

WHAT COMES AFTER COMMUNIST REGIMES?"

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I

The overthrow of the Communist dictatorships in Eastern and Central Europe in the second half of 1989 was the product of upsurges which were among the most spontaneous and popular revolutions to have occurred this century; and one of their most remarkable features was their mainly peaceful character. Once Soviet protection had been withdrawn from these regimes, their own police and military apparatus was soon paralysed in the face of sustained mass demonstrations. The speed with which events moved, once the process had begun, shows well enough how extreme had become the failure of ruling parties and governments to maintain any **significant** measure of popular support.

As in the case of any revolution, however, these upheavals raised the question of what was to replace the regimes that had been overthrown. In fact, two distinct questions needed to be answered: the first was what kind of *political regime* was to be set up; the second concerned the nature of the *social order* that was to come into being. The same two distinct questions have also been posed by the crises which have gripped all Communist regimes apart from those in Eastern and Central Europe, most notably the Soviet Union.

There are many revolutions in the world which bring about a change of political regime, but which do not seriously affect the social order, or which do not affect it at all: the democratic successes in recent years in Latin and Central America are cases in point. There too, dictatorships have been swept away by popular upheavals. But the economic, military and administrative power blocs which had sustained the dictatorships, and which had been sustained by them, remained in place, with only some changes in personnel in the government and the state. The new political regimes, for all their

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extreme shortcomings, are a distinct advance on the ones they have replaced; but for the vast majority, the social order has remained as alien and oppressive as it had previously been.

In the case of Communist regimes, on the other hand, economic, political, military, and administrative power had been so merged in the party-state that the break-up of the political regime was bound to bring into immediate question the issue of the social order itself; and this meant in particular the question of what was to happen to economies that were based on the public ownership of the predominant part (at least) of the means of economic activity.

In one case at least, that of the German Democratic Republic, an answer to the questions posed by the demise of its Communist regime has already been finally settled by the country's complete absorption into the Federal Republic, its integration into the Federal Republic's capitalist economy, with the intended privatisation of most of the state-owned firms in the defunct GDR. It may take quite a while to dispose of the great bulk of these firms, but it will no doubt be done, and the process will be helped by the closing down of many of these firms.

In other Communist or ex-Communist countries, the position is rather more complicated, but the dominant tendency is clearly towards the creation of economies in which most of the means of industrial, financial and commercial activity would be privatised and come under indigenous or foreign (or joint) ownership and control. This tendency is strongly encouraged by Western governments, the International Monetary Fund, the World Bank, reactionary foundations, and also private capitalist institutions; and it is further strengthened by an array of pro-capitalist advisers, who have taken full advantage of the failures of Communist regimes to press on the successor regimes economic policies derived from the law of the jungle.

What is at issue here is nothing less than the complete undoing of the social revolutions which occurred in these countries after World War II. That such social revolutions did occur may be obscured by the fact that most of them, in Eastern and Central Europe, were imposed from above, indeed from outside, and that the regimes issued from them turned out as they did; but this does not negate the immense, revolutionary changes, good or bad, which they all experienced. The authoritarian or semi-authoritarian political structures which had been in place in most of these countries in the pre-war years were dissolved; and so too were the social hierarchies which, save in East Germany and Czechoslovakia, had kept the great majority of their (mainly peasant) populations in a state of dire subjection. In all of them, property relations were profoundly transformed; in place of the

traditional ruling classes, members of hitherto excluded, marginalised or persecuted layers of society gained access to positions of power; state structures were thoroughly reorganised; modernisation in every area of life was the order of the day; a rhetoric of socialist commitment and proletarian democracy was given pride of place; and great changes were made (or were at least proposed) in the whole national culture.

For a short couple of years after 1945, and before the imposition of the Communist monopoly of power, there was hope, nurtured in the terrible years of war, that there might be built a democratic and egalitarian order on the ruins of the old and discredited pre-war regimes; and there was even a very broad measure of popular support for the changes that were occurring. Whether there really ever was a possibility that a reasonably democratic and egalitarian order might be built is a matter of controversy. But if it did exist, it was quickly snuffed out by the onset of the Cold War and the imposition in all the countries of the Soviet sphere of influence of the Stalinist model of political rule and economic organisation, with the Communist monopoly of power and the stifling of all dissent, and the imposition of the command economy over all aspects of economic life.

