and entered academic secondary schools and universities in large numbers. In Poland, girls outnumbered boys in the lyceum (academic secondary schools), and since these were the major route to university, women took an increasing share of university entrants (Bialecki and Heyns, 1993: 115). In Czechoslovakia, by 1965, girls made up 66 per cent of students in academic secondary schools and 55 per cent in vocational schools, compared with 21 per cent before the war, and in universities, women made up 40 per cent of total students after a growth of 212 per cent in the decade 1957-1967 (Scott, 1976: 7).

However, across CEE, only particular graduate professions were feminised. In Poland, women moved into medicine, specialised legal areas, business and economics, including accountancy - occupations with lower status and pay, however, than those in heavy industry (Bialecki and Heyns, 1993: 116). In Czechoslovakia, women predominated in nursing, office work, teaching and library work. Teaching and medicine became feminised, with women comprising 40 per cent of doctors, 60 per cent of medical students and 90 per cent of

pharmacology students. Vocational training, especially in the favoured industry of machine building, still favoured boys, and although enterprises were meant to take a quota of female apprentices, they were unwilling to do so. A characteristic, then, of Communist CEE, was women's exclusion from the prestigious occupations of heavy industry, and their high levels of education, and entry into qualified professions in larger numbers than in the West.

III. Women in Post-Communist Transition

The human development and gender development indexes

One way to assess the overall impact of the transition to capitalism on women in CEE is by way of international comparison over time using the United National Development Reports' indicators of development - the Human Development Index (HDI) and the Gender-related Development Index (GDI).[2] In 1991, Czechoslovakia ranked high, at eighth place, in Gender Sensitive HDI, and in 1992, female HDI was 90.25 per cent of male – among the highest percentages in Europe. However, by 1995, the CEE countries' GDI had dropped to below that of Latin American countries such as Argentina (UNDP Human Development Report 1998). Some of this decline was a reflection of the general drop in HDI between 1990 and 1995. Hungary's HDI, for example, dropped from 30th to 47th (Table 1). For all of CEE this was due to the deterioration in welfare and to the general recession (UNICEF 1999: 4). However, as Table 1 indicates, GDI ranking was still better

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2. The HDI was created in 1990, to give a measure of the well-being of the nation beyond GDP and included social welfare. It uses GDP, as well as purchasing power, life expectancy at birth, literacy, and educational enrolment. In the UNHDR 1991, separate HDIs were calculated for men and women based on life expectancy, adult literacy, wage rates, employment levels and mean years of schooling and an overall gender-sensitive HDI was developed for 30 countries. The GDI was introduced for all countries in 1995. The greater the inequality, the lower the GDI compared to the HDI.

than HDI, with between 13 and 17 points advantage over HDI. This suggests that, despite its limitations, the Communist-era left a legacy of relative gender equality.

Thereafter, from 1995, HDI ranking across CEE began to improve (although still not back to 1990 levels), but GDI rank showed further deterioration. The severest drops in GDI ranking were in Slovakia (-10) and the Czech Republic (-8), although the others also dropped by four or five points. This meant that, by 1998, HDI and GDI ranks had converged to a similar level, as in other 'high human development' ranked capitalist countries. This suggests that women had lost both absolutely, in the general economic decline, and relatively in terms of gender equality.

While these ranked indexes are useful for indicating the relationship between general and gendered 'human development', and for contextualising these internationally, they have their limitations. It is impossible to explain changes in relative international positions of either HDI or GDI without looking at reasons for improvements in

Table 1 HDI and GDI Ranking of four CEE Countries, 1990 - 1998

	HDI 1990	HDI 1992	HDI 1993	HDI 1995	HDI 1998	GDI 1995	GDI 1998	GDI Drop 1995-1998	HDI minus GDI 1995	HDI minus GDI 1998
Slovenia	*34***	-	-	37	29	24	28	-4	13	1
Czech Republic	27* *(-8)*	27* *(-13)*	26*	39	34	25	33	-8	14	1
Slovakia	27* *(-8)*	27* *(-13)*	26*	42	40	26	36	-10	16	4
Hungary	30	28	28	47	43	34	38	-4	13	5
Poland	41	32	48	52	44	35	40	-5	17	4

Source : From UNDP Human Development Reports, 1991, 1992, 1993, 1998 and 2000.

* Czechoslovakia: figures in brackets indicate gender sensitive HDI in those years before GDI was systematised.

** Yugoslavia

Table 2. GDI Change, 1995 – 1998, Female life expectancy

	Female life expectancy	
	1995	**1998**
Slovenia	77.6	78.3
Czech Republic	75.42	77.7
Slovakia	75.57	76.9
Hungary	73.75	75.1
Poland	75.7	77.1

Source : UNDP Human Development Reports, HDI and GDI ranking 1998, 2000

those countries which rose up the hierarchy, as well as at the reasons why others dropped down. For example, female life expectancy rose in CEE over 1995/98, in spite of the decline in GDI (Table 2), suggesting other countries did better here and on other criteria too.

Longitudinal analysis of the GDI is also hampered by change in presentation of income. In 1998, the difference between men and women was presented as 'share of earned income, per cent', while in 2000 it was presented in 'GDP per capita, in purchasing price $', making comparison difficult.

The household-employment interface

If drops in GDI are inconclusive, a close analysis of the family-employment interface demonstrates how and why women's position has deteriorated over the transition. Women's lives have changed because of the shift in state policy on the family-employment relationship, from the Communist 'worker-mother' model to one which makes combining child-care with employment much more difficult. At the same time, the two-earner household is as essential as ever. For employed women, full-time work remains the norm and comprises a long working week (in the Czech Republic, 42.5 hours average, for example). Case study evidence also shows that informal allowances for time off have disappeared, and there is pressure to work overtime (Pollert, 1995, 1999: 208-226). This is combined with an increase in the unpaid work-burden, which has resulted from the cutbacks in social services and the withdrawal of the state from the provision of benefits (UNDP 1999: 7).

Women's family position and number of children are increasingly affecting their labour market chances (Kuchařová, 1999: 180). Women with child-care responsibilities suffer from the de-facto reduction in the welfare measures supporting the former 'worker-mother' role. Public child-care has been reduced and, although the effects are partly mitigated by a drop in demand due to the decline in the birth-rate, there is marked regional variation in availability (e.g. between urban and rural areas). Privatisation has also made child-care expensive. In the Czech Republic, for instance, a month's childcare in 1998 cost around 10 per cent of the average monthly wage (Čermaková, 1999: 129). In Hungary, child-care allowance became means-tested in 1996, which confined it to only the very poorest women.

There is a de-jure continuation of benefits such as extended maternity and sick child leave, but without either the legal or collective trade union instruments to enforce them.[3] As the *Women in Transition* report concludes,

> Overall, it seems that governments are creating a generous framework for family-related leaves, but that the actual terms are being negotiated at the individual level directly between employers and employees (UNICEF, 1999: 54).

In practice, it is women who are expected to take up parental leave, but fear of victimisation or job loss inhibits them from using their entitlements (Nowakowska and Swêdrowska, 2000: 5). These benefits have also become a pretext for discrimination. Once they are taken up, many are discouraged from returning to work (Lakatos, 1998: 6). Women's legal rights encourage employers to discriminate against them for stereotyped pretexts as expensive, unreliable and poorly attached to the labour market.

As well as suffering new pressures in employment, women as providers and carers bear the brunt of managing reduced household

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3. Previous (Communist period) maternity entitlements (generous by international standards) have remained; extended childcare or parental leave until the child is 2 or 3 years old, as well as guaranteed re-employment (in formal terms) have been provided.

incomes. Only in the Czech Republic and Poland have average real wages just returned to their 1989 levels and throughout CEE there has been an erosion of cash benefits, such as family allowance, which have replaced non-cash support (such as price subsidies).[4] Except for a narrowing of differentials in Slovakia, growing inequality, both of earnings and of household incomes, has created greater relative poverty in CEE.[5] One recent examination of Hungary estimated that 30 per cent of the population lived on 'minimum subsistence' levels (Galgóczi, 2000: 15). Even absolute poverty has grown (research based on Milanovic, B. (1998) who bases absolute poverty at $4 per capita per day at 1990 international prices). For example, while in Hungary, only 1 per cent of the population lived in poverty in 1987/88, by 1993-95 this had grown to 7 per cent (UN/ECE, 2000: 126). Low earnings and growing unemployment mean that commodities on the market are frequently out of ordinary people's price-range. Previously women's time was spent on shortage-induced queuing, now it is expended in hunting for cheaper prices. Another strategy is to replace goods produced

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4. In 1997, the Czech Republic spent only 0.8 per cent of GDP on family allowance, half of what it had spent before 1989. Across CEE the value of child-benefit in relation to average wages has declined – in Hungary to less than half its 1990 value in 1997 (UNICEF, 1999: 50).
5. The growth of inequality is nowhere as severe in CEE as in Russia. For details of the complexities of defining and measuring changes in earnings and income distribution see Milanovic (1998), Flemming and Micklewright (1999), UNECE (2000: 128). There is a difference between employees' earnings and household income (the latter will be sensitive to household composition correlated with jobs loss and to self employment and subsistence activities). This difference is illustrated by the fact that *earnings* inequality grew fastest between 1989 and 1997 in Hungary, followed by Poland, and in the Czech Republic, it widened in 1993-95, then narrowed again in 1996-97 (Flemming and Micklewright, 1999: 56). However, *household income* inequality (dispersion of individuals' per capita income) grew most in Poland and the Czech Republic (although this was less than for employees' earnings), while Hungary registered only a modest rise in dispersion. Few explanations are offered other than changes in tax transfers.

for the market with household products – again adding to women's work.

Apart from dealing with material problems, women as carers also deal with greater family stress and health problems. Although social support for family crises was never adequate under Communism, spending cuts in health have made matters worse. In Hungary, between 1990 and 1998, health care expenditure as a percentage of GDP almost halved, from 9.8 per cent (just above the EU average) to 5.6 per cent (Galgóczi, 2000:21). A further indication of social crisis is the rise in the divorce rate [6] from over one in three marriages in Hungary and the Czech Republic in 1989, to over half in 1997 (except for in Poland where presumably the Catholic Church is a brake). The various factors of life experiences seem to have accumulated in a higher incidence of depression among women than previously (UNICEF, 1999: 75).

Women's exclusion from employment

Changes in the calculation of labour statistics make comparisons of employment rates over the transformation period difficult (UNICEF, 1999: 25). However, while both men and women suffered from the recession, women were disproportionately affected. Although women still comprise between 44 and 50 per cent of the workforce in CEE transition economies, their share of the labour force (i.e. employed and unemployed), as well as of employment, has declined from 1985 to 1997. Apart from in Hungary, women's share of the unemployed (and of long-term unemployment) is higher that their share of employment (Table 3).

Although the difference in male and female unemployment rates is not large in every country (and in the case of Hungary, it is lower for women than it is for men), this is due to limitations of official unemployment registration as well as the 'discouraged worker' effect, the process by which workers give up looking for jobs. In the Czech

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6. Number of divorces per hundred marriages – details of rates UNICEF, 1999: 129). E.g the Czech divorce rate grew from 38.6 per cent in 1989 to56.2 per cent in 1997, and the Hungarian rate from 37.3 pe cent to 53.3 per cent (UNICEF, 1999: 53).

Table 3. Share of women in labour market 1985 and 1997 (%).

	% of labour force		% of employed		% of unemployed	% of long-term unemployed
	1985	1997	1985	1997	1997	1997
Czech Republic	46.2	44.1	46.2	43.4	57	53.9
Hungary	47.9	43.5	47.9	44	38.6	35.8
Poland	46.2	45.7	46.2	44.7	53.8	59.7
Slovakia		45.4		45	49	50.6
Slovenia	46.5	46.4	46.5	46.3	47	43.2

Source : UN/ECE, 1999: 138, based on UN/ECE secretariat estimates based on national labour force surveys, statistical yearbooks and direct communication with statistical offices.

Republic, women's unemployment increased further relative to men's between 1997 and 1998, and in Hungary, although unemployment went down, women's rate began to approximate men's. Only in Poland did a rise in unemployment in this latter period seem to have affected men slightly more than women – although the female rate remains 3.1 per cent higher than the male (Table 4).

More revealing of the relative deterioration in women's employment compared with men's are the percentage changes in the size of the labour force and of employment (Table 4). The clearest indication of job loss is change in the size of employment, because this helps us to arrive at better figures for those who have not registered as unemployed and have left the labour force. For example, in the Czech Republic, between 1985 and 1997, the decline in female employment (11.8 per cent) was almost 10 times the decline in male employment (1.2 per cent). Decline in employment has hit women more than men, but this is not necessarily reflected in female unemployment rates. In Hungary, for example, women's employment declined by 40 per cent from 1985 to 1997 (compared to men's drop of 30 per cent) although their unemployment rate was lower than men's (Table 4).

A number of factors are responsible for women leaving the labour force and for female job loss. Younger women's labour force activity (the share of the working-age population participating in the labour

Table 4. Male and Female Labour Force and Employment change, 1985 – 1997, and Unemployment 1997, 1998.

	Labour force* change % 1985 - 1997		Employment change % 1985 - 1997		Unemployment rate % 1997 and Female minus Male rate			Unemployment rate % 1998 and Female minus Male rate		
	M	F	M	F	M	F	F-M	M	F	F-M
Czech Republic	2.9	-5.5	-1.2	-11.8	4	6.7	2.7	5	8.2	3.2
Hungary	-22.5	-35.1	-30	-40.1	9.5	7.8	-1.7	8.1	6.9	-1.2
Poland	0.4	-1.6	-8.3	-13.4	8.7	12	3.3	9.5	12.6	3.1
Slovakia					10.8	12.5	1.7			
Slovenia	-9.2	-9.7	-16	-16.2	7	7.2	0.2			

Source: Selected countries from UN/ECE, 1999: 136 and 137and UNDP Human Development Report, 2000: 259.

*Labour Force =employed + unemployed.

M = Male, F = Female.

force) has declined partly because of higher enrolment rates in education and partly because of difficulties with child-care. Older women over 50, who would normally have worked until 55, are increasingly taking on the role of child-care (UNICEF, 1999: 26). Women's jobs were lost because of large cuts in public sector services (which were and continue to be highly feminised) and in sectoral change, where employment declines were gender-specific. Between 1992 and 1997, agriculture declined faster than total employment in most countries, but within this, women's employment loss was greater than men's (UN/ECE, 1999: 138). In manufacturing industry the pattern varied between countries; in the Czech Republic, women suffered in light industries, such as textiles, which contracted as a result of trade deregulation and competition, but in Poland, women took an increased share of labour intensive branches of textiles (UN/ECE, 1999: 138).

However, job losses for both men and women were partly compensated by growth in services, which was faster than employment recovery elsewhere in the economy. Yet this was relatively faster for

Table 5. Share of women in total employment and by industry, selected CEE countries 1992-1997

	Czech Republic		Hungary		Poland		Slovakia	
	1993	**1997**	**1992**	**1996**	**1993**	**1997**	**1994**	**1997**
Female % total	44.1	44.3	45.7	44	45.2	44.7	44.3	45
Agriculture	35.7	32.7	31.2	24.8	45.6	44.5	31.1	31.3
Industry	39.5	37.5	41.3	38.6	33.9	34.8	39	38.2
Total Services	54.8	54.4	54.2	52.6	56.4	55	56.5	57.3
Trade, repair	57	55.1	58.2	51.4	56.9	52.2	56.2	57.7
Hotels, restaurants	56.7	55.8	57.9	50.7	70.4	67.7	64.7	64
Transport and communication	35	31.1	29.8	26.3	28.6	24.9	30.4	30.6
Financial intermediation	66.8	67.8	76	66.3	58.2	70.3	77	72.5
Real estate,	43.7	47.1	51.2	46.8	45.5	38.9	46.2	41.8
Public admin.	38.8	37.5	34.7	42.7	42	42	44	46.9
Education	72.1	76.9	75.8	76.1	73.8	76.1	75.1	79.5
Health and social care	79.3	81.1	75.1	75.3	79.5	82.8	80.6	79.9
Miscellaneous	51.6	53.8	49	48.8	40.1	46.7	44.7	48.3

Source: from UN/ECE, 1999: 141.

men than for women and although women's share of total service sector employment was still larger than men's in 1997, it had fallen relatively since 1992 in the Czech Republic, Hungary and Poland. The share of female employment declined most in transport and communication, although women's employment grew in financial, real estate and business service. Across CEE as a whole, there has been considerable national variation in the gender-valance between service branches (Table 5). In financial mediation, for instance, women's employment grew more than men's in the Czech Republic and Poland, whereas in Hungary and Slovakia, men's employment grew more (1992 – 1997). In trade, repair and hotels (etc.), men's employment grew faster than women's, while in real estate, renting etc., women's employment grew faster in the Czech Republic, but in Hungary, Poland and Slovakia, it was the

other way round – and in the latter, women's employment actually declined (UN/ECE, 1999: 139 – 140).

In general, not only did women suffer disproportionate job loss and decline in real wages, they became caught between two evils: for those who left employment, employment-related social benefits which had been retained under union-pressure (including subsided canteens and staff discounts) disappeared, while where such company benefits no longer existed in the lowest-paid occupations, it became uneconomical to remain in the labour force (UN/ECE, 1999: 135).

Employment segregation and the wage gap

While job loss, exclusion from the labour market and high unemployment are clear indications of women's disadvantage in transition, changes within employment, both in pay and job segregation, need further attention. Evidence remains patchy, but it appears that the emergence of the private sector may have accentuated gender disadvantage in pay. It appears that the public-private sector divide is more significant in terms of pay than, for example, occupational grade. Public sector pay remains well below the private sector, and fewer women than men have moved from the public to the private sector. In Hungary, women's earnings in the private sector are 10 per cent higher than in the public, which is almost three-quarters female (Lakatos, 1998: 11).

There is evidence from Hungary, Poland and the Czech Republic that this is partly due to private-sector employers' gender discrimination, based on the perceived expense of statutory non-wage costs for women with family responsibilities (UNICEF, 1999: 31). An under-researched issue is the effect on women's employment of employers' demands for long hours and 'flexibility'. With the growth of previously under-developed services in CEE, the pattern of gender distribution in this sector is beginning to converge with other OECD member states, where the share of men's employment in services averages 49 and women's 70 per cent (OECD, 2000: 91). The gender gap is about 20 per cent, even though female crowding in services is not yet as great in CEE as it is in advanced capitalist countries. Whereas in the UK and the US, 85 per cent of women's employment was in services in 1998, in the Czech Republic it was only 65 per cent, and in Hungary 70 per cent (OECD,

1999, 2000:91).

Some information on vertical sexual segregation over the transition can be gleaned from the International Standard Classification of Occupations (ISCO-88), although the categories only partially reflect occupational hierarchy in terms of professional status and control. (The ISCO-88 provides information on vertical segregation – ranging from Group 1 (legislators, senior officials and managers), to Group 9 (elementary occupations), as well as gender distribution across different sectors and occupations, and gender composition of occupational groups.) The ISCO-88 has been used in some CEE countries since 1993, and in all since 1995, so that it is only for the later 1990s that changes over time can be traced. Calculations, based on ILO data, of women's spread across occupational groups between 1995 and 1999, show a similar distribution between CEE and Western European countries, such as Sweden and the UK, with no dramatic change over time. In some countries, a slightly higher percentage of women have entered Groups 1 and 2 (Slovakia and Slovenia), and in several there are higher proportions of women in these higher groups than in Western Europe. However, the majority of women workers are spread across technical and associate professionals, service work and clerical and elementary occupations.

The gender pay gap between men and women is remarkably similar across CEE, and similar to that in the West. In 1997, women's average monthly earnings were between 78 and 81 per cent of men's.

Table 6. Gender pay ratios, selected countries, 1987, 1992, 1996

Country	Female monthly wages as a percentage of male monthly wages		
	1987	**1992**	**1996**
Czech Republic	66.1	73	81.3
Slovakia	66.1	73.3	78.2
Poland	73.7	79	79
Hungary	74.3	80.8	78.1 *(1997)*
Slovenia	87	88.6	85.4

Source: selection from UNICEF, 1999: 33.

