

System FAILURE

The Eastern European revolutions have been hailed as the death of socialism. Others have argued that they offer a new start for the democratic Left on the world stage. So, is it a moment of defeat or a cause for relief? We assembled a roundtable discussion to confront some of the burning issues.

Yvonne Preston is a feature writer for the *Sydney Morning Herald*. Peter Baldwin is the new federal minister for Employment and Education Services, and Labor MP for Sydney. Sylvia Lawson is a fulltime writer of history and journalism. Eric Aarons is a former joint national secretary of the Communist Party who now sculpts and writes. George Markus left his native Hungary in the 'seventies: he now teaches in General Philosophy at Sydney University. The discussion was chaired by Adam Farrar.

The events of the last few months in Eastern Europe have been widely interpreted in the media as the definitive end of socialism. How persuasive is this depiction?

PETER: Gareth Evans and Bob Carr both travelled in Eastern Europe earlier this year. They have argued strongly since that the events in Eastern Europe are a comprehensive vindication of the social democratic position in the Labor Party and a final and complete defeat of the contrary viewpoint. That's a view which somebody aligned with

the Left of the Labor Party has, I think, to take very seriously. And for this reason these events, though they may seem remote, will have a pervasive effect on ideological debate within the Labor Party, as well as beyond.

There are certain things that we on the Left have to acknowledge. I think it's very clear that you can't operate a modern economy without a substantial degree of market determination. That's a reality that people on the Left are going to have to come to grips with. On the other hand I would continue to maintain that there is a case for substantially more intervention in the economy, particularly if we are going to achieve the sort of goals that we want to see Australia achieve - that is, a restructuring of its economy in a way which is both socially benign and environmentally responsible. Reliance on market forces alone isn't going to deliver that. We have to reconstruct a case for those sorts of interventionist policies. It's a major challenge.

Is there any chance that further down the track these developments in Eastern Europe might lead to new forms of politics there which might in turn provide a pole of attraction for the Left of Labor and social democratic parties in the West?

GEORGE: I must say my feelings on that score are rather



Sylvia Lawson and Yvonne Preston

pessimistic. The Soviet Union is to some extent a special case. It's clear now that some of the smaller East European countries will integrate into a liberal democratic Western capitalism. And others, in all probability, will be 'Latin Americanised'. They will develop nationalistic autocratic regimes, highly dependent on foreign capital.

In 1956, in last days of the Hungarian revolution, completely spontaneously, workers councils emerged in a mass way. In Prague in 1968 the same movement was much weaker but nevertheless it really was not clear to what extent it was officially organised and to what extent it was spontaneous. But today there is in none of these countries a spontaneous movement for anything like workers self-management.

Some months ago in Gdansk there was a general strike. There was one big enterprise which did not go on strike: the shipyards, the origins of Solidarity. It did not go on strike because some months earlier a large Western corporation made a very big investment in the shipyards and the workers didn't want to antagonise them.

That's the outlook of the founders of Solidarity now. To understand this I think you have to take their experiences into account. There is no doubt, for instance, that Hungarians in the late 1930s definitely lived better in relation to Western countries than they do now. Nowadays Hungary has one of the world's highest infant mortality rates and one of the world's highest suicide rates. People there understandably feel they've been guinea-pigs in a vast social experiment which has failed. And they are determined above all to make a break with that past.

ERIC: I think George is right to be pessimistic certainly in the short term, perhaps even in the long term. A number of people have said to me in recent months concerning these upheavals in Eastern Europe that we mustn't throw

out the baby with the bath water. This prompted me to reply: what is the baby? Is there actually anything worth holding on to in those societies and their values?

When I look back on my past, speaking as one who's been a communist for many, many years, I come to these conclusions. The first thing to understand is that the events which shaped the epoch of the formation of the Soviet Union all happened in a relatively short period. First, there was World War One, which changed so much for everybody on the Left. Then, only 10 years after, there was the Depression, and all the privileges and inequalities which it threw into relief. Then there was the rise of fascism throughout the world, the struggles against colonialism, and the threat of a new world war which eventuated only 20 years after the end of the previous one. The opposition to those cataclysmic events defined the values of the left for a generation or more.

