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# The Social Stakes of the Great Capitalist Transformation in the East<sup>1</sup>

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*Catherine Samary*

The “great capitalist transformation” in the East was characterized by general forced “privatisations” in a very opaque and unprecedented context. It had to radically transform the role of money and markets in the whole economy to permit capital accumulation while getting rid of the existing forms of social protection and income within the big factories—the core of the bureaucratic system of production and distribution. This whole process could not find a revolutionary support among the masses (in the sense of an explicit mobilisation in support of privatisations and suppression of social protection)—in spite of the popular rejection of the single party system and its dictatorship. But it had to face two major issues in the first phase of the systemic transformation: to give some legitimacy to the suppression of a very impure form of social ownership and, as a dominant feature, to introduce the new kind of property without capital input in the form of money. “Mass privatisation” (juridical change without capital input while the state became a “real owner”) has been the dominant and opaque “innovation” through which broad parts of the former bureaucrats could transform their privileges of management into privileges of property, increasing ideological confusion. The integration of Eastern Germany into a real existing capitalist system—one of the most productive and rich—has been a very different scenario.

In order to better understand the difficulties, forms and stages of resistance to the capitalist restoration, we must first look at the legacy of the former system with regards to the conditions of social struggle; then we will underline the conditions (internal/external) and the characteristics of the historical turning point of the 1980s. Finally, we will recall the elements of the renewed social movements of recent years.

<sup>1</sup>Translated by Miriam Bishop.

## Legacy

### The bipolar world

The Stalinisation of the USSR was an internal and external rupture in the heart of a revolution that was perceived (by the Bolsheviks) to provide the link to world revolution: from this point on it was clear that the desire of the Kremlin would be to make the global communist movement and anti-capitalist struggles subordinate to the “construction of socialism within a single country”. In practice this took the form of the politics of great power and the crystallisation of the logic and apparatus of bureaucracy.

But this true turning point also proved to be, in many ambiguous ways, an internal and external continuity of the October Revolution. This was true, in all of its ambivalence, for the Soviet workers and the movements of national and social liberation throughout the world. Clearly, it was not just about a “propaganda” effect. In order for this to be so important and lasting in people’s minds, it was necessary for the regimes of the victorious revolutions of the twentieth century (in Russia, China and Yugoslavia as in Vietnam and in Cuba) to be the incarnation of, and to stimulate, true resistance to imperialism and to the paths of capitalist exploitation; it was therefore necessary to be in a position to bring some dignity, social welfare and the hope of progress, which were in contrast with the social and political features of countries with a similar level of development dominated by core countries of the capitalist “world system”.<sup>2</sup>

The Cold War between rival systems marked the relationship of international force between classes, as the existence of the USSR encouraged both internal and external resistance to capitalism—the evidence for this can be seen, in the contrast with the kind of brutal capitalism that has spread throughout the world since the fall of the USSR.

At the same time, on a political, social and ideological level, the vast majority of past resistances suffered the negative impact of identification of socialism with its Stalinist caricature. As such, the two great powers in the so-called “bipolar” world had, indeed, one common interest: to assimilate the Stalinised USSR to socialism; and to attempt to silence all internal criticism and disputes in “their” camp (campism) by demonising their “principal” enemy. It was a matter of making all resistance swing “towards the other” through strategic alliances. The nationalist and religious currents, which had a popular base within the semi-peripheral countries in conflicts with the core capitalist regimes had to decide

<sup>2</sup> We use those concepts within Wallerstein’s World-system theory which seeks to explain the dynamics of the “capitalist world economy” as a hierarchical and articulated system ruling on a part of the planet where it imposes an international division of labour. It is distinct from an empire (without political unification), with conflicts between core countries for hegemony and control over peripheral (colonised) countries of the system. We understand the revolutions which occurred in the twentieth century both as a product of and a break with the kind of socio-economic and political features that the domination of “core” imperialist countries produced in the semi-peripheral and peripheral countries of that world economy.

where to find material and military aid according to who was their “main enemy”. It was necessary to choose between a dependence on a Stalinised USSR that was identified with socialism, or poisoned aid from one or other of the imperialist powers (who were playing on their own rivalries).

The emergence of the “non-aligned” countries at the end of the 1950s, notably encouraged by leaders in Egypt (Gamal Abdel Nasser), India (Jawaharlal Nehru) and Yugoslavia (Josip Broz Tito), were the expression of heterogeneous resistance to this bipolar order.

In other words, the politico-social, local, regional and world conflicts were both characterised by the two great powers that were rivals in the Cold War, and by resistance to them. Therefore, alliances with one or the other great power could not simply be understood as (or reduced to) conflicts between the fundamental classes of capitalism. We will concentrate here on the internal resistance to what can be called the Stalinist world order, which tried to impose another kind of “non-capitalist world-system” under the hegemony of Soviet Union, associated with new relations of social and political domination linked with the bureaucratisation of the regimes.<sup>3</sup>

Social and political relations of domination on an international level and in each individual society.

The social implantation of the most important communist parties within the poorest part of the industrial and rural classes has been a lasting and global reality. Nowhere can we reduce either these communist parties or the broad network of associations they led, to their bureaucratic apparatus. The diverse motivations and aspirations of those who joined these organisations vary from the ruthless ambition and cynical careerism of those attracted to institutional positions, to the deepest of political convictions; between the two a large group of activists sought, pragmatically, to build a better life, judging whether or not the methods offered were more effective with the party membership card—and at what price.

But with the Stalinisation of the USSR, an historic turning point occurred in the way these parties tried to channel the movements of social and national liberation. This Stalinisation was rooted in the situation of a “fortress under siege” and isolation, as well as in the backwardness of the country. It covered up two interior dimensions. On the one hand there was a gigantic bureaucratic crystallisation of a State apparatus, associated with vertical promotions of the peasantry to the position of workers and employees, and then to executive positions within these new frameworks. At the same time, on a political level, a “counter revolution inside the revolution” was produced, which was marked by

<sup>3</sup> We don’t want here to discuss the concepts used to analyse those regimes. We have done that in the past (especially around a discussion on Ernest Mandel’s approach) and wish to contribute to that debate on the basis of what we can learn through the “great capitalist transformation”. Our terminology in this article reflects two convictions: the kind of relationship of domination and exploitation that existed in those systems up to the 1980s cannot be analysed clearly if one identifies them with a socialist system or a capitalist one and, whatever the concept used, we have to look at the real social and political relationships behind terminology and ideology.

massive repression and the trials of the former Bolshevik old guard, the characteristics of a totalitarian institution.<sup>4</sup>

However, this did not just deeply affect the subsequent evolution of Soviet society. When you take into account the global impact of the brutal interventionism of this “mother country of socialism”, it also left its mark on the global consciousness and in the way new revolutionary splits occurred across the world.

Experience shows that it was not just a question of the simple misrepresentations that were associated with the worship of Stalin and his gulag, denounced by Khrushchev’s report to the twentieth Congress of the CPSU (the Communist Party of the Soviet Union) in 1956. From the intervention of Soviet tanks against the revolution of the Hungarian workers’ councils in 1956 (under Khrushchev) to that of the Warsaw Pact against the Prague Spring in 1968, up to and including the coup of the Polish general Jaruzelski (perceived as the lesser evil) as well as in every other less visible form of conditional aid, of purges and assassinations, the Stalinist interventionism was long-lasting.

Nevertheless, Stalinism was undermined from within by the social forces and ideologies that it had falsely claimed to represent. And the political traditions of anti-imperialist resistance, like the desire for self-sufficient development and true popular sovereignty, were in direct conflict with the behaviour of the Stalinised USSR in seeking hegemony through its domination over its “sister countries”.

The Yalta Agreements, where the great powers divided up the world into “zones of influence”, could not establish a genuine “discipline”. The Kremlin had to impose its views through the excommunication of the Yugoslavian communists and the executions of “Titoists” in Poland, Hungary and in particular in Czechoslovakia (1948-1953). However, none of this had a stabilising effect on the Stalinised Soviet power.

After the death of Stalin, the politics of Khrushchev aimed to preserve the essential aspects of party-State rule and the hegemony of the Kremlin. He denounced all that which had been most contested and had been a source of major tension. However, the national communists continued, more than ever, to assert themselves—from Ceausescu’s Romania to Mao’s China; from the Titoist Yugoslavia to Kadar’s Hungary but without ever representing an alternative to the single party system.

Globally, the break of Tito’s Yugoslavia and Eastern Europe like those of China, Vietnam and Cuba with capitalist domination—be it through real revolutions of more bureaucratised scenarios—could not be “absorbed” by the Stalinist USSR: “socialism in one country” reduced to the USSR or submitted to it was never possible. It is truly the spread of anti-capitalist revolutions that produced the

<sup>4</sup> It is necessary to read the works of Moshe Lewin (*Le dernier, La formation, Le siècle*), which have recently been backed up by the opening of the archives, in order to better understand from the inside the different stages of the “Soviet century”.

first great tensions and splits within Stalinism and, overall, made its stabilisation impossible.

That is not to say, unfortunately, that the phenomenon of bureaucratisation was not reproduced everywhere, to different degrees and under different circumstances—including the countries where popular revolutions occurred. In some ways, everywhere (from Yugoslavia to China, including Cuba and Vietnam), the Stalinisation of the USSR and its “model” weighed heavily—not least because Soviet aid, which was vital for those resisting imperialism, was conditioned by the prohibition of criticism of the USSR, in words or practices that risked challenging the “Soviet model”. However, it is also necessary to analyse a more general socio-economic reality.