However, the situation is in flux (Table 6). Although there has been a narrowing of the gender gap since Communist times (between 1987 and 1992), subsequently there appears to have been some variation between countries. In Slovenia, where the gender pay gap was narrow by Western European standards in the 1980s, after some improvement in 1992, it widened in 1996. In Hungary, after early improvement, the gap widened again in 1997 to 78 per cent, while in Poland there has been no change since transition. In the Czech Republic and Slovakia the gender gap narrowed until 1996, but by 1997 had widened again in the Czech Republic – back to women earning 73.4 per cent of men's earnings according to Čermaková (1999: 132).

Continuing fluctuations and the dating of research thus make it difficult to anticipate future trends. One recent study (Brainerd 2000) concludes that women's relative pay has improved in CEE over the transition years, but this is based on 1992 data. Although the 'Women in Transition' report (UNICEF, 1999: 33) is likewise optimistic on the gender pay gap, explanations for its narrowing urge caution. Both the latter studies argue that any narrowing of the gender gap is not due to a 'selectivity bias', which biases women's pay data upwards because of the exclusion from the labour force of low-paid workers. However, this may no longer hold. It also leaves out of the equation another bias – the possible effect of highly paid men leaving the labour force too, through the decline of traditionally high-wage male-dominated sectors, such as mining and heavy engineering. It is thus still not clear whether women's pay has actually improved relative to men's, or whether the figures are a statistical artefact. However, even if the gender wage gap really has narrowed to 'only' 20 per cent, this is roughly the same as in other capitalist countries, and a major inequality.

Much of the wage differential is due to labour market segmentation. When the effect of occupation and branch of employment are removed, the pay gap narrows, confirming the importance of occupational segregation. Nevertheless, the biggest part of the gender pay gap remains even after these structural variables are removed, which strongly suggests the existence of hidden or overt discrimination against women as a major cause of pay difference – in spite of formal legislation against it. Analysis controlling for education and experience found that the gap remained the same, or even widened. Of course, segregation

Table 7. Female educational enrolment 1995 – 1998.

	Female enrolment in primary, secondary and tertiary education (%)	
	1995	1997
Slovenia	76	82
Czech Republic	70	74
Slovakia	73	75
Hungary	68	75
Poland	80	79

Source: UNDP Human Development Reports, HDI and GDI ranking 1998, 2000.

and discrimination are mutually conditioning, as further research on gender discrimination in CEE shows. One study, based on 1993 Social Stratification Survey data, concluded that half of the gender wage gap was due to discrimination at the point of recruitment, leading to 'professional segregation', with women lower down the hierarchy than men with the same professional background (Pailhé, 2000: 514). Interviews with managers in Hungary, the Czech Republic and Slovakia found that attitudes to women were not 'systematically hostile' but were discriminatory. Stereotypes reproduced gender segregation (women were 'docile' but 'hard-working', men more 'technically competent' and with 'supervisory skills') and more than three-quarters of respondents held that their female workforce posed a problem due to family responsibilities (Pailhé, 2000: 517).

Discrimination probably explains the fact that, although female educational enrolment had risen (Table 7), education does not seem to be helping women enter the labour market as much as men.

Analysis of Czech data between 1994 and 1997 shows that while apprenticeship attainment for men and women remained roughly static over the period (around 47 and 31 per cent of the labour force respectively), unemployment for men in this group rose only slightly (from 3 to 4 per cent), while for women, it rose further from 5 to 7 per cent (Table 8). While women university graduates' percentage of the labour force rose from 8 to 9 per cent over this period (approaching

Table 8(a) Labour Force by educational attainment, Females, 1994 – 1997

	1994-95		1996-97		4th quarter 1997		
Highest educational attainment	% labour force	% un-employed in ed. group	% labour force	% un-employed in ed. group	% labour force	% un-employed in ed. group	(1998 new categories)
Females, total	100	4.4	100	5	100	6.9	
Primary	17	8.3	15.2	10.5	14	13.2	Com-pulsory
Apprentice-ship	31.3	4.9	31.5	5.2	31.9	7	Secondary vocation
Secondary Vocational	6.1	4.6	5.2	5.4	5.1	7.4	Secondary technical
Apprentice-ship with GCE	0.8	4.1	1	4.5	1	7.2	Secondary vocational with GCSE
Secondary vocational with GCE	30.5	2.6	32	3.4	33.1	5.1	Secondary technical with GCSE
Secondary general with GCE	5.9	3.8	6.3	3.4	5.9	6.7	Secondary general with GCSE
University	8.3	1.3	8.7	1.6	9	2.6	University
Without education and not identified	0.1	7.6	0.1	19	0.1	15.6	

male graduates' 11 per cent), female graduate unemployment doubled from 1.3 to 2.6 per cent. The proportion of male graduates remained stable, as did the male graduate unemployment rate of 1.4 per cent. Indeed, at almost each level of educational attainment, the percentage of women unemployed is almost twice that of men. The explanations are likely to lie partly in the segregation of the labour force, and declining job opportunities in feminised graduate professions (retrenchment in the public sector, including teaching and medicine), and partly in lack of entry (through discrimination) in other sectors or occupations.

Table 8 (b) Labour force by educational attainment, Males 1994 – 1997

	1994-95		1996-97		4th quarter 97		
Highest educational attainment	% labour force	% un-employed in ed. group	% labour force	% un-employed in ed. group	% labour force	% un-employed in ed. group	(1998 new categories)
Males, total	100	3.7	100	3.8	100	4.3	
Primary	9.6	13.1	7.9	15.1	7.7	16	Com-pulsory
Apprentice-ship	47.1	3	48.1	3.6	47.7	4	Secondary vocation
Secondary Vocational	5.7	3.8	5.2	2.4	5.2	3.4	Secondary technical
Apprentice-ship with GCE	1.9	2.1	1.6	1.5	2	1.7	Secondary vocational with GCSE
Secondary vocational with GCE	21.4	2.2	22.6	1.9	22.6	2.8	Secondary technical with GCSE
Secondary general with GCE	2.5	5	2.4	5.9	2.7	4.7	Secondary general with GCSE
University	11.7	1.1	12.1	1.2	11.9	1.4	University
No education	0		0.1	-	0.1	14.3	

Source for Table 8 (a) & (b): Calculations from "Labour Force and its Structure by Education, Age Group and Region", *Statistical Yearbook of the Czech Republic*, 1995, 1997, 1998.

The gendered influence of educational attainment is also clearly visible in pay. Czech research on women graduates shows that the higher up the educational ladder women reach, the more likely they are to suffer gender inequality, since men with similar parameters (education, age and experience) receive much higher salaries. Women doctors earn 76 per cent of the salary of their male colleagues, university lecturers 85 per cent, lawyers 91 per cent, chemists 73 per cent, and programmers, 82 per cent (Čermaková, 1999: 136). In general, women university

graduates have the same earnings as men with a secondary school certificate – i.e. one level of education lower. However, there is no claim that this is new; rather it is attributed to institutional inertia – a hangover from pre-transformation occupational segregation (Čermaková, 1999: 134).

Women's political representation and involvement

The numerically strong but politically weak nature of female involvement in social and political institutions during Communism is well known. The quota system ensured women filled between 23 and 30 per cent of parliamentary seats, and guaranteed some representation in the Party and unions. However, women were excluded from real power. For instance in the Soviet Union, in the 1960s and 1970s they never exceeded 5 per cent of the highest party organ, the political committee, and fewer than 4 per cent of urban and district Party first secretaries were women (Moses, 1978: 334). The fact that female representation was conferred by a paternalist state devalued it and contributed to a declining interest among women in their own emancipation (Heitlinger, 1979: 65, Musilová, 1999: 200).

On the other hand, such tokenism could be double-edged, and provide women with some opportunity to make a mark on policy. Women's organisations, however nominal, did at times criticise the weight of the 'double burden' and women's exclusion from senior posts, and promoted research on these issues. In Czechoslovakia, for example, after the 1966 Party Congress, the party women's committee established the Czech Union of Women, which prompted improvement in paid maternity and child-care leave (Scott, 1976: 114 – 131). Although this fell short of strengthening women's position in the labour market and incorporated only those elements of women's demands which fitted the pronatalist policies of the time, women did nevertheless express dissatisfaction and aspirations for EO at work.

The decline of female representation in politics since 1989 has been widely observed (UNICEF, 1999: 94, Havelková, 1999, Šašic Šilovic, 2000 : 472). In 1996, the poorest female political participation rates at ministerial level in CEE were in the Czech Republic (0 per cent) and Hungary (5 per cent), although the average at sub-ministerial

Table 9 Senior government positions held by women 1996 (%) selected countries

	Ministerial level	Sub-ministerial level	Total
Central Europe	7.2	11.4	10.7
Czech Republic	0	12.6	10.6
Slovakia	15	15.7	15.6
Poland	8.3	10.1	9.8
Hungary	5.6	7.1	6.9
Slovenia	9.1	19.7	16.9
OECD	16.8	13.8	14.6
Nordic	33.1	19	22.3

Source: UNICEF, 1999: 97.

level was 11 per cent – just slightly below the OECD average of 14 per cent (Table 9).

While some consider that the decline in women's political representation reflects a healthy shift away from sham appearances to real democratic contest (UNICEF, 1999: 95), this view underestimates the significance of women's absence at senior levels early in transition, which left the path much clearer for conservative policies which aimed to remove women from social and political life (Lokar, 2000: 75). The decline in positive discrimination ensuring women's representation returns CEE policy to the 'equal treatment' approach to EO, which flows against the tide in the West, where EO policies have increasingly recognised the need for positive action to remedy deep structural gender inequalities. Although the latter perspective continues to confront a tension endemic to European EO policy, between equal treatment and positive action principles (Rees, 1998, 29-40), and has largely been confined to training schemes, it has been applied to political representation. For example, social-democratic parties in the 1980s and 1990s in Norway, Denmark and Sweden introduced quotas to ensure

that both sexes had at least 40 per cent representation at elections (IDEA, n.d.: 4). In 1993, the British Labour Party introduced women-only short-lists for candidates in certain 'safe' constituencies, and although it was forced to abandon this in 1996, following a legal challenge by a male member who claimed the practice contravened the 1975 Sex Discrimination Act, in 2000 it was again considering a legal change to permit positive action of this type (*Guardian*, 8 March 2000). In Europe, women's pressure has brought slow improvement in female political presence: between 1980 and 2000, the number of countries where the participation of women in parliament exceeded 20 per cent rose from six to ten (Lokar, 2000: 74). The reaction against a practice tainted by CEE's legacy may need to be revised if harmonisation with European practice is now sought.

At the local levels, in municipal councils and local authorities, where political activity relates more closely to everyday life, women are better represented (UNICEF, 1999: 100). Women have also been very active in forming NGOs around gender equality, including women's business, cultural, human rights organisations and those concerned with children, family, health, education, community and ecological issues. The Network of East-West Women's website 'Women's Resources in CEE and Newly Independent States' lists around 30 such NGOs in the Czech Republic, 20 in Slovenia, and 6 in Poland, including several, such as the Prague Gender Studies Centre and the Women's Rights Centre Warsaw, which are central to research on women and transformation.(An example is 'Polish Women in the 90s', covering women in education, work, politics and government mechanisms for the advancement of women: http/free.ngo.l/temida/power.htm). In Hungary, there are at least 30 women's 'civil organisations', including feminist networks, an Equal Opportunities Society, Society of Romany Women in Public Life, Women's Federation for World Peace and Green Women. Women have also organised in professional organisations and women's sections of political parties and of trade unions (ILO-CEET, 1998). The latter is a particularly unusual development, compared with inertia towards gender issues among unions elsewhere (Musilová, 1999: 201, Šašić Šilović, 2000: 471

In trade unions, where women comprise between a third and half of membership, their representation at congress and in union

Table 10. Women's Representation in Trade Unions, 1998.

	Trade Union Organisation	Trade Union membership women	Women delegates to congress	Executive committee women
		%	%	%
Czech Republic	CMKOS	43	20	18
Slovakia	KOS SR	48	25	11
Hungary	LIGA	30	31	14
	MSZOSZ	50	28	18
Poland	Solidarity	42	9	10
Austria	OGB	32	21	13
Germany	DGB	24	28	24
	DAG	55	41	25
France	CFDT	46	25	25
Norway	LO	44	40	20
	AF	44	30	42
UK	TUC	38*	33	19

N.B no figures for Slovenia

Source: ETUC 1998, 23 – 25. The "Second Sex" of European Trade Unionism (1998) Brussels, European Trade Union Confederation.

* figure for UK TUC from 'Labour Research', March 2000: 17.

leadership varies between 11 and 28 per cent (except for Poland's Solidarity NSZZ, where women have no more than 9 – 10 per cent of decision making posts). At executive level, CEE women's position is not markedly inferior to the still poor female representation across the rest of European unions (Table 10).

Women trade unionists have been involved in grass-roots self organisation. For example, in 1997, in spite of (and because of) the general inertia towards gender issues in the union movement, women from CEE, the Balkans and the Baltic states formed an ICFTU

(International Confederation of Free Trade Unions) Women's CEE Network. Although they experienced considerable organisational barriers to forming their own grouping, in 2000 the Network, together with the International Labour Organisation's Central Eastern Europe Team, set out a programme to strengthen gender awareness in trade unions, ensure a gender dimension in trade union programmes and build a gendered database of trade union members (Petrović, 2000).

To summarise the transformation experience, the advances for women under Communism, tainted though they were, have left a legacy of some progress towards women's social involvement, even if for most, this was enforced and imposed private sacrifice. Although the Communist 'double-burden' model failed to alter the gendered division of labour either in the household or in employment, or to prevent discrimination, women nevertheless did benefit from state welfare. They were highly educated and entered some professions to a greater extent than in the West, although they remained in gendered enclaves within them. A major effect of capitalist transformation has been a disproportionately high level of female job loss, high women's unemployment and women's exit from the labour force. For those in employment, aggregate data show sectoral and occupational changes have occurred, but without major alteration to previous patterns of sexual segregation. However, there is growing evidence of new barriers for women in terms of combining the household and employment, in major contradictions between de-jure and de-facto equality, and in overt sexual discrimination. Although the gender pay-gap has narrowed since Communist times in most countries, the new status-quo now merely converges with the still very high Western differential of 20 per cent. Finally, women and women's needs have become invisible in the politics of transformation. On the other hand, while women have become marginalised at national levels, there is substantial evidence of local democratic involvement and self-organisation, which demonstrates that women have not reacted passively to the denial of gendered problems. The question now remains whether the previous progress in gender equality can be recouped within the framework of democracy, or whether the baby of equality, has been thrown out with the bathwater of Communism.

IV. EU Enlargement and the Prospects for Equal Opportunity

The contradictory attitudes towards EO in post-Communism

Post-Communist attitudes toward gender relations are nuanced and contradictory. This complexity stems both from pre-Communist legacies and the contradictory Communist experience of women's independence, labour market and social activity tarnished with political imposition and continuing sexual subordination. Such conflicting views and ideologies are well illustrated in the case of Czech post-Communist gender relations.

At the turn of the century, the Czech women's movement fought for universal suffrage, which was achieved in the declaration of the Czechoslovak independence in 1918. At the same time, however, there was strong public support for the middle-class model of the male bread-winner family (Rendlová, 1999: 168). While the later Communist promotion of women's public engagement favoured the emancipatory legacy of the First Republic, 'traditional' views on women's domestic roles now thrived against the current, as a subversive opposition. Recourse to traditional views of the female family role among women themselves was both a form of resistance to official and paternalist 'ideologising' of women's emancipation and a response to the concrete experience of equal but low living standards. The 'double burden' of the worker-mother who worked, queued, cooked and cared, added little to support the 'liberation' of paid work (Musilová, 1999: 200). Men's minimal contribution to housework work was scarcely challenged, partly because, for women, the family was a hugely important arena in which she had power. It was the centre for emotional and material succour, a private sphere in which the woman/mother was the centre of emotional support and of female family networks which supplemented inadequate state welfare and poor consumer goods supplies. Women thus had a strong position in the family.

The rise in conservative gender attitudes has received widespread attention in the transition literature. Most studies of gender attitudes reveal a spectrum from indifference to hostility to the ideologies of women's liberation and feminism (Limanowska, 1993, Heitlinger, 1996, Rendlová, 1999:169, Watson, 1993). Questions of gender equality (in

pay, in job opportunities) have been regarded as superfluous luxuries in the serious business of transition - a male prerogative (Watson, 1993). In the Czech Republic, a number of surveys between 1994 and 1999 found that women generally have 'virtually no sensitivity to the question of gender differences or the perceptions of discrimination. Qualitative research has shown an almost universal lack of knowledge of feminist or gender perspectives among, for instance, women doctors or teachers (Ćermaková, 1999: 132). There are similar findings in Poland (Nowakowska and Swêdrowska, 2000: 9). Lack of interest in gender issues is associated with acceptance of traditional views that women and men have complementary roles. A Czech study found that, while men recognised women's 'rights and abilities', they were unwilling to 'relieve' them of domestic work, and while women aspired to some relief from domestic burdens, they also stressed their irreplaceable position in the family (Kuchařová, 1999: 184).

A European comparative study in 1994, which included questions on attitudes to the alleged effects of working mothers on children and on gender roles in the family, noted that Czech replies were considerably more conservative than British and Norwegian ones. Both sexes expressed fairly strong beliefs in the damage to children and family life of female employment and in women's greatest fulfilment being in home and family life (Crompton and Harris 1994: 186).

Anti-feminism?

The rise in traditionalist gender attitudes has prompted some to assume a widespread anti-feminism. Watson, for example, argued that this is a symptom of capitalist transition as a 'masculine' project.[7] She contends

7. She refers, for example, to women's consignment to the domestic sphere after the French Revolution and to British working-class Chartist women's yearning to be free from wage labour in order to provide a home life for their families. However, the problem with these historical examples is that they omit struggle. While the male bias of bourgeois revolutions is evident (note Paine's 'Rights of Man'), this was challenged by early feminists (note Mary Wollstonecraft's 'Vindication' of the rights of women) (Tomalin, 1977). Further, the women's demands for domesticity during emancipatory movements is takes us back to the

that bourgeois democracy has historically been a male project that has excluded women (1993: 477), and by analogy, women's marginalisation in post-Communist transition is not simply a passing phase, but part of re-kindling of bourgeois democracy. This has been via a distinct process of male appropriation of the newly opened up public sphere of 'civil society' in reaction to the way the 'state-controlled public domain' under Communism, although 'patriarchal', limited male power in the public sphere (p. 472). Opening of the public sphere, according to this argument, allowed men to 'recapture' their oppressed masculinity and unleashed a 'nostalgia' for 'traditional' sexual roles. Simultaneously, the significance of the family as an enclave of support and resistance against the state has disappeared with the opening of liberal democracy, undermining the foundations of women's former stronghold.

The problem with this interpretation of the evidence is partly empirical, partly theoretical. Empirically, no evidence is produced to demonstrate how Communism allegedly 'emasculated' men. Theoretically it is weak, since it ultimately rests on essentialist assumptions about some basic 'masculinity' coming into its own via traditional gender values. Furthermore, the entire argument that transition was a 'masculine' project paid no attention to class issues – an omission recently recognised in Watson's revision of her earlier propositions (Watson, 2000).

What is also problematic in perspectives which exclusively focus on a renaissance of traditionalism, is their oversimplification and neglect of the fuller, more complicated picture of how gender relations are evolving. Although the conservative views discussed above exist, attitude surveys demonstrate they are nearly always juxtaposed against alternatives which challenge them. On the one hand, research reveals a stress on women's domesticity, on the other hand, it also finds a strong

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complex historical issues surrounding the male family wage discussed earlier. As Humphries (1977) argued, at particular historical moments, women's desire for their own and their children's escape from wage labour and support for a male breadwinner, can be interpreted as part of a rational class strategy to defend living standards by both men and women, and not necessarily as an expression of submission to traditional gender roles and patriarchy.

attachment to paid employment. Women expect EO at work and are committed to their working careers, not only for financial independence, but also for self-fulfilment (Daszyńska, 1998: 1, Kuchařová, 1999: 185, Nowakowska and Swêdrowska, 2000: 14). And while equality and 'women's liberation' may not be overtly on the agenda, women's absence in politics is seen by both men and women as detrimental to society as a whole and a matter for concern (Rendlová, 1999: 168). The fact that these attitudinal tensions are not reconciled simply shows how contradictory consciousness can be in any society, although Musilová sees them as part of the 'post-communist syndrome', the inconsistencies allowing men and women simultaneously to have 'a sense of equal rights', but not to view equality issues as problems requiring solutions (1999: 198).

