

Perestroika at the Crossroads

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INTRODUCTION

Alfred J. Rieber and Alvin Z. Rubinstein

Ever since Gorbachev launched his first reform program, there have been predictions of his imminent demise. These have proven premature, but there is no denying that the obstacles and opposition to his reforms have steadily mounted. One of the major aims of this collection of essays is to explore the reforming impulse, its roots in the Khrushchev period and earlier, the social and political profile of its supporters, its changing aims, and the deep structural and psychological resistance to rapid change within Soviet society. The authors differ in their emphasis upon change and continuity, as might be expected from any critically minded group of scholars. But all are aware of the dimensions of the struggle currently being waged among the various political tendencies within Soviet society over the nature, pace, and directions of the reforms.

The essays all seek to address the central question of what might constitute success or failure as measured by the reformers themselves as well as by the external observer. Prediction is always risky and predictions on changes in Gorbachev's Soviet Union are even riskier. But the authors of this collection are interested not so much in precise forecasting as in identifying the elements of conflict and thus providing a kind of guide to possible outcomes. We like to think that there are pessimists and optimists in the group but not absolutists. Each essay, then, endeavors to capture the complexity of the reform process and the various directions in which it might proceed or the obstacles against which it might stall.

The working group took shape around a series of issues that provide a balance between domestic and foreign politics. There has also been a conscious attempt to treat a range of domestic questions, including political, economic, cultural, and ideological issues. The essays on foreign policy are devoted to the three major areas of Soviet concern: Eastern Europe, the Third World, and the United States and Western Europe.

The book is divided into seven sections: Continuity and Change, Ideology and Culture, The Politics of Change, The Party and the Economy, The Nationality

Problem, Foreign Policy. The first essay places the Gorbachev reforms in historical perspective, suggesting that there has been a reforming tradition throughout modern Russian and Soviet history that has exhibited a number of similar features. The following essays center on shifts in party ideology and in literature. The revised official ideology seeks to preserve elements of the Leninist tradition while pushing beyond them to the new concepts. In literature, a comparison is made between developments under Khrushchev and Gorbachev in order to illuminate the continuities in realistic and fantastic themes, as well as the problems of providing a literature for a vast audience.

The politics of change deals with three major problems. The first is the proliferation of small informal political groups as a new phenomenon in Soviet society and its implications for the emergence of a civil society. The second is the revival of the local soviets as both a populist device to draw the population into the reform process by stimulating their civic consciousness, and a system of checks and balances to offset the domination of the hide-bound party bureaucracy at the local level. The third is constitutional and legal reforms that have as their main object the "law-governed state," that is, the attempt to create for the first time a judicial process and legal code that exist independently of the political process and to introduce for the first time in Russian/Soviet history the long-accepted Western idea of the *Rechtsstaat*.

The next set of essays takes up the relationship between the party and economic change. The first essay examines the close interconnection between specific departments of the party apparatus and the day-to-day management of the economy as well as the attempts that are being made to mitigate the intervention. The second represents more of an economic analysis in treating the interrelationship between the agrarian and industrial sectors. It reassesses the need to reverse some of the hasty reforms in the industrial sector and restore the principle of central planning while at the same time launching a much more radical reform in the agrarian sector in order to provide a surplus of food for the cities. A closely related problem is the relationship between law and the economy. The essay on this topic deals with the recent law on property (passed in March 1990), which defines a variety of judicial norms that will guide the regulation of ownership and use of property including land, manufacturing, commercial establishments, and other kinds of immovable wealth. It suggests the difficulties involved in creating intermediate forms of property that lie between the traditional "pure" types of socialist state-owned enterprises and capitalist privately owned enterprises. The central issue here is the tension and perhaps even outright contradiction between the right to use and dispose of property and the prohibition of exploitation of labor. Here as elsewhere in the reforming process, legislative innovations still bear the marks of the old system.

The nationality problem is surveyed from two perspectives. A broad overview of the problem focuses on the attempt of the central government to devise a set of general principles upon which to construct a radically new policy toward the

republics. It is supplemented by a case study of the controversy over the use of national languages. The essay analyzes the new language law adopted by Uzbekistan in April 1990. The two essays illustrate the wide range of responses by individual republics and different nationalities to the questions of cultural and economic autonomy, especially the distinction between the peoples in the western borderlands of the Soviet Union and those in Central Asia.