### Bureaucratisation inside and outside of Stalinism

The risks of bureaucratisation had, to some extent, been brought to the fore in the nineteenth century by anarchist currents. In a more conceptual way, Max Weber has also provided an analysis. The bureaucratic degeneration of the October Revolution also raised questions amongst Marxists. Lenin, even before Trotsky, was aware of and alarmed by the extent of the problem of bureaucratisation of the “workers’ state” as has been notably highlighted by Moshe Lewin. In addition, Rosa Luxemburg, while supporting the power of the Soviets, criticised the suppression of the Douma and of the pluralism of the parties. Her criticism expressed an early anxiety that those measures aimed at protecting the revolution, could suffocate the forces of criticism so essential to achieve liberating transformations. It is obviously necessary to re-assess all these issues.<sup>5</sup>

The debate has been and remains centred on the analysis of institutions—parties, trade unions and associations, but also scientific and state institutions—their relationship and their usefulness to the class powers and to the forces of resistance. Because, even within revolutions themselves, bureaucratic tendencies are intrinsic to the organisations of the “labour movement”,<sup>6</sup> to trade unionism and to the parties and revolutionary struggles that mobilise social classes which are in a subordinate position. These tendencies are all rooted in the mechanisms of delegation of authority, in the diverse social inequalities of culture and gender and in uneven readiness and time for responsibilities. They are, therefore, especially strong when struggles are long lasting and when ebbs and flows occur.

<sup>5</sup> On the necessary examination of the debates between Marxists and libertarian currents, see in particular the journal *Contretemps* (Vol. 6) on their website <[www.contretemps.ras.org](http://www.contretemps.ras.org)>.

<sup>6</sup> Ernest Mandel has produced numerous articles on this subject, which can be found on the website dedicated to him at <<http://www.ernestmandel.org>>; read in particular le Cahier “Rouge” Vol. 3, *De la bureaucratie* (1969).

The awareness of this process as endogenous even in the most revolutionary and sincere of organisations allows it to be combated, well before the inequalities transform into antagonisms.<sup>7</sup>

That is to say that the Stalinisation of the USSR was an extreme expression of a more general problem which has also been real in a wide variety of other situations.

### Limits and contradictions of bureaucratic planning and the attempts at reforms to maintain the single party system

Nonetheless the fact remains that, in one form or another, all regimes claiming to be socialists imposed a power monopoly, in the form of the single party system, which shattered the entire dynamics of self-organisation. Such a system, on an economic level, generated the wastes and imbalances that are produced when there is a non-existence or ineffectiveness of mechanisms ensuring that production meets evolving human needs (in the richest sense of the word).

The form of direct control that existed was not “capitalist” (not oriented by market prices and profit)—but it was bureaucratic, with its forms of barter. The Soviet planning was fundamentally based on material production and exchange in kind (where product prices were administered); in other words, money did not play an “active” role (Brus), budgetary constraints were “soft” (Kornai *Socialisme*) and there was no real risk of bankruptcy or unemployment, because production methods were not subjected to the constraints of the capitalist market—there was even no real measure of costs be it through money or direct evaluation. And that is why it was inefficient, from the point of view of socialist aims (satisfaction of needs, reduction of labour effort), and not only from the point of view of what would have been capitalist criteria and mechanisms.

There were no democratic, transparent and pluralist controls by interested parties, users and workers, nor were there mechanisms in place to allow the restructuring of production whilst also protecting social rights. Therefore, the system did not allow the emergence of a coherent alternative to capitalism, one that would be socialist in the truest sense, legitimised by the satisfaction of democratic needs and procedures chosen by individuals and collectives.

As we know, in the USSR this resulted in extensive disguises and unofficial networks in order both to fulfil and to exceed the plan; this “haggling” and corruption did not turn the systems into market economies; rather it generated significant squandering of resources which resulted in a slowdown in structural growth and caused general dissatisfaction (Ernest Mandel “Ten Theses”, *Fallacies*).

However, all the ruling regimes, in their regional variations, wanted to consolidate their legitimacy, their social base, by way of an improvement in the quality of production (in particular so that they could export in order to gain the

<sup>7</sup> The lucid analysis of the risk of bureaucratisation does not imply that the convincing (effective) response will be the rejection of all institutions, nor will it be that democracy can be just “direct”. I discuss this issue in <[www.europe-solidaire.org/spip.php?article7509](http://www.europe-solidaire.org/spip.php?article7509)>.

foreign currency that was necessary to import western products) and improvements in standards of living.

The reforming wings of the single party therefore sought to reign in a way other than by gulags and central planning, and to change the priorities of their plans in order to meet the needs required by specific social relations, without ever allowing political pluralism, for fear of Soviet intervention; but also for fear of "excesses" that they would be incapable of controlling. This was at the root of the limited scope and the fundamental contradictions of these reforms.

The introduction of certain market mechanisms was aimed at improving the quality and diversity of production, as well as the productivity of work, without ever introducing a true socialist democracy. However, this did mean a distinct rise in the price of consumer goods (supposed to reflect the true costs and the relationship of supply and demand) and even greater inequalities according to market sales (therefore also dependent on differing pricing systems). The pressure of market stimuli on the management of factories also led to greater job insecurity. These reforms shook up the benefits of security and the egalitarian (official) values which were the most popular feature of the regimes. At the same time those market reforms clashed with a section of the bureaucratic apparatus either because the production they were managing was in a poor market position, or because the most unpopular and incompetent directors now felt threatened by the new procedures of nomination and choice.

The reforming currents needed a certain liberalisation that was both political and cultural, in order to increase the amount of responsibility that was sought after (generally by directors) and to win support against the conservative factions that were exploiting popular fears. However, it was at this point that the contradiction in these reforms arose: prompted by criticisms from "above" and the appearance of rifts and tensions in the apparatuses, movements (political, social and cultural) from below developed, there was no reason for self limitation. From the Prague Spring to the Gorbachev "thaw", an uncontrollable dynamic was established.

The Yugoslav case, which we cannot analyse in detail here, underlines a (richer) variant of the same contradictions, associated with the reign of a single party even in spite of its genuine relaxation (Samary *La déchirure, La fragmentation, Le marché*).

The Communist Party with Josip Broz, known as Tito, at its head let loose the forces of resistance to Stalin with an effective and popular revolution (despite the absence of public criticism of the USSR). It was the "excommunication" of the Titoist regime by the Kremlin in 1948, that pushed it to consolidate its legitimacy both internally and within the communist movement by introducing self-management, claiming to represent Marx and the Paris Commune's legacy against Stalin's state power. By doing this, the Yugoslavian communists had leant on (and encouraged) the popular desire for a social and economic democracy, recognised national diversity and gave a dignity to the status of worker, which was a break with the system of state wage earner. Nonetheless all these gains were undermined by successive reforms that, while extending the rights

of self-management, did not lessen the bureaucratisation of the single party, which was reproduced at both local and republican level.

The successive reforms were introduced and directed from above under some autonomous pressure but without democratic accountability; so they became less and less “legible” and coherent, especially after the repression of those who had expressed the need for such reforms or had criticised their limits. At the turning point of the 1970s the Titoist regime repressed leading figures among the left Marxist political current: teachers, students, trade unionists had denounced the widening inequalities caused by the market and the emergence of a “red bourgeoisie”; and they had autonomously affirmed the need for a “self-management from the bottom up”. The crucial demand to broaden the horizon of democratic management against the alienation of the rights of self-management by the market and by the bureaucratic plan, was expressed by various proposals. There was the proposal for contractual self-managed planning, where the instances of self-management representation went beyond national divisions, as with the proposed political Chambers of self-management at a federal level; in all these fields the need for a variety of different actors (users and producers) in the management of choices was stressed. In its reforms the Titoist regime “appropriated” these proposals with its own “methods” (within Constitutional amendments), after having repressed their original authors.

From this emerged a system that was both incoherent and lacking a socio-political mechanism to fight against imbalances; and the single party lost its most militant and critical substance during the 1970s.<sup>8</sup> From this point on it was not possible that its fate would be any other than that of the other communist parties: to be worn down by the increase in the schemes of the political machine, of careerists and of corruption. And to be dominated by those who were aiming to extend their privileges, which in the context of the increasing confederalisation of the system, meant the rise of nationalisms at the head of republics and provinces, before swinging towards privatisation, as was happening elsewhere.

Therefore, there was a general historic deadlock. Attempted reforms everywhere from Yugoslavia to the USSR (up to and including those under Gorbachev) would never be able to establish a system of social rights consistent with the socialist project, which could be used and protected in order to increase productivity and efficiency through reorganisation and restructuring of production without creating unemployment (*Samary Plan, Market and Democracy*).

### General forms and limits of social and political struggle

Nevertheless, the spontaneous emergence of the workers’ councils in Poland and Hungary in 1956, encouraged by the example of self-management in Yugoslavia, which at the time was undergoing one of the fastest rates of

<sup>8</sup> An analysis of this last turning point in the Titoist regime, before its final crisis in the 1980s, can be found in my contribution to the special edition of the journal *Contretemps* (see the website for the journal in Note 5), which came out for the anniversary of May 1968.

growth in the world, as well as the tendency to put self-management on the agenda at the heart of the Polish trade union *Solidarność* (Solidarity) were indications of open potential that were fast closed again through repression.

Poland was unique in being able<sup>9</sup> to amass the many experiences of workers uprisings, which rose up through bureaucratic channels without any massive bloody repression: In 1956 the Kremlin (sending tanks to combat the workers councils in Budapest) could not afford many simultaneous interventions; in Poland with Gomulka released from the Stalinist prisons by Khrushchev, the Kremlin found a popular leader who allowed them to institutionalise and marginalise the workers' councils. During the 1970s, after various experiences of divided struggles, there was an initial uniting of the workers and the intelligentsia with the setting-up of the KSS-KOR (the Committee of Solidarity with the Protesting Workers); this was an important stage, which made it possible to lead into various dynamics. The result then increased the overriding choice of the "experts" (with the notable exception of Karol Modzelewski) advising Solidarity to exploit the workers' movement as a striking force for a change in the system that was a long way from the desires expressed at the Solidarity congress. With some ten million members in 1981—born independently, but then legalised—at the time of the coup d'état of General Jaruzelski and importantly made up in part of members of the Polish Workers' Party (PUWP—the official name of the Communist Party of Poland) its aim was to establish a "self-managed republic". This independent trade union became a risk and a geo-strategic beacon for the whole region and beyond. The coup d'état of the "communist" Jaruzelski and the banning of the trade union by the single party system would be the primary "defence" of the radically anti-communist groups offering neo-liberal shock therapy at the start of the 1990s, a (short) honeymoon period. The confusion of words and of projects, the demobilisation by repression, the massive corruption of the trade union leaders by the AFL-CIO (American Federation of Labor and Congress of Industrial Organizations) provided support to the privatisations which would do the rest.