Once the complexities of gender attitudes is acknowledged, the fact that women's response to transition has varied – with some embracing traditional gender values, and others pressing for change – becomes more explicable. It also makes more sense of the fact that women were a significant force in the democratic dissident movement, (in the GDR, for instance) and suggests ways for exploring where and how they are channelling their past political energies. As Lokar (2000: 75) argues, there has been no single path to women's social and political re-awakening in the transition countries, and withdrawal as well as activity are possible responses. There may also be regional and national differences. For instance, among the three regional sub-groups of the ICFTU-CEE women's trade union network, it has been the Baltic and the Balkan groups which have developed fastest, with CEE countries slower to effect change (Petrović, 2000: 126).

Without further in-depth research, it is impossible to draw further conclusions on the evolution of gender relations, how they relate to class relations, and what the variations over time, region and nation are. What is known is that four CEE countries are among the first candidates to join an enlarged EU (the Czech Republic, Poland, Hungary and Slovenia), and Slovakia is likely to catch up, according to recent evaluation by Guenter Verheugen, the EU commissioner for enlargement (*RFE/RL*, 6 March 2001). This raises the question of how far European integration and enlargement offers a new opportunity for EO development in CEE.

Equal Opportunities in the European Union

The prospect of EU enlargement in principle offers a spur to action to combat gender inequality and discrimination in CEE. The criteria set out for candidate countries to join the enlarged EU, at the European Council's meeting in Copenhagen in 1993, included adherence both to stable democracy and to the political and social convergence process of Europe. European integration was elaborated at the 1997 Amsterdam meeting of the European Council, in which convergence guidelines included employment policy through National Action Plans (NAPs), within which EO was established as the fourth 'pillar'.

European EO policy has a long heritage going back to the original 1957 Treaty of Rome in which Article 119 made a commitment to equal treatment for men and women. Since then there have been a series of EC equality directives, on equal pay for work of equal value in 1975, on equal treatment between 1976 to 1992, and, following recognition that legislation was not enough, the introduction of positive action measures to counteract women's labour market and training disadvantages. These were embodied in EC community action programmes for women's education and training (Hoskyns, 1996, Rees, 1998).

More recently, and partly inspired by the 1995 Fourth United Nations World Conference on the Status of Women in Beijing, the concept of 'mainstreaming' was introduced in 1996 in a Communication to the Council of Ministers. Although at one level this merely refers to integrating into all community programmes the concept of gender equality, behind it lies a much more complex and controversial approach to gender equality. One concern is that the aim of incorporating the gender equality dimension into every policy may lead to the abolition of special measures (EO officers, units etc.) and EO may be dismantled in the name of mainstreaming (Rees, 1998: 195). Mainstreaming also involves a paradigm shift away from what has been implicitly an androgenic model of EO, whereby women should be 'allowed' to become more like men, and recognises that seemingly gender-neutral practices and organisational structures are in fact male-gendered. However, the now fashionable idea of 'managing diversity' and valuing difference has been poorly developed. Despite these problems, gender 'mainstreaming' was adopted as part of European-level employment

policy in 1999 and, alongside the other guidelines towards achieving equality between men and women – tackling gender gaps in pay, reconciling work and family life, facilitating reintegration into the labour market – is part of the EU enlargement accession criteria.

Before entering discussion on the challenges to the former Communist countries, it is as well to recall that within Western Europe, EO has been difficult to define, let alone deliver, and the complexity of the problem has become more apparent as different interpretations have developed of equal treatment, positive action, and more recently, mainstreaming approaches (Rees, 1998: 3).

Yet much of the discourse on EO in the context of post-Communism has been framed in terms of an undifferentiated Western feminist agenda being imposed on a 'different' CEE. Watson (2000: 370), for example, argues,

> Generalizing EU equal opportunity policies eastwards assumes that – regardless of history or political system – gender relations and the identity of women/men are essentially the same.

In the Czech Republic, the sociologist Jirina Šiklová accused Western feminists of 'insensitive conduct' towards the East (1993: 10). While views on EO in CEE are historically conditioned and complex, the assumption that they are unproblematic or homogenous in the West falsely polarises the situation. Firstly, the wide spectrum of views from Radical to Marxist to Black to Lesbian feminism in the West shows there is no single Western feminism. Secondly, debates on attitudes to feminism do not necessarily advance analysis of EO. Indeed, discussion of EO policies and practice can proceed quite adequately without engagement with varieties of feminist thought, although the two are linked. The disjuncture between the 'practice' and the 'creed' is often exemplified by the alienation of many women - West or East – from 'feminism' as such. 'I am not a feminist, but....' is the frequent precursor to militant support for EO principles. Similarly, a Czech woman claimed 'I am against any –isms. Such a movement is not important for what I call the quality of life' (quoted in Musilová, 1999: 200).

Finally, framing CEE's EO problem against an 'advanced' Western programme is misleading. There are vast differences among EU member states regarding gender and EO, ranging from Sweden and

Denmark, which have the most progressive policies and practices, to Greece, with the least developed. European-wide improvement in EO for men and women since 1998 has been limited, with the Nordic countries with social-democratic policies in the lead, and those committed to neo-liberalism dragging behind (Lemière and Silvera, 1999). In the area of discrimination, occupational de-segregation has not been tackled, with most countries confining policy to information on training in non-traditional occupations. Only some countries (Sweden, Spain, Luxembourg, Belgium) plan more interventionist measures, such as offering incentives to companies to recruit the under-represented sex. High female unemployment has not been addressed, with only Austria, Portugal and France announcing specific policies (Lemière and Silvera, 1999: 506).

The issue of gender in the 'adaptability' pillar of the NAPs has also been neglected, with a failure to register how increasing part-time work can reinforce women's traditional family-caring role. There has also been a major gap between the rhetoric and reality of reconciling work and family life, with only the Netherlands and the UK implementing plans for nursery schools (the latter from a very poor base in public child-care), although some countries (Sweden, Finland, the Netherlands, Germany and Austria) are encouraging 'father's campaigns', including greater valuation of parental leave at work (Lemière and Silvera, 1999: 512). Mainstreaming is being addressed by most countries only by beginning to gather statistical data by gender. Only Austria, Portugal and France are beginning to refer to gender in other policy measures.

The evidence on the record in advancing EO within existing EU member states returns us to the significance of the state in influencing gender relations. In general, it is clear that it is those countries which have made, in the past, and continue to make state intervention in the labour market to promote EO (including target setting in the public sector, offering financial incentives for 'best practice' to companies) and in which there is 'social partnership' co-operation between trade unions and employers towards EO, that most progress has been made. Included in this 'extended Nordic model' are Sweden, Denmark, Finland, and to a lesser extent, the Netherlands, Germany and Austria (Lemière and Silvera, 1999: 515). At the other extreme are those

countries in which EO policies tend to be in training but not in employment itself, and the state intervenes to support the family without, however, challenging traditional sex roles (Ireland, southern Europe). The UK adopts a neo-liberal approach to EO, which entails minimal state intervention to provide a social safety net, such as the 1998 introduction of a statutory minimum wage (by European standards a tardy catching-up) and relies on voluntary good practice.

The limitation of the market as a system which might support EO is illustrated by employers' lack of interest in voluntary co-operation with EO policy. In 2000/2001, the ILO's attempted to conduct a company survey of EO policies on the internet, to provide a database for its Gender Promotion Programme. Out of 5000 questionnaires sent out and followed up with phone-calls, e-mails and faxes, only 100 companies completed the questionnaire – a 2 per cent response rate providing too little data for analysis (personal communication with ILO). The ineffectiveness of a voluntary approach to EO is also illustrated by the fact that in Britain, thirty years after passing the 1970 Equal Pay Act, the gender pay-gap is the worst in the EU, with full-time women workers earning 82 per cent of the male average and part-time female workers earning only 61 per cent of male full-time hourly wages, compared with a European average of 73 per cent (EOC, 2001, *Guardian*, 27 February 2001, p. 6).

Within Europe, the spectrum between social-democracy and neo-liberalism seems to be a major determinant of EO progress. Whatever the distinctive legacy of the Communist regimes, it could well be that the same political distinction may be more critical for the trajectory of EO policies, than the East-West divide.

Equal Opportunities and Central Eastern Europe

The prospects for EO in post-Communism is multi-levelled, resting not only on gender identities and interest, but also institutional structures and politics. At the attitudinal level, it is not surprising that EO has been low on the agenda, both because of the legacy discussed earlier, and because of the pressing problems of industrial and employment decline, growing inequality and poverty – outcomes of neo-liberal reform which have been discussed in the post-Communist transition literature. Given this, one would expect that the emergence of classes would

dominate social responses on the ground. However, it is apparent that gender issues are surfacing, and there is no reason to argue that a developing class response to the inequalities of capitalism should override a concern with EO and gender (Watson, 2000: 381). Indeed, the reverse is likely. Awakening class relations can link to awakening gender and EO activity, as the trade union activity among CEE women already mentioned indicates.

Concerns with the quality of life tie in closely with the dimensions of the four European guidelines on EO. In terms of the post-Communist erosion of state benefits, affordable child-care and 'worker-mother' policies, EO policies for reconciling work and family life address new tensions experienced by women. Even if a return to the Communist state model is shunned, examples of best-practice from the Nordic countries – countries, incidentally, which were seen as models of democratic market transition before the neo-liberal model became hegemonic – might be attractive. Second, the NAP guideline facilitating reintegration into the labour market is pertinent to women's disproportionate job-loss, and is in tune with 'active' labour market policies for employment promotion already in place. The gender pay-gap may not immediately seem as great a problem as the general fall in real wages, and may initially be experienced as the gap between the public and private sectors. Nevertheless, pay is likely to become perceived as a gender issue.

Finally, certain aspects of mainstreaming gender could have a particular appeal in CEE. The adherence to a view of gender roles as complementary, and women's pride in their role as mothers and home-makers, contains an important element of the politics of difference: women value their nurturing role, and one of the reasons for past objections to enforced 'emancipation' in employment was the male-centred valuation of social activity. Where EO implies becoming like a man, it is rejected; where EO involves a paradigm shift in which caring and parenting are valued beyond the private sphere, and where the implicit gendering of organisational structures and cultures is questioned, it may have resonance with the endorsement of difference.

While attitudes are evolving and the above discussion is speculative, there are, nevertheless, institutional barriers to achieving gender equality – although these are no more insurmountable than other

barriers in other parts of Europe. EO remains low in the political and economic priorities of CEE and, where it is addressed, the fact that it is merely instrumental in the pursuit of another agenda – that of joining the EU – may weaken commitment further. Another factor which may de-legitimise it is the fact that is a requirement imposed from the outside. After years of CEE subordination to the Soviet Union, much of the EU enlargement project may be similarly viewed as another twist to imperial domination. Minimal and resentful conformity with political requirements of EO policy creates the danger that legislation and practice will stagnate at the level of a proclamation (Musilová, 1999: 199).

A certain complacency is possible, because at the formal level, gender equality has been legally guaranteed across CEE since the Communist period, both in national constitutions and ratification of international conventions, such as those of ILO Equal Remuneration Convention (No. 100) and Discrimination (Employment and Occupation) Convention (No.111), the UN Human Rights Convention and the 1979 UN Convention on the Elimination of Discrimination Against Women (CEDAW). In the post-transition period, CEE countries have also been signatories to the Beijing Platform of Action in 1995 and their commitment to democracy includes guarantees for gender equality (Šašić Šilović, 2000: 472). For example, the Czech Republic's constitutional order, the Charter of Fundamental Rights and Freedoms of 1993, regulates basic legal provisions safeguarding human rights. Gender equity is contained in Article 1, which provides that all people are free and equal in their dignity and in their rights and in Article 3(1), which provides that fundamental human rights and freedoms are guaranteed to everybody irrespective of sex, social origin, or other status (ILO, 2001). Where national laws are inadequate on EO issues, international law can theoretically take precedence, although, without enforcement agencies, the chances of this happening are weak.

It appears that developments in EO monitoring institutions have developed at different rates and in different ways across the region. Each country has an office at Government or Ministry level responsible for EO policy. Slovenia appointed a Women's Policy Office at government level in 1992 to monitor the position of women, discuss regulations and legislation, prepare analyses and liaise with national women's organisations and international EO bodies (Milivoija, 1998:

30). The Czech Republic developed institutions later in 1998, under pressure to join the EU, and established a Department for the Equality of Men and Women in the Ministry of Labour and Social Affairs, with a brief to coordinate ministerial and national gender equality policy and programmes. Other Ministries and central authorities are obliged to cooperate with the Minister and with women's NGOs in dealing with women's issues. The Ministry produces periodic reports to the ILO. However, according to recent research, it seems that this department has not greatly affected other state institutions, such as other ministries, parliament, the senate, the courts and non-state organisations such as political parties and trade unions (Musilová, 1999: 201). Other institutions dealing with EO include a Government Council for Human Rights (with representatives of members of the public and NGOs), with a gender equality section to evaluate the fulfilment of international obligations, including CEDAW. There is also a parliamentary Commission for Equal Opportunities and Family within the Committee for Social Policy and Health Care. One of its responsibilities is to conduct research and participate in the development of new policies in relation to family-relevant issues such as social security and pensions (ILO, 2001). In Sovakia, there are very similar institutional developments (Placintar, 1998: 17).

In Hungary, there is also a multi-level structure. A Secretariat of Equal Opportunities in the Ministry of Social and Family Affairs has responsibility for employment issues and for drafting and enforcing labour-related legislation and for periodic reporting to the ILO on Hungary's compliance with Convention 111 and 100 and to other relevant UN treaty monitoring bodies. There is a Parliamentary Commissioner for Civil Rights which can also investigate equal pay cases, and a Human Policy Cabinet made up of government ministers. These deal with human rights issues, including equal opportunities for women, and co-operate with groups formed after the 1995 UN conference in Beijing. There is also a Hungarian Gender Databank sponsored by the Ministry of Social and Family Affairs, which contains information on women's issues (ILO, 2001). Apart from these formal mechanisms, at the level of research and EO awareness, Hungary benefited from participating in an international EO programme in 1996, having been selected from CEE to join an ILO training and information

dissemination project funded by the Netherlands Government. The project's outcomes included a comprehensive report, 'Women in the World of Work' in Hungary (ILO-CEET, 1998), the development of 30 EO trainers, and the first successful litigation against a company for infringing the prohibition of discrimination in job recruitment in 1997.

The mechanisms for the advancement of women in Poland have been weakened over the past decade. In 1991, the government established the office of the Plenipotentiary for the Family and Women, which operated under the vigorous leadership of Anna Popowicz until 1992 and mounted a challenge to the legal restrictions on abortion and contraception (Nowakowska, 2000: 1). However, Popowicz was recalled in 1992, and under Hanna Suchocka, the first woman prime minister of Poland, no further appointment was made of a plenipotentiary for women. The office was not recreated until 1995, and even then did not address women's issues, but concentrated on youth instead. Only after the 1995 UN Beijing conference on women was the title of Plenipotentiary for Family and Women recreated - but the officer first put in charge admitted she had no interest in gender equality issues. Her Democratic Left Alliance successor, however, was more committed, and formed alliances with women's NGO's as well as dealing with the hostility of the Catholic Church. However, following the 1997 electoral victory of the conservative Solidarity Electoral Alliance, the title of the office was again changed to Plenipotentiary for Family and shortly afterwards, the entire staff of the previous bureau were dismissed. Although the office continued to be officially obliged to honour the previously agreed National Action Plan for Women, only certain parts, such as the National Statistical Office's objectives to include more gender data, were honoured. There is also an Ombudsman for Human Rights who monitors the rights of women within the broad context of human rights Women's NGOs hoped that accession negotiations to the EU would re-ignite EO policies, but since the latest amendments to the Labour Code in 1996, no further harmonisation with EU laws has been made.

In all countries, revisions of the Labour Code have recently included gender equality, although the pace of change is uneven. There has been progress in the area of sex discrimination. The Czech Republic, for example had no specific legislation in this area until 2000. This

latest revision now prohibits discrimination (both direct and indirect) in employment on a number of grounds which includes sex, marital and family status and family duties. Employers are also prohibited from issuing a dismissal notice to pregnant female employees or parents having to care for a child under three years of age. In the area of equal pay, Poland's 1996 Labour Code still only guarantees equal pay for equal work, but the new Czech Labour Code of 2000 now includes the concept of equal pay for work of equal value.

One of the problems of new legislation is that equal treatment provisions are in conflict with remaining protective legislation for pregnant women and mothers. As discussed earlier, legislation benefiting women often leads to sexual discrimination in the emergence of a 'hide and seek' game between employers' legal evasion strategies, attempts to overcome these by further legislation, and new evasions (Kollonay Lehoczky, 1998: 4)[8]. According to some observers, greater emphasis on equal treatment has weakened this process by keeping much of the old structure of statutory protection for women, but reducing the proportion and nature of benefits (Kollonay Lehoczky, 1998: 5). Recent advances have been in the area of childcare leave, which has been extended from maternity to parental leave. Yet assumptions concerning the traditional sexual division of labour in the family often remain in subtle ways in the wording of documents. For example, in Poland, childcare leave was made available to both parents in 1996, but the wording addresses women, and it is mothers who are offered a further three years (beyond the first three) of extended leave, if a child has a chronic illness or disability (Nowakowska and Swêdrowska, 2001: 4).

The difference between de jure and de facto EO is, of course, a major problem, although this does not apply only to CEE. The climate

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8. In Hungary, employers' unwillingness to employ women because of their responsibilities towards them in the case of pregnancy and parental leave, was confronted with 'positive action' in a 1997 Act, which required pregnant women and mothers of young child were to be given preference in hiring (all other condition being equal). However, this was sabotaged by employers, while the authorities turned a blind eye, or overcome by issuing only short term contracts.

of opinion is crucial. Where, for example, EO issues are satirised or undermined in the mass media and political discourse, as recently in the Czech Republic (Havelková, 1999), or where discriminatory behaviour is common practice, such as stating the preferred gender of a job candidate (for Poland, Nowakowska and Swêdrowska, 2000: 9), the barriers to progress remain high. Nevertheless, progress has been made both in the legislatures of CEE, and in the activities of women on the ground in NGOs and trade unions. Whatever is said of traditionalism, anti-feminism and indifference to gender issues in general, there has been change over the past decade.

Conclusion

From the experience of Western Europe, it is clear that one of the most important catalysts for EO is strong intervention by the state. Where EO policy is subordinated to the market and left to voluntary co-operation, it is weak. It is thus in the broader political arena that change is necessary in the post-transition countries. Whilst they are wedded to free-market policies, the various institutional and legal enforcement mechanisms will remain tokenistic paper commitment to satisfy EU enlargement criteria. But not all the responsibility lies within CEE. Unless the European Commission is serious in the substantive content of the social aspects of the acquis communautaire, including those of gender equality, with EO gaining prominence within enlargement policy, then there is little to force genuine integration and levelling-up of practice.

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Andrew Kilmister

Industrial Restructuring in Poland

The transition process in Poland over the last decade has thrown up a number of interesting questions and problems. This paper is motivated by three of them. Firstly, why did Poland recover earlier and more vigorously than other transitional economies from the recession of the early 1990s when its privatisation process was relatively slow compared to that of, say, the Czech Republic and Hungary? Secondly, how can we reconcile the evidence of surprisingly rapid restructuring behaviour from state enterprises in the first years of transition with the prevalence of numerous analyses since then which contrast the state sector unfavourably with the private sector? Thirdly, how sustainable is the industrial structure which has emerged in Poland and can it lay the basis for continuing growth?

