Socialist Models of Development

Edited by
Charles K Wilber & Kenneth P Jameson

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and
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Socialism and Development: Editors' Introduction

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Summary. — There is now sufficient socialist development experience that efforts to learn from its variety can be very fruitful. To some degree all such experience must be interpreted in comparison with the dominant models of socialism, the Soviet Union and China.

This paper has drawn upon those countries, and other socialist countries to suggest a set of central questions which will appear in any socialist development pattern. The papers which follow, and which have been introduced in the course of this paper, provide much greater detail and specificity on the questions. The first large grouping of papers examines specific country experience in order to provide an empirical base for dealing with 'socialist' countries. A second group of papers examines in depth the questions of strategy and of organization. Finally, the 'political' side of political economic analysis is highlighted in the three papers which deal with the transition to socialism, human rights, and women's emancipation.

1. INTRODUCTION

Adam Smith and 19th century England defined a pattern for capitalist development which continues to this day. It has mainly been enshrined in the minds of Western economists, for the actual capitalist economies which developed over the last 200 years have deviated substantially from the initial version. Only recently with the Thatcher government in Britain and the Pinochet dictatorship in Chile have there been attempts to impose the vision of Smith on a modern economy.

Marx and the Soviet Union played the same role for socialism and socialist development, a theoretical framework for observing and understanding reality and an actual experience of operationalizing the theory. The steps taken to change an economy toward socialism, the institutions developed, the control mechanisms established, the successes and the failures, all of these would appear to be of aid to countries seeking to follow a socialist development strategy.

Yet the very nature of Marxist analysis and the central role of historical evolution, in combination with the specificity of the Soviet Union as an example, must lead to substantial variation in the socialist development strategies followed by different countries. Certainly the key event in this development was the break between China and the Soviet Union in the late 1950s when China set out on its Great Leap Forward thereby creating its own Chinese road to socialism. Despite the many and loud disputes culminating in the 1962 Krushchev address to the Supreme Soviet and the Chinese Central Committee document on '*A Proposal Concerning the General Line of the International Communist Movement*' of June 1963, pluralism in socialism became a reality [see Chai (1972)]. Any overview of the 'socialist' countries and their process of economic development must emphasize this reality.

The initial problem of such an undertaking is to agree on what countries are socialist. This is an issue a number of the authors in this issue deal with. Gurley (1978) found 24 socialist countries in the world, though he considered several of them such as Guyana, Ethiopia, Somalia and Benin as doubtful inclusions. A comparison of his list with the studies in the present volume finds additional differences when he omits Burma, Iraq and Tanzania as well. Morawetz (1980) included Sri Lanka in his group of four socialist countries! The complexity of the question grows greater when it is realized that the Soviet Union and China question whether the other is truly socialist.

Unless an extremely narrow definition of socialist is taken, a review of socialism and development will again show substantial diversity and a wide range of possibilities: from Burma's early extreme self-reliance to Romania's efforts at extensive international trade; from Yugoslavia's market co-ordination to pervasive Soviet planning; from Iraq's complete rejection of Western economic influences

to Angola's heavy dependence on the presence and role of Gulf Oil Company; from Guinea-Bissau's careful cultivation of grass-roots involvement to North Korea's cult of personality. Even such a partial list must raise the question of what insights on development can be gained by reviewing such a varied phenomenon as socialism. There seem to us two contributions from such an undertaking.

The first is that there is now enough experience with socialist models that generalizations about actual economic performance are possible. We can have some confidence that a country which adopts a socialist pattern of development would be likely to perform within a range of policies similar to those made known from past socialist experience. Section 2 will provide a brief overview of this question, highlighting especially the central examples of China and the Soviet Union.

Secondly, the experience of socialist development can suggest a number of central problem areas which must be addressed by any socialist model and whose resolution will affect the pattern which the country will follow and its performance in crucial areas. Examples of such questions are incentive structures, planning and industrial development. In Section 3 we will examine these areas, again drawing heavily on the experience of the Soviet Union and China.

The final section will introduce the other essays in this volume.

2. SOCIALIST PERFORMANCE[1]

Socialist countries have up to 60 years of experience at this point and their numbers are large enough to allow us to examine the patterns of their development performance.[2] Three categories of performance seem most useful: (1) growth in output; (2) provision of basic human needs; and (3) human rights.

In the area of growth, socialist performance overall is comparable to post-war capitalist growth. Morawetz's countries grew slowly, but a series of comparisons by Gurley (1978) (see Table 1) indicate general comparability.