But, if in Poland in 1980 there were attempts at a price reform that provoked workers' uprisings, in the USSR the immobility of the Brezhnev regime reigned. In 1978, the attempt to form an independent trade union encouraged by anarcho-syndicalist activists, SMOT, remained a fringe concern because it was confronted with the opposition to change, which blocked everything including market reforms while the official trade unions were part of the state control over workers. The regime tried to stabilise its bureaucratic rule through responses to social unrest and struggles that were less visible because they were buried deep within the heart of the system: big factories. The hidden reality of the social unrest was the considerable increase of the "social wage" (in kind, without money—flats, healthcare, basic products . . .) and of the social protections within those great workers' concentrations, which happened to be the priority sectors

<sup>9</sup> See *Inprecor* 509 (September 2005), *Dossier Pologne—une révolution écrasée et trahie, 25 ans après*.

of the planning system. Those gains were disconnected from money circulation and market rules, especially in big and often monopolistic factories which could play broad social functions within entire regions that were almost autarchies. The role of the official trade unions was precisely to distribute this "social income" in kind, composed of those services and products which "were" associated with jobs, giving stability to employment. These social funds were mainly established outside of any centralised planning.

According to the analysis of David Mandel (29):

the importance of the social wage, in the most part administered by the factory [often through the channel of the trade unions] (including accommodation, sick pay, subsidised leisure, healthcare, childcare etc) along with the increasingly common practice of the distribution of rare consumer goods within the enterprises, reinforced the corporate attitudes of the workers, whom the management often asked to consider the situation of their specific enterprise, that is to say to make concessions (for example with extra hours or holidays) in order to meet production goals. Behind these requests, threats were ever present: to refuse was risky. However, the generally favourable response of the workers also rested on their perception of sharing a common interest with the factory and its management. Nevertheless, in order for the system to function, managers had to give something in return. In addition to the social wage managed by the factory [i.e. by the factory's management bodies], they also offered different opportunities with regards to timetables and discipline as well as the guarantee that bonuses (which were a large part of the total wage) would be paid out whatever the actual results achieved by the factory.

This disconnection of the social wage from production results and its distribution by the official trade unions, which were conditioned by obligatory trade union membership, proved to be the principal cause of the marginalisation of the independent trade unions in the USSR until the 1980s and of the great rise in membership of the official trade unions.

As independent workers' organisations were forbidden, it is difficult to understand how workers could obtain such an extensive social wage and maintain the weak productivity of labour without taking in account the specificity of socio-political relations of domination in that system and regime. On the one hand there was blackmail from the party leaders: "You will have job security, free social services and the opportunity of promotion for you and your family if you allow us to rule in your name"—with selective repression of those who were unmanageable in order to remain credible. And on the other hand there was the workers' answer: "I will do as little work as I have rights to look over my own work". One should not underestimate the alienation of labour that was hidden within this form of socialisation. It meant for workers the absence of true (free) individual and collective choices, of mastering the full production process and of class "independence" and, therefore, it produced "corporatism"—all of this has been important during the process of capitalist restoration.

Neither was there a genuine right to property for bureaucrats (whatever their level of power), which could be transferred to their descendants. Therefore, the

political content of their nomination, in reality signified a huge weakness in the face of social opposition and forbade the declaration of bankruptcy, the free purchase of production methods, the sale of businesses and of redundancies and the accumulation of financial capital. Even the smallest movement of social opposition could mean that managers and other bureaucrats ended up losing their position (and therefore their privileges), no matter how high up they were. And that is the very reason for their inability to achieve class stability, as this was rooted in the specificity of property.<sup>10</sup>

The specificity of the system of social relations was illustrated by the considerable vertical promotions for the children of workers, peasants and employees within the machine, matched up with an ideology that asserted their role in the production of wealth and the collective ownership of means of production. That this was a lie, an ideology designed to cover up a specific form of domination and exploitation, is beyond doubt. But, it was not a capitalist exploitation, nor was it a clear polarisation of classes that found its meaning through a clear-cut relationship to ownership. On the contrary, it was the hybrid nature of ownership ("for everyone and for no-one" as was said in Yugoslavia) and the socio-economic inconsistencies of the system that expressed itself in this crisis. The rejection of "those from above" (managers and leaders of the party/state) existed in a conflictual combination with a productive system where enterprise bankruptcy and economic layoff were excluded, in particular in Russia.

All desires for a "social appropriation" that was both genuine and gave autonomy of choice came up against the repression of the single party system. The socialist democracy, which was sought from the 1956 workers councils in Poland and Hungary to the 1968 Prague Spring, or the demand for self-management "from the bottom up", was aiming at a reduction in the gap between the rights that were proclaimed and the reality through a radical and egalitarian responsibility of human being in dealing with the satisfaction of their needs in all aspects of life. The systematic repression of autonomous social and political movements did not suppress this kind of socialisation within big enterprises and it continued for a while, even into the capitalist transformation.

With regard to the bureaucracy of the communist parties, it had to face the failure of its attempts at reform and the crises, without being able to continue to rely on totalitarian repression. As long as it was possible to ensure its own promotion and privileges by ruling on behalf of the workers and resting on the improvement in their level of life and social security, without real market rule, this is what was done. In order for this to happen, extensive growth was needed on a non-capitalist foundation.

<sup>10</sup> It is notably in leaning on that which gives the evidence for the capitalist restoration that these conceptual debates must be taken up again, re-examining bureaucracy and the "nature of the USSR" (Samary "Ernest Mandel's Views", which can also be found on the website <[www.europe-solidaire.org](http://www.europe-solidaire.org)>).

## Internal and External Factors in the Swing of the 1980s

The 1970s were dominated by a phase of growth where the freezing of internal market reforms was compensated for by increasing imports in some East European countries—and therefore indebtedness. At the end of that decade, Soviet intervention in Afghanistan opened up the last phase of the Cold War, which would weigh heavily on the USSR.

However, in the years 1960-1970, the world capitalist order was itself confronted with its own internal crisis: the pursuit of decolonisation, increased resistance from OPEC, and increasing protest and opposition, from the France of May 1968 to the Carnation Revolution in Portugal, including Chile under Allende. The “stagflation” of the 1970s concealed a deterioration in earnings and productivity and a general increase in the cost of debt, within the context of a crisis in the international monetary system and of the hegemony of the United States. The conservative counter-revolution and its social offensives, which started with Margaret Thatcher, continued with the arrival of Reagan to power.

The reactive and inventive capacity of capitalism in the face of its own crisis, notably the mobilisation of the technological revolutions in order to re-organise the productive space and social relations, were in sharp contrast with bureaucratic conservatism and its social paralysis.

For many decades the gap in technology and standard of living between developed capitalist countries and Eastern Europe had been reduced, but from this point on it would widen. This was the material basis, with its various social and subjective consequences, that led to the reversal of the 1980s.

### From arms race to debt

From 1980 to 1985, the pressure of the arms race (and the “Star Wars”) of the Reagan administration were exercised once again in the context of a Cold War between systems; the USSR paid a high price, on all levels, for its 1979 intervention in Afghanistan. If the expenditure on technological and military research of the United States, financed by a huge budget deficit, had the effect of re-launching their economy in the 1980s, the result was the opposite in non-market economies such as that of the USSR. Military expenditure at the start of the 1980s caused a drain in other areas of the budget—in particular those of infrastructure and Soviet equipment, which were fast becoming obsolete.

At the same time, the decade of the 1980s was that of a “debt crisis” for some of the ruling powers of Eastern Europe (Hungary, Romania, Poland, Yugoslavia and East Germany) that had put a sudden stop to internal market reforms, but opened the floodgates to imports in order to modernise their economies and to respond to the consumer aspirations of their people. Foreign loans in strong currencies provided by private creditors (which were similar to, despite being on a much smaller scale from, the debt of the countries of the South during the same

period) were compounded by the problems of export that came with the slow-down in world growth and the weak competitiveness of their produce.

The 1980s was therefore, for the USSR, first characterised by the arms race within the context of its slowed growth and by facing the global imperialist conservative (so-called neo-liberal) counter-offensive. But, during the same period the relations at the heart of the COMECON (Council for Mutual Economic Assistance) became strained by years of foreign borrowing in strong currencies that were without precedent in many of the key Eastern European countries: Poland, Yugoslavia, Romania, Hungary and GDR (German Democratic Republic, the former Eastern Germany). Thus these powers passed into a period of endogenous fragility, which was one of relationships that moved from being protected with regard to the world market until the 1970s, to foreign indebtedness that faced a world move towards neo-liberalism. The increase in interest rates in the United States at the beginning of the 1980s provoked a chain reaction on the variable interest rates of that credit contracted from private banks, deepening the "crisis of debt".

It was a fork in the road of history, a new period where external pressures from the creditors and the IMF (which was under American control and had turned to the politics of "structural adjustment") were combined with the fact that extensive growth was coming to a standstill in Eastern Europe and the USSR: the forces of production that had allowed the single party to rule in the name of the workers on a protected base were, from this point on, faced with competition from a world economy that had been reconstituted as imperialist and capitalist, on formidable technological, financial and military foundations.

The response of the political powers in Eastern Europe to this debt crisis differed:

- *Poland*. The Gierek government decided on a price increase for consumer goods that produced, as we mentioned earlier, the explosion of Solidarity. After a decade of repression and a period of compromise and negotiation with the regime (the round table) after 1989, the country moved towards pluralism, as was happening elsewhere. In addition to the corruption of the AFL-CIO that has previously been mentioned, we must consider the financial choices made by the United States in order to swing this strategic country towards those issues that were not on the programme for Solidarity (privatisation). The cancellation of Polish debt at the start of the 1990s would soften the blow of the neo-liberal therapies.
- *Romania*. Ceausescu imposed the paying back of the entire debt over the course of the 1980s, through a violent dictatorship enforced against his own people. His peers were in favour of trying to keep their own power, while making the dictator pay for his unpopularity, by way of his assassination during a pseudo "revolution" at the turn of the 1990s.
- *Yugoslavia*. The 1980s were marked by the paralysis of central institutions, which were incapable of making people accept the federal policies of repayment of a debt that was opposed by both workers and the republican powers: soaring inflation reached triple figures and multiple resistances were expressed through thousands of strikes breaking out combined with an

increase in nationalist tensions. The widening of the gap between the republics and the disintegration of solidarity foreshadowed the break-up of the federation. The rich republics of Slovenia and Croatia reproached Belgrade for their handling of the production of banknotes, whilst at the same time preparing their own currency (Samary *Yugoslavia Dismembered*).