The initial policies followed in Poland after 1989 were predominantly macroeconomic in character (partly as a result of the hyperinflation of the late 1980s) with little attention to structural change. Indeed, in their first detailed analysis of stabilising the Polish economy, David Lipton and Jeffrey Sachs explicitly argue that the problem of currency convertibility is not a structural one. The recession induced by the Balcerowicz plan of 1990 cannot be seen as a means of inducing beneficial structural movements. On almost every relevant economic indicator the plan was counter-productive in this regard. Both output and wages fell reasonably uniformly between sectors. Unemployment

arose in this period not from group layoffs, indicating restructuring, but from generalised reluctance to hire new workers at a time of falling demand. Relative prices did not change as much as envisaged. There was an extension of bank and inter-enterprise credit for firms in difficulties. Thus the amount of restructuring which took place in the first eighteen months of non-Communist rule in Poland was limited. The key success of this period was the rapid orientation of Polish industry towards Western European markets, aided by a somewhat undervalued exchange rate. This led to a current account surplus in 1990.

Early stages of restructuring

From the middle of 1991 onwards, however, profitability fell severely as inflation declined and state firms appear to have undertaken a considerable amount of restructuring activity, of a certain kind. A number of firm level surveys, in particular the widely cited one by Pinto, Belka and Krajewski showed that

> the links from sector to performance had been weakened; that there was a positive link between profits and investment; that bank lending was a smaller factor in sustaining a soft budget constraint; and that loss-makers were beginning to take tough decisions, particularly in the realm of employment, in response to their financial difficulties (Commander and Dhar 1998, p.111).

These restructuring activities are set out in more detail by Ernst, Alexeev and Marer. They point out that 'over the entire period of the transition, state enterprises have made major adjustments in production, employment, marketing and management' (Ernst et al. 1996 p.99). Adjustments were larger and quicker in small and medium sized enterprises than in larger enterprises and in those firms operating in competitive markets.

The first changes involved new marketing channels and a search for new markets, followed by 'passive' adjustments in production (producing to capacity items in demand and cutting production of those for which demand was weak). Improvements in quality and packaging were made. However, 'the introduction of new products and new technologies was considerably less frequent because of lack of funds for investment or lack of incentives' (Ernst et al. 1996 p.99).

Employment was reduced but mass layoffs were generally avoided because of potential conflict with trade unions and workers councils and because of the expense of severance pay. There was little major reorganisation of companies but considerable shedding of 'peripheral' functions such as construction and health care.

The lack of investment funds for more extensive restructuring is stressed continually: 'firms were strongly interested in exports and almost all had programs to expand exports, but many of these programs could not be carried out because of lack of funds for investment' (Ernst et al. 1996 p.100), 'in all firms, however, new product and new technology development was mainly hindered by lack of investment funds' (Ernst et al. 1996 p.101). For these companies any investment was primarily financed through retained earnings. The stock and bond markets were obviously not significant sources of funds.

Thus the main source of (domestic) external finance was bank loans. It appears that banks quite quickly became fairly cautious about whom they would lend to; 'bank credit is being extended increasingly to firms that can provide mortgages as security or can show that they are following certain policy conditions. The best firms apparently have little difficulty getting credit. The other firms complain that banks are much too tight with their money' (Ernst et al. 1996 p.102). In 1992 the finance ministry forbade banks to advance loans to state enterprises which were not servicing their outstanding loans satisfactorily (see Anderson and Kegels 1998 p.159). Inter-enterprise credit also dropped back sharply in this period.

Retained profits, however, did not provide the basis for more strategic restructuring activity. Commander and Dhar constructed a data set of almost 600 companies including all the large firms in the country (i.e. enterprises with more than 500 employees in construction and more than 200 in other branches) plus a 10 percent sample of medium-sized companies. They present a figure showing the ratio of gross profits to sales for 1994 as compared with 1990 and report that 'it shows quite unambiguously the way in which profits have largely evaporated. By the end of the period [1994] the bulk of firms are reporting roughly zero profits' (Commander and Dhar 1998 p.117). In 1994 around one-third of their sample were making losses.

The reasons for the collapse in profitability were continued weak

domestic demand, increased domestic competition from new private companies, and an increasingly competitive external situation as a result of real exchange rate appreciation. The result was that state-owned enterprises were pushed by competitive pressure into widespread restructuring of a limited kind (with employment in some survey samples falling by around a quarter) but this pressure itself meant that they did not have the funds to engage in more strategic long-term restructuring.

The economic upturn

From 1992 onwards the Polish economy began to grow and continued growing until 1998. A key question is that of the sources of such growth, given the constraints outlined above. The OECD is quite clear that 'the rapid expansion was driven foremost by the manufacturing sector. The volume of manufacturing output doubled since its trough in 1991 [by 1998] and, even though it accounts for only one-fifth of GDP, the manufacturing sector contributed two-thirds of the increase in value-added' (OECD 2000 p.25). Significantly, market services contributed much less to growth than industry.

Given the problems of state-owned industry the source of growth appears at first sight to lie in the performance of private-sector manufacturing. The OECD reports that 'in industry, the volume of sales by private entities, which had soared by 34 percent annually in 1991-93, rose further by 26 percent annually in 1994-95 (OECD 1996 p.16 – these figures may be somewhat distorted by privatisation). Further 'in 1996, investment in the private sector increased twice as rapidly as in the public sector and in 1997, investment in the private sector soared by over 50 percent in real terms even as it was stagnating in the public sector' (OECD 1998 p.56). A natural interpretation of the Polish boom, then, is that it was predominantly caused by a dynamic private sector, with the public sector holding things back through its comparative inefficiency.

This view, however, raises two immediate questions. Firstly, given the survey evidence outlined above, it would appear that state-owned enterprises would have liked to engage in investment-led restructuring if they could have done and were relatively responsive to changing economic conditions insofar as this was possible for them. How then can we explain the difference in the performance of state-owned and

private firms after 1992? Secondly, if the relatively dynamic performance of the private sector as compared to the public sector was the source of the Polish boom, then why was Polish growth so strong in this period compared to other transitional economies, when the privatisation programme in Poland developed more slowly than elsewhere in Central Europe? After all, in 1996 35 percent of manufacturing employment remained in the state sector, although as the privatisation programme accelerated this dropped to 18.5 percent by 1998.

Jan Sylwestrowicz has provided a striking answer to these questions. He divides the Polish private sector into three components; the 'classical' private sector (predominantly sole traders), the mafia, and the 'hybrid' enterprises. For our purposes the most important are the hybrid enterprises. According to Sylwestrowicz

> these consist of the leading firms on the Polish stock exchange, which constitute holding companies monopolising distinct areas of the economy: ownership is divided between state institutions, interlocking interests with other `hybrid' enterprises, individual bureaucrats with their private firms, and minor holdings by small investors and/or foreign capital. These enterprises have enjoyed the greatest access in the last five years to various mechanisms of concealed state subsidy, which allow them to pass on a portion of their own costs to the state. The profits earned by these companies are in part gradually siphoned off by the private bureaucrats involved in order to set up their own "totally private" companies, which then function as the privileged entities within these holding groups (Sylwestrowicz 1995 p.32)

Sylwestrowicz' analysis has the merit of explaining to some degree how the private sector was able to grow when the state sector could not and also how rapid growth could co-exist with slow privatisation. He lists the various mechanisms by which the state sector supported the private sector during the early years of the boom:

> The private sector still could not even survive without its present tax breaks, the subordination of its needs to state-owned industry, the cheap lease of state-owned plant and machinery, preferential credit from state-owned banks, the direct and indirect subsidy of

Table 1: Distribution of Credit Creation 1991-94 (%)

	1991	1992	1993	1994
State Enterprises	60.55	-48.55	29.89	29.86
Private Enterprises	34.3	137.96	55.96	58.17
Bills of Exchange	0	6.69	1.5	-1
Households	5.15	3.91	12.66	12.97
Total (billion zloty)	73,387	57,097	83,047	83,697

Source : Anderson and Kegels 1998 p.150 (from National Bank of Poland)

> the whole private banking/financial sector, privileged access to export/import licences, state guarantees for trade operations, etc....In effect the Polish state is operating like an enormous heat pump, pumping resources out of the public sector and into the private sector (Sylwestrowicz 1995 p.33)

Here I shall examine two of the mechanisms identified by Sylwestrowicz; credit policy and tax policy.

Credit and taxation

It has been noted above that from 1992 banks were forbidden by law to lend to state-owned enterprises unless such enterprises were satisfactorily repaying their loans. Anderson and Kegels detail the effect of this for the early part of the boom

It can be seen that during the key turning point at the outset of the boom, credit creation for state enterprises was negative and the repayments of loans by such enterprises provided the basis for new credit to the private sector. Thereafter, private enterprises received about double the credit provided to state enterprises. OECD figures, also

Table 2: Commercial Bank Credit to Enterprises and Households (million złoty)

	1995	1996	1997
State Enterprises	20,327	24,025	28,612
Private Firms	30,262	44,200	59,343
Households	5,602	11,753	18,368

Source : OECD 1998 p.31 (from National Bank of Poland).
Note that the figures for 1995 are not completely comparable with those for the other years owing to the introduction of a new format for calculating the values in that year.

initially derived from the National Bank of Poland, are strikingly different for the period up until 1994, showing a rough equivalence between credit to state enterprises and private firms. However, after that date they confirm the picture painted by Anderson and Kegels.

There is no doubt then that the majority of credit during this period went to the private sector. What is also important is the question of how strictly repayment terms were enforced for the private sector. Anderson and Kegels indicate that there were a considerable number of problem private sector loans in the early years of the boom. For example, the 'new' commercial banks (as opposed to the regional commercial banks spun off from the old monobank and the specialised and co-operative banks) had 72 percent of their credits outstanding to privately owned enterprises at the end of 1994, and 16 percent to households. Only 9 percent were outstanding to state owned enterprises. Yet at that time 21 percent of their loans were in arrears, a higher proportion than for the other kinds of banks. The regional commercial banks, 64 percent of whose loans were to state enterprises, had just 5 percent of loans in arrears (see Anderson and Kegels 1998 pp.148-50).

The low rate of loan arrears for the regional commercial banks resulted from the bank-led restructuring which followed the February

1993 Law on Financial Restructuring of Enterprises and Banks. This tied recapitalisation of the banks to a bank-led programme of enterprise restructuring, the EBRP (Enterprise and Bank Restructuring Program). Under this programme

> banks are empowered to negotiate a workout agreement on behalf of all creditors, providing they receive approval of creditors representing over 50 percent of the value of outstanding debt. The conciliation process is being used extensively, even by banks that were not required to do so under the EBRP. Moreover the seven treasury-owned commercial banks are initiating conciliation negotiations with borrowers even when the law does not require action (Baer and Gray 1996 pp.92-3)

Thus regional commercial banks took an activist role in enforcing financial restructuring on state enterprise at precisely the time when a significant number of bad loans to the private sector were being allowed to develop by new commercial banks.

It is harder to obtain clear data on taxation. The conventional view is that state enterprises were heavily subsidised by the government as compared to private enterprises. The main reason for claiming this is the stock of tax arrears built up by the state enterprises. At the end of 1998 the stock of arrears on taxes and social contributions stood at 15 billion złoty or 3 percent of GDP. These arrears are seen as evidence of a continuing soft budget constraint for state firms. However, there are a number of reasons why the picture here might not be so simple.

Firstly, the arrears are heavily concentrated: 'at the end of 1997, a mere 19 firms thus accounted for over one-third of the economy-wide arrears on social contributions' (OECD 1998 p.58). Secondly, an increasing proportion of the arrears relate to social security contributions rather than taxes (50 percent of arrears by the end of 1997). Social security contributions are high in Poland, and it is widely believed that some private sector firms under-report salaries in order to avoid them. Thirdly, small businesses have been taxed very generously until recently. For example, independent small-scale activities (with a turnover of no more than 400,000 złoty per annum in 1999) can pay the personal income tax at a flat rate on registered revenue. The rates are 8.5 percent for the provision of services and on agents' commission, 5.5 percent for

manufacturing, construction, transport and leasing and 3 percent for commercial activities, catering businesses and sea fishery. Small businesses with an annual turnover of no more than 80,000 złoty are exempt from VAT. Fourthly, until recently, Poland had generous investment tax incentives. From January 1994 'investment expenses could be deducted from income up to 25 percent of the latter, provided that profits exceeded a minimum threshold and in the absence of arrears on taxes and social security contributions. Firms exporting more than half of their production of more than Ecu 10 million benefited from a higher ceiling of 50 percent of income and were not subject to the profitability criterion' (OECD 1996 p.22). The firms benefiting from such incentives were most likely to be private firms, since state firms were receiving less credit and thus were unable to invest heavily in the absence of significant profits. Fifthly, as in many transition economies a significant amount of private sector activity is simply unreported so no taxes are paid. The OECD estimates 15-20 percent of GDP (OECD 2000 p.120). There seems a case for saying then that at least some of the problem of tax arrears from the state sector arises from their disproportionate role in a restricted tax base.

Implications of Poland's approach to transition

It seems plausible to argue then that at least some of the basis for the growth of the private sector in Poland after 1992 came from favourable treatment by the government and the banks (at that time largely state owned themselves). According to this view, state-owned enterprises were not inherently unable to adapt to their new situation. However, their ability to restructure was limited by chronic shortages of funds for investment, while available investment capital was channelled into the private sector. There are two interesting more general examples of this approach to transition with which Poland's experience can usefully be compared, one theoretical and one practical.

The theoretical example is the work of Janos Kornai (Kornai 1990). Kornai (and other economists like Ronald McKinnon and Peter Murrell) argued in the early years of transition against the 'shock therapy' approach of writers like Jeffrey Sachs. Their analysis was largely based on an institutionalist critique of neo-classical economics, which stressed the role of inherited routines, institutions and mental frameworks in

guiding economic behaviour. The rapid dismantling of such structures as suggested by the advocates of shock therapy was likely to lead to chaotic disorganisation of production. Rather, the optimal road to transition was a gradual replacement of the old state sector by new private enterprise. This replacement was to be effected by cordoning off the state sector and denying it any opportunity to expand, in particular by restricting credit and by discriminatory taxation. Any available funds for business development were to go to new enterprises in the private sector. However, the state sector was not to be broken up but was to wither away as it gradually came to occupy a smaller and smaller part of the economy. Privatisation (in the sense of large scale sales of state industry) was seen by Kornai as both irrelevant and as potentially harmful, in that it diverted much needed funds away from the development of new firms in the private sector and might also disrupt inherited routines in the state sector.

Kornai's approach to transition has generally been seen as opposite to the shock therapy practised most starkly in Poland. Yet, paradoxically, the approach of the Polish government to transition in the early and mid 1990s has significant similarities to that advocated by Kornai. Privatisation was limited, and concentrated in small and medium sized industry. As shown above, credit creation, taxation and other measures were used to channel funds to new private sector companies, while even those state firms which indicated ability to restructure were denied the resources to develop beyond a limited point. The result was an explosion of new private sector activity.

The practical example of this approach is that of China. In many ways the Polish approach to transition has more similarities to that adopted in China than to that of, say the Czech Republic or Hungary (and certainly to Russia). The hallmark of the Chinese economic reform until the last few years has been the idea of 'growing out of the plan'. Again, the strategy is that the state sector will remain but will be discouraged from growing, so that the private sector gradually comes to assume a larger and larger share of economic activity. Just as in Poland around 1997 and 1998, the Chinese authorities have been faced with a significant number of loss-making state enterprises, in traditional industrial sectors, and have begun to move away from their initial approach by accelerating the pace of privatisation. There are interesting

parallels between some of the arguments that have been raised about the extent to which superior profitability in the Polish private sector really indicates superior efficiency and the work of writers like Dic Lo who argue that the inefficiency of Chinese state-owned enterprises has been grossly overstated.

It should, however, be acknowledged at this point that there do exist a number of state-owned companies in Poland, in particular sectors, which do have very serious problems. It is these, for example, which are responsible for the bulk of arrears in taxes and social contributions. The mining sector and transportation are the source of a number of such companies, and there are other examples such as the Ursus tractor factory in Warsaw, which has 'resisted' a number of restructuring attempts.

The key question raised by this analysis of restructuring in Poland concerns the sustainability of this model of transition. If the state sector was to some extent providing the resources for the creation of the private sector, then what will be the impact of the acceleration in privatisation over the last five years? How viable is the industrial structure which has emerged out of the 1992-98 boom?

Prospects for the Polish economy

Sylwestrowicz, writing in 1995, argued that the model of transition adopted in Poland was already exhausted and that 'what we are witnessing now are structural constraints which obstruct moves to go beyond the present partial process of restoration towards the real domination of private capital' (Sylwestrowicz 1995 p.35). Yet, since then, the Polish economy has continued to grow and the pace of privatisation has intensified considerably. How has this been achieved?

The central feature of the Polish economy over the last few years have been the upsurge in capital inflows, in particular foreign direct investment (FDI). These have enabled Poland to run a sizable current account deficit while 'financial markets are re-assured that about two-thirds of the current account deficit are financed by inflows of foreign direct investment and by equity purchases, which do not create additional debts' (OECD 2000 p.38). At present, the current account deficit stands at around $10 billion annually (or about 6.5 percent of GDP), down from $11.6 billion a year ago. The inflow of capital, together with the

Table 3: Cumulative Stock of Foreign Direct Investment (billion $)

	1994	1995	1996	1997	1998	1999
NBP figures	3.8	7.8	11.5			
PAIZ figures			14	20.6	30.7	
BCE figures						38.9

Source: OECD 1998 p.134, OECD 2000 p.196, *Business Central Europe* March 2001. Note: PAIZ is the Polish Agency for Foreign Investment.

expansion of credit to the private sector (both enterprises and households) detailed in table 2 above, allowed for a consumption and investment boom in the late 1990s. In 1996, for example, consumption contributed 6.1 percent and gross capital formation 3.7 percent to a total growth in GDP of 6.1 percent, while in 1997 consumption contributed 5.1 percent and gross capital formation 4.3 percent to a total growth of 6.9 percent. The balance was made up by the negative current account. This consumption and investment is predominantly private; the government has run a budget deficit of between 2 and 3.5 percent of GDP through this period, which has been sizable but by no means massive; it currently stands at 2 percent of GDP which is comparable with the figure of 1.7 percent for the Czech Republic and significantly below Hungary's level of 3.5 percent. It is notable that the Polish trade deficit is by far the largest in the region, at around $13 billion in 2000. No other Central or East European country had a deficit larger than $5 billion.

The movement beyond the model of transition adopted in the first half of the decade was then largely facilitated by external developments in the form of capital inflows. It is hard to get consistent series of FDI, however the following table gives some indication of the pattern of growth.

The OECD notes that FDI inflows have been considerably more significant than portfolio investment. The result was a kind of virtuous circle for the Polish economy in the late 1990s. Capital inflows allowed

for the acceleration of the privatisation programme, while also providing the basis for the replacement of the flows of finance which previously had helped the growth of the private sector. They did this by allowing for a consumption and investment boom based on a current account deficit. This also had the beneficial effect of reducing public disquiet about the increasing foreign ownership of the economy. In 1998, for example, Poland attracted 40 percent of all FDI flows to Central and Eastern Europe and the Baltic States (OECD 2000 p.34)

How sustainable was this virtuous circle? On the positive side, Poland did not suffer a currency crisis of the kind experienced by the Czech Republic in May and June of 1997 (still less anything comparable to those of South East Asia, Russia and Brazil during the last few years). Foreign exchange markets have tended to believe that the current account deficit is manageable in the long run since it is being financed by FDI which is supposedly providing the basis for the modernisation of Polish industry. However, there are some questions which remain to be answered. Firstly, now that the bulk of large-scale privatisations have been completed, the new inflows of FDI may slow down. Business Central Europe figures show an increase of $1.6 billion for the stock of FDI in the first quarter of 2000, which is less than for the previous two years. However, these figures do just deal with one quarter. Secondly, it remains to be seen how much of the FDI will improve export performance in the future. The OECD reports that

> Foreign investors initially focussed on the Polish domestic market, which is the largest in the region. For instance, cars produced by foreign manufacturers in Poland have essentially been designed for the domestic market. Large investments have also been made in the retail trade sector .... essentially to take advantage of the fast growing private consumption. Initially, FDI inflows have therefore contributed to a larger trade deficit. (OECD 2000 p.35)

The OECD is hopeful that foreign producers will increasingly see Poland as a platform for exporting back to Western Europe, and that the prospect of EU accession will aid this process. They also argue that such producers are gradually shifting to higher value-added products. However it remains to be seen how durable this is. Thirdly,

the current situation creates a number of potential macroeconomic imbalances. The most significant of these is the very high level of real interest rates in Poland. With nominal rates of around 18 percent and inflation of around 7.5 percent (measured in consumer prices), real rates are over 10 percent. This compares with about 1 percent for the Czech Republic and Hungary. The impact of this on investment is not as yet completely clear, however the tightening of monetary conditions as an anti-inflationary measure in 1998 slowed the growth of gross fixed capital formation from 22 percent in 1997 to 14 percent in 1998 and 6 percent in the first quarter of 1999 (measured year on year). This indicates the possibility that the current high level of real interest rates may have a negative impact on investment and restructuring (as well as potentially diverting enterprise profits into financial speculation). The reason for the high interest rates is partly the need to control inflation, and in particular the unplanned growth of consumer expenditure, as well as to maintain the portion of capital inflows not covered by FDI.