So many things were promised by the socialism of that era, and you could almost say the opposite was delivered. And it wasn't just because of individuals, or even stalinism. It went deeper than that, I believe, because it has affected so many countries in approximately the same way. And events have now shown in the countries of Eastern Europe other than the Soviet Union - which is a slightly different case - not just the bankruptcy, but the *absolute* bankruptcy of the Communist parties there. They had been able to exercise all that power for all that time, yet as soon as Soviet might was withdrawn they collapsed like a pack of cards. And now there is no likelihood whatever of them reviving. I wouldn't think. It is a massive defeat.

PETER: Obviously, the demise of Eastern European socialism is something that is going to take a long time to live down. But it does also provide an opportunity to once and for all discard a lot of ideological baggage. For ex-



Peter Baldwin

ample the notion that there's some kind of historical inevitability about the acceptance of socialism no longer has any credibility. For so long now socialists have predicted the demise of capitalism on the basis of the incompatibility of the capitalist mode of production with the development of productive forces. There's a certain irony in the fact that it's the centrally planned economies of Eastern Europe that have shown themselves incompatible with modern productive forces. There has been a technological transformation of the basis of production and services in the West which has largely bypassed Eastern Europe.

There's another task which I think is critical. For a long time the Left tended to take at best a fairly condescending view of the importance of formal democratic freedoms and the liberal democratic order. Large sections of the Left, both outside and inside the Labor Party, have tended to downgrade the importance of genuinely free elections, a press where people can express themselves without fear of being put in a psychiatric institution, and so on. I think it's clear now that without a liberal democratic order you have nothing. Those 'formal' freedoms are more than formal: they're absolutely fundamental.

YVONNE: What is very hard to comprehend, though, is how little recognition there was of quite how bad these societies were and why it seems to have come as a kind of revelation to so many people. I worked in China as a journalist in the 'seventies. We had a succession of people from the rich Western countries, trade unionists, workers, all kinds of people - all of whom would say this society was utopia. Nobody seemed to see what we kept describing - that there were people (we now know millions) who were starving and millions who died during the Cultural Revolution. I spent several stints in the Soviet Union as a European correspondent before the current changes, and even then you could find people who would tell you what

it was really like. You could use your eyes and see: those queues of people, those empty shops, those empty lives, this dead hand. How was it that so few on the Left understood quite how bad things were?

SYLVIA: I think you did hear about those things. As early as the 'fifties people returned from those countries and wrote things which exposed the extent of the tyranny, and the extent of spiritual and social damage you're talking about. But I don't think they were heard distinctly enough as against the tendency of the Left in numerous countries to project onto communist countries their disaffection with their own countries. There is an intense desire on the part of many people to react against where they are and project what they want to see onto other countries, and a lot of people have done that onto the Soviet Union and the socialist countries.

Another question these events have highlighted is the difficulty of disentangling what we mean by left and right now on the world stage. In Hungary or the Soviet Union or Poland now to be on the Left, as far as I can tell, is to be pressing for what we all perceive as reforms. It means to be pressing for more social democracy - not so much socialism but certainly social democracy - more pluralism, more freedom to speak, more freedom to be and live in different ways.

I remember the shock and pain when in Stalin's Soviet Union Pasternak was axed from the writers union - and we tried to work out what to do with that. Of course the right always instantly knows what to do with it.

I'd like to ask two questions here. Sylvia, you noted that Eastern Europe was for many years used by the Left in the West as a screen on to which to project a utopian alternative to all those things which we have opposed in our own societies. Does that mean, as I



George Markus

think Peter was arguing earlier, that we need to find ways of arguing the case for progressive politics without a screen to project it onto? Because it seems to me it's a very real question as to whether that's possible.

Another consequence of the Eastern European events, as Peter also mentioned, is that some of the crucial left concerns within the Labor Party and on the Left generally have been in the public gaze seriously discredited. If Eastern Europe stood as a model for anything, it stood as a model in our eyes, for social security, secure housing, for a welfare system which was at least utterly pervasive. And yet it seems that this too was to a large extent a myth. What does that do to projects for social justice which we may want to advance?