Even so, there were two sides to these regimes, particularly in their earlier years: on the one hand, they were viciously repressive and cruel; on the other, their record, in terms of economic growth, modernisation, education, welfare, and new opportunities for a majority of hitherto greatly disadvantaged people, was far from negative, especially if account is taken of the lamentable conditions which most of them had inherited. Nor is it accurate to think of all the leaders of the Communist regimes in Eastern and Central Europe as mere scoundrels and stooges. Many of them had in fact spent many years in the anti-fascist struggle in their country, and had suffered grievous persecution for it. Their tragedy and that of their successors was that the system they built or accepted was based on unchecked power, and demonstrated to perfection how deeply corrupting such power is, and how wasteful and ultimately inefficient is economic management under its auspices.

Communist regimes did try a variety of economic reforms over the years, with the purpose of reducing the rigidities of the command economy. But the system of power, and the bureaucratic apparatus that went with it, remained in being and defeated all attempts at remedying an increasingly severe crisis. The reform programme in Czechoslovakia in 1968, the **Prague Spring**, might have provided the basis for a more successful renewal; its abrupt ending by Soviet military intervention meant that the crisis in all Communist regimes under Soviet control would not be seriously tackled. One of the merits

of Mikhail Gorbachev was to have perceived early after his accession to power that a radical change in the political system in democratic directions was an essential though not a sufficient condition for economic renewal. Unfortunately, as he himself admitted in a speech to the Congress of Soviet Deputies in December 1990, the reforms he did engineer lacked coherence and consistency.

The upheavals of recent years have destroyed the power structure spawned by Stalinism. Conservative forces in the Soviet Union remain strongly entrenched in various parts of the administrative, military, economic and political system. An authoritarian outcome of present difficulties in one or other of the republics which make up the Soviet Union cannot be excluded; but a restoration of the iron dictatorship from the centre which once had the whole country in its grip now seems rather unlikely. In Eastern Europe, some people who occupied leading positions in the old regime have remained in positions of power in the new ones. But they have only been able to do so by repudiating the past, and remain highly vulnerable. In short, the revolutions of 1989 (and perestroika in the Soviet Union) have created a space for new political, economic, and social structures. The question is how that space is going to be filled.

II

In Eastern and Central Europe, the regimes which have replaced the Communist ones have declared their intention to adopt one variant or another of Western-style democracy. In formal constitutional and political terms, this may be taken to mean a regime based on stipulated civic and political rights, political competition, mandatory elections for parliamentary assemblies and local authorities, accountable executives, judiciaries free from executive dictation, and redress against arbitrary state action. Such a regime, in societies with a strong tradition of rights, and with well-entrenched and independent civil institutions (Gramsci's "earthworks" and "trenches") undoubtedly makes possible the voicing of opinions, grievances and demands, and the fostering of a public opinion to which governments and representatives, removable by way of general elections, must pay some heed.

These features of Western-type regimes stand in sharp contrast to the modes of rule which have been characteristic of Communist regimes; and the contrast has obviously been greatly in favour of the former. The installation in ex-Communist countries of such political regimes, however great their shortcomings may be, marks a real advance. On the other hand, the term "democracy", which is always used to describe Western-type regimes, carries a strong ideological and propagandistic charge, and begs many crucial questions about their

nature and functioning. For it leaves out of account the fact that Western-style political democracy operates in the context of a capitalist social order, and that this imposes severe, even crippling limitations upon the meaning of democracy.

An essential requirement of democracy is that there should exist a general equality of condition between citizens, so that no group of people in society should have a built-in, permanent and vastly preponderant measure of power and influence in decision-making. But such inequality is precisely what obtains in capitalist-democratic regimes. The degree of inequality of income, wealth, influence and power between citizens varies from one country to another, but it is nowhere negligible, and it is certainly very pronounced in such countries as the United States, Britain and France, which never cease to congratulate themselves on their democratic character, and in most other capitalist-democratic countries as well.