The slowing of the Polish economy, with growth rates falling to around 4 percent, has led to a rise in unemployment, with the unemployment rate hitting 15.6 percent in January 2001, back to the levels of 1996. To some extent this has resulted from the fact that the coal, steel and energy sectors have been undertaking more extensive restructuring than previously. However, Polish employers and foreign investors are also arguing strongly that changes in the Polish Labour Code and in the rate of payroll taxes are necessary if unemployment is to fall. *Business Central Europe* argues that

> robust growth in the mid-1990s postponed much-needed labour market reforms. But a demographic time-bomb means that a mass of new entrants will enter the labour market in the coming years. That, together with a slowing economy, is why big businesses are starting to call for radical measures. Liberalising Poland's rigid labour code, which makes it hard to fire (and therefore hire) workers, is crucial. So, say businesses, is reducing the monthly minimum wage, which stands at 760 złoty ($185) (March 2001 issue p.39)

It may be then that the conflicts pointed to by Sylwestrowicz were simply postponed by the special circumstances of the late 1990s

with the rapid inflow of foreign capital which allowed for a temporary resolution of the underlying economic conflicts in Poland.

Conclusion

We can divide the post 1989 economic history of Poland into four main phases:

- The eighteen months from January 1990 to June 1991 in which the Balcerowicz plan was in operation. During this period no significant restructuring took place.
- The period from 1991 to 1996. Here state enterprises undertook what restructuring they could but were limited in their actions by shortages of funds. Funds were channelled into the private sector which grew at the expense of the state sector. Privatisation proceeded slowly, and foreign investment was also limited.
- The period from 1996 to 2000. Here capital inflows, largely associated with an acceleration of the privatisation programme, underpinned a consumption and investment boom and supported a large current account deficit. Subsidy of the emerging private sector took place indirectly through this boom, rather than by diverting funds from the state sector, which was increasingly privatised.
- The period currently underway. Here privatisation is largely completed and FDI inflows are dependent on new profit opportunities rather than the takeover of existing firms. The central issue then becomes the financing of the current account deficit. If the Polish domestic private sector and foreign investors have undertaken the measures necessary to ensure future export success for Poland one can envisage a continuation of the boom, with a gradually narrowing of both the current account deficit and capital account surplus. If that is not the case however the measures necessary to maintain continued inflows of capital, both in terms of high real interest rates and attacks on the previous gains of labour, are likely to provoke an intensification of social conflict.

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Boris Kagarlitsky

Globalisation and Russia

As often happens with such terms, the word "globalisation" has become popular in our country only belatedly. To be exact, it has become popular among us at the very moment when people around the world have ceased talking about the rise of a new global economy, and instead have begun talking about its crisis. The fact that our commentators and theoreticians have begun speaking of globalisation later than those in the West does not indicate that the process has passed us by or that its impact has been delayed. It simply testifies to the backwardness of our social thinking.

There is worse to come. In discussing globalisation, our press split immediately into two camps. Some commentators see it as an irresistible "process of nature" that we are compelled to join in. Others see it as a conspiracy against Russia by sinister forces that must be fought against. Both views are quite wrong. Globalisation is the result of the neo-liberal economic policies that have triumphed on a world scale. As a result of these policies, not only are Russian workers in most sectors now on the verge of starvation, but American workers are receiving smaller wages than twenty years ago after inflation is taken into account. These policies are not aimed against Russia, any more than against America. It is simply that international finance capital has been victorious over industrial capital. The working class throughout the world has suffered from this. It is clear that poorer countries have suffered more than richer ones, but there is nothing new in this; such is the logic of capitalism.

Now that a world economic depression is ripening, Russia cannot

remain on the sidelines either. Most likely it will suffer less from the crisis than the US or Western Europe. But what does "less" mean in practice?

Our situation is already grave. If it deteriorates further, will it be any consolation for us that things are also bad for others? In the economic and financial sense, the Californian energy crisis is a far greater shock for America than the catastrophe in the Maritime Region, where thousands of people have been left without heating in fierce winter weather, has been for us. Nevertheless, the residents of the Maritime Region would nevertheless be delighted to change places with the citizens of California.

The market economy is basically cyclical, and in this sense, predictable. In post-war Europe, and to some degree even in the United States, the state regulated economic life in accordance with the ideas of J.M. Keynes, implementing "counter-cyclical investment policies". The essence of these policies consisted of sharply increasing state spending and investment during the period when market demand was falling, and then reducing them when growth resumed. This was aimed at evening out the swings of demand and supply, and ensuring stable development.

Neo-liberal economists criticised these policies on the grounds that they would lead to a gradual rise of inflation, and also noted that in warding off crises, the state was preventing the "junking" of inefficient enterprises. Crises are essential for capitalism to maintain its competitive dynamic, and to allow a periodic "cleansing" of the economic organism. It is precisely during a period of depression that the principle of "survival of the fittest" is realised in full measure.

When local currencies began to collapse in the countries of Southeast Asia, and production volumes then started declining just as steeply, everyone expected that this would mark the beginning of a world crisis. Subsequent events seemed to confirm this assumption. The crisis began to spread. After Southeast Asia, it seized hold of Russia. After the ruble had collapsed, financial difficulties took hold of Latin America. The Brazilian real, which had not only been the strongest currency in the region, but also a symbol of economic recovery on the continent, lost half its value. The international financial centres then began to panic; voices rang out calling for a return to regulation and

control over the global movement of capital.

The crisis of 1997-98 did not, however, spread throughout the world. Where financial monsters had fallen on hard times, huge sums were thrown into saving them from bankruptcy. Governments began printing money. Multi-billion-dollar credits were allotted to a wide range of stabilisation programs, which at times duplicated one another. Whether the methods employed were good or bad is not so important, but the situation stabilised. As we know, the position in both Russia and Brazil started to improve after the devaluation of the national currency.

The second "warning signal" appeared in April 1999, when share prices in the US fell steeply for the firms that made up the "new economy" (these prices are listed on the Nasdaq index). It had emerged that few of these firms, which were involved in supplying a range of services on the basis of internet technologies, were yielding significant profits; the fall in share prices thus led quickly to a wave of bankruptcies. Nevertheless the Dow Jones Index, which records the share prices of more tranditional companies, held up. Nasdaq, after being shaken, also levelled out. The fall in share prices was characterised as a necessary correction, though to everyone's surprise, a correction did not occur. The share prices of the surviving companies remained extremely high.

After the shocks that hit the stock market in the spring of 2000, the spectre of a major crisis was firmly installed in the US. However, no-one knew when, where or how it would begin. So long as the economy of the US continued to grow, a world crisis was impossible. For Russia, it is true, the crisis on the American stock market was even a boon. In 1999, when renewed economic growth in Asia caused world oil prices to rise steeply, no-one expected this increase to last for long.

Thanks to the credit and stock market inflation in the US, vast funds had been taken out of the "real economy" throughout the world over the previous fifteen years, and had been pumped into the area of financial speculation, mainly of an international character. Russia in this case was no exception; on the contrary, it was situated in the first ranks, moving in the same direction as the US. The governments sincerely believed in the monetarist theories which contended that the only sources of inflation were state spending and the printing of paper money. As a result, no-one was taking measures to restrain credit and

stock-market inflation; indeed, it was considered beneficial, and was stimulated in all sorts of ways. The point is not just that American firms were over-valued on the stock market. All this was occurring in circumstances where for almost ten years the paper money had not been devalued. In other words, speculative financial capital was growing out of all proportion to the growth of production, and the devalued "non-cash" money could for the time being be converted freely into folding greenbacks. All that was needed was a mechanism that would allow this to be done without quickly ravaging the stock exchange (if everyone started selling their shares, the effects on Wall Street would be nightmarish). Whoever found a solution to the problem first would come out the winner.

The rise of oil prices ensured that such a mechanism of redistribution would operate. In the economy of the West, a sort of "inflationary overhang" emerged, similar in its way to the Soviet "conserved inflation" (readers may recall how everyone's bank savings kept increasing in the USSR, while prices were stable). In the Soviet economy, "excess" money was bound sooner or later to create an insurmountable problem of "shortages". In the US the "excess" money has poured, in the final analysis, onto the oil market. To the degree that the dollar "overhang" collapses, inflation will sooner or later run out of control, and the "excess" money, having burst free, will in any case sooner or later spread throughout all sectors of the economy. The buying power of ready money will be doomed to fall, and a devaluation of the dollar will be on the agenda. Throughout the second half of the 1990s, the dollar grew constantly stronger in relation to the German mark and the Japanese yen. Now the Europeans and Japanese will be able to take their revenge.

It is a quite different matter that the price of this victory could turn out to be too high for everyone's liking. The irony lies in the fact that the first oil shock disorganised the system of state regulation, and undermined the "socialism of redistribution" that held sway in the West. The second oil shock, by contrast, will disorganise the system of market-corporative regulation, and will strike a blow at neo-liberal capitalism. The response to the oil shock of 1973, albeit with a certain delay, was the beginning of a shift of the world economy to the right, toward the liberal model. This time, the most probable response (also after a certain

pause) will be an analogous movement to the left. The wheel will have turned full circle.

These processes will not pass us by. On the one hand, modern-day Russia is characterised by an incredible openness, an extraordinary degree of integration into the world economy. On the other, the discrepancy between the approach chosen by Gref, Putin and company and the new, growing global dynamic will become more and more obvious. At a time when predictions of a major impending crisis are becoming almost universal, criticism is growing of the governments and international financial institutions that are responsible for pursuing the neo-liberal course on a global scale. On the level of the mass movement, protest against the International Monetary Fund, the World Bank and the World Trade Organisation became a reality in Seattle in 1999 and Prague in 2000, when thousands of people blockaded the work of the WTO, IMF and World Bank. The enlightened Russian intelligentsia gazed in disbelief at what was happening, asking itself why, in the "advanced West", hundreds of thousands of people would come out and protest on the streets, as if driven mad by too much good living. In America and Europe, meanwhile, there is a growing understanding that we are far from living in the best of all possible worlds, and that it is necessary to change something urgently before it is too late. Russia is at risk of becoming, in five or six years, the last bastion of economic liberalism, of "globalisation" and "free capitalism".

This is quite natural for a backward state. Tsarist Russia repeatedly played the role of the decisive bastion of international reaction; one need only recall its role in suppressing the European revolution of 1848-49. But even with the whole strength of the Russian bureaucracy, it is hard to put a stop to history. Sooner or later, therefore, the new radical anti-capitalist movements that are developing in the West will "infect" our country, just like the ideas of the French revolution and Marxism. And the sooner the better.

Christoph Jünke

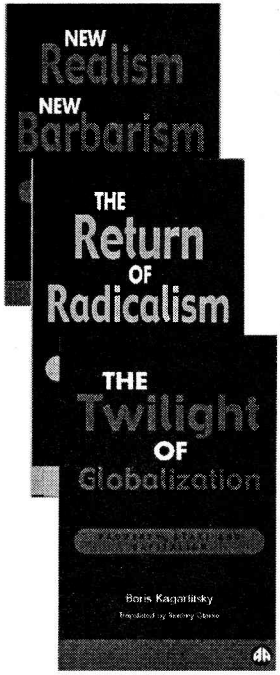
The Will to Struggle

Boris Kagarlitsky's Appeal for a New Socialist Left

The world political situation in its totality is characterised first and foremost by a historic crisis of leadership of the proletariat.
Leon Trotsky 1938

This is where the subjective, activistic and voluntaristic theory of revolution acquired its material basis: only the "conscious action" of the revolutionary proletariat can turn the objective crisis of the capitalist system into the revolutionary transformation of the system.
Rudi Dutschke 1968

It is our duty as socialists to resist capitalism and to fight those battles that seem particularly hopeless. This is the core of our task: you don't fight because you can win but because you have principles and values to defend.
Boris Kagarlitsky 2000



A refreshing challenge for the international left has come from a country one would have least expected, from Russia. Following a number of major class struggles in the world in recent years, there have been a

number of attempts by the left to initiate and develop strategic debates and discussions. Examples of this have been, for instance, the debates around the articles of Pierre Bourdieu as well as the intensive left-wing critique of postmodernism from such writers as Terry Eagleton and Ellen Meiksins Wood. Now the well-known Russian left oppositionist, Boris Kagarlitsky, has gone a significant step further and, in three books published in the United Kingdom by Pluto Press, has presented us with what is probably one of the most important left-wing texts of the recent period.[1] In this three-volume work, Kagarlitsky attempts to renew socialist theory in the epoch of globalisation. His goal is nothing less than the articulation of a concrete response to the continuing global dominance of neo-liberalism.

Kagarlitsky's starting point is a dual crisis, the crisis of what is now global capitalism and the crisis of the left. Although the latter crisis, that of the left, has an objective basis, it is mainly a moral and ideological crisis. But this moral and ideological crisis is the main obstacle to confronting neo-liberalism with the only realistic alternative - socialism.

But more is needed than a detailed critique of neo-liberalism. For Kagarlitsky, the wars in ex-Yugoslavia and Chechnya are signs of a new barbarism that is leading to mass poverty, economic and financial crises, mafia-led economies, racism, neo-fascism, and a whole series of catastrophes throughout the world. Civilisation is giving birth to barbarians who, in turn, are destroying civilisation because the left, in its present condition, is incapable of offering an alternative. "The dark ages begin", he warns in *New Realism, New Barbarism*, and these are times that demand radicalism, not moderation. The alternative, once again, is socialism or barbarism.

A part of the left has become neurotic, feels powerless and even

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1. The three works of Kagarlitsky are:
New Realism, New Barbarism. Socialist Theory in the Era of Globalisation (1999);
The Twilight of Globalization: Property, State and Capitalism (2000);
The Return of Radicalism. Reshaping the Left Institutions (2000).
All are published by Pluto Press, London. Translated by Renfrey Clarke.

guilty for the crimes of others, for crimes carried out in its name. With its shame and ideological insecurity, this part of the left has lost its will to resist, its will to fight, and has left the field to that part of the left that is willing to adapt to the apparent victors to the point of self-destruction. These "new realists" no longer fundamentally question the market economy but want, at best, to humanise it. That these Social Democrats and ex-Communists are hopelessly subservient to the ruling forces and, in any case, don't stay in government for long (as has been the case in eastern Europe) has to do with the fact that a genuinely reformist movement starts from the basic assumption that the system is flawed and is willing to politically challenge the powers that be to change it. "Without class hatred there can be neither reform nor social partnership" (*New Realism*, 38). On the dilemma facing every reformist project, Kagarlitsky writes:

> The counterweight to sabotage by the elites has always been the mobilisation of the masses. But this is the last thing that enters into the plans of the new realists. ... At a certain point, every reformist project faces a choice between radicalisation and retreat. In the late twentieth century this choice typically comes on the agenda at a very early stage, almost before real reforms have even begun (*New Realism*, 40-41).

But what will happen when the "new realists" have had their day and the left has still not overcome its "collective neurosis"? The rise of the militant right is another sign for Kagarlitsky that the barbarians are standing at the door. The weakness of the left means that contemporary anti-capitalism has a purely defensive character. The task confronting us is resistance to the capitalist offensive but the left can't even begin this task in any sensible manner as long as its main goal is once again some new social compromise.

> Everyone who dreams of reforms must first struggle to change the relationship of forces, and this means becoming a revolutionary and a radical in the traditional sense (*New Realism*, 74).

Only the classical weapons of class struggle and mass struggle, with the right amount of "traditionalism", could turn the defensive

character of coming battles into an offensive one. But it is precisely this "traditionalism" which the contemporary left rejects most strongly.

Back to the future

Karl Marx is dead. This was the slogan for at least two decades, until the celebrations around the 150th anniversary of the Communist Manifesto, at the end of the 1990s, led to a discussion, even in the bourgeois media, of a renaissance of Marxism. For Kagarlitsky, this was another example of a failed exorcism, an exorcism first made necessary by the fact that Marx was indeed very much alive. No one has wanted, he remarks, to bury Hegel or Voltaire. These latter belong so obviously to the past; they have already been successfully integrated into the dominant discourse. But as long as capitalism survives, that its most trenchant critic will also survive, a critic who analysed and criticised capitalism like no other and who fought alongside many others for its fundamental transformation. This response of Kagarlitsky may appear simplistic but it hits the mark. Kagarlitsky is also right when he points to the fact that the historical crisis of Marxism predates 1989. (There's an apparent contradiction here, where Kagarlitsky, while defending the relevance of Marx, speaks of the "defeat of Marxism". But this has more to do with conceptual imprecision and the polemical nature of some of the debates rather than with an underlying contradiction in substance.) To understand the beginning of the break between theory and practice in Marxism, one has to go back to the 1920s and 1930s, to the emergence of Stalinist Marxism-Leninism in the East and Western Marxism in the West. It was then, argues Kagarlitsky, that the theory and the movement began to separate. This was the beginning of a process in which Western left-wing intellectuals took refuge in a new esoteric language, a language which was no longer the language of classical Marxism and a language which the "ordinary people" no longer understood.

Kagarlitsky wants to return to the strengths of the previous period. He has a very low opinion of the new intellectuals of the 1980s and 1990s whose discourse is of the end of the working class and of a capitalism that has changed. These new revisionists, he claims, have underestimated the significance and the extent of the rupture created by neo-liberalism; they see neo-liberalism as a marginal phenomenon which

leaves enough room for immanent reform of the system.

A return to Marx, however, is not simply a return to Marx's critique of Capitalism. It is also an undogmatic return to the Marxist centrality of class struggle. For Kagarlitsky, this is not a nostalgic return to a golden age of the classical labour movement. It is necessitated by the continued centrality of the conflict between wage labour and capital. Without a resolution of this central conflict, no other problems or conflicts can be resolved. Secondary contradictions may be no less real than primary contradictions. Nonetheless, capitalism is characterised by a very specific structure and it is this structure which should determine the nature of left-wing politics.

Kagarlitsky denies vigorously the widely accepted view about the end of the working class. The working class has not disappeared but is undergoing a decisive restructuring which is leading to an intensification of exploitation, a return to structural unemployment and new lines of division within a working class that has also become more heterogeneous. Many on the left placed their hopes in the new technological elite, the new intelligentsia, but this was a vain hope because this new intelligentsia is not an independent social or political force and, with the loss of its links with any mass social base, it has also lost its innovative potential. In spite of the fragmentation of wage labour, the industrial proletariat continues to be the heart of the capitalist system. A new socialist left has to avoid any workerist practice that focuses its attention solely on the industrial workers. Its task is to overcome the division between the traditional and the post-industrial labour movement that was reflected in the division between the old and the new left. The old left is demoralised and lacks confidence while the new left is disoriented and without a clear strategy. Both left cultures have to be raised to a new level. What is needed is a new historical perspective which holds firmly to most of the traditional goals.