- *Hungary*. The Hungarian leadership was the only one that tried to maintain the level of consumption—hoping to preserve the social and political stability of the regime—by choosing to repay the debt by selling their best businesses to foreign capital. In the context of Soviet withdrawal, they opened their borders to Austria, making the fall of the Berlin Wall unavoidable.
- *GDR*. The GDR led by Honecker was in effect “released” by Gorbachev from November 1987 (Soulet; Mink and Szurek), who hoped that accepting the unification of Germany could be the best solution for his own policy: German subsidies would help the repatriation of the Soviet army, reduce the cost of the arm race and permit concentration on internal reforms while the Soviet withdrawal would stop the Western blockade of credit and facilitate the import of new technologies.

Gorbachev’s tone was that of “peaceful coexistence” and no longer that of the Khrushchev regime claiming a catching up with capitalism (as of 1980!). From this point on, the USSR also wished to disengage from its essential international politics of politico-economic aid (notably in Cuba or Nicaragua); Russia wished to be reimbursed the debts that were due to her by those of her sister countries in the framework of the COMECON—these were debts accrued as a result of the increase in price of petrol, in various ways passed on in a different form to the internal prices of the COMECON.

The dynamic of German unification escaped Gorbachev—as did the USSR itself. And if the Warsaw Pact was dissolved, in 1991 NATO would be redeployed in the East thanks to the Yugoslavian crises.

### The “refolutions”

Timothy Garton Ash invented this neologism to describe the “great transformation” (Polanyi) of capitalism, which, from the end of the 1980s was affecting the USSR and Eastern Europe in extremely unexpected ways: the reforms “from above” would revolutionise the system, without the innovations brought by the movements of the masses. They would claim to bring “modernity” and “efficiency” through the market and forced privatisations. How was this possible?

Getting rid of the single-party/state was popular and was not difficult once the leaders in place were no longer able to rule on their former bases in a stable manner. The party/state was at the same time both infrastructure and superstructure and its dismantling allowed for a radical transformation of the system. It was enough that the newly elected leaders attacked the foundation of the socio-economic order through a set of new laws established without transparency. The huge majority of the populations, in particular those involved

in “Solidarnosc”, the Polish independent trade union at its congress in 1980, never demonstrated in favour of a project of generalised privatisations. The aim was to live better and freer, outside of the debates surrounding the different “isms” and foggy ideologies. The hope was often to benefit from the best in each system—looking much more towards a very social-democratic Swedish or German model of the 1960s, rather than an Anglo-Saxon capitalism of the 1980s. The attractiveness of the direct integration in Western Germany, with the material advantages of the Deutsch Mark (DM), the social rights of one of the most developed capitalisms, combined with the German national issue, was a unique context for having a massive support for a capitalist transformation<sup>11</sup>—in spite of real political movements combining both oppositions to the former Stalinist regime and anti-capitalist standpoints, and in spite of further disillusiones. That is why we will put aside the German unification in our analysis, in spite of interesting comparisons that could be made.

That does not mean that elsewhere the scenarios and contexts were all the same. There were choices and we will stress some differences. But nowhere can we find a revolutionary mobilisation in favour of general privatisations and suppression of social protections. The broad coalitions which could sometimes be established to get rid of the former dictatorships and their largely corrupt parties (which were no longer even capable of maintaining the standard of living), were very heterogeneous and fragile. As in Poland or Czechoslovakia, the “against” fronts, which were winners at the time of the first free elections, were rapidly divided throughout the 1990s about what could be the “for” programme. Those most oriented towards privatisations even lost the capacity to establish parliamentary majorities. It was in no way clear and “easy” to dismantle social ownership by confronting the large workers’ concentrations and their advantages gained at the heart of big business.

The liberal currents claimed to be dismantling the arbitrary rule and the wastages of the former state-party system; but this was also a dismantling of social protections—something which was generally kept quiet during the electoral campaigns, so it could be put into practice afterwards. This is in part why the electoral results varied, according to the promises made by both new and old parties, who were more or less reformed; but also according to what was the most urgent or important for one or another section of the population (in a better or worse position to face the uncertainty of the markets). Punishing the former corrupt leaders, the desire for radical change, or rather the fear that the perceived changes (be this true or false) would be a threat.

The neo-liberal currents won an initial strength through their promise to bring both economic efficiency and freedoms, on the basis of the “Washington

<sup>11</sup> Nowhere else was there any equivalent with those conditions, a stabilised state, and the huge amounts of public funds transferred to the new Länder—more than 100 billion DM each year since 1989 during more than a decade when the overall flow of FDI/foreign direct investments towards all EECs during that whole period was less than one year of those German transfers . . . and when one of the paradoxical issue we will stress later on about privatisations in all former European “socialist countries” was the lack of capital and of public funds or fiscal resources.

Consensus” recipes (i.e. neo-liberal economic orientations towards privatisation, market competition and less social welfare and protection), which were being called universal. For the majority of the population, markets and privatisations were abstractions that economists, who were often less discredited than the political parties, were supposed to be providing and controlling. Investigations showed (Jarosz) that the idea of privatisation could be popular if it was posed in a general way (so that it mirrored more choice and the full shop windows of the West); what was less popular was the decision to privatise the enterprise in which one worked.

By presenting themselves as scientific, neo-liberal precepts had a voluntary, dogmatic and normative character—abusively claiming that successes elsewhere in the world were attributable to them. In practice they were imposing their criteria and excluding their choices from democratic debate (Sapir). In Eastern Europe not only did they benefit from the strength of the institutions of globalisation (with the World Bank having the direct role of the re-organisation of budgets and accountancy), but they also benefited from the financial liabilities of the former party/state and the zealous support of former members of its *nomenklatura* (Szalai *Post-socialism*; Gorzelak et al. *Central Europe*).

### The swing towards privatisation without capital input

Paradoxically, in fact, the pseudo-scientific legitimisation (which was therefore outside of democracy) of the Washington Consensus facilitated the socio-political and ideological swing of a large number of former leaders from the single party system towards privatisations, at different paces and under different labels. Whilst they were claiming to represent these new dogmas, they were trying hard to transform their former privileges of power into privileges of ownership (initially in “savage” ways) with different political labels. As the same individuals passed from the communist label to those of “democrats” and “liberals”, the people were eventually able to believe that they were going to combine former social protections with democracy and freedom.

The form that these privatisations took reinforced the ambiguous nature of the first years of the “transition” and their scope, which was without historical precedent (Eyal et al.; Kornai *Road*; Drweski; Samary “Réinsérer”).

In the contemporary vocabulary, in Poland as in Yugoslavia or the USSR, the word “privatisation” was given the (more popular) meaning of a “change in ownership”. However, it is necessary to establish the major distinction between “small privatisation” (which generally meant the creation of smaller new businesses) and “large privatisation” (which concerned big enterprises; that is to say those which were essential to employment and production in these industrialised countries).<sup>12</sup>

<sup>12</sup> The dominant weight of agriculture in China is a major difference with Eastern Europe and the USSR, where it was between 10% and 30% of GDP at the end of the 1970s.

Small privatisation was generally the driving force behind growth in the countries of Central and Eastern Europe, notably in Poland. It was often promoted as the privileged route to systemic transformation. It is clear that it did contribute to the creation of flexibility of response to certain service needs (refurbishment, repairs, telephony, computing, commerce, etc.); it introduced a competitive mechanism, with genuine owners and a more or less rapid transfer of finances to the new private firms (start ups). Initial tax breaks for the new businesses generally made this process more favourable. But the small businesses were often fragile and their growth quickly reached its limits.

Elsewhere, in agriculture, in Poland and Yugoslavia, the majority of land had been private under the former system (with limits imposed on size and employees in order to maintain the nature of small market producers who were dependent on the state subsidies provided by the large public farms). This was the root of the apparent paradox of a small privatised peasantry, in Poland as well as in Serbia, who would prove to be a lasting electoral basis for the more populist parties who came from the former single party system. Those populations felt threatened by the liberal parties who were supporters of "privatisation" without social protection, meaning a very destructive world competition with agricultural imports coming from heavily subsidised Western agro-exporters.

Globally, the small privatisations were not a break with the former system—because they did not deal with the core of the former system, and nowhere did their extension resolve the problem of restructuring big factories—the industrial heart of the regime. The social, economic and political cost of their re-structuring/destruction was truly the core issue of the capitalist restoration. It is, therefore, the privatisation of big enterprises (the "large privatisation") that concentrated the stakes, the difficulties and the opaque choices of those "refolutions".

The essential criterion that distinguishes different kinds of large privatisations was and remains whether or not they were financed by any capital. Only the first variant corresponds to a true sale with real capital input, as money. There was therefore a paradox for a programme of generalised privatisations in countries where the largest part of the GDP (gross domestic product) and employment was concentrated in large and public enterprises: the significant lack of national financial-capital available to buy and re-structure these firms.

This essential fact underlines the non-capitalist nature of the previous system, organically associated with the dominant characteristics of the "Soviet model": the limited role of money—preventing its accumulation and functioning as capital (one could not buy/sell means of productions with money; as income it could be used to buy means of consumption, but there was no capital market—no corporate bonds and shares; there was no market constraint but, on the contrary, a "soft budget constraint" on the management of industrial production. All those features were behind the specific kind of social ownership of the means of production in the former regime. And this is why, as a whole, the accumulation of financial capital could not really start until the transition was underway (with the

first laws of privatisation), often in violent and “primitive” forms of “savage capitalism” (Nagels).