The data indicate that as a group the advanced capitalist countries have grown most rapidly, i.e. GNP *per capita* grew at a 4.16% annual rate from 1960 to 1974. The growth of the 13 Marxian socialist countries with sufficient information was at a 3.68% rate and the non-socialist Third World countries including OPEC grew at a 3.06% rate. If an attempt is made to compare two groups of roughly similar countries, one socialist the other capitalist, average growth in GNP is higher for the capitalist countries. One major exception to this is the comparison of the US and the USSR which shows the latter with far higher growth rates. Thus there seems to be rough comparability in growth rates.

The later papers add some important information on these questions. Kornai, especially, but Feiwel and Burakow also, point out that in recent years there has been a significant slackening of growth rates in Eastern Europe – the 'slow-down period' according to Kornai. This relates in an important manner to a theme in the Jameson paper – the absence of structural transformation in the most socialist of his three intermediate regimes, Cuba, Guyana and Jamaica. Another linkage is to the issue raised by Brada *et al.*, whether different levels of industrialization would have increased the growth performance in Czechoslovakia and Romania. He concludes that changes would have been beneficial, that growth would have been higher.

The question of meeting basic human needs is a much broader one, as the number of possible indicators is quite large and the caliber of the data is generally mixed. Morawetz finds his four countries' performance unimpressive. Although income distribution is generally good, equality is 'less than might have been expected

Table 1. *Annual growth rates of GNP, population, and GNP* per capita, *unweighted*, 1960–1974

Country grouping	GNP	Population	GNP *per capita*
Advanced capitalist (25)	5.23	1.07	4.16
Marxian socialist (13)*	5.01	1.33	3.68
Third World (140)	5.70	2.64	3.06
OPEC (13)	9.59	4.51	5.08
Rest of Third World (127)	5.31	2.45	2.85
World	5.58	2.32	3.26

Source: *World Bank Atlas*, 1976. Taken from Gurley (1978, p. 188).
* Excludes recently established socialist countries.

in avowedly socialist nations' (Morawetz, 1980, p. 342). Success in eliminating unemployment is less impressive, but nutrition and housing accomplishments are at the level one would expect for the particular level of *per capita* GNP. In the area of health and education, performance is in general better than might have been expected. Thus Morawetz (1980) is grudgingly favourable. Of the indicators related to basic needs Gurley (1978) looks only at income distribution. As might be expected, the socialist countries exhibit a much more equal distribution of income, with the share of income received by their bottom 40% more than doubling this share in the less developed countries and being around 50% higher than in the advanced capitalist countries.

Jameson's paper in this volume finds evidence that socialist countries perform better in providing basic human needs. The specific evidence provided by other writers in this volume corresponds with his findings.

The final area of socialist performance is human rights. As Pollis points out, the usual definitions growing out of an advanced capitalist context may not be appropriate for a Third World country following a socialist model. But even granting this, performance by socialist countries is not impressive. To be sure, the legal and ideological bases for full realization of human rights are present in most socialist countries. But actual practice is far from the ideal and the system does not easily correct inconsistences. Thus the reality described in the Pollis and Molyneux papers is highly problematic. This is carried furthest in North Korea where the thoughts and desires of one person rule, but it is a tension everywhere. Horvat attempts to describe a means to resolve the tension in a transition to socialism without falling into capitalism or étatism, and perhaps Yugoslavia continues as an example of relative success in this regard. Also the Solidarity and peasant union efforts in Poland, mentioned in Feiwel, must be seen in this light. But the poor performance to date on human rights cannot be overlooked, even if it is seen against a backdrop of similar problems in Chile, Argentina or the whole capitalist sphere.

3. STRUCTURAL QUESTIONS IN SOCIALISM

While it is possible to generalize some performance criteria of the socialist countries, the substantial differences among them must not be overlooked. One way to treat these differences is as varying responses to a common set of structural questions which must be faced by a socialist regime. The manner in which these questions are addressed will affect the type of socialism which the country will create as well as its performance. For our purposes there are five key questions: (1) the manner in which the socialist regime comes to power; (2) the preconditions necessary for the move to socialism; (3) the economic strategy; (4) the organizational structures chosen; and (5) étatism vs socialism. We consider them in turn later relying heavily on the experience of the Soviet Union and China.

(a) *The taking of power*

In both of the archetypal cases, a violent revolution and internal civil war were the routes to power for the socialist regime. This fact, and, especially in the case of the Soviet Union, the continuing fear of external aggression placed a definite mark on the regime. Yet there were substantial differences between the two which grew out of this experience. In Russia the revolution was predominantly an urban and industrial phenomenon, while in China it was rural based and was protected and nurtured in the rural areas. This later had an impact on the strategy chosen and the types of policies adopted. This type of formative experience had an important impact in the countries which are studied in this volume. Tanzania and Guyana began by gaining independence through constitutional means after a minimum amount of struggle. Burma simply had an internal change of course. Romania, Bulgaria and Poland became socialist as a result of the Second World War and the expansion of Soviet influence. It is in the most recent additions to the socialist roster treated in this volume – Angola, Mozambique and Guinea–Bissau, and in Cuba – that the analogy to the Soviet and Chinese experience is strongest. As we examine the development patterns of the socialist countries, differences in the origins of the socialist regimes play an important role.