Three papers touch on aspects of foreign policy. Soviet policy toward Eastern Europe is placed in the unusual context of the present state and future prospects of COMECON. The last surviving multilateral organization with any hope for survival after the collapse of Soviet political power and the virtual disintegration of the Warsaw Pact as a viable alliance system, COMECON is wracked by serious internal problems of both an economic and a political nature. A second essay discusses Soviet policy toward the Third World where there have been extensive shifts in a whole range of activities from arms supplying and economic aid to direct political and military intervention. Much of the restructuring going on in this area reflects Soviet concerns over maintaining stable and cordial relations with the United States. Finally, a sweeping analysis of the geopolitics of Soviet foreign policy returns to a broad historical perspective. The connections between Soviet domestic and foreign policy are linked to long-term trends in Russian history and the evolution of global politics in the late twentieth century.

There are several problems that confront any attempt to give a balanced evaluation of the reforms. Many of the projected major pieces of legislation that introduce structural changes, such as the law on property, the language laws, the creation of an executive presidency, as well as the revitalization of the local soviets and the emergence of new political groups and proto-parties, are in their formative stage. Other projects, such as the reform of secondary and higher education, are still being hammered out. The effects of these changes will not be visible for years, perhaps even decades.

A second interpretive difficulty arises from the unevenness of the reform process. It is a relatively simple matter to lift censorship, permit foreign travel, and even encourage modest forms of private economic enterprise that do not involve property transfer or hired labor. It is another thing to dismantle the gigantic command economic structure or alter the constitutional relations between the center and the republics. Yet the reciprocal effect of these reforms upon one another makes the timing of their implementation a critical factor in success or failure.

A third question deals with the permanence of the reforms. In the late 1980s the word "irreversible" was frequently invoked as an incantation of the reformers. Indeed, from the perspective of mid-1990 it appears that a wholesale rejection of perestroika could only take place if the entire Soviet state disintegrated. Many changes cannot be reversed in the sense of returning to pre-1985. To draw a suggestive parallel: it was not possible for the party or the country to return to

Stalinist policies after the twentieth and twenty-second party congresses. The momentum of reform may be checked, diverted, and distorted. After all, the Brezhnev years may have been a time not only of stagnation but also of retreat from some of the advances made under Khrushchev, but even so, a restoration of Stalinism was never a serious political option.

Finally, for the first time in Soviet history public opinion is shaping its own contours from below and moving in varied, often contradictory and unexpected, directions. On certain questions opinion polls reveal that there are startling shifts in the public mood. Perceptions of change differ depending on the point of reference, whether societal or individual. The media, freed from most restraints, indulge in an orgy of criticism. The Moscow intelligentsia plays an inordinantly large role in organizing and disseminating information. Digesting and evaluating the sudden abundance of data also complicates the task of current analysis.

The twin difficulties of designing and implementing the reforms on the one hand and evaluating them on the other may best be illustrated by revising a metaphor frequently invoked by reformers in early periods of Russian history: altering the course of the ship of state. In the case of Gorbachev, it appears that the captain is forced to carry out the physical reconstruction of his ship on the high seas. It turns out to be easier to alter the superstructure than the hull. The most successful reforms have affected the formation and conduct of foreign policy and the extension of civil and political rights to the population; social values and economic institutions have been more resistant to change. Yet there can be no doubt that, as Gorbachev stands at the crossroads, he must now move to alter these deeper structures of society in order to bring about the kind of transformation that he has gradually come to understand is necessary to consolidate his own power and to create a new Soviet Union.

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RESTRUCTURING THE SYSTEM OF OWNERSHIP IN THE USSR

Stanislaw Pomorski

The theory of the Communists may be summed up in the single sentence: Abolition of private property.

Karl Marx and Friedrich Engels,
Manifesto of the Communist Party.

And what about Marx's words? Did they serve to illuminate an entire hidden plane of social mechanisms, or were they just the inconspicuous germ of all the subsequent appalling gulags. I don't know: most likely they were both at once.