New class struggles and new political forms of organisation

Kagarlitsky sees signs of a renaissance in the class struggles of recent years. Whether it be the armed uprising of the Zapatistas in Mexico, the miners' strikes in Russia, the French strike movement of the mid-1990s or the many other worldwide social and political struggles that have attracted attention in this period, what they all demonstrate is that

neoliberal capitalism provokes not only crises and poverty but also class resistance.

These struggles point to the existence of the subjective preconditions for socialist transformation; they also make clear for us the new objective limits of capitalism.

On the one hand, the new technologies are an example of the potential inherent in new productive forces to transcend the present system: the internet doesn't function according to the laws of the market because its rational basic principles are communist, i.e. it transcends or goes beyond the system of intellectual property rights. Likewise, information products don't generate classical commercial profits but, at best, a kind of parasitic monopoly rent. On the other hand, the creation of a new global periphery demonstrates that the expansion of capitalist modernisation is an illusion. Even if the West wanted to integrate Eastern Europe, it could not do so. Post-Communist Eastern Europe has already been integrated into the division of labour of the capitalist world system as a dependent periphery or semi-periphery. The unavoidable result in Eastern Europe will be a new structural dis-intregration, a mafia-type semi-capitalism, the new ruling layers of which will not be a new bourgeoisie but a bourgeoisified nomenklatura.

In other words, both the objective and subjective preconditions for a renewal of the socialist movement already exist. But what should be the strategy and tactics of this new socialist movement?

Any serious resistance to neoliberal globalisation has to begin with a defence of national society against the transnational elites. This confronts the left with a serious problem - to be patriotic without, at the same time, joining the camp of the reactionaries. Republican-revolutionary patriotism has a certain tradition in France and Mexico, but there is no such tradition in Germany or Russia. In these latter countries, patriotism was always a thoroughly reactionary force. But that shouldn't be the end of the matter.

In spite of this surprising and provocative appeal for a left patriotism, Kagarlitsky is no friend of nationalism. On the contrary, he is much more critical of contemporary nationalist movements than most others on the left. Even where the struggle against national oppression continues to be justified in principle and even in cases where the struggle for national self-determination still has a democratic potential, the

situation has changed dramatically since the beginning of the 1980s. Nationalist movements that claimed to be anti-imperialist and anti-colonialist have been increasingly instrumentalised as accomplices of neo-liberalism. Petty bourgeois bureaucratic local elites have become the instruments of geographical fragmentation and economic deregulation. He supports the struggles of the Kurds and Chechens but opposes separatism in ex-Yugoslavia and Canada and insists that the left and internationalists should promote multinational and multicultural state forms.

Left patriotism is a possibility but only when based on the principles of citizenship and human rights and where the left has developed its own vision of a decentralised and democratic state. Decentralisation and federalism, equal civil and human rights, national cultural autonomy in a multicultural state and labour solidarity - these are the first steps towards the democratisation of society. But they are only the first steps and one cannot step back from the expropriation of the expropriators. It is not simply a question of the defence of the nation state; what is at issue is the defence of a new state, a state that is build on the non-bourgeois (social and welfare-state) elements of the old state.

> If kings and lords constitute a link with the pre-capitalist past, the welfare state provides a link with the future (*Twilight of Globalization*, 8).[2]

Kagarlitsky is sharply critical of those on the left who want to keep the state itself out of the debate on reform. The state, as the most important non-market institution in the capitalist social system, would

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2. The parallels with Bourdieu are quite clear here. It must also be said that there are some tensions or inconsistencies in how Kagarlitsky treats the question of the state. On the one hand, he argues for the strong defence of the non-bourgeois elements of the contemporary state. On the other hand, he also stresses that "the strategy of the left has to consist not of defending the old state, but of using the crisis of the state to ensure that the basis for new institutions is laid both on the national and on the international, inter-state level" (*Twilight of Globalization*, 38).

play a key role, not only in the struggle against the bourgeoisie but also in the struggle for new forms of society. In neo-liberalism itself the state has not lost its importance; what neoliberals attack is not the state itself but precisely its non-bourgeois features.

The central feature of any left-wing strategy of transition would have to be a major socialisation of consumer needs: health, education, culture, the environment, transport and energy. These are social needs by their very nature and have to be organised at a social level. Social collective consumption at this level would require a municipal socialism at both levels - services and production.

In Germany, similar approaches have been developed by the "Crossover" current. Where Kagarlitsky differs from this and other currents as well is in his insistence on the continued importance of classical nationalisation.

> Nationalisation is not a method for managing industry; it is primarily a means of changing the social and economic structure of society. The trouble is that any means can be substituted for the goal (*Twilight of Globalization*, 53).

Kagarlitsky argues that softer forms of socialisation of private property, for instance, self-management models, as well as other forms of collective property, for instance, pension fund strategies, are not really useful because they try to avoid the instrumental role of the state, in other words, they don't confront nationalisation, the use of the state to overcome bourgeois property forms. The apparent advantage of such softer forms of socialisation, namely that they avoid any direct confrontation with the dominant power in society, is an illusion because even moderate changes today require radical methods. Kagarlitsky's demand, therefore, is not for a socialisation of the market economy but rather for the socialisation and democratisation of a planned economy.

Society and the state need to be fundamentally democratised and renewed. A break has to be made with the logic of capital. This could be done only by a socialist left that has undergone fundamental renewal. This renewal would involve a return to the older principles and values that have their roots in the Marxist labour movement. But

> "The left remains hostage to its own failures and neuroses. It is

> not only weak politically but it lacks the determination and the moral strength needed for action. It can win elections but not struggles. Unless it dares to speak again about class solidarity, nationalisation and redistribution, unless it challenges the system of global capital and its local political representatives, it has no chance to change anything (*New Realism*, 146).

The task confronting the left is "to find new political means for realising traditional goals" (*Return of Radicalism*, vii).

One of the pillars of traditional left politics has always been the trade union movement. The future tasks of democratisation and decentralisation are beginning to take on material form, for Kagarlitsky, in the "new social trade union movements" that have emerged in recent years in Brazil, South Africa, Indonesia, the Philippines, as well as in France and in other countries. These are movements that mobilise not only the core workers but also the unemployed, the marginalised, immigrants and family members.[3] These are active predominantly locally and in the regions and they are influenced more by their active base than by their full-time officials. They make no distinction between the workplace and the community, they are strongly anchored in the society and they have begun to overcome the old division between the social and the political wings of the movement.

> Modern-day workers may be Christians or Muslims, men or women, white or black; they may work with a computer or with a spade. Modern trade unions have to find what unites these people, have to become organs reconciling their interests. In the conditions of the late twentieth century the democratisation of the trade unions has become impossible without their feminisation, without changes to their culture, traditions and membership base (*Return of Radicalism*, 36-7).

This is the only way that the organisational and ideological crisis of the bureaucratised trade union movement can be overcome.

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3. The US left-wing trade unionist, Kim Moody, has developed these ideas in a consistent form in his *Workers in a Lean World: Unions in the International Economy* (London/New York, 1997).

> It is no simple task to unite urban industrial workers, specialists in post-industrial production, migrants, marginals, representatives of the informal sector and traditional Indian communities into a common movement, and then to co-ordinate their actions. Unless this task is accomplished, there will be neither victory nor even partial success. But modern capitalism itself is helping the left in this endeavour; capitalism, in the course of its development, gives rise, in quite natural fashion, to similar interests in all the above groups (*Return of Radicalism*, 106).

Left parties are the other traditional pillar of left-wing politics and here Kagarlitsky sees hopeful beginnings of a new period in the emergence of parties such as the Brazilian Workers Party, the Italian Rifondazione Comunista and the German PDS. Left politics today has to has to link itself with the classical period by, on the one hand, anchoring itself more strongly in the social struggles themselves, especially the struggles of the wage-earning class. On the other hand, it must not fall back into the old monolithism. Left parties must allow a wide space for plurality; they must develop new democratic party structures. They also must overcome, in their own ranks, the old abstract division between reform and revolution. Contemporary reformism demands revolutionary qualities. At the same time, the quality of revolutionaries must be demonstrated in their ability to take on reforms and to push them further.

Critique of the post-modern left

However, it is not in these traditional fields of left politics, trade unions and parties, that the contemporary left struggles with itself. The heart of the present left is to be found essentially in what is now known as identity politics.

It was in the period from the mid-1970s to the mid-1980s that the contemporary left made the turn away from Marxism and away from the labour movement. Class struggle, enlightenment and progressive thinking were seen as hopelessly entwined with the ruling system. Concepts such as totality and universality, subject and identity, power and hierarchy were radically questioned. The system appeared to be all powerful, there was "no alternative", and radical change seemed

the goal was the search for and the defence of the marginal and the minority that was excluded by the system or threatened with extinction. What remained for the left was subversion, the elaboration of the negative truth of modernity and the celebration of difference. Politics was reduced essentially to the tactics of discourse. During the course of the 1980s, this post-modern thinking became extensive in the new social movements which tended to feel themselves superior to the traditional socialist left. With the increase in neoliberal new racism and following on from the collapse of state socialism in the East, this postmodern politics rose to a position of hegemony in the 1990s and was accompanied by the conceptualisation of a politics of identity which based itself on the defence of diverse minorities, which emphasised difference rather than unity and which didn't want to have anything to do with the old left.

Kagarlitsky subjects this postmodern left politics of identity to a very sharp and very detailed critique. Identity politics is, for him, the political-programmatic expression of a postmodern left whose time is already past. It is not the Social Democrats or the "new realists" of the left who present the biggest problem for a socialist renewal; we can't seriously expect anything from them anyway. The real obstacle is the weakness of the forces of the radical left who are unwilling or unable to exert serious pressure on the centre-left. And this inability or lack of will on the part of the radical left is linked to its postmodern world view.

> The ending of discrimination against minorities is a general democratic demand and it must be supported. But it can be organically linked to the programme of the left only in the degree to which the oppression of a particular minority is a necessary condition for the reproduction of capital (*Return of Radicalism*, 48).

If no attempt is made to link identity politics to anti-capitalism, then the cult of diversity and difference becomes integrated into the myths of consumer capitalism, which offers adequate space for a lively nonconformism. In this way, new social movements such as feminism and ecology, cultural politics and affirmative action, become opportunistic and conservative forces that have turned away from anti-

opportunistic and conservative forces that have turned away from anti-capitalism and actually play into the hands of the ruling system. Kagarlitsky demonstrates how this has happened in the case of feminism. The struggle against the system that produces racism and sexism becomes transformed into the paternalistic lobby work of a liberal academic intelligentsia and loses its cutting edge. It is then incorporated seamlessly into the new neoliberal corporatism.

Kagarlitsky is aware of and accepts the validity of the feminist and postmodernist criticism of the old left. Their mistake, however, was that, in rejecting Marxism, they also rejected universalism and the hierarchy of strategic priorities. He therefore doesn't reject identity politics in principle; he negates it but in the sense of wanting to see its goals realised at a different level.

> We must realise our ecological project, we must affirm women's rights and minorities' rights through and in the process of anti-capitalist struggle, not as a substitution for it or an alternative to it (*Return of Radicalism*, 71).

The political achievements of the past two decades are not rejected; what he rejects is postmodernist ideology and elitist politics.

A gulf has opened, argues Kagarlitsky, between those left-wing politicians who still ride on the backs of their earlier left politics but who no longer believe in it, and those "millions of people who encounter the vices of the system on a day-to-day basis" and who are "no longer prepared to restrain themselves. They need an alternative. They are ready to fight and win." (*Return of Radicalism*, 11) In this period of historical upheaval and renewal, everything depends on the practical struggle against the neoliberal "big brother". The answers to the theoretical questions will only be found in practice. Kagarlitsky's voluntaristic credo is full expressed in the statement: "It is time to sound the trumpets and to go on the attack." (*Return of Radicalism*, 12)

Strengths and weaknesses

In these three volumes, Kagarlitsky swims with great verve against the dominant left stream. His critique of left revisionism and reformism and his insistence that genuine reformism today cannot shrink from the use of revolutionary means if it is to be at all consistent are relevant and

serve to confirm Kagarlitsky's arguments. The fall of Oskar Lafontaine demonstrated in an exemplary fashion the limited scope for reforms under neo-liberalism. Lafontaine, in both his person and his programme, was anything but revolutionary; on the contrary, his loyalty to the system was unquestionable. But for the ruling powers in the economy, in politics and in the media he was a thorn in the flesh and he was got rid of .[4]

The alternative left didn't have a genuine alternative to offer either, as was demonstrated a few years ago in Germany when left-wing Social Democrats, left Greens and the PDS attempted to come together under the Crossover umbrella in order, in the words of their slogan at the time, to "return to politics". But in election year 1998 these groups failed to agree or come together in some common initiative for the elections. In this key political project, it failed. Since then the various individuals have returned to the confines of their individual parties.

Very few understood at the time the extent to which the resignation of Lafontaine was a defeat also for the parliamentary left because it had not understood how to go on the offensive in a politically independent manner. In their attempt to give some content to a new ecological-solidaric New Deal, they neglected to build a politically mobilisable counter-force. Condemned to impotence, there was little else left to do but devote themselves to the intellectual labour of designing feasible futures. According to Kagarlitsky, however,

> the problem does not lie in any lack of feasible theories, but in the weakness of the political organisations that espouse them. Concepts of democratic planning, of a renovated mixed economy, and of market and post-market socialism are discussed in the most detailed manner in academic circles, and no one has yet proved that in their 'pure' form, these are less serious constructs than the ideas of the neoliberals.... The social and political space for reforms has become extremely narrow. This does not mean that reforms within the framework of capitalism are becoming impossible in principle, but the preconditions for such changes

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4. Cf: Christoph Jünke, "Lafontaines Dilemma", *Blätter für deutsche und internationale Politik*, no. 11, 1999.

> are having to be created afresh.... The important thing is not how radical the new reformist project will be, but that the project will be impossible in principle unless there are new revolutionary upheavals (*Return of Radicalism*, 154, 159).

Some left Green and many left Social Democrats in Germany who were part of the Crossover spectrum have drawn the logical conclusion from the new situation and have joined the PDS. But the PDS is also engaged in the search for consensus in a manner that has little in common with Kagarlitsky's "will to fight" or anti-capitalist class politics.

Kagarlitsky critique of the postmodern left is refreshing, clear and breaks with many taboos. An environmental politics that considers itself above anti-capitalism ("neither left nor right") and which separates the environmental issue from the social one, is a politics that will ultimately reduce itself to eco-taxes, becoming a mere money-collector for the neoliberal state. A feminist politics that defends equal military service for women is confusing bourgeois equality and human emancipation.

In his critique of this kind of postmodernist left and in his often heated polemics, Kagarlitsky reveals a number of weaknesses. It is quite correct, in the debate with certain postmodernist left-wingers, to point out that racism is more than just an unacceptable discourse, that what is at stake here is social relations and the institutions that structure them. However, Kagarlitsky is less than careful in some of his formulations. Liberal feminists are not themselves becoming an obstacle in the struggle for the rights of working women (*Return of Radicalism*, 83). Under certain circumstances, they can offer very helpful support in this struggle. It may be true in terms of the principle but it is certainly not true historically that it was the socialists who have been most persistent in defending the rights of minorities (ibid 57). Identity politics is not just "conservative and opportunistic" (ibid 65). It also distorts the true circumstances when Kagarlitsky complains about the transformation of identity politics, with its policy of affirmative action, into a purely defensive battle that simply tries to defend the status quo for some groups but in a manner cut off from other emancipatory struggles (ibid 83). The fact that left forces are weak and often unwilling to struggle result

to a large extent from their postmodernist world view. But the reverse is also the case: the hegemony of postmodernism is itself a result of the failure and weaknesses of the radical left. At the end of his often strong verbal attacks, Kagarlitsky admits this to be the case:

> The theoreticians of the culture of difference are not to blame for the burdensome position in which the left movement now finds itself. The real guilt lies in the Communist and Social-democratic bureaucracies, with the capitalist intellectuals, and with the workers' movement itself and its tradition of 'factory discipline'. But the way out of the present crisis should not be sought where identity politics, postmodern radicalism and belated republicanism indicate. In this sense, these phenomena are obstacles on the road to the future (ibid 96).

A real weakness in Kagarlitsky's three-volume work is that he does not subject the Communist bureaucracies to the same kind of thorough critique. This is not simply a matter of historical interest, since one of the main currents in the contemporary left, what might be called the "nostalgic left", build itself precisely on the myths and thought patterns of that tradition. Kagarlitsky acknowledges that the dominance of the neoliberal Big Brother is so awful that the world left finds itself in a kind of nostalgia for the old times. And he emphasises, quite rightly, that the neoliberals have no fear whatever of this current (*Twilight of Globalisation*, 127).

> The socialist 'old believers' thus effectively become accomplices of the new realists, continually showing the impotence of their revolutionary thought and political practice. Actions are replaced by declarations, ideas by symbols and programmes by the reciting of principles. On the moral plane, the position of simple negation is just as dubious as that of reconciliation with reality. The result in both cases is the same: everything remains just as it was (*New Realism*, 61).

Given its importance, it is difficult to understand why he doesn't develop any critique of this neo-Stalinist left which, as he himself admits, has won the minds of million of people. This is all the more astounding when one considers that one of the major examples of this neo-Stalinist

nostalgia is to be found in Russia itself and that Kagarlitsky admits the role played by Stalinism in the defeat of the socialist left and the rise of postmodernism. A discussion of the neurotic left that touches only in passing on the inheritance of Stalinism remains rather hanging in the air and created the impression of being a purely negative and sectarian attack on the postmodern left. [5]

A second weakness in his treatment of the postmodern left is that fact that he attributes to it a coherence which it clearly does not possess. One cannot point to a political formation that could be described accurately as postmodern. What exists is particular individuals and intellectual milieux. And, of course, there are many cases where postmodernism is mixed with small or large amounts of traditionalism. Postmodernism is a hegemonial mentality rather than an identifiable subject. It is no accident that the strongest critique of postmodernism can be developed when, not individuals but, as is the case with Terry Eagleton, "the culture or milieu or even sensibility of postmodernism as a whole" is the object of analysis. [6]

Both of these limitations do not, of course, affect the essential validity of Kagarlitsky's critique of postmodernism.

A lot of what Kagarlitsky has to say about the renewal of the socialist left is, of course, not new. He is also not claiming to be original. For instance, his return to class politics and his insistence on the centrality of the working class in the struggle for emancipation was comprehensively argued and empirically buttressed in the 1997 work of the US socialist trade unionist, Kim Moody, a work acknowledged by Kagarlitsky. His analysis of the role of the state in the discourse of globalisation builds on the work of Socialist Register and Monthly Review. His appeal for an offensive struggle for the defence and renewal of the social state has important parallels with the intervention of Pierre Bourdieu whom he remarkable does not acknowledge. His

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5. The best Marxist critique of Communist and Social-Democratic bureaucracies is to be found in Ernest Mandel, *Power and Money: A Marxist Theory of Bureaucracy* (London, 1992).

6. Terry Eagleton, *The Illusions of Postmodernism* (Oxford, 1996), p. viii.

comprehensive critique of the postmodernist left owes a lot to the excellent work of Ellen Meiksins Wood, whom Kagarlitsky acknowledges as having played a pioneering role at a time in the 1980s when "any criticism of postmodernist radicalism and feminism was taboo among Western leftists" (*Return of Radicalism* 92).[7]

What is novel in Kagarlitsky's work is the way in which he brings these different ideas together and constructs a sharply focused political synthesis. It is also novel and surprising that it is precisely Boris Kagarlitsky who does this. Kagarlitsky himself is a classical new left personality, far from any suspicion of traditionalism, who not so long ago was close to and worked with precisely these postmodernist currents that he now so explicitly rejects.

But what is perhaps most original and, at the same time, most controversial, in Kagarlitsky's work is his voluntarism.

Kagarlitsky's voluntarism

Kagarlitsky's work is primarily about the will to struggle. But is there a materialist path between will and struggle? This is an age-old question and there are two levels at which it can be answered.