But, this also demonstrates the largely “exogenous” nature (coming from outside the system) of the privatisation programme, broadly imported from the institutions of globalisation. Nevertheless, it needed internal actors to be implemented. The historical turn of former bureaucrats towards privatisation for themselves was therefore a key issue.

Globally, privatisation by real sale (with money) did not, for the most part, find any other buyers apart from those with foreign capital (for the reason we have just stressed—the lack of national accumulated financial capital). For those countries who wanted to win their independence and their sovereignty by detaching themselves from the hegemony of the USSR, this decision was hardly a popular one. And for the aspiring national bourgeoisie these very privatisations were no more attractive than the option of turning themselves into nothing more than a “comprador bourgeoisie”, using their knowledge of the internal cogs for the service of foreign capital. In practice, only Hungary and Estonia opted for privatisation by foreign sales at the start of their transition.

The privatisations without capital input (money as capital) were therefore the “mediation”, the specific innovation that responded to the dominant internal situation within these “refolutions”. They have been called “direct privatisations” by the Polish sociologist Maria Jarosz, who used this term to describe the privatisations that operated without money, by way of a legal change in ownership. This would make it possible to change the socio-economic behaviour and the status of workers, which was their goal as capitalist market privatisations. However, this aim could not be explicit, in as much as it was necessary in the first years of systemic transformation to legitimise the process as “democratic” in the eyes of the populations concerned which were, in the ideology and constitutions of the former systems, the “social owners” of the means of production. They were, therefore, given a “choice” between different kinds of “privatisations”, including a large amount of “free” access to shares of the transformed enterprises that was granted to them during this process. This was a kind of recognition of their “official” role in the production and legal ownership of all these assets—provided a part of them were put aside for “restitution” to those who were private owners of the land or firm when they were nationalised after the war.

There were, in essence, two main variants of “direct privatisations” at the start of the transition in the majority of concerned countries: those where the State became the owner, and “mass privatisations”, which were almost free and where insiders (employers and managers of the former enterprise) became dominant shareholders.

The paradoxical notion of “direct privatisations” when the State becomes owner, reveals the ambiguity of the capitalist restoration, highlighted by the vocabulary used. But the process itself concealed a change in the socio-economic role of the States. From this point on it was no longer a matter of ruling “on behalf of the workers” (even on their backs) and without the attributes of

a “true” owner (able to use genuine management powers, bankruptcy, sale and transfer).

It was truly this past reality that the new market-liberal regimes wished to eradicate. By way of direct privatisations, they wanted to establish a power of “true ownership”—even if (in a paradoxical way for “liberals”) it was that of the State, allowing both a change in the status of the workers and the re-structuring of firms under market constraints, before their subsequent sale. It was this that was known in Poland as the “commercialisation” of public firms and it was accompanied by the suppression of all traces of the workers’ councils.

The first source of ambiguity in these resolutions was there. The radical nature of these changes in ownership (in social status and in the relationship of production and distribution), which were introduced by the State, doubtless went unseen by the people it concerned. When the State became the major player in these businesses, they often counted on a continuity with the former State, which certainly was ruling as a dictator, but also as a social protector.

This popular illusion of continuity in social protection was also rapidly expressed in free elections by the vote in favour of those among former communists who kept as new labels some kind of socialist or social-democrat epithets. This was the case in Poland, fewer than three years after the neo-liberal shock therapies. Nevertheless, once these social-democrat ex-communists had returned to power by way of the ballot box, in Poland and elsewhere, they generally made the decision to be zealous supporters of NATO and ultra-liberal transformations, which was not uninfluenced by corruption. They are paying for it today through the fact that it is the nationalist and xenophobic right that has put forward the issue of social protection against the “left”, winning elections on this very basis.

The second source of ambiguity was rooted in the other form of direct privatisations: the “mass privatisations” involving various forms of popular and almost free shareholding. This was ideologically legitimated on the ground of “rights”: in Russia, in particular, the media presentation of the programme of privatisation “in five hundred days” explained by the academic S. Shatalin at the start of the 1990s, paid particular attention to the “restitution” to the people, of the property that had been usurped by party bureaucrats. Privatisation was also presented as the way to put an end to underground criminality (Favarel-Garrigues).

At the start of the systemic transformation in different contexts, these “mass privatisations” for the benefit of insiders were introduced in the majority of countries (from Russia to the Czech Republic, passing through all the Balkan countries) with different variants: from “Vouchers” allocated to workers, like in Russia, allowing them to “buy” shares of the enterprise where they used to be employed, to free or almost free distribution of shares, or priority rights and privileged tariffs for the acquisition of parts of “their” enterprises. The procedures varied, from resorting to various investment funds to the process of direct auctions. The Slovenian example, which we will examine later on, is

therefore nothing more than an illustration, within the favourable conditions inherited from self-management, of the transformation of the protected social status of workers (in a non-capitalist bureaucratic state or a self-managed system) into the condition of true salaried workers who it is possible to dismiss under market constraints when popular and protective shareholders would be replaced by real private shareholder pressure.

By and large, the two forms of direct privatisation without capital input in money (by the State or the mass privatisations) contributed to the suppression of all forms of rights of workers' self-management and organs in big enterprises. And when the State became, as often, the major shareholder, this prepared a subsequent period of privatisations, which were often "clientelist", i.e. a way for the new political power to buy its clientèle.

Conflicting dynamics were often at work behind the ambiguity of these "mass privatisations". From the workers' point of view, the pragmatic choice of this form of privatisation was at least aimed at protecting their jobs, and allowed them to keep at least part of the social advantages that were allocated to them in big enterprises, compared with the re-structuring that would have been imposed by private individuals/outside (the State was seen as being less dangerous). However, from the point of view of the new powers and of those who managed the reforms, it was a question of legitimising the privatisations in the eyes of the populace, while at the same time this gave them the opportunity to "prove" to the institutions of the ongoing globalisation that "the privatisation" had occurred, i.e. a radical break with the previous system. This was the precondition for loans and for negotiations to become candidate members to the European Union (EU).

In so doing, a new process of genuine social polarisation and concentration of ownership for the benefit of the former directors of factories or branches took place behind the fragmented popular shareholding that brought to workers neither income nor power apart that of slowing down re-structuring. The "privatised" State used its rights of property either with the clientelist approach or with the aim of selling the firms to "real" private investors, foreign or national. We will not enter into an analysis of the obscure financial packages and the wars of appropriation that were concealed within them.

Behind the mass privatisations which occurred at the beginning of the systemic transformation, there was an emptying of the productive substance of big enterprises, but avoiding bankruptcy and massive head-on unemployment of the workers. The lack of credit available for these firms contrasted with the comparative financial support received by the sector that was truly "privatised". In Russia, the non-payment of salaries would, for a greater or lesser amount of time, be accompanied by the non-closure of the factory that was failing but which still maintained some social protection linked with deteriorated jobs. Up to the financial crisis of 1998 the majority of exchanges in the Russian economy was in kind, through barter, while production collapsed by 30% to 50% in all

branches, and the rent from financial dealing and exports of energy flew out of the country (Zlotowski).

### A deep social shock

The collapse of production the first half of the 1990s is often compared, in its scope, to the crisis of 1929 (despite the differences of framework and economic systems). Between 1989 and 1992, this collapse, which was later known as a “systemic crisis”, was widespread for all the countries affected: nearly 40-50% according to sectors in Russia, as well as 20% in Hungary, 30% in the Czech Republic and 50% in Poland. It was at least as bad, and often worse, in the new countries that had been formed during the break-up of the USSR.

After 1993, growth had started again in Poland; it was then joined by other Central and Eastern European countries (CEECs). However, ten years after the fall of the Berlin Wall, in 1999, the GDP of the three Baltic countries was 20-40% less than its level in 1989; the Czech Republic, Hungary, Slovakia and Slovenia had just recovered or caught up with the level of GDP that they had in 1989; only Poland had seen an increase of 20% of its GDP compared with that of 1989, which was notably thanks to the cancellation of its foreign debt at the start of the decade, something that is rarely mentioned. With the new millennium, this growth was accompanied by deepening unemployment and inequality—because the re-structuring of big enterprises and of agriculture had barely begun and financial resources were concentrated on the richer sectors. The rise in unemployment and poverty, as well as the loss of access to services that had previously been free, or the effect of price changes were not reflected in the GDP, which is taken as the basic indicator of “growth” or of “catching up”. There was therefore, both a “catching up” (because the average growth’s rates expressed in GDP were higher in CEECs than in developed capitalist countries), and an increase in poverty, insecure employment and inequality.

The level of employment in 1999 was 73% of its 1989 level in Hungary and Estonia; 90% in Poland. This developing unemployment continued to grow even as output rose—reaching 15% in Poland at the time of joining the EU in May 2004 (followed by a reduction, which was very uneven across the different regions of the country). The figures cover hidden unemployment because of the decrease in the “active population” linked with those who stopped looking officially for jobs, living from small patches of land, the black market and the increase in prostitution—and, after 2004, increasing emigration.

The privatisation of health- and child-care services and the reduction in the education budget, which had been partly decentralised to municipalities without resources, were accompanied by a general increase in poverty and social and regional inequalities. The systems of social protection were reformed, in particular that of retirement, along the lines of neo-liberal models that were promoted by the World Bank and the OECD (Organisation for Economic

Co-operation and Development) whose experts directly participated in the elaboration of these reforms, notably in Poland and Hungary.

This regional decentralisation, presented as democratisation and dismantling of the former centralised mechanisms, was supposed to provide local administrative areas with the means to ensure expenditure on education and social security. But, due to a lack of fiscal resources, schools and other public services were closed (notably in Poland), whilst the former big factories which used to be the core of social security were being dismantled or suffocated due to a lack of credit.