Vaclav Havel, "Words on Words,"
The New York Review of Books, 18 January 1990

The subject matter of these remarks is very much in flux: in spite of the recent adoption of major legislative acts in the area, a public debate over a desirable system of property relations is still in full swing.¹ Indeed, developments subsequent to the adoption of the legislative property package are likely to invigorate the debate further. Witness, for example, Gorbachev's pledges during his presidential acceptance speech to create a "full-blooded domestic market"; the next day's harsh rebuttal from, predictably, Egor Ligachev; and, in addition, bids by democratic insurgents, victors in local elections, to promote a free-market economy in the largest Soviet cities.² Some major solutions included in the recently passed laws remain highly controversial, as will be explained later. A public debate over a desirable system of property relations is, in essence, a debate over the nature and future of Soviet society. The whole issue of property rights, which at the early stages of perestroika was either totally neglected or treated as marginal, was more recently (around 1988-89) moved to the center stage of the reform discussion. A broad consensus, strongly endorsed by the leadership, has emerged that the restructuring of the system of ownership is the central, the most crucial task at the present time. Failures of the past reforms, their illusory,

"treadmill" character, is now attributed to the fact that they left the deficient ownership system intact.³ It is now a widely accepted view that a "socialist market" is unthinkable without property rights vested in its actors.⁴

The issue of ownership is treated in the course of the debate not only, or even not primarily, as economic and legal in nature, although economic arguments certainly play a role in the debate. Most participants approach it first of all as an ideological and political issue. Various ideas or proposals advanced in the course of the discussion are evaluated and subsequently accepted or rejected depending upon their compatibility with the notion of "socialism," while this very notion is being reinterpreted along the way.⁵ A fundamental ideological proposition of Marxism, that socialism means first and foremost abolition of private property and, as a consequence, abolition of hired labor and exploitation, plays an important role in this discourse.⁶ An imprint of Sovietism as a mind-set is very strong indeed; many participants are virtually incapable of conducting a discussion on any other plane. The strong presence of traditional Soviet mentality notwithstanding, the debate also demonstrates remarkable winds of change. Some ideas, not long ago denounced as "revisionist" or plainly subversive, emerge in the debate as legitimate reform proposals. A majority of the participants in the debate, regardless of their substantive views, try to cast them in the categories of the Marxist conceptual matrix and justify them as the only true interpretation of Marxism.

The overall landscape is characteristically "Gorbachevian": much has changed and is changing in the world of ideas and precious little in the world of tangible reality. Almost every day, the leadership of the country publicly condemns the system over which it presides and the dismantling of which it strongly resists.

The Soviet orthodox theory of ownership under frontal attack

The late 1930s witnessed the emergence of the orthodox Soviet theory of ownership. The theory worked out in detail by Venediktov⁷ survived, with some modifications, as an essential part of the Soviet totalitarian doctrine of social organization until the mid-1980s. Its basic elements are codified in the 1936 and 1977 constitutions as well as in the party programs. The most fundamental idea pervading the theory is the cult of the omnipotent, unlimited, and centralistic state. The basic axioms of the orthodox theory can be reduced to the following:

1. The means of production (capital) may not, in principle, belong to private individuals. Only the means of consumption, earned as a rule in the socialist sector, are legitimate objects of "personal ownership."⁸ Personal ownership should therefore be treated as derivative and inferior to socialist ownership. Personal property should not produce any income and should enjoy a lesser degree of legal protection.⁹

2. State ownership represents socialist ownership of the highest order, since

state property belongs to the people as a whole through the medium of the Soviet state (the supreme degree of socialization). It is only natural that the state has the legal monopoly of ownership with respect to the land, natural resources, and all other basic means of production.

3. Ownership by kolkhozes/cooperatives represents an inferior variety of socialist ownership (a lower degree of socialization: "group ownership").¹⁰ Kolkhoz/cooperative ownership will be transformed gradually into state ownership. Such transformation is highly desirable and marks the progress of Soviet society on its road to communism.

The reality of Soviet property relations has been even closer to the étatist model than the orthodox theory would suggest. Given full control by the party/state apparatus over collective farms and cooperatives, one can say that there has been no substantive difference between the two principal forms of socialist ownership. In terms of effective control, the Soviet state "owns" kolkhozes on an equal footing with state farms or state enterprises. Thus the Soviet étatist model as preached, and even more as practiced, has at least three characteristic traits: a very broad scope of nationalization; the étatization of cooperatives; the extreme centralization of decision making. The first two traits have rendered the Soviet state a virtual monopolist as an owner, producer, and employer, whereas the third trait makes workers' participation in the management at the factory level impossible or, in any event, meaningless.¹¹

Since nationalization by a socialist (i.e., ruled by a Communist party) state, according to the orthodox étatist theory, equals socialization of the highest order, more socialism means broader, ultimately complete, nationalization. Thus the Soviet state was endowed with a magic power, a kind of a Midas touch: whatever it acquires becomes socialist.