ERIC: On your first question, I think there are a number of things which can be visualised fairly clearly without a 'screen'. The first is the affirmation of democracy and its extension. Secondly we would want a greater degree of equality, a concern for social justice: I think we know roughly what we want to say about those, without needing a screen to project them onto.

The biggest difficulty is I think the economic question. The ownership question is an example of the dilemmas involved. The question of non-private ownership of the means of production is clearly a problem for the Left. The whole concept of 'public' ownership has lost credibility, because if you're talking about the state owning or government running an industry, then obviously the political system is inextricably bound up with it. I have heard from media programs reporting from Eastern Europe and the Soviet Union that they are discussing seriously not so much ownership of the means of production, as their

custodianship. I don't know that this solves the question but it could be a very important way of thinking about it.

Furthermore, anyone who nowadays talks about doing away with the market is not going to be listened to by anyone beyond their own small circle. And if you are going to have markets, you've got to have entrepreneurial people; people who know how to operate within that environment. Again many leftists think it's easy: rub a few marxist truths together and you know how to run a business. Leaving aside the experience from the Soviet bloc - which is I think overwhelming - our own very small experience here tells me that parties and governments cannot run enterprises. However, this doesn't mean that the only people who can run them are capitalists. At present capital employs workers but maybe workers could employ capital?

GEORGE: I can recall and understand those processes of self-deception on the Left that Yvonne mentioned. People on the left were in trouble in their own countries and wanted to identify with something - with something that is not merely a utopia but something real. One of my uncles was an American communist. And for me one of the most unpleasant things as we became more and more disenchanted in Hungary was to see him suffer. He loved us but on the other hand Hungary was for him an ideal. He used to say: "but the children are smiling!"

Yet the result was a moral discrediting of the Left. I think what has happened in Eastern Europe can be useful to the Left if two things happen which are completely contradictory. On the one hand, the left has to become more pragmatic, more concrete, less doctrinaire. Yet on the other hand the Left has to reclaim some long term image of a juster society - not *the* just society, because I don't believe that *the* just is possible, but a more just society than this.



Eric Aarons

Because otherwise the Left is just a rag bag of one issue movements. The difficulties there are enormous.

The East European experience is more devastating in this than in any other respect. For example the Hungarian reforms clearly resulted in nothing because you cannot have market forces unless you also have capital markets. Now capital markets and nationalised enterprises just don't go together. So in this sense, when we say that we cannot do without the market, we are making a very strong statement indeed.

We have to rethink all these questions and as far as I can see there are no theoretical answers at present. We need to have a much more pragmatic politics, the development of some completely new model of what we think by a more just society and keeping the two apart - not subordinating either theory to politics or politics to theory.

PETER: I think George's emphasis on the need for a pragmatic approach, where we espouse a set of values and we look to the most effective ways of pursuing them, is of primary importance. One of the questions worth pondering was posed by Chalmers Johnson in his book *MITI and the Japanese Miracle*. How is it, he asks, that there has been a manifest failure of planning and intervention in Eastern Europe, while on the other hand you've got highly interventionist economies in East Asia, and in Western Europe to some extent, which are generally perceived to have been highly successful? He makes what struck me as a very interesting distinction between two types of planning. One he calls 'plan ideological': this is where you seek to run a society or an economy in accordance with an ideologically determined blueprint. And so, for instance, to take the Soviet example, you try to construct a pricing scheme based on the labour theory of value.

He contrasts that with the type of planning carried out

in Japan and the newly industrialising countries, which he calls 'plan rational'. And the essence of 'plan rational' is a preparedness to use intervention - as opposed to an ideological commitment to allowing the market to do what it will - but to have a very pragmatic, empirical approach to it.

Obviously people on the Left are seeking different goals to those whose goal is maximum economic development and the maximisation of Japanese economic power. But what this does seem to suggest is that we need to adopt this empirical, pragmatic approach to planning and intervention. If that is the basic approach to intervention it ought to play a more prominent role in restructuring the Australian economy than at present.