(b) *Preconditions for socialism*

A second question facing a new regime is establishment of the preconditions for the movement to socialism. The Soviets and the Chinese faced very different circumstances at

the time of their transitions to socialism. Despite this, their original actions setting up the preconditions were very similar. Among their initial steps was the elimination of the economic role of foreign capitalists. They then moved to redistribute political and economic power. In the Soviet case this took the form of centralized ownership and control and relatively rapid and complete expropriation of landed estates and industrial enterprises (after the New Economic Policy of the early 1920s). In China redistribution was somewhat less controlled. Peasants were encouraged to deal with landowners. Many were executed but others were incorporated into village units. Collective control was exerted only after a long period of development. Similarly in the industrial sector it was not uncommon for the former owner to continue working with the enterprise while receiving some indemnification. But in both cases the redistribution was profound.

The problem of establishing these preconditions faces all regimes, and its resolution will affect the pattern which the country will follow. Jameson uses it to distinguish 'intermediate' regimes[3] from socialist ones.

(c) *Development strategy*

With control over the economy established, choice of a development strategy was forced upon the government. The Soviet choice was clear. Rapid industrialization, centrally planned within a system of state ownership of the means of production, would provide the basis for massive increases in consumption in the future. Over and over again when Soviet planners had to choose between investment and current consumption, investment won out. More investment now meant greater economic growth and thus more consumption later. Thus, in a sense, consumption was to 'trickle down' from investment today to consumption tomorrow.

The strategy of development in the Soviet Union further encompassed a number of interrelated policies. Agricultural investment was held to the minimum necessary to allow agriculture to provide industry with a growing marketed surplus of agricultural products and an expanding source of labour supply. In addition, the strategy of development encompassed a high rate of capital formation, with the bulk allocated to industry as the leading sector. Industrial investment was allocated on an imbalanced growth pattern. Soviet planning concentrated on certain key branches in each plan period to overcome particular bottlenecks. Scarce resources and talent were concentrated on these key targets. In the successive campaigns, investment was allocated to those industries that yielded the largest external economies (in fact, if not in intent).

Choice of technique in the Soviet Union encompassed a number of policies designed to utilize the most advanced technology while accounting for existing factor proportions. Soviet strategy consisted of developing a 'dual technology'. On the one hand, in key processes, the most advanced technology was used. On the other hand, differences in factor proportions (between a developed and an underdeveloped economy) were accounted for by utilizing labour-intensive technology in auxiliary operations, by aiming at high performance rates per unit of capital instead of per man, and by utilizing plants of greatly differing vintages and technological levels in the same industries and sectors.

A major aspect of Soviet development strategy was an emphasis on human capital formation. Large amounts of investment were allocated to education and health services. Besides formal education and after-work vocation training, factories were overstaffed to provide on-the-job training.

The international trade policy in the Soviet Union was primarily one of import-substitution. Capital goods, prototypes, blueprints and technicians were imported in exchange for traditional exports until this imported capital could be used to construct industries that would replace the imports.

Thus overall the Soviet strategy was to emphasize industry at the expense of agriculture, investment over consumption, while developing human resources and remaining relatively insulated from other economies. It was a centralized process.

The Chinese initially adopted an 'industrial socialist' strategy of development imported from the Soviet Union. After the completion of the first 5 year plan, however, they made an abrupt about-face and began to follow their own 'agrarian socialism', whose strategy differed substantially from that of an industrial socialist model. Where the Soviets' highest priority was rapid industrialization, the Chinese wanted to walk on both legs, industry and agriculture. Another objective was to create the 'socialist man' among the peasant and worker populations, so development focused on the promotion of the human factor in the society.

The Chinese pursued a more balanced development strategy than the Soviets. As the

population was approximately 80–85% rural, the Chinese strategy emphasized development of the agricultural sector as well as light and heavy industry. The pace of industrialization was slower. The terms of trade were manipulated to favour the agricultural sector. While the agricultural sector again served to finance industrial development, the burden was not as extreme as that in the Soviet model and was carried out by trade with the industrial sector rather than by required deliveries. Heavy industry received priority, but intermediate and light industry was not ignored.