The capitalist context in which the state functions means that the control of immense resources is concentrated in the hands of a relatively small number of people, who are thereby possessed of great power. Defenders of "free enterprise" tend to speak of it as if it consisted of a vast scatter of small and medium firms, all fiercely competing with each other, and none of them with much influence and power beyond the confines of their own narrow domain. In reality, contemporary capitalism is on the contrary dominated by great conglomerates and transnational firms, and the people who control them are able to make decisions which are of the greatest importance not only to the firms themselves, but also to their city, region, country, and, in many cases, to people and economies far beyond their own borders. A crucial feature of these decisions is that the people most affected by them have little or no control over them. Western-style democracy does not generally cross the threshold of the corporate boardroom. Nor does it have much access anywhere in the corporate economy.

Apologists for capitalism also argue that the decisions taken in the boardroom are inherently congruent with the public good and the general interest, because of the operation of that famous invisible hand guided by the market. But the claim is belied by the whole experience of capitalism. For wherever it has been allowed to proceed unchecked, capitalist enterprise has always proved to be a menace to those who work for it, and to society at large. This is to be expected, since its dynamic is the pursuit of private profit, with any other consideration a mere distraction-from that pursuit, and therefore quite naturally ranking far behind it. This is why powerholders in the state, however dedicated they might be to "free enterprise" and the market, have always found it imperative, for the sake of the system

itself, to curb the anti-social propensities which form an intrinsic part of its nature. The trouble, however, is that the state, save in a few exceptional countries, notably Sweden, where counter-capitalist forces have been strong, has been greatly (and willingly) constrained in its curbing endeavours, and only seeks to attenuate, at best, the depredations and derelictions of "free enterprise".

All this forms the necessary background to the arrangements which are now being proposed for the countries that once formed part of the "Soviet bloc", and which are already quite advanced in such countries as Poland and Hungary. The magic word everywhere is privatisation. But privatisation has implications which are seldom made clear by its devotees. One of them is that the transfer of public property to private agents means the creation of a new capitalist class, whose purposes would be no different from those of their counterparts in capitalist countries. The provenance of the members of this new class is still somewhat uncertain, since its formation is still in its early stages. But a good many of them, as is already happening in Poland and Hungary, would come, ironically enough, from the discredited nomenklatura, for these are the people who know their way around, have the right connections, and have money or can obtain credits and loans. Others would be people who had acquired wealth in the second or black economy; and there would no doubt emerge a host of budding entrepreneurs eager to take advantage of the opportunities offered by the sale at bargain prices of plants, equipment, land and other resources hitherto in the public domain. Any comparison with the New Economic Policy inaugurated by Lenin in the Soviet Union in 1921 is misleading: for NEP never brought into question the public ownership and control of the main means of economic activity. What is envisaged now is precisely the privatisation of these (and other) such means; and the process would of course involve the acquisition by foreign firms of many enterprises, particularly the most efficient and profitable ones. Local managers, as in Latin America, would then become the representatives and employees of faraway owners and controllers even more remote from national needs and concerns. The prospect of such a foreign takeover is openly — indeed eagerly — contemplated by many of the people who were in the forefront of the movements which brought down the Communist regimes in Eastern and Central Europe.

However it would be composed, it is quite certain that it would be a new capitalist class. It would be different in kind from the "new class" that was constituted by the "state bourgeoisie" of Communist regimes, for it would be based on ownership and control of private enterprises rather than on the control of public ones. Such control, operating in the context of dictatorial regimes, itself had many

oppressive and arbitrary features; but it is pure prejudice to suggest that this is the only context in which it can conceivably operate, and that it is therefore bound to be oppressive and arbitrary.

The new capitalist class, like capitalist classes everywhere, will seek the greatest possible freedom from the tiresome constraints which the state in capitalist societies has been driven to impose upon private enterprise. In respect of labour relations, wages, hours and conditions of work, health and safety, consumer protection, environmental concerns, not to speak of such issues as the establishment of democratic procedures at the workplace, the new capitalists could be expected to be strongly opposed to any interference with managerial prerogatives, and to denounce such interference as an intolerable harking back to the bad old days, and as a sign that "communist" influences had not been finally rooted out.