ERIC: Another problem, taking up George's point, is the question of the world capital market, something which makes it still more difficult to resolve the economic side of the Left's equation. There are unbelievable amounts of money awash in the world nowadays that can be transferred from country to country virtually in an instant. Five years ago Max Walsh put the figure at two million, million dollars, and you could probably multiply that by an order of five or ten now.

Some on the European Left see one aspect of a solution to this problem as to be more active in Europe, creating links between various national economies moving in a progressive direction. In that I think they're probably right.

Yet Australia has no evident prospect of an alliance of that kind. We're isolated as a small and vulnerable economy in our part of the world, and we're at the mercy of these international money flows. But if we just let that process take its course, then, as Keating said, we will be Latin Americanised. We do have to think pragmatically as well as theoretically about it. The fact that an economy like

Australia's is so dependent, small and weak actually makes intervention more important.

SYLVIA: On the question of the balance between the pragmatic and what I'll call the idealistic - surely this means that the left in future has got to come to terms with ideas which have been just off the agenda in the past. Maybe a mixture of privatisation with regulation and intervention is in order. Do we perhaps simply have to face the prospect of being able to accept privatisation in some areas while resisting it in others?

I'm thinking here also of the question of individualism, and how it correlates in the market. Some people have for years now been urging the British Left to understand the kind of chords Thatcherism has struck in the populace and the real appeal the rhetoric of individualism has had. These people have appealed to the Left to understand that the individual as a concept must have a place in the thinking of the left. Perhaps some of the developments in Eastern Europe challenge left ideas so completely because they're so much focussed around the question of individual liberty.

ERIC: Also lurking in the thinking of the Left, and also derived from Marx, is the elevation of class relations above all other relations. There has even been thought to be a direct causal relation, with class in some last instance determining everything else. Now we can see with our eyes in Australia that it's not like that. Class does not unite people to that degree, and in our society people do have in varying degrees prospects of self-realisation and self-development. People are not just workers: they are also consumers, travellers, lovers, writers, whatever...

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YVONNE: There is another tendency still active I think in the Left - to want to project a utopian ideal onto people. There is a great deal of criticism from the Left of the rise of nationalism in Eastern Europe - because, we are told, this is going back to the past and because it goes against the internationalist approach. But if you look at the situation for people like the Estonians, it's impossible to say that they should not express their legitimate national aspirations.



Adam Farrar

What we need from the Left in the West is not exactly a mea culpa, but realism. When you look at the circumstances for people in large parts of Eastern Europe, it's just not good enough to say how dreadful that they were reported as just rushing after consumer goods from the West. If I lived there and could get so little, the first thing I would be after would be nice clothes for my daughters or a decent square meal.

But I also want to ask a simple question. When we list all the problems these events have raised in the Left's traditional analyses, it doesn't seem as though there's a great deal of socialism left. The class struggle is dead. We can even accept privatisation. There's no clear notion of nationalisation. What is actually left in the socialist vision?

SYLVIA: I agree that to carry on about the selfishness of consumerism is a bourgeois luxury for people in our kind of position. But on the other hand if you read some of the writing coming out of the Soviet Union at present you can see an incredibly strong idealism which is not just about consumer goods but is also about the enormous pleasure and adventure of helping things change.

When there was the exodus from East Germany, some people rushed across the border to stay but others went back. I remember one young woman, an anthropologist, interviewed on radio saying 'Yes, it was great fun. But I'm back'. What she and others so clearly meant was: it's much more fun to be here helping things change than to go over there and be hanging around and struggling for your place in a world which belongs to other people.

PETER: I remember back in 1980 I was involved in a debate with Gareth Evans over the ALP's socialist objective and Evans' argument was that these days socialism should be about a set of values, such as greater social equity and so on. The Left counter to that view was that in order

to pursue those values it is necessary to bring about some structural economic change. Yet now the parliamentary Left in the Labor Party has as one of its highest priorities the notion of social justice. That represents a major change from the sorts of things we used to say in those debates.