Investment funds were limited as the tax on the agricultural surplus was only approximately 10%. Therefore, the central government concerned itself mainly with capital goods and controlled investment expansion. As a result, the government encouraged the development of intermediate industries through regional effort. Because of the low tax and ideological biases against consumerism, more of the regional surplus was available to finance the simpler capital needs of agriculture, regional infrastructure and consumer goods industries. Encouragement of regional development harmonized with Chinese desires to create self-reliance and mass participation in production, as well as checking migration from rural areas to urban centers by raising the standard of living in the countryside through increased employment and income.

The choice of technology played a crucial role in the Chinese strategy. Small and medium technology served the development goals of the Chinese to a greater extent than advanced Western technology ever could. China relied on medium-sized factories and labour-intensive techniques developed by the regional inhabitants themselves. This technology allowed quick yielding projects with high levels of employment.

An example of this is the Tachai brigade which achieved very impressive increases in output in early years by applying human energy to its environment. These initial successes were then followed by an increase in government and technical support which led to an additional upsurge in production [see Marshall (1979)]. Later increases in output were gained by falsifying statistics, but performance in the earlier periods was certainly impressive.

The Chinese pursued a trade policy that complemented the ideological basis of their development strategy. After the exit of the Soviets in the 1950s, the country was closed to foreign capitalists and others. The policy was one of minimal trade and no aid. Development would arrive through internal self-reliance and ingenuity. The Chinese wished to establish and protect the 'new morality' that was the foundation of the society from the degenerative effects of Western mass consumerism and Soviet revisionism alike. China would develop independently.

Obviously, human capital development was China's forte. The development effort was aimed at raising the living standards of China's overwhelmingly poor peasant population. Heavy investment in agriculture was aimed at feeding rural populations and improving nutritional standards along with supporting rural employment and income levels. Education was widespread and available to all members of society, not merely the gifted or those in the urban areas. Education was not designed to create a privileged class of technocrats and intellectuals, but rather to provide all with needed skills to help contribute in many diverse ways to the development of society. The Chinese were to become a society of multi-talented generalists, not myopic specialists. Medical advances were also aimed at rural as well as urban populations with the training of paramedics known as 'barefoot doctors' who cared for the health needs of rural populations.

Thus the Chinese strategy was substantially different from the Soviet: emphasizing agriculture, relying on the liberation of human energy, more decentralized, but also autarkic. Of course there have been a number of changes in course in recent years – more openness to the world, more profit-based co-ordination in industry, less regional self-reliance and less use of non-material incentives. But the early Chinese strategy combined with the Soviet provides a delimitation of the range of strategic choices generally available to a socialist regime. Most of the choices of strategy will fall within this range as the case studies will show.

(d) *Organization and institutions*

The seizure of power with its consequent redistribution and development of a new strategy must give rise to new organizational and institutional structures. The questions surrounding them and their functioning are central to the socialist experience and are dealt with in the second large grouping of papers in this volume.

A key decision in all socialist efforts is the organization of agriculture. The Soviet Union moved rapidly to a predominantly collective agriculture with two new forms of organization

represented by the state farm and the collective farm. Nonetheless, small private plots were maintained except on the state farms, and this has played a continuing role in the organization and functioning of the agricultural sector. The Chinese moved much more slowly toward collective agriculture. The initial step grew out of the experience of the Revolution when land was distributed to the peasants. This provided an immediate base of support for the regime. Peasants were then encouraged to move into cooperative forms of farming and finally in the later 1950s into communes with common ownership and operation. Nonetheless there are smaller groupings – brigades and teams – which have decision-making roles on how tasks should be performed and on allocating wage payments. Generally speaking, the smallest unit, the team, is the vehicle for labour management. The brigade handles the agricultural crop programme. The commune is responsible for external relations (i.e. input purchases and output sales), for investment projects, and for auxiliary industrial enterprises. One result of this organization is that the largest country in in the world has among the smallest functional economic units.

These two experiences have had a formative influence on agricultural organization and institutions in other socialist countries. Ellman's article examines the performance of socialist agriculture and finds it mixed: quite successful in providing employment for the population, but much less successful in raising productivity in the sector. This is a key problem for any socialist economy.

The organization of the industrial sector agains shows variation between the Soviet Union and China. Given the nature of its industrial problem after the revolution, the Soviets moved directly to a hierarchical organization of industrial firms, modelled closely on successful capitalist firms in terms of organization. Large-scale enterprises were desired for assumed efficiency reasons. The difference, of course, was that the wage- and price-setting process and the decisions on input and outputs were dominated by the requirements of the state planning apparatus. Within those constraints, managers had choices on techniques of production and presumably on questions of internal organization. However, as the recent Polish experience indicates, the tensions between workers and management which emerge in this structure resemble those in hierarchical production units everywhere.