No doubt, these entrepreneurs would not have it all their own way. There would be resistance from many quarters, particularly from workers. Workers in Communist regimes have always been told by their leaders of their worth, rights and power. The reality was for the most part very different from the rhetoric. But the message that workers do have rights and should have power will not have been forgotten. Having been freed from the managerial power of their Communist managers, and from retribution at the hands of the state for speaking out, they are not likely to accept without resistance the imposition of arbitrary power upon them by their new indigenous and foreign bosses.

Most of the new regimes are already members of the International Monetary Fund and the World Bank, or have applied to join; and most of their leaders are, to all appearances, perfectly willing to accept the philosophy which membership implies. In essence, what is involved is the acceptance of drastic cuts in public expenditure, privatisation and deregulation, tax concessions to national and international business, and whatever else capitalist rationality, as interpreted by bankers, entrepreneurs and conservative economists, is deemed to require. That rationality, on the other hand, does not include the notion of full employment and the right to work. Nor does it include the notion that the state has a prime responsibility for the provision of a high level of social and collective services in health, education, transport, the environment, amenities, etc. What is wanted instead is the greatest possible "recommodification" of life and the enthronement of the cash nexus as the essential mechanism of social relations. There are now many Voices everywhere in Eastern and Central Europe, and in the Soviet Union, to proclaim that high unemployment, rising prices, reduced social services, and all other ills that accompany the rule of the market are part of the price that must

be paid — mainly by those least able to afford it — to achieve a "healthy economy", a term which is itself laden with ideological and question-begging assumptions. Poland is one country which has already experienced the full effects of the "shock therapy" advocated by market fanatics and implemented since the beginning of **1990**. The results have been catastrophic for the vast majority of the population, with a fall of some **30%** in industrial production, a massive rise of unemployment, a drastic fall in purchasing power, and a considerable spread of dire poverty. Such "shock therapy" has had other consequences of which its advocates seldom take account — a vast increase in crime and prostitution, quick fortunes on the one side and multiplication of beggars on the other, and general demoralisation and cynicism. On the strength of what has already happened in countries in Latin America where a similar "shock therapy" has also been administered, there is no reason to believe that this "primitive capitalism" is capable of curing the ills which it has produced.

III

A capitalist restoration in ex-Communist countries will be based on a partnership between the new capitalist class and the controllers of the state. As in the case of all capitalist countries, the partnership will not be free of divergent purposes, tensions and conflicts. Capitalists have interests which may conflict with those of powerholders in the state; but there is sufficient congruity of purpose between them, including a dedication to the market economy, to ensure an adequate degree of accord.

This new power bloc will be concerned to do what all such power blocs seek to achieve, namely maintain, defend and strengthen the system which gives them their property, position, privileges and power. Such a purpose, in class societies, has large implications for the workings of the political system.

As already noted, the new capitalists and the new powerholders in the state will encounter a good deal of popular resistance to their endeavours. Such resistance has already occurred in many ex-Communist countries in the form of sporadic strikes and other manifestations of popular discontent; and this must be expected to grow as the negative consequences of the rule of the market come to be increasingly felt. Also, elections which have been held in these countries since the revolutions of **1989** clearly indicate that while their populations repudiate the former regimes, they do not repudiate the social benefits which these regimes proclaimed to be the due of all citizens, and which, however inadequately and imperfectly, they sought to provide in such realms as health, education, housing, transport, the right to work, etc. The enthusiasm which the new

rulers display for the market economy is not shared by masses of people who rightly fear what it will mean for them. This indeed is one of the main problems which these new rulers face; and they speak with great feeling, at least in private, of how difficult it is to instil in the working class a new psychology, which would make it accept the notion that a "healthy economy" imperatively requires a great increase in inequality and the unfettered rule of the market.

