

# O N DEVELOPMENTS IN THE SOCIALIST COUNTRIES

An important ideological difference has arisen in the pre-convention discussion over the sources of the crisis of socialism in Europe. Some see the crisis as primarily the result of the military, economic, and ideological onslaught by imperialism against socialism, with shortcomings in overcoming bureaucracy, weaknesses in ideological work, and lack of flexibility in central planning having weakened the socialist countries' ability to withstand this attack. Others attribute the crisis primarily to the mismanagement of political and economic life by a leadership that violated the Leninist norms of democratic centralism, thereby opening the door to internal counterrevolutionary forces that had material and ideological support from imperialism; further, these violations of Leninist norms were institutionalized under Stalin's leadership within the CPSU and cast a shadow over the international Communist movement.

The difference between these two viewpoints is partly rooted in different concepts of democratic centralism within our Party. We sense that this is why so much attention has been given to the article "Has Socialism Failed?" by the South African Communist leader Joe Slovo, who essentially supports the second view.

The difference is not the conflict between Marxism-Leninism and right opportunism, as some claim. On the contrary, the persisting reluctance to recognize the need to restore Marxist-Leninist foundations of Party organization lays the CPUSA open to revisionist and liquidationist tendencies bound to arise during the difficulties facing the Communist movement today.

The crisis of the European socialist countries first expressed itself in the economic sphere in the mid-1970s, and in some countries as early as the mid-1960s. Their economies showed signs of stagnation and plans were not fulfilled, in contrast to the high rates of expansion of the 1950s and 1960s. Particularly devastating to the economies was the failure to correctly assess the impact of the contemporary scientific-technological revolution and make imperative adjustments and apply the new technologies to production and to the economy as a whole.

It is tempting to put most of the blame for these economic problems on imperialism. It is true that imperialism and the

were pursuing a policy of nuclear-war brinkmanship. The principal source of the failure of technological development must largely be found elsewhere—within the functioning of the socialist system.

The average level of industrial development of the socialist countries has been well below that of the developed capitalist countries. This necessarily placed them in an unequal position in international trade. Thus, a strategy had to be developed that would allow the socialist countries to adopt policies of mutual support and shield one another from attempts by imperialism to destabilize them. But mere survival was not enough. It was necessary not only to close the gap but to surpass the most developed capitalist countries in technological development so that socialism could emerge from its defensive posture and freely move on to communism. It was assumed that the advantages of socialist central economic planning over the wastefulness and destructiveness associated with the anarchy of capitalist production would make this possible.

One of the most pivotal structures developed within this socioeconomic development strategy was the Council for Mutual Economic Assistance. It had the immediate task of creating a rational

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Cold War it engendered created difficulties that it used for the purpose of counterrevolution. The economies of the socialist countries were grossly distorted by the heavy burden of the arms race that continued uninterrupted since the end of World War II. We should keep in mind, however, that economic sabotage was tried against the socialist countries from their very beginning. However, these obstacles were surmountable—both in the 1930s, when the USSR had only just begun to industrialize, and in the 1950s, when the European socialist countries were rebuilding from the devastation of World War II while the imperialist powers

international division of socialist labour in production and technological development in face of obstacles erected by the imperialist powers to trade and access to new technology. However, increasing economic imbalances within the respective member countries, especially the USSR, limited the scope of activity of the CMEA. Individual socialist countries, the GDR and Poland, in particular, increasingly replaced reliance on the CMEA with bilateral arrangements with capitalist countries, often under economically disadvantageous conditions.

How did it happen that the socialist economies, which had been marked by

high growth rates in the 1950s and 1960s, encountered structural problems in the 1970s? Principal causes appear to have been the excessively bureaucratic, over-centralized organization of economic planning and management which stalled technological development and the growth of labour productivity.

because they can be sold. The commodity can be sold because it is needed (it has a use value), but it is produced because the surplus value embodied in it can be transformed back into capital through sale or exchange. In the socialist planned economy, apart from a small private sector, only the cooperatives—mostly

four principal factors: (i) timely delivery of supplies, (ii) cost accounting that accurately measures the efficiency of the production process, (iii) possibility of rapid development, production, and delivery of new mixes of technologies and supplies from their internal resources and from other enterprises when their cost-effectiveness becomes apparent, and (iv) conscientiously performed labour stimulated by appropriate material and ideological incentives.