The Brada *et al.* paper examines some of the economic performance implications of adopting a Soviet-style organization of the industrial sector as in Czechoslovakia and Romania.

The Chinese initially followed the Soviet lead in this area, but struck off in a different direction after 1956. There were major changes in the planning process and in internal incentives which will be mentioned presently. In addition, efforts were made to change hierarchical relations across firms and within firms. Thus individual enterprises were encouraged to undertake their own research and development and to innovate in fashions which would facilitate enterprise independence. Internally, the ideal was an organization based on small working groups and job rotation of sufficient frequency that individual workers would develop a variety of skills and their potential insights to improving production could be encouraged. At the same time, the desirable scale of industrial firms was generally far less than in the Soviet Union.

It should be pointed out that many of these ideals of industrial organization were not reached in China; and since 1975 there has been an attack on these ideals.[4] The claim has been that managerial prerogatives were undermined and that suggestions for technological innovation were politicized to the detriment of economic performance.

The operation of either agricultural or industrial enterprises takes place within a milieu of three broader decisions on organization and institutions: management, incentives and planning.

In the Soviet Union management in industrial enterprises and agricultural units (especially state farms) has wide latitude in deciding all aspects of the production process. It is seen as a distinct role in the production process and as subject to a distinct set of rewards. The manager finally answers to the planning structure, negotiating the inputs and outputs and then ensuring that performance measures up to the requirements.

The Chinese manager has had a much more problematic existence. In the case of both the commune and the industrial enterprise, decentralization has been the ideal, but any enterprise must depend on the wider economy for inputs and for outlets for its production, and these are ultimately established through the planning framework. In addition, and especially in the industrial enterprise, the sphere of managerial responsibility has been a matter of continual dispute. The combination of internal watchdog committees of workers, cadres and technicians on the one hand, and of low prestige and material reward on the other, discouraged

initiative and decision-making and encouraged reactive and ideologically-based activity. Again the 1975 reforms are aimed at altering this situation and providing a *milieu* which will encourage and support managerial activity.

The issue of managerial performance is treated in a general framework in the paper by Zimbalist who finds it to be a central factor in determining economic performance. He finds substantial variation in both the experience and success of socialist management, with greatest success occurring in the cases of workers' management. Horvat finds this a key factor in avoiding capitalism or étatism as well.

The incentive systems, of course, are a central problem of organization in any economy. By comparison with capitalist economies, the Soviets have been able to operate relatively well with much lower income differentials in enterprises.

The problem has been in devising 'success indicators' to measure plan fulfilment by the firm. In the absence of market set prices of inputs and outputs, profit does not function as a success indicator the way it does in a capitalist market. Substitute measures such as (for example) the number of nails as the goal resulted in the firm producing nothing but tiny nails; and specifying the goal in tonnage resulted in the firm producing nothing but large nails. These difficulties finally led to the reforms of the 1960s that attempted to introduce profit as a success indicator, so far with mixed results.

In the rural sector, especially on collective farms, the differentials have been kept low, but the existence of private plots has allowed for greater variation in final incomes. Interestingly, across regions in the Soviet Union, the income from private plots has served to lower income differentials which would result from variations in regional land productivity (Khan, 1979).

Perhaps the most revolutionary of Chinese institutions has been the incentive system. The driving force behind development has been a combination of moral and material incentives that permeate all levels of society from top administrators down to the poorest peasant. Every individual is encouraged to act in favour of the interests of the people. Every effort has been made to check the emergence of inequality. The revolutionary mentality has resulted in a reduction, compared to the Soviet Union, of financial rewards, premiums, bonuses and piecework in the productive effort. Output should be stimulated by class and social relations in the name of the common good. Self-discipline is central and people are encouraged to fight their own self-interest and the individualistic consumption desires spawned by Western industrial capitalism. Wage differentials were kept to a minimum, probably the lowest in the world, and privilege associated with class was discouraged. This was summed up in the Maoist effort to create the new socialist man in China (Gurley, 1970). Again the new reforms are moving back toward material incentives, allowing wage differentials to widen, and attempting to provide consumer goods and housing which can be purchased out of these incomes. Nonetheless, the role of non-material incentives in China will continue to be significant.

The question of incentives in the case of a developing socialist country is raised in the papers of Feiwel, and Fenichel and Khan.

The final area of organizational and institutional choice is economic planning. Over time the Soviets developed an extensive system which provided information, required results, and sought consistency based on a system of material balances. The system with its two-way information flows has worked with varying success. In heavy industry, performance has been far better than in consumer goods industries. The weak link was the success indicator problem mentioned above. The purpose of the 1960s reforms was to improve the signals generated within the system and thereby improve its functioning. As mentioned earlier, for the most part these were moves toward more extensive use of explicit pricing and profit criteria.