Governments faced with popular resistance to their policies, and strongly pressed at the same time by powerful internal and external forces to pursue these policies, tend to find that the democratic forms which define capitalist democracy are exceedingly inconvenient; and they are therefore driven by a compelling political logic to reduce the effectiveness of these democratic forms. One common way of doing this is greatly to increase the power of the executive to the detriment of legislative and other sources of protest and resistance. Another is to curb trade union rights, for instance by limiting the right to strike, and to curb civic and political rights in general. Yet another is to increase the power of the police and the military to control and curb pressure from below against unpopular policies; and even though it is no longer possible to describe protest and opposition as Soviet-inspired, there is still much life in the denunciation and the repression of protesters as "communists", agitators and agents of dark forces bent on sabotaging national renewal. All capitalist-democratic regimes, for all their proclaimed dedication to pluralism, political competition, and freedom of expression, constantly seek to contain, deflect, subdue, and ultimately suppress inconvenient forms of dissent; and they all have a vast arsenal of emergency powers, which is readily drawn upon in times of crisis. In other words, the authoritarian side of these regimes, which is usually circumscribed (though not absent) in "normal" times, comes to the fore in conditions of stress, strife and turmoil, when the regular functioning of the political system can no longer ensure stability.

Given all the ills which a capitalist restoration in ex-Communist regimes is certain to produce, circumstances would undoubtedly favour a creeping authoritarianism *within* the framework of constitutionalism, with a steady erosion and perversion of democratic forms, in the name of the national interest, national salvation, and indeed democracy. The state in these regimes would be very weak in relation to international capitalism, and would preside over dependent economies; but this need not prevent it from being quite strong vis-a-vis its own citizens. Latin America offers many examples of such a combination of weakness and dependency abroad and oppressive power at home.

The tendency towards creeping authoritarianism is bound to be

strengthened by the ethnic and national tensions which the demise of Communist regimes has again brought to the surface, often in virulent forms. Communist regimes obviously failed to resolve these tensions, and only managed to suppress their overt expression. The extent of their failure in this respect is clearly shown by the eruption of murderous ethnic strife in different parts of the Soviet Union, where generation after generation of Soviet citizens was drilled into giving a superior allegiance to the Soviet Union as a whole, but where conditions on the ground were such as to keep alive, though hidden, ancient grievances and antagonisms, which immediately surfaced once the repressive apparatus was loosened. Much the same goes for Eastern and Central Europe, where the new regimes have come into a bitter inheritance of national, ethnic, religious and racial enmities and prejudices, among which antisemitism occupies a choice place.

Regimes in which the market is the organising principle of life, with competition and individual striving for material advantage acclaimed as the highest virtues, cannot tackle any of these problems effectively. Nor can they generate the social morality which Communist regimes, because of the contradiction between their socialist rhetoric and their actual practice, were themselves unable to foster. Even rich capitalist countries, ruled by the same organising principle, have been unable to tackle effectively the economic and social ills which the system produces: why should poor countries, faced with a plague of problems of every sort, be expected to do better under the rule of the market?

The more reasonable expectation is that they will not and that this will provide a very fertile terrain for the further growth of movements based on a nationalism that readily slides into an exclusive, aggressive, xenophobic chauvinism, with other (or the same) movements drawing on the most backward and reactionary interpretations of religion. The influence of the Vatican in this respect should not be overlooked; for the present Pope does have a project — to "re-Christianise" ex-Communist countries, and for that matter the rest of Europe, and beyond, in directions which point very firmly towards an obscurantist past in which Rome was the unquestioned legislator of the true faith.

Times of crisis, with the political system under great strain, also offer a favourable terrain for the emergence of self-proclaimed saviours, spouting a populist rhetoric of national redemption, and fierce in their denunciations of a variety of suitable scapegoats. They would no doubt declare themselves to be ardent democrats; but they would nevertheless be bent on reproducing the kind of "strong" regimes which were characteristic of most of the countries of Eastern and Central Europe in the inter-war years.

The revolutions of 1989 were largely fought in the name of freedom and democracy; and enormous efforts have been made by a multitude of official and unofficial sources in the West to persuade ex-Communist countries that the essential, indispensable condition of freedom and democracy is free enterprise and the market, in other words capitalism. In fact, a capitalist restoration is much more likely to produce conditions where free enterprise does indeed flourish, but where freedom and democracy would be severely curtailed or even abrogated altogether.