The first is level is a historically concrete one. There are a number of cases that would seem to empirically confirm Kagarlitsky's voluntarism and these are dealt with in his work: they are the new class and mass struggles worldwide against the neoliberal world order. Examples are the Mexican Zapatistas, the Russian miners, the French strikes and the new waves of labour unrest in the USA, Canada, Brazil, South Africa, etc. They conform to the profile offered by Kagarlitsky and demonstrate the potential he describes. However, these do not offer reason for undue optimism. Two swallows do not make a summer and there are today no signs that this trend will continue or increase.

The second level is a theoretical one. Is this kind of voluntarism theoretically justified? To approach an answer to this question, let us compare Kagarlitsky with two other interesting left-wing thinkers, Perry Anderson and Jan Philipp Reemtsma.

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7. Cf: Ellen Meiksins Wood, *The Retreat from Class* (Verso, London, 1986); also *Democracy Against Capital. Renewing Historical Materialism* (Cambridge, 1995).

Perry Anderson's caution

Around the same time as Kagarlitsky's present three volumes were published in the UK, Perry Anderson, British Marxist and editor of *New Left Review*, produced an important assessment of the situation in world politics and the consequences of this for the left ("Renewals", *NLR* 1, 2000).

The most important aspect of the world political situation was, for Anderson, "the virtually uncontested consolidation, and universal diffusion, of neo-liberalism" (Renewals, 10). The USA, the strongest centre of world capitalism, had reasserted its primacy in all fields - economic, political, military, cultural - while the weakest link in the world system, the new Russian economy, despite a catastrophic regression, had provoked no popular backlash. Asian capitalism was seeking its salvation through an adaptation to the US model. European social-democracy, in spite of having taken power across the European Union, made no essential difference to the general situation. In fact, European social-democracy was making across-the-board moves towards the Reagan-Thatcher model, implementing neo-liberal policies in areas such as social services, well beyond the limits of previous conservative regimes. The neo-liberal consensus had in fact "found a new point of stabilisation in the 'Third Way' of the Clinton-Blair regimes" and was now more hegemonial than ever, cemented by the Balkan War, with its new human rights ideology, "which rounded off the decade with a military-diplomatic demonstration of the ascendancy of this constellation" (ibid, 11-12).

There were some reasons for optimism - the ending of Apartheid in South Africa, the overthrow of the Suharto dictatorship in Indonesia, the ousting of the oil oligarchy in Venezuela, as well as important advances in the ecological and feminist movements. But all of these movements has demonstrated their compatibility with the imperatives of capitalist accumulation. The workers, apart from some individual exceptions, remain everywhere on the defensive. Neo-liberal principles rule worldwide and, for the first time since the Reformation, "there are no significant oppositions - that is, systemic rival outlooks" on the horizon (ibid 17). Socialism remains only as an ideal, not a real movement; labour politics and Marxism are to be found only among small remnants of the left.

According to Anderson, "the only starting point for a realistic left today is a lucid registration of historical defeat" (ibid 16). Which doesn't mean that Anderson wants to resign from the struggle or adapt to the triumphant neo-liberalism. He also rejects the consolation of over-estimating the significance of contrary processes; he doesn't want "to nourish illusions in imaginary forces" (ibid 14). The stance adopted by Anderson and by the new NLR is what he describes as "uncompromising realism". It is uncompromising both in its refusal to accommodate with the ruling system and also in rejecting any euphemism that would understate its power, in refusing to lend credence to illusory hopes about its imminent collapse.

In spite of similar political and theoretical starting points, the tone of Kagarlitsky and Anderson could hardly be more different. It is hardly surprising that Kagarlitsky has polemicised sharply with Anderson about the world situation in general and about Anderson's profile of the new NLR. There is also a difference in style. Anderson writes in the cool reflective manner appropriate to the heights of the left intellectual tower, every word carefully chosen, while Kagarlitsky fights in the political trenches against a left who has forgotten the meaning of real battle. Kagarlitsky wants "to sound the trumpet and go on the attack" (*Return of Radicalism*, 12) while Anderson believes that "the spirit of the enlightenment rather than the Evangelicals is what is most needed today" (Renewals, 15). Who is right? Both and neither.

Anderson's intellectual caution, in the way it surveys historical structures, is certainly on more solid ground than Kagarlitsky's shifting judgements about neo-liberalism, which he argues at one point has failed, while admitting only a few pages further that its economic failures don't mean the end of its hegemony (*New Realism*, 2f). On such a key issue, caution is advisable. Looked at from a historical-materialist standpoint, the swallows of resistance do not pose a serious threat to the historically unique hegemony of neo-liberalism that Anderson has so vividly described. The fact that neo-liberalism was able, in the autumn of 2000, to bring masses of people, including workers, on to the streets to defend its oil price policy demonstrates how confident it is, and how low it estimates the danger to itself from the forces it mobilised. The problem with Anderson's uncompromising realism and intellectual scepticism is that it points no way to political action. And it is precisely this that

is that it points no way to political action. And it is precisely this that Kagarlitsky has to offer.

One might consider Kagarlitsky's politics outmoded, traditionalist. The fact remains that the postmodern left of the past two decades has demonstrated its compatibility with the imperatives of neo-liberalism and its political impotence. It was the old social movements alone, up to now, that have succeeded in setting some limits on neo-liberalism. This was the case in Germany in 1984 when it was the trade unions, not the Green Alternatives, which, in the battle for the 35-hour week, achieved an important victory against the new conservative Kohl government. It was also the trade unions and not the Social-Democratic/ Green parliamentary opposition which, in battles over such issues as sickness pay in 1996/97, began the ideological turn that led to the defeat of the conservative government. Similar examples could be given for other countries.

The case of Jan Philipp Reemtsma

What is a latent problem in the approach of Perry Anderson is much more manifest in the writings of a now quite prominent German left intellectual, Jan Philipp Reemtsma. Ten years ago, at the end of 1990, in the run-up to the Golf War, he published in the prominent German left-wing magazine, *konkret*, an important article in which he attempted to provide a historical-philosophical basis for the then popular thesis that the left no longer exists. (*konkret*, no. 12, 1990) Reemtsma, at that time, was still part of independent left that had a critical stance towards the Moscow tradition, a stance which went back to the anti-Stalinist tradition of Leon Trotsky. (Not to create a misunderstanding, it must be said that Reemtsma was not a Trotskyist in any political sense, more in a literary kind of way.) Nevertheless, he saw the defeat of "really existing socialism" as a defeat also for the left. The left, in his view, with the collapse of the Soviet Union, no longer had a historical reference point.

Reemtsma hoped, as Trotsky once had, that the Soviet people, once they had got rid of the bureaucracy, would avail themselves of the historical opportunity and take the decisive step towards the creation of true socialism, a socialism in which the people would regain real economic and political power. But this didn't happen: "In fact, no one thought it worth the attempt."

the collapse of the Soviet Union proved, for Reemtsma, that the masses no longer related to the hopes or programmes symbolised by the revolution of 1917. This meant a "change in world historical perspective" in which the left no longer existed. There was no left point of reference any more. The old schema that distinguished the good from the bad no longer existed - hence the title of the article ("the bad and the ugly"). From this perspective he saw no reason not to support the US intervention in the Gulf.

Reemtsma's short article articulated the basic argument used by many on the West German left in the early 1990s, in a situation dominated by the collapse in Eastern Europe and the Gulf War, to break with left-wing politics. The article was reprinted as a kind of Manifesto for a major political conference of *konkret* over two years later, in 1993. However, I am not interested here in the historical trajectory of *konkret*. What is more important is that this article and the arguments it delivered were a paradigm for the way in which left wing radicals in Germany, in the early part of the 1990s, transformed themselves into that kind of postmodernist left of which Kagarlitsky is so critical.

Reemtsma's central argument simply doesn't hold up. There were indeed in the Soviet Union, in the years of Perestroika and Glasnost, a number of initiatives to take power back to the streets and away from the bureaucracy. The whole euphoria of the early perestroika period was rooted in this belief, symbolised by the big miners' strike of 1989. It found its language at that time already in the writings of the young Boris Kagarlitsky.

What the Reemtsma argument reduces to is the claim that there was no quasi automatic transition to true socialism. But it has been part of the intellectual ABC of the radical left since the October Revolution, that no population automatically adopts socialism, and certainly not if they find themselves, in their attempt, totally isolated from the rest of the world. Soviet Perestroika failed, therefore, not only because of the resistance of the bureaucracy and because of the lack of oppositional experience but also because the politically active and agitated population would have had to undertake such a socialist attempt in conditions of world political isolation and in the absence of any powerful Western socialist movement.

Trotsky, to whom Reemtsma explicitly refers in his article, was

aware of these structural problems and therefore placed his hope for a possible solution not in Russia but in the fate of the Western working class. Already 60 years ago, Trotsky tried to organize a political movement in the highly industrialised West, hoping to free the Russian working class from the constraints of the Stalinist system, whereas Reemtsma believed in an imaginary Russian working class. The crucial point is that Trotsky's own political perspective includes a certain amount of voluntarism, whereas Reemtsma's perspective has degenerated into a kind of "social-revolutionary fatalism", what Trotsky, in another context, described as "Bolshevism for the enlightened middle class". Reemtsma is a classical example of how a narrow contemplative materialism can very easily change to a postmodern "anything goes".

Kagarlitsky comes from a totally different perspective.

> It is our duty as socialists to resist capitalism and to fight those battles that seem particularly hopeless. This is the core of our task: you don't fight because you can win but because you have principles and values to defend" (*New Realism*, ix).

This is as true as it is voluntaristic. He is not looking for historical-philosophical reassurance when times look bad.

This, I believe, is the hard historical-materialist core of Marxist-socialist voluntarism. It was the kind of voluntarism shared by Trotsky, Rosa Luxemburg, Rudi Dutschke and Che Guevara. And it is a voluntarism that is more necessary today than ever.

Voluntarism itself is not the problem. No emancipation and no progress is possible without the setting of goals and conscious action to achieve them. The problem arises when the "bow of voluntarism" (Wolfgang Fritz Haug) is bent too far, when it ignores powerful historical trends and when it turns a sectarian blind eye to reality. Both dangers are present in Kagarlitsky but it is the view of the present reviewer that he manages to keep them in check. Towards the end of the final volume, he tries to find the right tone: "An epoch of reaction does not demand heroism. It requires firmness and sobriety, and an ability to swim against the current(*Return of Radicalism*, 150).

The pessimism of the intellect is weak where it "forgets" the role of activity, where it engages in self-satisfying contemplation. This is clearly the case with Reemtsma and Perry Anderson is not altogether

is clearly the case with Reemtsma and Perry Anderson is not altogether immune to this either.

At the present moment politics appears to have returned to the streets, in the activities and discussions of the anti-WTO groups and other similar groups. And Kagarlitsky is right when he says that these are happening without any political or intellectual leadership from the left.

Theoretical work which sets itself up in opposition to practical activity or which stylises itself as a kind of praxis is as inappropriate as a practice that refuses to be guided by enlightened caution. The spirit of the enlightenment is not in contradiction to the spirit of the Evangelists; without the latter, a politics of emancipation is simply not conceivable.

Kagarlitsky's intervention is a useful reminder of this truth. His three-volume work is a powerful appeal for a return to politics that is not afraid of tradition. ●

[*This review was first published in the* ***Sozialistische Zeitung***, *no. 8/9, 26 April 2001 (published fortnightly in Cologne). Website address: www.soz-plus.de. The translation is by* ***Gus Fagan***.]

Russian Labour at the End of 2000

[*We publish below a translation from* ***Le messager syndical****, a French information bulletin on the labour movement in Russia. The translation is by* ***David Mandel****.*]

The Union Messenger

Information Bulletin on the Labour Movement in Russia

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News Briefs

Labour Code

Adoption of a New Code Postponed Until the Spring of 2001

Although scheduled for the Duma's December 20 session, the debate on the Labour Code was finally put off to the spring. This marks a retreat by the government in face of the unanimous rejection by the unions of its draft code. The government was able to take the measure of the rejection at the November 14 hearings of the Duma's Labour Committee. Most of the witnesses denounced the government draft as an attempt to end to any state regulation of labour relations, leaving workers to face his or her employer alone in a "lord-servant" relationship. The government's draft code provides only for individual contracts that have to be constantly renewed. A motion was adopted during the hearings calling to shelve of the draft outright.

The campaign against the new Labour Code saw mobilizations throughout the country in November and December. On December 1, the Zashchita Federation, the transport unions (longshoremen, air-traffic

controllers and others), as well as the Sotsprof Federation, organized a second day of action, following that of May 21 in which 300,000 people participated in one form or another. By focusing the demand on the rejection of the government's draft (and not on the defence of one of the alternatives), the organizers hoped to broaden the mobilization. But according to the organizers themselves, only a few tens of thousands demonstrated this time. Mobilization was strongest among the transport workers (whose unions are generally more active).

At the initiative of the FNPR (the Federation of Independent Trade Unions, the largest federation — the "traditional" unions), a series of protest actions occurred all across Russia (from Karelia to Siberia) in November and December, leading up to rally on December 20 in front of the Duma in Moscow.

The relatively low-level of mobilization can be explained mainly by the general socio-economic situation: profound insecurity linked to massive de-industrialization, unemployment, widespread violation of collective agreements. Living and work conditions have deteriorated dramatically over the past ten years, without workers being able to mount effective resistance. The existing Labour Code is regularly violated, et individual or collective complaints usually bring no remedy, even when the authorities recognize them as justified. This is why workers, facing the daily arbitrariness of their bosses, tend to see the Labour Code as an abstract issue. And it makes it difficult to explain to the mass of workers why it is important to defend the existing code. Finally, the unions themselves went into battle divided, since various federations defend alternative reforms.

The announcement of the postponement of the debate was greeted by all the unions as a first victory. But because of the low level of mobilization, it leaves a lot of room for maneuver and concessions "at the top." The government knows this and has announced the creation of a conciliation committee to work out a compromise proposal based on the government's draft and the draft submitted by eight Duma deputies close to the FNPR.

Trolley drivers' action in Astrakhan

Since its founding in August 2000, the Zashchita union of Astrakhan trolley drivers (140 members) has come under strong pressure from

management, including dismissals and forced overtime. A half-hour warning strike was called on November 24, paralyzing public transport in the city and forcing the mayor, who was in the midst of his electoral campaign, and the administration to retreat.

Health workers fed up

The health sector is among the hardest hit by the "reforms." The guaranteed right to health care has lost all meaning for the overwhelming majority of Russians. The share of the state budget going to health care has dropped regularly. Today it is only 2% of the GNP. All age groups are affected. According to a recent report, 85% of school-age children have more-or-less serious health problems. The decline in health care manifests itself also in the conditions of doctors and other medical personnel, whose wages, along with those of teachers, are pathetically low. A doctor earns the equivalent of 16-35 US$ a month; nurses —$9-26; nurses' aides — $5-9. In addition, the level of wages arrears, which fell slightly in the spring, has since risen significantly. At a press conference in Moscow, the president of the union of health workers declared that the sector's workers were ready to strike in face of the government's complete inactivity. In 1993, a strike that hit 85% of health institutions forced the government to retreat.

Nice 2000

Thanks to the solidarity shown by readers of the Union Messenger, two activists from Russia, Irina Myslaeva (president of ATTAC-Russia and a teacher in the School for Worker Democracy) and Konstantin Fedotov (an elected officer of the Longshoremen's Union of St. Petersburg), spent ten days in France. They participated in the anti-globalization Forum at the Villette and in the meetings and demonstrations organized in Nice for the summit of the European Union. There were many interesting discussions, and many new contacts were made.

Union convoy for Chechnya

An incredible adventure has just been completed: a 10,000 km. return trip from France through all of Russia from Moscow to the Caucasus that brought 22 tonnes of flour by truck to Chechen refugees in Ingushetiya. The challenge was successfully met: to combine

humanitarian and union solidarity, evade French and Russian authorities' attempts to deform the sense of the action, and make sure the flour reached its destination. It took months of negotiations and subterfuge and a month of travel. There convoy met many obstacles, but there were also amazing encounters and very emotional moments. The trip was rich in its variety of human contacts - with trade-unionists, activists of local humanitarian organizations, truckers, local people drawn by the arrival of the strange convoy, and even a few pleasant surprises from local authorities. Thanks to all who gave of themselves to this initiative of the union federations CGT, ONIC, SUD and also Secours Ouvrier pour la Bosnie (Worker Aid for Bosnia).

Protests against wage arrears

The wage debt continues to grow. This is provoking mobilizations in several regions. In December 2000, about 90 miners (belonging to a Zashchita union) of the Vorgashorskaya mine in Russia's far-north region of Vorkuta struck, remaining in the mine for two weeks. In the Siberian city of Kemerovo and also in Nizhnyi-Novgorod on the Volga, municipal workers (FNPR unions) went on strike for several days, At Moscow's Vnukovo airport, technical workers began a long conflict over the same issue. Other conflicts occurred in the far east, as well as the Voronezh, Krasnoyarsk and Sverdlovsk regions.

The Russian Longshoremen's Union

Interview with Konstantin Fedotov

(***Fedotov*** *was a longshoreman for 15 years, before becoming an official of the union in charge of legal matters for the union, a post he has occupied for the past 10 years.*)

Tell us about the origins of your union.

It began in 1991, when the leaders of the union left the FNPR affiliate. At the start, we didn't necessarily want to leave the FNPR affiliate but to gain autonomy within it. So in reality, the leadership of that union forced us out by refusing to recognize us. Even if we are very critical of

the FNPR union, especially as concerns its general strategy, we don't refuse to collaborate on certain common issues. Our membership includes almost all the longshoremen in Russia, about 9000, including 2500 in St. Petersburg where I work. The majority of the auxiliary workers and white-collars employees remained in the FNPR affiliate, but since we are more numerous and militant, our union forces theirs to take more active positions. It often takes up our demands and copies our collective agreements.

We left the FNPR for several reasons. First of all, we had to affirm our independence from management. It's the only way to create a balance of forces in our favour during negotiations. Ours is a strategy of mobilization and action. We also did not like the FNPR's way of functioning. We attach great importance to democracy. We take most of our decisions collectively after a meeting in which each position can present and defend itself. We also try to disseminate as widely as possible the information we can obtain on the situation of our enterprise or where negotiations are heading, so that the rank and file can hold informed discussions and eventually decide for itself. We are very particular on that issue.

Has the St.-Petersburg port been privatised?
Of course, like most enterprises at the start of the 1990s. Even at that time, we had already achieved a certain correlation of forces. Under threat of a strike, we forced the administration to drop plans to impose individual, time-limited contracts on workers and not to rehire everyone. That is our iron-clad rule: no dismissals or layoffs. We negotiated a collective agreement that kept all the old rights and benefits. I don't think that the practice of forming a union hiring hall, as you have in France, is suitable for us. It wouldn't give us the same level of protection as a collective agreement. Since we are strong enough to dictate, at least in part, our conditions, we decided to remain as wage labourers and to defend our rights as such.

As a legal expert, you must be involved in the struggles around the reform of the Labour Code.
Yes, it's one of our priorities. And I'm glad I could meet some very competent people in this area here in France. I understand that French

trade unionists can't take a position in favour of any of the specific reform proposals, but I want emphatically to make them understand that it isn't enough simply to fight for rejection of the government's plan. It really is a plan to destroy all the rights of unions and workers. But we have to defend alternatives that seek to improve the existing legislation. I can't see accepting weakened rights at a time when the workers' situation is deteriorating. On the contrary, we need to strengthen rights in order to fight against the deterioration of conditions and the weakening of the labour movement. The project we are supporting, that of Aviliani-Shein, does that.

Exactly what are your forces?
All the alternative [non-FNPR] unions are allied in the struggle to improve the Labour Code. They represent about 10% of all organized workers, as opposed to the FNPR's 90%. In particular, I'm talking about the independent union of air-traffic controllers and the locomotives engineers, with whom the longshoremen have formed a confederation. There is also Zashchita, with which we work closely in this and other struggles. I was invited to its congress and personally I have a lot of respect for its leader, O. Shein. I hope he won't change as a result of his being elected to the Duma... I have some reservations about the Sotsprof federation, which participates with us in common actions on the reform. But I have no problem with collaboration on specific questions. All these unions have done a lot to mobilize their members on the issue. The affiliated unions of Sotsprof are often much more militant than its leaders. Unfortunately, FNPR did not mobilize at all. On the contrary, it told its members to wait quietly for the Duma to solve the problem.