A popular perception of state property, however, has been dramatically different. Large segments of the Soviet population (one is tempted to say, probably an overwhelming majority) do not perceive state property or property held by kolkhozes as socialist, i.e., communal, property. They perceive it, rather, as government property, alien to them, in the protection or conservation of which they have no interest. Moreover, very many people who otherwise conceive of themselves as honest show no inhibitions against stealing state property. It may be fair to say that stealing public property has become very much a part of everyday routine, a fairly common way of livelihood, which is no longer perceived by many as deviant behavior. It is not the place here to reflect upon root causes of such popular attitudes.¹² Soviet apologists used to explain the troublesome phenomenon as a case of false consciousness. The people, they claimed, are in fact genuine masters and owners of state property. Unfortunately, due to a "lag of consciousness behind reality," "remnants of bourgeois mentality," as well as the corrupting influence of the lands of infidels, many of them still do not realize it. The solution, therefore, is purging social consciousness of the contamination, its elevation to the level of the glorious socialist reality.

In the course of the current debate, the orthodox theory of ownership has crumbled completely, along with so many other Soviet dogmas. The main points of criticism are presented below.

The system of state ownership as shaped and practiced under the "command-administrative system" is the main source of numerous misfortunes which have for a long time afflicted Soviet society. One of its chief defects is that it has become a monopoly that has wiped out all other forms of ownership and with them the socially essential phenomena of economic diversity, freedom, and competition. The Soviet drive for nationalization exceeded all reasonable limits. Certain types of economic activity, such as small-scale manufacturing or services, because of the very nature of the production, are not suitable for state ownership but were nationalized all the same.¹³ Forcible collectivization was a crime against the working peasantry. Cooperatives and kolkhozes were deprived of any genuine independence and turned into de facto state property. As Prime Minister Ryzhkov eloquently put it, presenting the draft Law on Cooperatives:

For many years, Lenin's tenets and directives on the cooperative movement were crudely trampled upon. De facto étatization (*ogosudarstvlenie*) of the cooperatives and the cooperative form of ownership took place. . . . Beginning in the 1930s, cooperative ownership was declared to be of secondary importance and socially inferior. Because of such basically incorrect premises, cooperative ownership was "upgraded" to the level of all-people's (state) ownership for nearly fifty years. The sad consequences of such theoretical fabrications are well known to us. In agriculture, for example, they brought about the alienation of the peasant from the soil, the deprivation of a sense of participation in public ownership, and the loss of individual interest in the results of production. . . . Also, the members of the consumer cooperatives ceased to be the real masters of their property.¹⁴

In short, state ownership, at least in its present embodiment, has become a fetter upon the further development of productive forces.¹⁵

Nationalization of the means of production is by no means synonymous with their socialization; indeed, the two might be far apart. Much depends upon the nature of the state and the way state power is exercised. State ownership under conditions of the "command-administrative" system fails to meet the substantive criteria of socialization, that is, effective disposition and control over the means, processes, and results of production by the people. Instead, state property is controlled by the self-selecting and self-serving bureaucracy, whereas workers are reduced to the role of hired laborers. Therefore, the major flaws of capitalism, that is, a rift between labor and ownership, the phenomenon of hired labor (*naemnyi trud*), and alienation of workers from the means and results of production, persist. Workers deprived of powers and privileges of owners display attitudes of indifference, apathy, and neglect toward work and its results. Thus the prevailing system of state ownership generates massive, if not universal, alien-

ation of labor—a source and a root cause of most ills afflicting Soviet economy and society. From these premises different writers draw different conclusions. Some, particularly those closer to the power center, insist that, in spite of everything, the system of state ownership eliminated “exploitation of labor.” Therefore, the system prevailing in the USSR should be deemed “socialist” even though it includes major “deformations.”¹⁶ The political motives behind such twisted logic are quite transparent: to say otherwise would equal an admission that the whole Soviet history was either a monumental mistake or, more likely, a monumental fraud.