In a capitalist economy, market conditions almost completely regulate the delivery of supplies. Market conditions also enter the cost-accounting process since account must be taken of prices paid for materials, semi-manufactured goods, and costs associated with the application of new technologies. The development of the new technologies is stimulated largely by the additional profit to be gained from their introduction before they can be applied by competing firms or from the potential market for their sale. The labour market and the reserve army of the unemployed are maneuvered with great brutality to squeeze the most out of the labour force. Other factors, such as degree of monopolization, corruption of government agencies, superprofits derived from racism and sexism, obviously also affect the "profitability" of the capitalist enterprise.

In the centralized planned economies, no adequate mechanism has been developed to deal with the shortfall of supplies when the supplier enterprise encountered difficulties. The resources of the potential alternate suppliers were already committed in the plan. The heavily bureaucratized central bodies were usually too far removed from the scene to draw up reliable production schedules. Voluntarism was rampant in the sense that the central planning bodies constantly rejected as support the pleas from the enterprises for lower production goals and frequently argued that better organization would make up for the lack of material technical resources. Cost accounting was particularly difficult, since in the absence of competition the prices of items purchased from other enterprises had to be fixed ultimately by the central bodies; the producing enterprise would frequently exaggerate its own costs.

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The inability of the European socialist economies, especially in the more industrially advanced countries (the USSR, the GDR, Czechoslovakia) to maintain an adequate level of technological development was a very significant economic factor contributing to the crisis.

As a socialist economy expands from levels of under-development, the initial increase in industrial production is provided by the growth of the labour force. Once the entire adult population is gainfully occupied, the increase in the labour force is limited by the population growth (currently under one percent a year in Eastern Europe), further expansion must result from increased labour productivity. A low technological level can only be partly supplemented by physical and mental intensification of the labour process and, therefore, revolutionary enthusiasm can make only a limited contribution to the increase in labour productivity.

The nature of the problems that arose in connection with centralized planned economies will be more easily understood after we compare some of the differences between the capitalist and socialist economies.

In the centralized planned economies, the products of the production process are largely commodities in form, but not in content. Apart from exports to the capitalist market, whatever was produced in the state sector was produced because it was needed. Such production is not commodity production, because a commodity is something that is produced for sale or exchange. Commodities produced under capitalism are not produced because they are needed, but

agricultural—produced commodities. And even here the commodity character was significantly offset by the fact that the cooperatives were required to contract delivery of some percentage of their production to the state sector at prices set by the state. Further, an appreciable part of the crops and livestock is consumed by the cooperatives' members. The products manufactured by the state sector, though ultimately sold to the consumer (whether to other enterprises or individuals), had not been produced for sale, but for distribution through sale. But as Marx pointed out in his "Critique of the Gotha Program," in face of the low technological level of production, a distribution based on need would not be able to provide the necessary incentive for each to labour in accordance with one's ability. Marx concluded that wage labour would have to be retained to control the distribution of the products in accordance with the principle: "The right of the producers is proportional to the labour they supply." This mechanism, modified somewhat by subsidies for staples and essential services, has been applied only in connection with distribution of products to the working people. Enterprises, on the other hand, were required to exchange their products in accordance with the centralized plan on the basis of prices fixed by the planning agencies (in theory after study of the factors that contribute to the cost of manufacture).

Socialist enterprises, like their capitalist counterparts, must be concerned about the efficiency of operations, since before one can consume it is necessary to produce. This efficiency depends on

The problem of fixing prices for goods exchanged between enterprises has been generally regarded as the most difficult accounting problem in a centrally planned economy and it has never been claimed that a satisfactory solution has been found. The absence of adequate cost accounting makes it very difficult to

(separation) of the product of labour from the workers who produced it and the recognition of this material alienation in the consciousness of the workers. Thus, even with social ownership of the means of production—the only basis for calling a country socialist—alienation can develop. To the extent that the working

countries are: (a) formulating the long-term directions of economic development in consultation with the other two structures, (b) monitoring the fulfilment of the social functions of the governmental and enterprise bodies and the mass organizations, and (c) nurturing the moral commitment of those assuming positions of responsibility in local, regional, and national affairs to serve the people to the best of their ability.

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know where to look for the most effective savings in production and how to assess accurately various proposals for technological innovation.

Technological innovation has been further handicapped by the absence in a socialist economy of the mechanism that would substitute for venture capital in a capitalist economy, where the failure of several high-risk investments can be more than offset by the profits from a successful one.