So taken together, it is not a massive mobilization. But we won't stop. We will continue to fight and adopt more militant actions. Sooner or later, the rank and file of the FNPR will start joining our struggle us when it understands what is really happening.

How is your union organized?
A very important question, since it concerns the issue of our internal democracy. We are in the course of reviewing our constitution, since it doesn't allow us to counter the tendency for power to be concentrated among the leaders, and that leads to their drawing away from the rank

and file. We are submitting the draft revision of the constitution to the affiliated organizations for discussion and for them to adopt a position. We need a democratic discussion on this essential issue. Our goal in revising the statutes it to facilitate members' access to the leadership bodies (co-ordinating council and executive committee), to end the ex officio membership of local and national presidents in the co-ordinating council, to ensure better proportional representation of the various sections, ensure the autonomy of the local unions and the primacy of the latter, of the shops, the enterprise conferences, and the union Congress.

In sum, we want to reverse the tendency to centralization and emphasize the crucial importance of the local unions and rank and file. Only those matters that can't be resolved at that level should be taken up by the higher bodies. Even so, the rank and file has to keep control and should not have to submit to a decision it disapproves. That's why in St. Petersburg we long ago adopted the principle of having sections in or union. There are four: stevedores, machine workers, workers in auxiliary services, and employees. Since the stevedores are the most numerous, this allows the others to function autonomously without having the majority impose its will on them.

What are the other directions of your activity?

In St. Petersburg, we attach great importance to negotiating the collective agreement. We prepare a draft well before the start of negotiations, so that the sections can discuss it. In the last round of negotiations, we had to fight to get management to accept a compromise. It wanted to impose an agreement that would have left our rights and benefits practically at the legal minimum. Our first meetings resulted in the formal establishment of 180 points of discord. The union conference voted to continue to defend our draft. A conciliation commission was set up, in accordance with the law. But management's representatives showed not inclination to compromise. Our people were ready to strike. We tried arbitration. We had the advice and help of good lawyers, and that allowed both sides to close the gap. Thanks to them, we put together a compromise agreement which was adopted by the arbitration commission. Its decision isn't binding but it influenced the two sides and we finally reached a compromise agreement.

Are there any current conflicts with management?
Yes, on the question of wage indexation, which is absolutely indispensable for maintain real wages in our inflationary conditions. We've been negotiating for several months to get clear language in the collective agreement making it obligatory. Since management refuses, we have initiated the legal procedure for labour conflicts. In three of the four enterprises that make up the port, management has accepted a compromise. The fourth refuses. A union conference decided to continue negotiations, and if management continues to refuse a compromise, to strike. The workers of the other enterprises decided to support their comrades.

The Independent Union of Miners (IUM)

[*On October 25, 2000, a conference was held to mark the tenth anniversary of the Independent Union of Miners (IUM), organized following the great miners' strikes of the late 1980s. In Russia, IUM is the alternative to the larger FNPR-affiliated Rosugleprof, which organizes upwards of 90% of the country's miners and other workers of the coal sector. The main leaders of the strikes of the late 1980s and early 1990s came to this conference from the regions of Russia, Ukraine, Belarus and Kazakhstan.*
We publish here large extracts of the speech by ***A. Sergeev****, president of the IUM of Russia from 1991 to 2000, on the union's history and current problems. To place this speech in context, it is worth noting that Sergeev was for many years a member of Yeltin's Presidential Council and, in practice, if not always in word, a firm supporter of Yeltsin and his various governments.*
The full text of this speech was published in ***Rabochaya politika*** *(Moscow), issues 14-16.*]

Ten years have passed since the creation of the IUM. Many are those who foretold it a brief existence. And that campaign continues. Great efforts are being made by some to liquidate or discredit us. But the independent unions of miners, as an expression of workers' self-

organization, continue to exist, to develop and to influence the processes occurring in our countries.

This conference, in my opinion, should not only be a meeting of old and new union comrades in struggle, but also a time for serious discussion and analysis of our victories and failures, a time for exchanging experiences and understanding our place, not only in the past, but also in the present and future of our country, and for seeking find solutions to the problems that confront us.

I want first to talk about the strategic tasks that face the independent miners' unions. I mean the introduction of an hourly wage. One of the key ideas of the Model General Agreement on Miners' Wages that was adopted by the Second Congress of Miners of the USSR was the rejection of piece work and its numerous bonuses and supplementary payments. In the miners' view, piece work was a whip in the hand of management that make the workers assume the costs of its failures. Workers' labour should be paid essentially on the basis of time worked (with an additional percentage from enterprise profits, if there are any), according to skill level and indexed to inflation. After electing a leadership, that congress mandated it not only to go about building a union but to negotiate with the Soviet government a Model General Agreement on Wages, that is, to introduce an hourly wage.

There was a chance then to obtain that. In February 1991, at a joint meeting of representatives of the IUM and strike committees following the government's refusal to negotiate an agreement its violation of the agreements it had already signed, it was decided to organize a general strike of miners for that demand. The strike began in March 1991. But unfortunately, certain ambitious leaders were too busy with politics and succeeded in having political demands adopted. As a result, the hourly wage was left behind. The strike became more and more politicized, but the main beneficiaries were politicians, not miners.

There is no doubt that this strike, that lasted two months, had a positive effect for the democratisation of the USSR. But it didn't resolve the main task that the Second Congress had established for the union and strike committees. The hourly wage still figures in the union's programme. But it has been pushed to the background by current problems.

Yet, it was the idea of an hourly wage that aroused the miners'

enthusiasm. That's the reason they initially joined the union. In my view, it is the realization that one should be paid for one's skills, one's hands and head, and not for the volume of coal produced, that transforms the miner into a real citizen, conscious of his worth and interests, and into a genuine member of a trade union, who is clear about the reasons for joining.

The demand to introduce an hourly wage did not merely have pedagogical value. The gradual transition to that mode of payment is already happening. With the privatisation of the mines, owners have appeared, whom we can and must force to adopt that mode of payment.

The second issue I want to discuss is that of our membership. One of the arguments of our opponents about the IUM is that it lacks a future because "in ten years it has not become a mass organization."

It is true that the IUM has very far fewer members than the unions affiliated with what was then the All-Union Central Council of Trade Unions. Most miners still belong to it out of inertia. But remember that the IUM was created from nothing, by the miners themselves, and that's its goal is to organize workers who can think for themselves, show initiative, both economically and politically.

In addition, the formation of the IUM occurs in an exceptional period: the collapse of the Soviet empire, the formation on its basis of new states in search of a new ideology, the profound transformation of socio-economic relations. In this complex period, the workers who supported the creation of the union succeeded not only in organizing it on the enterprise level but also in forming a national union and having it recognized by the state, by regional authorities and management wherever it exists. They achieved this even while engaged in bitter conflicts with enterprise management.

At the same time, I have to emphasize that as long as IUM activists are unable to put into practice in proper form the decisions adopted at its various congresses and conferences, one can't expect its struggle to yield much better results or its ranks to grow significantly.

Let me give you an example. The Russian IUM adopted a document called "Basic Principles of Action and Organization of the Independent Union of Miners of Russia." I cite: "The IUM...is the instrument created by workers in the mining industry to develop on a permanent basis activity aimed at establishing, formulating, realizing

and defending their economic and socio-occupational interests." This documents details the methods for doing this. It is a real manual for elected IUM activists. But, unfortunately, few have read the document and fewer yet have put it into practice. That's why I consider that the issue of membership is above all a matter of the conscious and efficient activity of the union's activists.

Another question I must touch upon is that of the IUM and politics. The adoption by the IUM of a series of political positions, be they on Russia or Belarus, provokes from time to time accusations that the IUM is playing politics. You can hear such opinions both inside and outside the union. In this connection, let me again cite from the "Basic Principles": "In a period when the old social relations are being radically transformed and when economic activity has not yet established itself firmly on a firm market basis, when laws often conflict and do not guarantee the defence of the rights and interests of workers, when there do not yet exist a developed network of organization or an executive power capable of defending those interests — in such conditions the activity of the new unions cannot help but have a political character. Otherwise, the transformations that are occurring would all harm workers, whose forces would be used by political or nationalist groups for their own purposes."

Are there any aspects of that passage that are still not pertinent for our countries? Who can claim that national and local governments consider the opinions and interests of the miners and other workers? Who can claim that the representatives of the various parties who declare themselves defenders of different strata of society, once in executive or legislative office, adopt laws and other normative documents that seek really to improve the lives of the citizens? As for the enterprise managers, they merely use the workers as a shield in their conflicts with the state authorities.

I think that the majority of those present here share this view. That is why the union must take active political positions. That is especially important in critical moments, at crisis points, that are countries pass through.

This is especially true for Russia. Who can claim that the increase in government spending on the burgeoning bureaucracy is in the interests of the citizens, miners included? Does the control or censorship of the

independent media by government bureaucrats at the national, regional and local levels allow the union to draw the attention of society and the government to the systematic legal violations and to the arbitrary conduct of the bosses and bureaucrats? And what can one say about the growing interest of the FSB [successor to the KGB] in local IUM organizations?

From this point of view, the activity of the IUM must take on a political character. When we force the bosses to respect the law, the representatives of the judicial authority to apply the law, the various governmental organs to change their economic and social policies to take into account the interests of workers — what else is that but activity aimed at forming a political system that can be called a "law-based democratic state?"

The future of our union is intimately linked to the respect of certain conditions:

-freedom to join unions and the freedom of unions to develop normal independent activity;

-freedom of speech, an independent press and independent journalists;

-control by society of government bureaucrats.

[...] I have stressed these three points in my talk because they are essential for the present and future of the IUMs of our countries.

First, the IUM's organizations need an idea. Not an abstract mission like "defence of workers interests." They need a concrete idea that workers can understand. For example, if you want to be paid for your capacity to work and not for the quantity of output, then join our union whose goal is an hourly wage. Together with the union, we will resolve the current problems of your work group or brigade and other issues that concern you.

Secondly, the activists of the union have to understand that its force is in the conscious activity of the majority of its members. Seeking methods that permit the union to define and formulate common interests is an essential activity. That is how a union decides its policy, communicates its goals and finds the means to achieve them.

Thirdly, the organizations of the IUM must understand their role in the history and political and social life of their respective countries. You are the vanguard of civil society in formation. Our successes and failures can be instructive, both for our supporters and opponents. And the future of our countries depends to a large degree on the civic stance

of the IUM organizations. This mission have been given to you, and you must fulfil it.

The publicizing and elaboration of these three strategic orientations, in my opinion, will allow IUM organizations to win a central place in the union movement, which now being reformed, to occupy an important place in society, and become a spokesperson and natural defender of the occupational, economic, social, and, in part, political interests of miners and other workers of the mining industry.

Document

The PDS has freed itself irrevocably from the Stalinism of the SED

Declaration of the Party Praesidium of the Party of Democratic Socialism (PDS) on the Occasion of the 40th Anniversary of the Construction of the Berlin Wall, 13 August 1961

No event of the post-war period has been so traumatic for the Germans, especially the people of Berlin, East and West, as the building of the wall on 13 August 1961. The division of Germany carried out at the end of the war was written in concrete. The inhuman border regime, the deaths on the wall and on other parts of the border were the mark of Cain for the GDR and the Eastern bloc. The bloc confrontation came to an end with the opening of the wall on 9 November 1989, enabling German unification and the end of the bipolar post-war order.

It is right that we are confronted at this time with the question of our attitude to 13 August 1961 and 17 June 1953. Some weeks ago we made clear our attitude to the fusion of the KPD and SPD in 1946.

The debate about history has accompanied the PDS ever since its break with the SED in December 1989. People should be able to see for themselves, in our answers to these questions of history, how far we have broken with the SED past and the extent to which we have developed into a reliable party that is democratic, respects the rule of law and is capable of dealing critically with its own history.

Historical debates should not become short-term manoeuvres for tactical party advantage. The constant demands made on the PDS to apologise for the injustices of the SED are an example of precisely

such a tactical calculation: if the PDS apologises, this demonstrates its continuity with the SED; if it refuses to apologise, this proves the continuity even more so.

What is involved here is, on the one hand, historical examination and, on the other hand, clear political evaluation on the basis of our present experience and knowledge. In this process, personal biographies, historical explanation and political evaluation never coincide directly.

Giving a historical explanation for 13 August 1961 should not mean offering a political or moral justification for the wall.

The party leadership has noted with interest the theses of the Historical Commission on the occasion of the 40th anniversary of 13 August 1961.

The theses give a very detailed account of the circumstances surrounding the building of the wall and its consequences. The closure of the sectoral border to West Berlin on 13 August 1961 was a product of the logic of world political developments at the time. The wall was the response to the threatening exodus from the GDR and corresponded to the big-power arrangements made at the time of the Berlin crisis for the continued division of the world and the avoidance of a new world war. 13 August 1961 laid the cornerstone under the new world order and consolidated the division of the world that resulted from the Second World War, initiated by Germany. It secured a sphere of influence for the Soviet Union that extended into Germany itself and, in the view of the Soviet Union, protected it from a new German attack such as had occurred in 1941.

The fact that Konrad Adnauer preferred "half of Germany under complete control rather than all of Germany only half controlled", as well as the fact that there was undoubtedly, at that time, a Western propaganda and economic offensive against the GDR do not justify the wall since there is no logical reason why a capitalist state should feel obliged to assist and not fight against a state that calls itself socialist.

The building of the wall was the proof in concrete of the inferiority of the Stalinist-type socialism in the GDR compared with the actual capitalism of the Federal Republic.

The West must take the blame, however, for the fact that no understanding was achieved in the frozen relationship between the two Germanies and that it was not prepared to accept the reality of the GDR

before the construction of the wall but only after it and as a result of it. The policy of reconciliation initiated by Willi Brandt, the Basic Treaty signed between both states and the Helsinki Act meant that the West could no longer ignore the reality of the wall.

It is a fact, nonetheless, that the construction of the wall was no solution that could save the existence of the GDR. The reduction in international tension and the maintenance of power in the hands of the SED leadership took place at the cost of the freedom of the walled-in population of the GDR.

As democratic socialists and in view of the final collapse of state socialism, we can not justify the attempt to rescue the GDR by means of the wall. The logic of the Cold War is not the logic of democratic socialists. The price paid for this kind of attempted rescue of the GDR was the postponement and non-implementation of the democratisation of society, the acceptance of and the adaptation to significant restrictions on individual rights to freedom. The wall was neither democratic nor socialist.

Granted, in Berlin in 1961 the decisions made were not made just about the GDR and certainly not made only by the GDR; granted, at the time it wasn't just a large exodus that was a problem for the GDR but also the fact that a war between the two systems was still politically and strategically thinkable; nevertheless, from a democratic socialist point of view, it is incomprehensible that, once the wall existed, there was no political offensive to remove it, from the eastern side.

Instead of doing everything to get rid of the inhuman wall as quickly as possible, the SED halted its already timid reform, imposed its own view of the world instead of allowing the GDR population to compare both social systems, got used to living in its own world and settled down in the shadow of the wall. Instead of proclaiming its dissatisfaction with the restrictions that resulted from the wall, the SED celebrated its construction as a victory and tried to turn it into something permanent.

The permanent state of emergency on the border and the construction of the border security structures in the years thereafter corresponded to the logic of the conception of power and the doctrine of security held by the leadership of both the SED and the CPSU.

The construction of the wall consolidated the Cold War, especially

The construction of the wall consolidated the Cold War, especially in domestic politics. The SED leadership also wasted the opportunity to remove the wall within the framework of the CSCE process of the 1970s and 1980s. GDR socialism behind the wall also lost any attraction for the left.

In the summer of 1989, as hundreds of thousands fled the GDR, Erich Honecker made the much-quoted statement: "The wall will still exist in 50 and in 100 years, as long as the reasons for it have not been eliminated". He was speaking to the West but it was in the East that his words had their effect.

There is no escaping the bitter insight that state socialism in the GDR was finished when the wall was built and there was no plan for getting rid of it. The population of the GDR was never consulted about either the construction or the continued existence of the wall. It became a symbol of the lack of democracy in the GDR. In the latter part of the 1980s, demands for civil rights such as freedom of assembly, freedom of the press and freedom to travel became central demands directed at a GDR that was in need of democratisation. In this context, the fact that the wall fell peacefully and that there was, at this historic moment, no last-minute desperate recourse to violence on the part of the state, are still an important democratic feature of the event.

Socialism does nor flourish as a command system; it does not thrive under bayonets, in the shadow of tanks nor behind walls. A state that imprisons its people is neither democratic nor socialist. Whatever the concrete historical circumstances that led to the event of 13 August 1961 - this is an unavoidable lesson for the PDS.

No state can force its citizens to live in it if they don't want to. We all have just one life and each individual has to determine by themselves how they want to live it.

There is no justification for the deaths on the wall.

No ideal and no higher goal can politically justify the injustice of the wall, the systematic restriction of freedom of movement and the threat to life and limb for those who tried to leave. The abuse of human rights that results from particular historical circumstances remains an abuse of human rights.

On the 40th anniversary of the wall, therefore, we remember those who died on the German-German border, those who were wounded

or imprisoned or who suffered repression, as well as their families. We regret the wrong done by the SED, the political force responsible for this. The fate of the victims and the attack on the dignity and the life-path of many people is something that touches us deeply.

In the shadow of the wall, the horizon disappeared.

The political division and the East-West conflict has had long-term effects which we still experience today. As difficult as it was to come to terms with the wall, there are many today who still find it difficult to accept that it really no longer exists. Overcoming the wall in the mind, therefore, requires understanding the experiences of both sides.

The socialism that we defend is based on the values of freedom, equality and solidarity.. The people we want to reach need to trust our solidaric ideals, values and aspirations, and therefore they need to be certain that the negatives features of so-called really existing socialism will never be repeated with us.

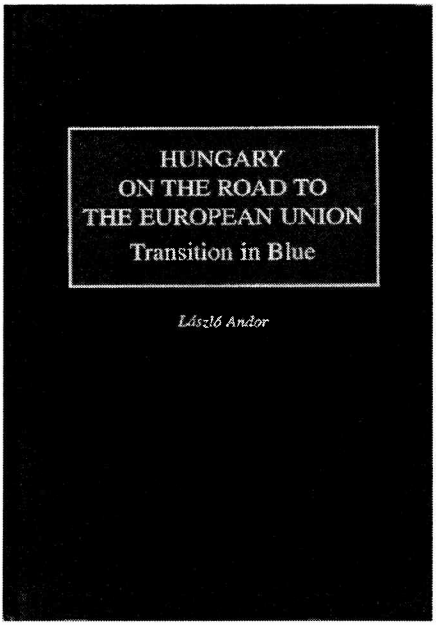
We are a socialist political party, committed to democracy and pluralism. We know that the freedom of the individual is the precondition for the freedom of all. What we want is a sustainable alternative to the capitalist present, an alternative that has the support of the people, and not a state-socialist episode as was the case in the 20th century.

The debate about the right amount and the right quality of freedom, the debate about the best conditions for promoting a life of human dignity can only be carried out in conditions of freedom and human dignity.

The PDS has freed itself irrevocably from the Stalinism of the SED.

2 July 2001.

[This document is available on the PDS website: www.pds-online.de/partei/aktuell/0107/pv_13august.htm. Translation is by Gus Fagan.]



László Andor, *Hungary on the Road to the European Union* (Praeger: Westport, 2000) 199pp, ISBN 027596394

This book was written when the author was a Visiting Fulbright Scholar at Rutgers, The State University of New Jersey. The text is largely based on two courses taught at Rutgers: Hungary and the European Union, and Transition Policies in Hungary.
The final version of the book was prepared in Budapest, where facts, data and arguments were updated to the level possible in 1999. The intention was to provide a comprehensive and critical view on the so-called transition and integration process of the 1990s and to create a volume that can be useful for foreign experts, students, researchers and visitors to Hungary, and also for courses in history, political science, sociology, economics, as well as international relations.

László Andor's *Hungary on the Road to the European Union* will be reviewed in the next issue.

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