IV

One of the main arguments used by advocates of wholesale **privatisation** and the rule of the market is that there is no alternative; or rather, that the only alternative is totally regimented economies. But this **either/or** categorisation should be treated for what it really is, namely prejudice and propaganda masquerading as objective judgment. For the issue is not whether a market should exist: it is rather what place it should occupy in economic and social life, and what degree of regulation it requires. Even the most committed of free marketeers admit that some matters cannot be left to the market and the workings of free enterprise, and that the state has to intervene in some areas if civilised life is to be maintained. Indeed, the same people turn heavily "statist" when it comes to such issues as "law and order", defence and the curbing of trade union and other rights, and are not in such respects in the least reluctant to see the state's power greatly increased.

The difference between them and their "interventionist" opponents is that the latter insist on the state's responsibility for the organisation of a wide range of collective services whose provision should not be governed by the rule of the market — health, education, public transport, the protection of the environment, the provision of amenities, the access to quick and cheap justice, and much else that defines the quality of life and the reality of citizenship for the vast majority of people. The point is not that the state itself run all such services; but it should ensure that provision, by whatever agencies, should be made for them.

As for productive activity, the point has already been made that a degree of regulation and control has always been imperatively required, given the a-social and anti-social dynamic of capitalist enterprise; and capitalist entrepreneurs, for all their proclaimed dislike of the state, have always been the most voracious consumers of state help by way of protection and subsidy, against the dictates of the market. So too is it well to remember that countries which have in recent years been most admired as examples of free enterprise — for instance South Korea and Taiwan, not to speak of Japan — would be better

cited as examples of state intervention in economic life. In short, state interventionism has always been an intrinsic and crucial part of the history of capitalism: the point is to create the conditions in which that interventionism is placed at the service of society.

It is by now generally agreed on the Left that the state cannot possibly plan every detail of economic activity, or at least that it cannot do so in ways which are satisfactory. But this is very different from saying that a democratic state, mandated by popular will freely expressed after due debate and deliberation, should not determine economic and social priorities, and plan for their fulfillment. It is a perverse dogmatism which stipulates that all planning is by definition undesirable: controllers of the state, whatever their ideological dispositions may be, do plan for some years ahead in such areas as highway construction, the building of schools, hospitals, prisons, the procurement of weapons, etc., and they seek to ensure that the plans are fulfilled. The point is to extend this a great deal further, without any thought of controlling from the centre every aspect of economic activity.

Similarly in relation to private versus public enterprise, the issue is not at all whether there should exist a private sector or not, but what is to be the nature of the "mix" in "mixed economies". The term was invented as a euphemism for capitalism, and served to obscure the fact that in reality it denoted an overwhelmingly predominant private sector, with a subsidiary public sector largely confined to **infra-structural** concerns; and the drive to privatisation in the last decade in many capitalist countries has further reduced and weakened the public sector. The alternative to both the command economy and the "market economy" (another and more recent euphemism for capitalism) is a "mixed economy" ***in which the position of the public sector vis-a-vis the private sector is reversed***, and where the commanding heights of the economy, including its strategic industrial, financial and commercial enterprises, and some of the lesser heights as well, come under one form or another of public or social ownership, under the scrutiny and regulation of a democratic state, itself strictly accountable.

State ownership is only one form of social ownership, suitable for some major industries and services, but to be complemented wherever possible by local and regional enterprises and partnerships, owned and run by municipal or regional authorities, and by various organisations and collectivities in society. All such bodies would enjoy a very considerable autonomy; and they would, in many instances, be competing with a private sector, located at the lower heights of the economy or at its grassroots, and providing a wide range of goods, services and amenities. This is the kind of economic pluralism which

is truly congruent with political pluralism, all the more so because state ownership need not be thought of in terms of single, monopolistic corporations, but rather as areas of economic activity ruled wherever possible on the principle that more-than-one is better than one.