China's planning initially followed the Soviet pattern and in certain key or region-specific industries this has continued. But again in the 1950s there was an attempt to decentralize the planning process. General guidelines were provided up and down the entire structure of the economy, but considerable latitude was to be provided at each level. The overall thrust of the process was to encourage self-reliance and each commune in the country was to strive to push this to its limit.

The reality of decentralization is called into question in the reforms of the 1970s, for one of their justifications is the claim of a top-heavy and intrusive bureaucracy which interfered in the operations of economic units. The move to more of a pricing and profit-accounting framework is viewed as a move to realize decentralization. In any case the ideal of decentralized planning provides again a polar case when combined with traditional Soviet practice.

Several of the articles which follow deal with these issues. One omission in the structure of the overall issue is a specific consideration of

the planning process. Plans for such an article were laid but not realized.

(e) *Étatism vs socialism*

The final question is the political one: having seized and consolidated political and economic power and having established economic structures, what political nature will the socialist regime take on? The general rubric is the 'dictatorship of the proletariat', but its operational counterpart can be quite diverse and can deviate substantially from the goal of political democracy implicit in the socialist ideal.

The Soviet Union is certainly a case in point. There are of course many factors which affect its political development – the status of being the first socialist country, external aggression etc. – but the étatism or state socialism which has grown there is far from any modicum of political democracy. The history of excesses under Stalin is well known, and today the state has virtually unchecked control over the lives of its citizens. The state is in turn controlled by a self-perpetuating élite in which advancement to higher positions depends more on bureaucratic techniques, and perhaps familial connections, than on any success in responding to human needs. This has begun to show up in clear indications of a willingness to trade improvements in human welfare, e.g. health, for state glorification (Eberstadt, 1981).

The extent to which there was meaningful decentralization in China provided some space for political freedom at the individual and group level. Another factor in this was the practice of requiring that bureaucrats 'learn from the peasants', i.e. leave their bureaucratic posts for a period of time to work in another component of the economy and to live with the workers or peasants and in the latter's geographical location. But of course there were countervailing tendencies in China with the cult of personality which surrounded Mao and with the efforts to force behaviour to conform to the latest interpretation of Mao's thought. While this had a teaching function in a backward society such as China's, it also served to enforce conformity. Prybyla (1980) points out that these tendencies had an effect on production when only certain types of ideas emanating from certain classes of people could be heard by the system. Halliday's paper on North Korea treats a case where the cult of personality has reached the extreme, and he points out many economic implications as well as the obvious political ones.

Three of the papers in the volume deal specifically with these issues. Horvat analyses the tensions and requirements of any transition to socialism and attempts to describe the objective political and economic requirements while at the same time suggesting organizational patterns – workers' management in the context of a vanguard party – which can avoid the pitfall of étatism as well as preventing a return to capitalism.

Pollis considers the key problem of human rights, pointing out how the term must be treated in a Third World context, and in the context of socialism. She then provides a case study of Cuba which finds performance generally favourable, though unable to overlook such questions as the continued detention of large numbers of political prisoners.

Finally, Molyneux looks specifically at the status of women in socialist regimes. After pointing out the genesis of the treatment of women, she documents the progressive views of women which are incorporated in the self-definition of most socialist regimes. The reality described is more complex, with the major accomplishment in the examples cited being an increase in labour force participation on the part of women. But in most societies, including North Yemen which provides much of the empirical base of the article, attitudes and structures continue to persist which leave socialist reality far from feminist ideal.

NOTES

1. This section draws very heavily upon the interesting study by Gurley (1978). Another study which reaches very different conclusions is Morawetz (1980). However, since he includes only four countries, among which are Sri Lanka, Burma and Tanzania, Gurley's (1978) results are far more useful.

2. One of the first of such studies was Wilber (1969).

3. See Kalecki (1976).

4. Much of the information on the reforms after 1975 is based on Prybyla (1980).

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The Burmese Way to 'Socialism'

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Summary. – After the 1962 'revolution' the Burmese military government committed itself to a process of socialist construction. In this paper we assess the nature of Burmese socialism.

In defining socialism we distinguish between a socialist economy, which concerns the issues of public ownership and planning, and a socialist society, which concerns class relations. The subsequent discussion of the nature of ownership, planning and development strategy in Burma between 1962 and the mid-1970s indicates that while Burma established the formal structures of a socialist economy, it did not effectively implement those structures. Furthermore, in recent years, due to economic failure, Burma has had to accept policies that imply more private activity, including foreign investment.