In a socialist planned economy, labour productivity depends on several factors. These include: the level of technology available for production and the degree to which the principle of socialist remuneration is realized—the degree to which workers' wages are tied to the quantity and quality of their labour in accordance with the principle, "from each according to one's ability, to each according to one's work." If excessive centralization obstructs technological development and interferes with the timely deliveries of supplies to the factories, workers cannot be penalized for spending large blocks of time waiting for supplies.

Another major factor affecting labour productivity under socialism must be the level of ideological commitment of the working people to the consolidation, defense, and growth of socialist property relations. In the past, this was weakened severely by the workers' loss of control over the ability to labour and the failure to realize the justified return of their labour. This last factor led to the severe alienation of labour that gave rise to the political crisis.

Marx's concept of alienation had a twofold character, the alienation

people lose control of the product of their labour, the intrinsically democratic content of a socialist society is undermined.

The labour product can vanish as result of mismanagement or be appropriated by private individuals through corruption and bureaucratized distribution. There is no automatic guarantee that the means and product of production are being managed in the interests of the working people of the country as a whole.

Three principal structures serve to provide this guarantee: (1) the various mass organizations of the people, especially the trade unions and professional organizations, the women's organizations, and the youth organizations; (2) the representative government and enterprise bodies, and (3) the Marxist-Leninist parties of the working class. The government and enterprise bodies must ensure that the present and future needs of the people are adequately taken into account in the administration of the national

The fundamental organizational principle of these parties of the working class is the Leninist concept of democratic centralism, the chief features of which are: election of higher bodies by lower bodies, accountability of the elected persons to those who elected them, acceptance of the decisions of the majority by the minority to ensure unity of action, and the binding character of decisions of the higher bodies.

This centralized organizational structure and the disciplined implementation of decisions of the higher body have long been regarded as essential principles for any revolutionary workingclass organization. The decisions of the higher body are not supposed to be arbitrary decisions imposed from above on the lower Party organizations, but decisions taken after thoroughgoing open discussion of, and consultation on, major issues at all appropriate levels. Lenin stressed that discussions of policies and criticisms of them should not be restricted either inside or outside the Party until the decisions are to be implemented. Then, once the Party begins to act, it must maintain a unity of action. Democratic

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economy. The mass organizations must ensure that specific interests and needs of their members are taken into account by the appropriate government bodies, in part, through the mechanism of direct participation in these bodies by members of the mass organizations.

Among the principal functions of the parties of the working class in socialist

centralism does not mean a restriction on discussion even after a decision is being implemented as long as the discussion does not undermine unity of action. The acceptance of democratic centralism with its concept of unity of action has been a principal strength of Communist Parties in socialist and capitalist countries alike.

The ultimate source of crisis that confronted the socialist world was rooted in the distorted way this principle was applied within the parties of those countries in crisis. This distortion obstructed the introduction of the necessary decentralization of production and technological development appropriate to the

the Communist Parties is based on the activity of the primary organizations in the enterprises. The Party secretary is elected by the members of the primary organization. In practice, one candidate chosen by the next higher Party body was presented to the members as the only candidate. The fact that there was

In most places, at the highest level, the Political Bureau functioned almost entirely as an independent body. It presented itself as a monolithic body to the Party and country and did not consider itself accountable to the Central Committee. It alone decided what information and decisions to present to the Central Committee, essentially only for automatic acceptance. Only in exceptional cases, usually during periods of extreme political and economic crisis and a breakdown of leadership did central committees assert their authority.

In the socialist countries the principal function of the trade unions was, previously, reduced largely to the administration of social services. Union contracts were drawn up by negotiation between the national leadership of the union and the appropriate industrial and trade ministries. The nature of the discussions during the negotiations was not generally made known to the workers before or after the agreements were concluded and the workers were denied the right of ratification.

The participation of women in the national economy was generally at a higher level in the socialist countries than even in the most developed capitalist countries. This was made possible, to a great extent through the establishment of networks of day-care centers with the parents covering only a small fraction of the cost—one of the most positive achievements of socialism. In industry and trade, however, women in many places remained largely segregated in the lower-paying jobs and the women's organizations were

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level of development of the productive forces. For the most part, the parties in the European socialist countries had neither democratic elections nor accountability of elected bodies and officials to those below them.

The socialist countries had established and consolidated socialized property relations. The fundamentally democratic character of these property relations—the construction of a modern industrial economy without the private appropriation—required a mass party of the working class to guide this development at the grass-roots level. And yet the distorted centralism within the parties worked against democracy. The socio-economic and political development of the socialist countries was thus shaped by two contradictory currents, the democratic character of the objective property relations and the subjective distortions of this democratic character by autocratic administrative practices from above.