In the new candidate countries of the EU, the “safety net” that the small patches of land ensured through self-sufficiency, often called “agriculture with a social function”, were pointed to by the European Commission as being the obstacle of an “efficient” re-structuring, during the negotiation period and afterwards. Will the funds available to agriculture in the EU’s budget end up being only for the benefit of the most productive units confronted with market competition? The mass of small farms have hardly any economic future in the global agricultural negotiations and the reforms of the CAP (the Common Agricultural Policy of the EU) as long as these are dominated by the highly subsidised agro-export firms and the logics of “free” market competition—but this is not only a question for Eastern Europe.

Overall, both starting points, and the different paths of systemic transformation have been varied. Nevertheless, behind these differences, the same outcome can be stated for all the former countries of the USSR and of Eastern Europe, expressed even by the World Bank:<sup>13</sup> “poverty has become more widespread and has increased at a greater speed than anywhere else in the world” while “inequality has increased in all of the transition economies and amongst certain of them this has been dramatic”. This happened even when “the countries of this region have started their transition with levels of inequality that were amongst some of the weakest in the world”. We have stressed the reasons why the “catching up” of the recent period cannot put an end to that reality as long as the same recipes and criteria of economic “efficiency” are implemented.

### The impact of European construction on the “transition”—and reciprocally

The promise of a “return to Europe” has often served as a substitute for an electoral programme within liberal<sup>14</sup> parties. There is no doubt that, especially for young people, the idea of a Europe without borders, and integration into the most developed and richest traditions of Western Europe, is an attractive one. And yet, the criteria that were actually imposed for (and far in advance of) joining were those of the “structural political adjustments” of the IMF.

<sup>13</sup> World Bank, *Regional Overview. Challenges*, <<http://lnweb18.worldbank.org>> and the report *Transition the First Ten Years*.

<sup>14</sup> This term here does not refer to philosophical liberalism, but to pro-market orientations.

The neo-liberal orientation of the construction of Europe took place before the fall of the Berlin Wall, with the move towards “austerity measures” of the French left in government in 1982-1983. The Single European Act in 1985-1986 organizing a unified market with a free circulation of goods and capital (with 1992 as a horizon) and the project of a single currency, had already produced a new set of mechanisms, priorities and economic policies and goals: the increase in the rate of profit, the reduction of labour costs by way of dismantling collective protections and conventions, global competition and the social disengagement of the State, combined with a decrease in the taxation of corporations and large fortunes.

None of this is attractive for the huge majority of the populations, be they from Eastern, Western or Southern Europe. But this is not what has been put forward when proposing an integration “into Europe”—a very imperial vocabulary, as if the EU was the whole continent, denying any role for European history coming from outside of the EU in the same semantic and political way as the United States became “America”. The ideological formula of a “return to Europe” has many aims: to rewrite history in such a way as to reduce the history of the USSR and Eastern Europe to nothing else than the gulag, Soviet domination and dictatorship of a single party (so that nothing can be taken from that); to identify “European civilisation” with a Western “model”; and, behind a vague notion of “Europe”, to dilute the concrete institutional and socio-economic reality of the European Union, hiding the fact that this is precisely dismantling what people from Eastern Europe could dream of as the “European social model” with a Swedish form.

German unification and its effects provoked unexpected shocks that weighed more and more heavily on the budgetary choices of the European Community which had become the EU with the Maastricht Treaty in 1992. Neither Germany nor the other member states were ready to spend to “re-unify the continent” emphatically—as it was claimed—the equivalent (100 billion DM per year) of what Germany was giving to the new Länder since 1989. At the very moment when the EU was praising its own “generosity” in opening its doors eastward, the European budget was strictly limited (1.27% of the European GDP compared with 30% for the US federal budget compared with the country GDP), instead of being extended as was the case when Ireland, Spain, Greece and Portugal joined. The funds that represent the main part of the budget expenditures are supposed to be allocated to regions which are suffering the most from unemployment and from the re-structuring of agricultural and industrial branches and which have a GDP inferior to two-thirds of the Union’s average. All new members from Eastern Europe were eligible for such funds. The budget limits have put them in competition with the countries of Southern Europe for rare resources while they have been welcomed in with new rules. At the time when the new member states joined (from 2004 to 2007), the farmers of Eastern Europe did not have the same rights to European agricultural resources as their French or Spanish counterparts. As the average European GDP dropped mathematically with the inclusion of poorer countries, whole regions of Southern Europe would receive less than they

did before (without having increased their standard of living). More and more funds will be allocated on a basis of profitability while the Treaties have imposed (up to the ongoing crisis) very narrow monetarist constraints: the European CB (Central Bank), like the national CB of states wishing to enter the Eurosystem, despite its official prior aim focused on inflation, is forbidden to finance any budget policy; and each member state's budget has been put under the constraints of the narrow monetarist criteria of the Maastricht Treaty. The European "general interest" is supposed to be defended by the European Commission, through market competition. All this pressure against public subsidies and public services is increased even more by fiscal competition where each country tries to be "attractive" to FDI/foreign direct investments by the reduction of taxation on capital and the dismantling of social protection—which mean dismantling the welfare State.

The Union's enlargement was not needed if the aim was only to impose in that periphery "free" market competition and free flow of private investments. Neither has that enlargement been the final step of a success story in the implementation of official "criteria" for becoming a member—except if we limit the criteria of "success" to the dismantling of the former system, privatisations and the existence of elections. Therefore, political reasons much concerned with the control of frontiers and for the growing up of rightist xenophobic and Eurosceptic or hostile currents, have been hidden behind the 2004-2007 enlargements and negotiations with Balkan countries. Opening the Union doors is supposed to reduce the risks of instability and of votes in favour of the extreme right. This hypothesis is less and less guaranteed and is confronted with the disastrous balance sheet of the Balkan "protectorates" after the Yugoslav crisis and NATO's war and extension. But, more deeply, how could the Union stabilise its periphery when it is itself actually "in transition" towards it. The aim has been to use the pressure of competition and "de-localisation" eastwards to push down salaries and taxes on capital and to dismantle the best of the "European social model" won through past struggles.

### Accentuation of Market Constraints and Renewed Social Movements

At the turn of the millennium, a variety of factors led to a hardening of the politics of privatisation, which has been implemented in a more "classic" way and which fits more with the capitalist criteria of management. On the one hand, the aforementioned hardening has been made up of budgetary, monetary and fiscal constraints imposed by the EU. On the other hand, the experts from international institutions have insisted on new criteria, to be used from this point on. These criteria lean heavily on the new role of States in creating settings that are "attractive" to foreign capital and thus bring a true capital input coming from "outsiders" contrary to the experience of mass privatisations.

Although liberal "experts" have criticised the lack of restructuring linked with mass privatisation, they also have eventually highlighted, from their point of

view, the beneficial nature of this first period in the final analysis because it permitted the advancement of privatisation. Inasmuch as “insiders” were partially protected, it lessened the risk of social explosions, while destroying the former system. However, from this point on, there must be stricter rules: the contraction of public finances, a change in prices that includes the VAT imposed by the EU, the advancement of policies aimed at being “attractive” to FDI (Foreign Direct Investment) and strictness with salaries so as not to “provoke” new relocations towards the East.

If the votes for the extreme right and the increase in abstention are popular responses, which express a deep distress with regards to these new policies, then the creation of collective social resistance equally finds itself faced with increasing difficulties. The former censorship has been replaced by media propagation of the ideologies of globalisation. But the populations are mainly confronted with the harshness of working conditions and daily life themselves.

### The Slovenian case, going against the grain

We must first highlight a different case or a counter example, analogous to the village of Asterix the Gaul. Slovenia, which has maintained a specific role for the former official trade unions, has been able to maintain some of the previous gains and to lean on the popularity of its self-management past.

The critical approach towards “statism” (state power in the Soviet Union) in former Yugoslavia had led to the “market socialist reforms” introduced in the middle of the 1960s, which were accompanied by a liberalisation of the role of the trade union. Strikes began to be seen as a sign of the malfunctioning of self-management; one trade union member, Neca Jovanov, was permitted to provide a detailed analysis of social conflicts and strikes. In spite of the turning point of the 1970s leading to bureaucratic features as in its neighbouring regimes, some differences remained, with political and social variants between the republics. With its two million inhabitants, Slovenia was the richest of the republics of the former Yugoslavia and, alongside Croatia, was the only republic to have an average income superior to the Yugoslav average. In 1989 the ratio was one to seven between the average income for a citizen in Kosovo and that in Slovenia, and the latter had almost full employment (compared to 20% unemployment in Kosovo). Slovenia jumped from the sinking ship in order to be the first republic to join the construction of a new Europe, but not without the aid of Germany. It was well-placed in the Yugoslav federation production line, being able to export finished products to Western Europe, and was also able to benefit globally from the best of the Titoist system.

Starting from a level of industrialisation that was superior to that of the other regions of Yugoslavia (after the Second World War), Slovenia widened this gap by profiting from a growing de-centralisation that was linked to the positive effects of self-management within a qualified population. The communist leadership of Slovenia pushed for the confederalisation of the system and considerably

liberalised the republic on a political and cultural level until its resignation at the fourteenth and last conference of the League of Yugoslavian Communists in 1990. It lost power when faced with a heterogeneous centre-right coalition at the first pluralist Slovenian elections, but escaped without undermining the popularity of Yugoslav self-management. The acquisition of health and education services, like the macro-economic situation, was satisfactory, even though Slovenia had suffered the shock of the break-up of Yugoslavia.

Beyond the alternating and heterogeneous coalitions, the scenario of the "transition" in Slovenia was quickly distinguished from that of other countries on a socio-economic level. The main difference was the transformation of the former official trade unions that had been taking place since the start of the 1990s. They dissolved themselves in order to form the Association of Free Trade Unions of Slovenia (ZSSS) with free membership, alongside the building of minority trade unions who were from various liberal or Christian movements. The ZSSS was turned into a veritable force for national social mobilisation. At the time of the debates regarding the adoption of the Law of Privatisations in the parliament, the new confederation of free trade unions launched a general strike that paralysed the country, so that these major tensions were apparent to all the representatives of the new law. Faced with a statist and clientelist project that was aimed at a frontal dismantling of self-management, the economist and minister Jozé Menciger resigned from government. Without being a part of the communist inner circle, he wished to preserve the former enterprise collectives (of workers and directors) where the efficiency of management was genuine; and it did not adhere to liberal precepts.