Our analysis of the Burmese experience leads us to conclude that Burma does not have a socialist economy nor does the leadership have the ability or will necessary to build a socialist society.

1. INTRODUCTION

An earlier paper[1] put forward the view that the post-colonial Burmese economic system was determined by the impact of colonial rule on the relative strength of the economic, political and military sectors, and on the relative position of the Burmese in each of those sectors. Implicitly downgraded was the importance of ideology in determining Burma's approach to development. Furthermore the imperatives resulting from Burma being a less developed country were not taken to be a major consideration. In other words Burma's 'choice' of 'socialism' was a function of the historical–institutional legacy of their colonial experience combined with a desire to assert their independence in the face of the legacy. Specifically, the British, but even more directly during World War II, the Japanese, developed the country's political and military sectors and provided the Burmese with the appropriate training and experience. Thus in these sectors the Burmese were able to enjoy the power denied them in the economy. In addition the political importance of the military leaders was enhanced by the role of the Burmese Independent Army in fighting the British. After independence Burma, with a Burmese population possessing limited economic skills but reasonably capable of running the government and military sectors, turned to the latter two as the only hope for promoting independent economic growth. This government- and ultimately military-dominated system, became the basis for the 'Burmese way to socialism'. Left unanswered in this analysis was the question of whether the resulting economic system was really 'socialist'. Of course the answer depends in part on the definition of socialism. It also depends on the specific institutions established and the development policies pursued. This paper represents an effort to deal with these issues. Section 2 will outline our view of socialism. The third section will focus on the Burmese approach to development since 1962. The relationship between this approach and our definition of socialism will be the subject of a concluding section.

2. DEFINING SOCIALISM

While there is basic disagreement over the proper definition of socialism the debate tends to take a predictable form. On one side you have those who focus on certain institutional arrangements. Public ownership of the means of production and central planning are considered the key ingredients of a socialist model. In fact it has been stated that public and private ownership are '. . . the only logical and useful distinctions . . . ' between socialism and capitalism.[2]

On the other side of the debate are those who see the institutional categories as perhaps a

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necessary, but not a sufficient, part of a socialist system. In their view those who would define socialism solely in institutional terms are dealing with legal and economic forms rather than matters of substance. The substance of a socialist society has to do with class relations. Socialism is defined in terms of the existence of a 'dictatorship of the proletariat'. This 'dictatorship' is reflected in the process of social, political and economic change. If the 'dictatorship' is operational, the changes taking place should be consistent with the interests of the mass of the working population.

There are many problems in applying this definition. If public ownership and planning represent form without substance, this definition of socialism focuses on technical end results rather than social means. Further the exact nature of the end results being sought is not clear. Finally, since the building of socialism is an on-going process, judgments really have to be made about the direction being taken rather than the end results *per se*. Put more simply, it is necessary constantly to ask whether or not a given policy is serving the interests of the masses. This must be done without clear standards and, in the real world, under circumstances where evidence is often very limited.

Where does the debate leave us? First, it is necessary to consider the practical implications of each of the definitions. The next step is to outline the standard to be applied when analyzing the Burmese experience.

Defining socialism in institutional terms tends to focus attention on questions of economic growth or alternatively 'productive forces'. The critical issue is whether public ownership and planning provide the most efficient basis for generating savings and promoting industrial development. The relative merits of socialism and capitalism are thus considered in terms of growth rates.

When the definition revolves around class the matter of growth rates becomes secondary. It is not that growth is unimportant but more important are the evolving 'relations of production'. Issues such as the nature of the economic decision-making process, the basis for determining economic reward, workers' relations to technology and expertise etc. become the key to socialist construction. Comparison with capitalism must take account of the preoccupation of socialism with eliminating class divisions. To be more specific, the Soviet Union, for example, clearly socialist in institutional terms, is not socialist in the minds of many of those who emphasize the question of class. At one level there is a growing literature that deals with the supposed restoration of capitalism in the USSR. Within this 'school', there may not be agreement on exactly when or why capitalism was restored, but there is agreement on the result of Bolshevik rule. A variation on this theme is the view that in terms of essential features, i.e. '. . . the domination of labour and the production process by capital in the interest of capital accumulation', Soviet development has not differed from the historical experience of capitalist societies.[3] Using this framework, it can be said that socialist construction in the USSR has not really been attempted.

One implication of the class-related definition is that few, if any, societies are likely to be considered socialist. The only question is whether to call the many 'failed' self-proclaimed socialist countries capitalist or to provide some third designation. In any case, at least at the extreme, socialism becomes a self-serving utopian concept used as a base from which to attack capitalism.