I think Yvonne poses a very important question. Given all those changes in our thinking - once you throw out the bath water, is there actually a baby left in it? One of the things which drew me to defining myself as a socialist seemed to be encapsulated in the descriptions of the co-operatives which function in certain parts of Europe. Here is a network of enterprises that are able to produce goods capable of being sold in a market environment and which are completely viable within the context of a market economy. Yet they do so with structures of ownership and decision-making which seem to be comprehensively democratic. That does indicate that there are alternatives to the old dichotomy between public and private ownership, and that it is possible for something other than conventional private ownership to be compatible with a market economy.

Again I think we can renovate our thinking on the public sector. We've had a terribly sterile privatisation debate dragging on in the Labor Party for some time. On the one hand you've got those who assert that public ownership is desirable for its own sake. They deny that they assert that, but when it comes down to it their arguments are simply arguments about ideological principle. On the other hand you've got senior ministers who want to sell off all public enterprises supposedly in order to be able to provide higher levels of recurrent government expenditure than would otherwise be feasible.

And yet in economic terms that is nonsensical. So you've got two nonsensical positions being posed against one another. In reality I think we should be having a very different debate about privatisation. We should be asking questions of what particular function is served by public ownership of this or that enterprise. Do we want public ownership of an enterprise in order to have the enterprise performing differently, to in some way free it from the dictates of market forces in ways which might be difficult if it remains private ownership? Questions like that need to be asked, instead of this rather futile debate that we have at the moment.

SYLVIA: On the question of what's left for socialism - I think there is one principle in particular which is, if you want to put it this way, philosophic. The debate around socialism reminds me a lot of the debates around feminism. There are lots of sectarian sections within socialism, as within feminism, who do seem to want very insistently and determinedly unitary and collective goals. I see the socialist or social democratic trends in the pre-

viously dissident and presently ascendant movements and groups in Eastern Europe to be asking primarily for the right to diversity, the right to be different people. Not for the right to have just one voice in a country but the right for that country to have a lot of different voices speaking and allowed space to speak. By a rough kind of analogy, I see the same spirit among those feminists who see feminism as a set of moves to liberate an entire diversity of female voices rather than to have us all in separate boxes agreeing with each other.

The Left still has a different concept of the person - without dismissing the notion of class in all its determinations. The person in left thinking as I understand it is a citizen with rights, obligations, a capacity in public and private life, and a capacity for action and participation which can't be pre-empted or summed up in phrases like 'the masses don't understand any of that' or 'the masses want this or that'. In so far as the movements in Eastern

Europe seem to be, among other things, cries for diversity, moves to pluralism, and moves not least towards the freeing up of cultural institutions so that the unprivileged can do more speaking in journals and in literature, in music and performance, I think this left notion of the citizen should be congenial to them.

GEORGE: The question 'what's left of socialism?' reminds me of an episode from my own past. In the latter 'fifties the then Polish marxist Leszek Kolakowski wrote an article which consisted of a very long list of

what socialism is not. It ended with the question: "Well, then, what is socialism? I don't know". When I read it in Hungary in the 'fifties I disliked this article immensely. In retrospect I was a very dogmatic young communist, though I then considered myself and I was considered by others to be a very revisionist one. Yet I have to say that I'm not quite happy with Kolakowski's answer even today. I don't of course, any longer expect a blueprint of a just society. But (and perhaps this is my professional malady as a philosopher) I would like to know a little bit more about the means of going where we want to go in the longer run.

Here in Australia I know that I support land rights for Aborigines, let's say, as well as many other causes. But I'd like to be able to go a little bit beyond merely pragmatic concerns. I'd like to have some kind of vision or visions of a society which is structurally more appropriate for the realisation of these values.

I would like to have this type of vision and I must confess that I don't have. That of course is the result of my history and experiences and the historical experience of Eastern Europe. But it does also seem to me as an objective description of the situation that such a vision is simply not around in our epoch.

ADAM FARRAR writes on social policy issues.

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