In practice, for some three years, Slovenia did not have a privatisation law. The compromises that resulted from these tensions have turned post-Titoist Slovenia into a capitalism where the State has kept a large part of those social functions that have been dismantled elsewhere. Or at least, former gains in the public services have been conserved; privatisations have been comparatively limited, less open to foreign capital and less subject to the precepts of the "Washington Consensus" (neo-liberal consensus).

On a national scale, even until the present day, while other countries have seen a fragmentation of workers resistance, the role of the pressure and mobilisation of the Slovenian trade unions has proved essential; it resulted in the creation of a framework of tripartite negotiations (State, managerial representatives, trade unions), which considerably softened the role of market competition. In practice, at start of the new millennium, these privatisations, even more so than elsewhere, had the characteristics of "mass privatisations". More than 40% of their value constituted free or almost free shares for "insiders" (workers in the businesses concerned); another 40% consisted in free transfer to public funds (development, retirement funds, etc.); and there was a weak opening up to foreign capital—much to the reproach of the European Commission.

Contrary to the competitive logic that was prevalent elsewhere, Slovenia did not seek to play a "competitive advantage" in order to attract FDI by way of

a reduction in salaries and fiscal advantages: the average monthly salary at the end of 2001<sup>15</sup> was 974 euros in Slovenia (compared to 520 in Poland, 416 in the Czech Republic, 260 in Latvia, 348 in Hungary and even less elsewhere). The State preserved its control of finance, increasing taxation on capital and controlling strategic industries, as FDI was not sought as a priority source of finance. As such the GDP per inhabitant of Slovenia was, at the time of joining the EU in May 2004, similar to that of Spain, being almost two-thirds of the European average, much higher than that of other member states of Eastern Europe.

And yet, this was all very insecure, without genuine political representation for the workers, and practices of corruption occurred amongst those leftist parties that were on the path to social-liberalisation. Therefore, internal dissatisfaction led to alteration of political parties, like elsewhere, under the pressure of the institutions of globalisation, who are keen to see the disappearance of any example, however small, that contradicts the usual models.

However, attempts to introduce a uniform tax rate (the “flat tax” of 17% that is already in place in Slovakia) have provoked renewed calls for mobilisation by the ZSSS, who held a demonstration of some 40,000 people in November 2005, in order to block the project. Even more recently, faced with a rise in prices, which would lead to the first deterioration of the standard of living, all of the trade unions united in November 2007 to demand an increase in salaries, which saw an unprecedented strike of some 70,000 people (in a country with an active population of around one million people).<sup>16</sup>

Slovenian resistance has not been stifled but it is fragile and has not found internal political representation and is in search of international political and trade union support, in particular within Europe, from those who could also draw their inspiration from achieving the same successes.

### Social renewal in Poland<sup>17</sup>

In 1981, at the time of General Jaruzelski’s coup d’état and the ban of the trade union Solidarity, more than 80% of the work force was unionised and Solidarity had more than ten million members. Today, those who are in trade unions make up no more than 11% of workers, according to official figures provided by trade union organisations, of which the most important three must each have at least 300,000 members in order to safeguard their place at the heart of the “tripartite commission”.

We have seen that the “privatisation” process, in part, took the form of the “commercialisation” of public firms with the suppression of any trace of workers’

<sup>15</sup> See *La Revue Elargissement du Ministère des finances français [The Review of Enlargement by the French Ministers of Finance]*, Missions économiques, Dossier No. 28, December 2002, social special.

<sup>16</sup> A documentary about the demonstration of 17 Nov. 2007 created by Chris Den Hound is available on DVD and at <[www.dailymotion.com/video/x43wfk\\_resistance-syndicale-en-slovenie\\_news](http://www.dailymotion.com/video/x43wfk_resistance-syndicale-en-slovenie_news)>.

<sup>17</sup> Information about the struggles and the Polish trade unions can be found in the article by Cyril Smuga, *Inprecor* 518.6 (2006), which can be found in its entirety in the online archives of this journal.

councils. These firms could later be put in bankruptcy and sold through a clientelist privatisation. During this process the trade unions themselves or their leaders often became the owners of sub-contracting societies born out of the splitting of the former big enterprises and completely submitted to the main firm's management. Altogether, trade union leaders were often introduced into the administration councils—on an individual level—where they were linked to the employers. This corruption and integration into the processes of privatisation undermined the ground of the trade unions. Only the trade union WZZ "Sierpień 80" wrote into its statutes the prohibition of combining the functions of the trade union with those of the employers, in this way prohibiting the ownership of societies by trade unions. The loss of resources and the bankruptcy of big enterprises, alongside the corruption and the integration of management institutions literally disarmed the workers. The difficulties of daily living and the absence of trade unions in businesses run by foreign capital did the rest.

In 1992-1993 there were nearly 14,000 strikes, whereas in 2002-2004 the central statistics office mentions no more than twenty-seven. It is necessary to add to this deterioration the fracture between the OPZZ (All-Polish Confederation of Trade Unions) on the one hand—the former official trade unions—which was aligned with the governments of the former communists' now neo-liberal social-democracy, and Solidarity on the other hand—equally aligned with the governments of the neo-liberal right and fiercely anti-communist. The difficulty of resistance was increased by those ideological divisions and by the extreme differentiation and precariousness of labour conditions that came with privatisation (the division between the private and public sector, the increase in unemployment, which in the worst hit areas reached 20% and averaged 15% at the time when Poland joined the EU in 2004); as well as multiple kinds of insecure contracts, etc. In many of the traditional bastions of independent trade unionism the workers left the trade unions in droves, preferring to demonstrate without being under any one banner.

Therefore electoral alternation provided no real alternative; rightist policies were implemented by the social-liberal "left", which experienced a deep crisis in 2004-2005. However, the repeated scandals that affected the political parties started to change the position on at least one question: surpassing former ideological divisions and causing a change in political climate that was notably important when resisting repressive offensives.

Thus, three trade union leaders, who had been dismissed for their activities, took the initiative of forming the Committee for the Defence and Aid of Repressed Workers (KPiORP). This was constituted on 21 January 2006 in Warsaw by the WZZ "Sierpień 80" and by the OZZ "Inicjatywa Pracownicza" alongside the steelworkers from the trade union OPZZ, and was later joined by some of the membership of the trade union Konfederacja Pracy (the Confederation of Labour), the trade union of health workers from the "Attis Centre" (Warsaw) and a small national organisation of the unemployed. Many newspapers—the weekly paper *Kurier Związkowy* of the trade union "Sierpień 80", the monthly for the radical left *Nowy Robotnik*, the websites *Lewica.pl* and *Lewica bez Cenzury*, and

the review *Rewolucja*—as well as many smaller groups on the radical left, backed the activity of the Committee. It has already gained a number of successes. These include the public denunciation of the disregard for rights of trade unions and sexual aggression. It supported the protest on 5 March 2006 of the women of Warsaw, an occasion which brought together more than 2000 people and finished with a meeting about the rights of women in order to combat their discrimination in the workplace, and was encouraged by, amongst others, the women militant trade unionists of KPiORP.

On 3 April 2006 KPiORP organised a protest at Poznan for the reinstatement of one of the workers of Goplana which grew from 700 participants at the beginning, to number thousands of demonstrators in front of the Poznan city hall. Hundreds of Silesian coal miners from “Sierpien 80” joined this protest out of trade union solidarity; they carried slogans such as “The right to work, it’s our right!”, which united the protestors. The following week the trial court decided upon the reinstatement of the unemployed worker and the trade unionists also succeeded in sentencing the director of Goplana for the violation of labour rights.

Attacked in the media, who have in particular “denounced” the active presence of the militants of the radical left at its centre, KPiORP reacted with a scathing article by Boguslaw Zietek, the leader of “Sierpien 80”:

Over the last three months of activity KPiORP has opened up a good 15 intervention offices across the whole country. We guarantee free legal aid in the defence of people who come to these offices. We often help those people who have been trampled on until now, and who have not been able to count on any form of aid. For these people the KPiORP resolves these issues, which are often very simple, where a solution previously seemed out of reach. It is the settling of these simple issues that the people who seek help from KPiORP are most in need of. At the heart of the committee there are people of goodwill, who devote their free time to this and do not earn a penny for it. KPiORP has shown that it is possible to do this, and the people who present themselves are not treated as though they are a “problem” but precisely as people. Would that be such a bad thing for the trade union bigwigs?

KPiORP was not created in order to get involved in unproductive discussions and inter-trade union struggles. Existing trade unions are not our enemies; we would like to be able to see them as our allies. However, attacked by those who would prefer to “do nothing”, we must react. We are calling for an end to these fratricidal conflicts and discord. We must unite our efforts in order to defend the threatened interests of the workers. We must lead a united fight in the interests of the large sections of society that have been successively deprived of their rights. We are facing a struggle in the defence of the labour regulations, which are about to be liberalised. We must start this fight together.

KPiORP is the attempt to mobilise society in defence of its own rights and interests. In defence of the rights of workers that have been limited and suppressed for years. It is the mobilisation of society in order to face up to the dangers that exist and those which are foreseen. KPiORP is the path for the world of work from the defensive to the counter-offensive of the workers, which will allow us to lead a united, fair and efficient fight, for the rights of the workers.<sup>18</sup>

<sup>18</sup> *Kurier Zwiazkowy* No. 245 from 26 Apr. 2006, qtd. by Smuga (Note 17).

KPiORP also started to initiate actions against the process of privatisation of the Prema tyre factories, which was declared not to be in keeping with the law after a protest co-organised with the company trade union at Kielce. "Capitalism is yours, Prema is ours!", "For work, dignity and bread!" declared those who were gathered to protest against the privatisation. "We have come out into the streets so that the authorities will finally hear the voice of the workers, democracy means that the 200 employees of the factory have the right to decide the fate of their business" explained Mariusz Olzewski, vice-president of the Polish Workers' Party, at the final meeting.<sup>19</sup> "We are human beings and not a work force" added Grazyna Pieta representing the workers' trade union of Prema.