What then constitutes socialism? The experience of the past 60 years should make at least a couple of things clear. First, countries that call themselves socialist have exhibited certain common features. The most obvious are their emphasis on public ownership of the means of production and some form of planning. Second, these countries have evolved in many different directions. Aside from a total reversion to private ownership and the market, there is no easy or objective way to determine the point at which a particular country has ceased to be socialist. In fact as a starting point, it is necessary to accept that a socialist 'revolution' can lead in many directions. These include, for example, the command economy of the USSR as well as the self-managed market socialism of Yugoslavia. Despite their differences both these countries may remain socialist. This does not mean that the varieties of socialism are to be treated as equally desirable. However it also does not mean that the existence of variety justifies referring to some of the variations as capitalist or at least non-socialist.

Polanyi has pointed out that:

> A study of how empirical economies are instituted should start from the way in which the economy acquires unity and stability, that is the interdependence and recurrence of its parts . . . Empirically, we find the main patterns to be reciprocity, redistribution and exchange. Reciprocity denotes movement between correlative points of symmetrical groupings, redistribution designates appropriational movements towards a center and

out of it again; exchange refers here to vice-versa movements taking place as between 'hands' under a market system.[4]

The first thing to note about Polanyi's categories is that he is referring specifically to types of *economy*. Although the nature of the *society* is related to '. . . the way in which the economy acquires unity and stability . . . ', society is a term that encompasses other considerations. In particular the term society can be used to reflect class relations and the way power is distributed and used. Our approach to socialism will distinguish between socialism as it related to the economy as opposed to the society.

In Polanyi's terms socialist economies are redistributive economies although not all redistributive economies are socialist. The unique institutional feature of socialism is public ownership of the means of production. It should also be noted that all redistributive economies, socialist included, rely on some form of planning as the means by which the 'centre' performs its 'appropriational movements'. It is here that a problem arises. A socialist (redistributive) economy may introduce aspects of the market usually associated with an exchange economy. There is no reason to assume that a rigid line exists between Polanyi's three forms of economic organization. However, there is a natural tension between the market as a price-determining institution and planning. To the extent that a price-determining market comes to dominate economic activity (and the question can only be dealt with empirically), the result may be a transition from a redistributive to an exchange economy. The process leading to this possible result, is, as Sweezy suggests, a '. . . dialectical one of reciprocal interaction'.[5] It is a process that ensures society will not be socialist for long. This is so because, to follow Sweezy's argument a step further, increased dependence on the market increases the power of enterprise managers and reduces the extent to which centralized planning acts as the basis for guidance and control. 'Under these circumstances the juridical form of state property becomes increasingly empty and real power over the means of production, which is the essence of the ownership concept, gravitates into the hands of the managerial élite.'[6] Such a result can be seen as the negation of socialism even in the limited form of public ownership.

To summarize, in our view as long as public ownership and planning are predominant the economy is socialist. Considerations of class are important in order to assess the exact nature of the society's commitment to socialism. It is important that a society calling itself socialist recognize the relevance of class as a critical aspect of socialist construction. In other words, while the notion of the 'dictatorship of the proletariat' is essential to an analysis of alternative socialist experiences, it is not useful in defining whether or not the economy is in fact socialist.

In the case of Burma we will first focus on ownership and the role of planning as the basis for determining the type of economic system in effect. In addition the country's development strategy, particularly as it relates to such matters as incentives, decision-making, expertise, technology and education will be investigated in order to clarify further the nature of the Burmese system.

3. BURMESE STRATEGY OF DEVELOPMENT

After the Burmese Army had seized power in Burma in March 1962, the leaders expressed a need for a political order that would conform to the establishment of a new society. The Western institutions of parliamentary democracy had been tried twice and found wanting, now it was time to give shape to 'Burmese socialism'. In this sense, it was a revolutionary change.

From the very onset of the takeover, the leaders of the 'revolution' were motivated by a concern that ideology as a guide for action was important in the construction of the society that they had envisaged. A month after taking custody of the country, the ideology was defined in a policy statement called the 'Burmese Way to Socialism' (BWS). The statement emphasizing the establishment of a 'socialist democratic state', had as its major objectives the reformation of the economy from semi-private to socialist; the elimination of 'alien' influences from all spheres of activity; a social change of values and attitudes; and finally the establishment of a national identity or, in short, promoting 'Burmanization',[7]

The major organ for initiating programmes reflective of the objectives was the Burma Socialist Program Party (BSPP), set up in July 1962, 4 months after the seizure of power. Since then the Party has been chiefly responsible for the co-ordination of political and economic activity in the country. The supreme power, through the Party constitution, is vested within the Revolutionary Council, which has