Others take what appears to be a logically inevitable next step and argue that the prevailing system of ownership generates exploitation of labor equal to or even worse than that in capitalist societies. State assets are *de facto* owned by a bureaucracy which stepped into the shoes of the old possessing classes. Under the circumstances, the Soviet system has no claim to being socialist.¹⁷ Thus the familiar theory of Milovan Djilas has some open adherents in today's Soviet Union. Still others, not without justification, emphasize rather essential differences between the social situation of the class of capitalists on the one hand, and the Soviet bureaucracy on the other. Bureaucracy, these writers suggest, because of its peculiar social situation, does not display proprietary attitudes toward state assets. Because he lacks sovereign, stable, well-defined, and broad powers over assets under his administration, and because his own capital is not at risk, the Soviet bureaucrat does not identify with state property as his own. An individual bureaucrat or bureaucratic agency always shares his/its economic power with many other individuals/agencies of poorly defined, overlapping, and interlocking spheres of authority. Even a highly placed administrator must, under such conditions, have a sense of powerlessness as well as irresponsibility. In the absence of the objective testing of the marketplace, mismanagement does not necessarily doom one's career, whereas good performance does not necessarily promote it. Indeed, the very concept of “good performance” is inherently vague, since there are no objective economic criteria by which to measure it. Thus state ownership lacks the central protagonist: the proprietor, the focal point of power and responsibility. State property is commonly perceived as no one's property; such thinking should be viewed as an inevitable outcome of the existing conditions rather than a case of false consciousness.¹⁸

Finally, it has been claimed that the state's monopoly position as super-owner as well as superemployer has become a pillar of the totalitarian system of power. The phenomenon of Stalinism would not be possible without it. Monopolistic state ownership is inherently hostile to political democracy as well as individual liberty. Freedom of the individual is unthinkable in a country where every citizen is a state employee and must depend upon the state for all life's necessities. Diversity of ownership forms, a multitude of independent proprietors is a *sine qua non* of civil society, political democracy, and individual liberty.¹⁹ The argument clearly echoes the old battles fought first by

Bakunin and his followers and later by Sorel and French syndicalists against Marx and Marxists. Bakunin reasoned that the Marxian idea of centralized economic power would inevitably recreate a tyrannical state and would perpetuate a division of the society into rulers and the ruled. As Leszek Kolakowski observed, Bakunin deserves credit for being the first “to infer Leninism from Marxism.”²⁰ Although Marx “was far from being an advocate of despotism, he failed to answer the charge that it was implicit in his system.”²¹ Marx rejected Bakunin’s “system of independent productive units” since that “would mean reviving all the harmful aspects of a commodity economy.”²² And that is what many Soviet reform-minded writers elect to overlook when they try to make a case for market socialism and property rights and rely in these attempts on the teachings of the founding fathers.

The task and the proposed solutions

If the root cause of the systemic malaise—so the argument goes—is alienation of labor due to the basically deficient system of property relations, that system must be changed. The most fundamental task of reform is to create the type of property relations under which every worker would experience the genuine powers and privileges of the proprietor of his workplace. Such experience will develop in every worker a sense of mastery (*chuvstvo khoziaina*) over the means and results of production. In other words, the goal is to eliminate the phenomenon of *hired* labor, to overcome a rift between ownership and labor, unite the two, and thereby overcome the malady of alienation. The new reformed system of property will induce and breed proprietary attitudes and behaviors in every worker, liberate his energies, initiative, and creative potential.

A rather broad consensus has developed that the creation of such a property system requires: breaking up the state monopoly as the superowner and developing diversified forms of ownership with the resulting multitude of independent bearers of property rights (diffusion of economic power, empowerment of individuals and groups); creating the necessary conditions for voluntary, in essence contractual, relations between such independent owners, with only limited government intervention, preferably in the form of incentives (positive or negative) rather than “commands”; that property rights be stable and defined with substantial clarity—there must exist a credible system of their enforcement. In the absence of an effective legal system, the proposed innovations are bound to remain on paper. For that reason, as an influential academic turned politician recently remarked, “The formation of the law-governed state (*pravovoe gosudarstvo*) has become an acute *economic necessity*”²³ (italics added).

Here the vaguely defined common ground ends and several alternative solutions have been offered. Ignoring various shades and nuances, one can distinguish at least three principal approaches in a cacophony of voices.