In Warsaw, KPiORP started to protest against the plans for bus drivers' layoffs, which are part of the privatisation of public transport. In June 2006, it organised a national action with a view to informing seasonal Polish workers, who are going to work abroad, of the rights of workers in the countries they are going to. It has also demonstrated on issues linked with secularism, in the defence of public schools and in solidarity with youth movements elsewhere in Europe—it organised pickets in front of the consulate of the French embassy, in April 2006, in solidarity with the struggle against the CPE (Contrat Première Embauche—First Employment Contract).

This renewed struggle has been encouraged by international links, where there is involvement by those militants who are not ready to accept the capitalist future that is imagined to be insurmountable; it is a renewal that is also searching for a path into social, local and national European forums, everywhere that there are the roots of resistance to the globalisation into which Eastern Europe is being integrated (or disintegrated).

### Russian new social unrests

The Russian case<sup>20</sup> has many similarities with that of other countries of Eastern Europe but has major specificities. Among those, on socio-economic issues, the deep deadlock encountered by the market reforms with the predominance, until the 1980s, of planned or non-planned exchanges in kind, penetrated by corruption and semi-feudal *mafioso* kind of relations of domination. The trade union role was integrated into those relations, as we already said, at the core of big factories, through their function of distribution of what had become the major part of the "social income", distributed in kind.

The neo-liberal shock therapies encouraged by Yeltsin began at the start of the 1990s, after the suppression of the Law on enterprise collectives at the end of Gorbachev's reign. They produced, until the payment crisis of 1998, an

<sup>19</sup> The Polish Workers Party (PPP) is in the process of being constructed, on the initiative of the trade union "Sierpien 80", see *Inprecor* 511/512 (Nov.-Dec. 2005).

<sup>20</sup> The essential information on these movements can be found on the website of the Institute for Collective Action (<[www.ikd.ru](http://www.ikd.ru)>), encouraged by Carine Clément, and the Bulletin that she published with Denis Paillard, "Messenger Syndical", see <[http://echosdegrozny.free.fr/?page\\_id=39](http://echosdegrozny.free.fr/?page_id=39)>.

unprecedented “system” in such a predominantly industrialised economy: a gigantic barter economy (covering the majority of transactions) where neither salaries nor taxes were paid. At the same time as production fell by about 50% in all branches (with the politics of change aimed at encouraging foreign capital to purchase treasury bills), the absence of bankruptcy, the almost free basic energy services, the formal preservation of work for which payment was not assured, combined with small patches of land, allowed survival alongside the obscure dismantling of ownership. Behind the “mass privatisations” without capital input, the oligarchs pillaged everything that it was possible to sell in strong currencies, which allowed the primitive and savage accumulation of immense fortunes and a huge leak of capital towards tax havens, whilst two-fifths of wage earners were (in 2000) earning less than the minimum wage—and the majority of workers went unpaid.

Until the end of the 1990s, the sectors that protested against the non-payment of wages (such as teachers and medical personnel in 1996) were those who were outside of the framework of big factories which still offered some protection. But the year 1998 marked the start of the miners’ fight against the closure of a third of all mines, without any programme of reconversion. The “rails’ war”, with the blockade of the main tracks in west Siberia, forced the government to back out, but without achieving any lasting success. The first links of solidarity were established with the setting up of pickets and meetings. However, the trade union movement remains fragmented. The Federation of Independent Trade Unions of Russia (FNPR) is made up of the former official trade unions and groups together more than 90% of trade union members (and claims to re-group 90% of workers from large and medium-sized enterprises). However, it has maintained from the former system its organic links with the managers, forming a “social partnership” that extended from the local to the national level, maintaining the appearance of a protective system in the 1990s.

Some “alternative trade unions” have detached themselves from the FNPR in those sectors where the latter showed its incapacity to lead the fight. This was the case with the independent miners’ trade unions at the end of the 1980s, followed by the dockworkers and then the airline captains. However, like the Polish Solidarity, they were all subject to the major corrupting influence of the AFL-CIO, whose “material aid” was conditioned by their support of a market economy. Most of these trade unions share radical anti-communist ideologies as in other countries in Eastern Europe (but in contrary to the dominant trade unions in Slovenia). Their main policy combines the demand for privatisation with the corporate and clientelist practices linked with the liberal political parties; but in certain cases, they seek to defend the rise in salaries by conflict and could easily swing towards a policy of confrontation with the new regime.

Finally, “Zachtchida Truda” (Defence of Work), who claims to be made up of 16,000 members, occupies a special place on this chessboard. It shares its origins with neo-Stalinist groups; it became autonomous from them on the basis of leaning towards an open “class struggle”, linked with anarcho-syndicalists in Siberia.

The financial crisis of 1998 paradoxically initiated a turn that was favourable to the expansion of increasingly “normal” market relations of exchange (with the decrease of barter) and an increase in the rates of growth: the introduction of a more protectionist rate of exchange and the subsequent surge in the price of petrol, were combined with the implementation of a strong Putinian State, selecting those oligarchs who are prepared to be subordinate to his power. If the term state-capitalism has any sense, it should be used now to describe Russia (or China) and not the Soviet past.

If the (provisional) popularity of Putin has been assured by the acceleration of growth, the re-establishment of wage distribution and a certain “order”, as well as the external affirmation that Russia is now again one of the great powers, the 2000s have been marked by two major breaks with the Soviet past, which could not previously be introduced so directly. The first is the new Workers’ Code (adopted by the Douma in December 2001), which has extended legal working hours from eight to twelve and has suppressed collective protections and agreements. And the second is Law N122, which entered into force in January 2005: this law radically affects everything that is still not completely monetised and pushed under market rule in education, health, public transport, and housing. The majority of the population, impoverished by reforms, have in practice survived up to now mainly thanks to social assistance in kind. “Financial compensation” is supposed in theory to be being introduced whilst market prices are being established.

This has been the reason for a social awakening, which has been on the increase since 2005, despite major obstacles: the repressive enforcement of the Putinian power has been multiform (the limitation of the right to protest, the establishment of an “official” civil society—that includes even a presidential political opposition party—the control of the press, etc.). Since the adoption of the law in May 2004, a Council for Social Solidarity (SOS) has been set up at the initiative of a variety of organisations, from associations of retired or people with disabilities to a new confederation of alternative trade unions. They launched a massive campaign during the summer and autumn of 2004. When the law came into force an increase in transport prices was reported, leading to spontaneous demonstrations, road blockades and occupation of public buildings, which burst throughout the whole country, supported by the activists of SOS. They were calling for the repeal of Law N122, the cessation of anti-social politics, and for the resignation of an increasing number of ministers, even of Putin himself. Hundreds of thousands of people demonstrated.

A new social movement has emerged with the first Russian Social Forum (RSF) organised in April 2005. It was an opportunity to generalise, across the whole country, the experience of the (“Soviet”) Councils for the coordination of struggles that were appearing in the different regions. As such, a Union of Coordination of Councils was created, initially formed by six regional collectives. There were more than twenty-five of them united together by 2007. It publishes an electronic journal and its activities are regularly broadcast on the website of

the “Institute for Collective Action” (IKD), led by Carine Clément, sociologist and founding member of the RSF. Its main campaign has centred on the right to housing. Supported by specific networks, in particular residents of social flats, and with its actions rooted in local situations, the campaign has been epitomised by the weeks of co-ordinated action across the whole of the Russian Federation (in December 2006, tens of thousands of people were out in the streets and in May 2007 there was a national conference). Documentation on this has been put together and is available on the website of the Institute for Collective Action; other campaigns are focused on social rights within businesses,<sup>21</sup> the environment, anti-fascism, the denunciation of great Russian nationalism and opposition to the privatisation of education (the network “education for all”) and of the health system.

Each campaign is supported by those groups that aim to root their actions in rank and file activities and in the daily life of the people. The SKS holds a conference every six months for the representatives of the different regions in order to decide on which actions they should follow. But it is has a flexible network structure, fighting the attempts at public purchase led by different local, political and national organisations. As Carine Clément and Denis Paillard have said,

the issue in the current debates on this subject is to avoid putting artificially from above as a “parachute” on a movement that is born from the “bottom up”, a structure that would be too rigid, too partisan and too “Muscovite”. It seems to me that a majority current appears in favour of a flexible coordination where those professional militants coming from the capital city, will serve as organisational, media and ideological support to a movement that has since been baptised the “movement of the soviets” in reference to those soviets who brought the 1917 revolution and to the regional soviets who have formed a wave of protest movement since 2005.

The fact is that the regions where the movement has been the most lively and lasting are those who have seen the implementation of coalitions (the “Soviets”) and the co-ordination of the struggle, integrating those parties, informal group associations and trade unions that are closest to the concrete preoccupations of the people. This has meant a major rupture with the practises of lobbying and, as in Poland and elsewhere, the influence of a radical internationalist left, that has been seeking for years to establish links between the first social independent movements in Russia and the European and world social forums.

<sup>21</sup> Schools for workers democracy were organised in Russia, Belarus and the Ukraine for many years, in particular by David Mandel, a Canadian researcher working on the labour movement in Russia. Accounts of different activities can be found on the website of the Institute for Collective Action (Note 20).

## A conclusion that is open to other possibilities

The recent establishment in Russia of a strong state capitalism that resists the unipolar world is, unfortunately, certainly no more of a social alternative to savage “liberal” capitalism than the Chinese “model”, or indeed nostalgia for the rule of the former parties/States.

The social renewal and unrest in those societies open up other options—but they are weak and threatened by violent repressive actions which will increase with the effects of the recent international crisis. Progressive resistance rests in the structure of the new rising movements, their deep democratic foundation in the struggle against the removal of fundamental rights, against fraudulent privatisations, and their demand for universal social rights from a local level to a global level—which is also the basis for an international resistance to a globalised and barbarian capitalism. In the country of the October Revolution, even more than elsewhere, it is also confronted to the deep need for the re-appropriation of recent and past history. This has nothing to do with nostalgia, but, on the contrary, with the need to reclaim the roots and meaning of past revolutions and resistance to oppressive regimes of all kinds in order to strengthen new ones.

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