In the socialist countries it was necessary to mobilize the population to overcome the difficulties imposed on their economic development by the external pressures from imperialism. It was necessary to stimulate greater initiative at all levels of the economy, to make possible under socialist conditions the experimental innovativeness that is obtained in capitalist economies in part by the competitive market. The Stalinist style of political and economic administration left little room for necessary innovativeness—political and economic—from below or for an adequate degree of decentralization as the scale of production rose.

What forms did the distortion of the principles of democratic centralism take in the socialist countries? The strength of

only one candidate is not in itself undemocratic. Most trade-union elections in the United States involve only one candidate. But in a democratically run union that candidate is regarded by the members as the best one and if there are differences of opinion on that question others will be nominated. When a Party secretary is in effect chosen by the higher body, that person is likely to feel responsible and accountable to that higher body and regard the election only as a ratification of the choice. Such a situation leaves the members without leaders to represent their views and interests.

To ensure this ratification, the elections, which should have been secret, were often organized so that the members received a previously prepared ballot with one name on it and anyone wishing to vote against this person or for another person, had one been nominated, had to cross off the name or write another name in its place in full view of all those present. The general atmosphere in which such

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elections were conducted made such opposition unlikely. (It is interesting to note that the Communist Party of Cuba has now adopted the policy that elections to Party bodies are to take place by truly secret ballot without the recommendation of candidates or slates of candidates by the higher bodies. This would be a good policy to initiate in our own Party).

denied data concerning the material position of women as wage earners. The average wages of women in relation to average wages of men were consciously kept secret. Although the statistical yearbooks contained detailed data on the numbers of women in each branch of industry, data on their wages were suppressed. Although all socialist countries accepted the principle of equal

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pay for equal work, no information was made available to the women's organizations or the trade unions that would allow them to verify the implementation of this policy.

To extricate themselves from the growing economic problems, many socialist countries borrowed heavily from

authors that explored various social and philosophical themes critically were placed on the closed shelves of the libraries—available only to a limited number of specialists. Even the writings of prominent Marxist-Leninists were banned when they disagreed with the assessments of the political leaders of the

and the repression of criticism from below, within or outside the Party, perpetuated this state of affairs, giving rise to widespread alienation of the leaders from the people and the separation of socially owned property from the working people who produced it.

Some leaders, insisting on only good news, preferred to receive only upbeat information from those under them, further deluding themselves about the state of affairs in their own countries (and blinding themselves to developments in other lands), and led their countries' economies deeper and deeper into decline. One must characterize the content of such leadership as fundamentally anti-working class because it reflected a petty-bourgeois type contempt for, and distrust of, the working masses.

A way of life associated with half-truths, deception, open lies, and obsessive secrecy, in the complete absence of accountability to the party membership or to the masses of working people, sometimes led to the personal degeneration and corruption of individual leaders, thus providing further ammunition to the internal and external forces of counter-revolution.

Centralized planning cannot lead to an expanding crisis-free economy without a thorough understanding of the political economy of socialism. The theoretical work that was needed to develop a political economy of socialism required experimentation in both theory and practice, with room for mistakes as well as successes. With a leadership that all-too-often regarded itself as infallible and

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the capitalist countries. Much of this borrowing was done to cover up the mismanagement of the economy, so that the size of the national debt in some countries was kept a state secret. Many were shocked to learn last year that the standard of living in the GDR, often cited as the best example of socialist economic planning, had been artificially supported by foreign loans as its industry fell increasingly into technological obsolescence. Its per capita foreign debt proved to be greater than Poland's.

In the sphere of culture and journalism the distortions of Marxist-Leninist theory of the state were severe. A most distinctive feature of Marxist-Leninism is its recognition that the social function of the state is to maintain the stability of the relations of production and that the dominant power in every state, socialist or capitalist, is the class that dominates the production relations. The socialist state must therefore reflect above all the class interests of the working class. Consequently, the needs and interests of the working class are logically given priority in the sphere of culture in general and in the media in particular. Such priority is, however, something entirely different from policies of repression of all criticism of the bureaucratic clique that stood at the helm. All-too-often the realistic assessment of the actual conditions of life had given way to adulation of the leaders and glowing tributes to their alleged achievements. In a paternalistic manner, the political leaderships more often than not decided to which information the population was mature enough to be exposed. Large numbers of books by generally liberal and progressive

particular countries.