A fundamental tenet of the apostles of the free market economy is that a different economy, in which the public sector was predominant, is bound to be inefficient. The notion of "efficiency", like so much else in the vocabulary of such people, is heavy with ideological overtones; but even if taken on its own terms, the assertion must be treated as mere dogma. Even in Communist regimes, public ownership was not always inefficient; and Communist experience of public ownership cannot in any case be taken as proving anything, given the exceedingly unfavourable conditions under which it operated. Also, the experience of public ownership in capitalist countries shows that it can, to put it no higher, be at as efficient, innovative and "entrepreneurial" as capitalist-run concerns.

There are, however, reasons other than "efficiency" for wanting a mixed economy with a predominant public sector. One crucial such reason is that public ownership removes from private hands the control of assets and resources which, as was noted earlier, are of essential importance to society. Private armies in control of stocks of weapons are now thought to be an abomination, which no properly-run society could ever tolerate. However much it may offend conventional wisdom, and even much current thinking on the Left, it needs to be said that the private control of what are social assets and resources is scarcely less abominable. They too need to be subject to a degree of control, regulation and direction which private ownership and control makes difficult, ineffective, or impossible. The power concentrated in the hands of the owners and controllers of large corporations — the great oligarchs of industry, finance, commerce and communications — can only be effectively "socialised" by the transfer of the sources of their power into the public domain.

Among the objections which are raised against any such transfer is that it entails the danger of an inflation of state power. Against this, it is worth recalling that the free market economy has itself not only been perfectly compatible with a dictatorial state, but also that it profoundly corrupts and degrades the democratic forms of capitalist-democratic regimes. But the answer, more positively, is that an economy in which the public sector is dominant need not be tightly run from the centre; that it is intended, as noted earlier, to be marked by economic pluralism; that the state itself would be democratically constrained; and that it would function in a democratic context.

A predominant public sector is an essential condition for the

creation of societies in which cooperation and fellowship are the dominant values; but nobody would now argue that it is a sufficient condition. The experience of Communist regimes is proof enough of that. A predominant public sector is no more than the indispensable "base" on which new social relations may be built, in a process that is certain to be long and difficult. But it is a process that opens up possibilities of human emancipation which are precluded by the spirit and the practice of capitalism.

It is that "base" which devotees of the free market economy, inside and outside Communist and ex-Communist regimes, seek to destroy by their frantic pressure for privatisation. They are finding that the wholesale disposal of national assets to private buyers is likely to be a difficult and protracted business. Nevertheless, the privatisation campaign will no doubt succeed in some countries, say Czechoslovakia, Poland and Hungary, not to speak of the former German Democratic Republic, and will in due course produce an economy in which the private sector will be heavily predominant. Other ex-Communist countries, notably the Soviet Union, are still at a point where crucial choices in this respect have not yet been finally made. In the Soviet Union (and elsewhere) a struggle is still proceeding in a situation of great ideological confusion, but whose protagonists may be ranged, no doubt with many qualifications, into three sets of positions. First, there are the free marketeers, bent on wholesale privatisation and the free market economy, i.e. capitalist restoration, who enjoy the support of the West, and who are freely dubbed reformers, radicals, democrats, even though there are many such people in their ranks whose democratic credentials are exceedingly dubious. At the other end of the spectrum, secondly, there are those people who hanker for the good old days, when the *nomenklatura* ruled, the command economy was in place, and there was no nonsense about democracy, *perestroika* and *glasnost*. These are the "conservatives", whose numbers and strength are not easy to evaluate, since they are for the most part careful not to parade their opinions too openly. Somewhere in between these two positions, there are the protagonists of a "third way", who do want political pluralism but who are not willing to see the larger part of the economy, particularly its strategic heights, fall into the private domain and form the basis of a capitalist restoration. Such people are often assimilated to the "conservatives", and reproved or denounced, because of their opposition to such a restoration. In fact, they are the best hope — in all probability the slender hope — that what will follow Communist regimes may be something approximating to the beginnings of socialist democracy.

So far, socialists in the West have done very little to give

encouragement to such people in their search for a "third way": the field has been virtually left to the Right, with its glowing prospectus of the virtues of the free market economy. An urgent task for people on the Left is to explain why the prospectus is fraudulent, and to help in the advancement of socialist alternatives to it.