The attempt to maintain such strict control over sources of information in face of changes in the technology of communications and growing internationalization of many fields of human activity took its toll not only economically, but also politically. Advances in telecommunications and increased travel between countries had a major impact on people's thinking. This had a special impact on youth. Each new generation must be won to socialism not only through ideological training but also through its own experience. For many young people over the past few years a discrepancy became apparent between what they had been told about the rest of the world and reality.

The paternalistic-authoritarian-bureaucratic administration of political, economic, and public life that characterized this Stalinist model of socialism undermined, though did not everywhere destroy, the intrinsically democratic

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character of socialist property relations. Though the state property belonged to the people as a whole and the cooperative property to the members of the cooperatives, control over the disposal of this property was narrowed to a small group that tightly controlled the Party, the state, and the mass organizations. The gross violations of democratic centralism, including the absence of accountability

experts in every subject and that insisted on hearing only about successes, the socialist countries were handicapped in developing a political economy of socialism adequate for the tasks they faced.

The political and economic crises that came to head first of all in Poland and the USSR spread rapidly to most of the other socialist countries, largely due to the

interdependence of their economies and the similarities of their political structures and practices. Most socialist countries are now turning to what is increasingly becoming known as a regulated market economy. There is no one model of the regulated market economy, which attempts to combine limited centralized planning with the production of commodities for open sale on the market by the state, cooperative, and private sectors. The general principle is that enterprises make their own commercial arrangements with suppliers and distributors and, like capitalist enterprises, seek to maximize their profits. State regulation becomes flexible, designed to stimulate expansion in desirable directions, regulating prices where deemed essential (and even subsidizing them in certain situations), and limiting the size of the private sector.

A regulated market economy is not the same as a capitalist economy as long as the basic means of production remain socialized; that is, remain as property of the people as a whole or of members of cooperatives. Yugoslavia has had a regulated market economy since the 1950s and has remained a socialist country.

A regulated market economy can encounter many of the same problems that characterize capitalist market economies; unemployment, recurring business cycles, etc. The socialist state, however, can provide the necessary social welfare networks to alleviate individual hardships, just as we in capitalist countries advocate for ourselves.

The private sector and individuals who

have fallen under the influence of pro-capitalist ideology will naturally seek to expand the private sector by removing controls that limit its size and will agitate for a complete transition to capitalism. Cooperatives can fall under the control of small groups of individuals who can succeed in utilizing resources of the cooperative for private gain so that the cooperative is a cooperative enterprise in form, but capitalist in content. The exertion of strong ideological leadership by a Marxist-Leninist party of the working class is absolutely essential if the socialist forces are to remain the dominant power in the state and use this power to restrict the growth of the private sector and prevent the return of capitalism.

In the absence of an adequately developed model for a centralized planned economy, the introduction of a regulated market economy must be seen as unavoidable, at least in some countries. It is not that the idea of a centralized planned economy has been a failure, but that it was never given the opportunity to develop, owing to the bureaucratization of political and economic life. With the working class retaining state power within the framework of a regulated market economy, it will be possible to create the conditions for the extension of economic planning to eliminate the intrinsic wastefulness and duplication of effort that is unavoidable in market economies.

Many Communists in capitalist countries familiar with developments in the socialist countries have been aware of many of these problems for some time, but like our Party publications, we usually discussed publicly only the positive

aspects of life under socialism. We accepted the restriction of democratic procedures in the socialist countries, in the same sense that Lenin accepted the limitations on Party democracy under conditions of Czarist repression in his work "What Is to Be Done?" This did not seem unreasonable to us in view of the legacy of McCarthyite repression, both ideological and physical, against the CPUSA, which was still fresh in our memories. We should, by now, recognize that while the international class struggle has remained as fierce as ever, the scale of the limitations on inner-Party and state democracy in the European socialist countries was not justified by the need to defend the working-class nature of the socialist state and ultimately produced disastrous consequences for socialism itself.

In our country, the majority of the left forces at home could not accept what we glowingly described as "real," "existing," or "developed" socialism in the USSR and Eastern Europe as a desirable alternative to the crisis conditions of capitalism in the United States, negatively affecting the growth of our Party. To fulfill our historic role as a vanguard party of the working class it is necessary to understand, acknowledge, and correct the mistaken assessments and practices with which we have been associated. We must establish within our Party the Leninist norms of a truly democratic centralism. To fail in this, to reject genuine self-criticism and reform in the name of unity, is to incapacitate ourselves as the long and arduous struggle to build socialism continues.