

WHAT WAS SOCIALISM, AND WHY DID IT FALL?

THE STARTLING DISINTEGRATION of Communist Party rule in Eastern Europe in 1989, and its somewhat lengthier unraveling in the Soviet Union between 1985 and 1991, rank among the century's most momentous occurrences. Especially because neither policy-makers nor area specialists predicted them, these events will yield much analysis after the fact, as scholars develop the hindsight necessary for understanding what they failed to grasp before. In this chapter, I aim to stimulate discussion about why Soviet-style socialism fell. Because I believe answers to the question require understanding how socialism "worked," I begin with an analysis of this and then suggest how it intersected fatefully with certain features of its world-system context.

What Was Socialism?

The socialist societies of Eastern Europe and the Soviet Union differed from one another in significant respects—for instance, in the intensity, span, and effectiveness of central control, in the extent of popular support or resistance, and in the degree and timing of efforts at reform. Notwithstanding these differences within "formerly existing socialism,"¹ I follow theorists such as Kornai in opting for a single analytical model of it.² The family resemblances among socialist countries were more important than their variety, for analytic purposes, much as we can best comprehend French, Japa-

This chapter was originally entitled "What Was Socialism, and What Comes Next?" and was delivered as a lecture for the Center for Comparative Research in History, Society and Culture, at the University of California, Davis, in January 1993. I am grateful to those who invited me—William Hagen, G. William Skinner, and Carol A. Smith—as well as to members of the Center's seminar, for a very stimulating discussion. I also received helpful advice from Ashraf Chani.

Earlier forms of the argument appeared in "Theorizing Socialism" and in my book *National Ideology under Socialism: Identity and Cultural Politics in Ceaușescu's Romania* (Berkeley and Los Angeles: University of California Press, 1991). The underlying conceptualization was developed in 1988; after 1989 I added some thoughts on how the model might illuminate the system's collapse. Reprinted from *Contention: Debates in Society, Culture, and Science* 1, no. 3 (1993), by permission of Indiana University Press.

nese, West German, and North American societies as variants of a single capitalist system. Acknowledging, then, that my description applies more fully to certain countries and time periods than to others, I treat them all under one umbrella.

For several decades, the analysis of socialism has been an international industry, employing both Western political scientists and Eastern dissidents. Since 1989 this industry has received a massive infusion of new raw materials, as once-secret files are opened and translations appear of research by local scholars (especially Polish and Hungarian) into their own declining socialist systems.³ My taste in such theories is "indigenist": I have found most useful the analyses of East Europeans concerning the world in which they lived. The following summary owes much to that work, and it is subject to refinement and revision as new research appears.⁴ Given temporal and spatial constraints, I will compress elements of a longer discussion, emphasizing how production was organized and the consequences of this for consumption and for markets.⁵ I believe these themes afford the best entry into why Party rule crumbled much faster than anyone expected.

Production

From the earliest days of the "totalitarian" model, Americans' image of "Communism" was of an autocratic, all-powerful state inexorably imposing its harsh will on its subjects. Even after most area specialists ceased to use the term "totalitarian" in their writing, the image of totalitarian autocracy persisted with both the broader public and many politicians; indeed, it underpinned Ronald Reagan's view of the "evil empire" as late as the 1980s. Yet the image was by and large wrong. Communist Party states were not all-powerful: they were comparatively weak. Because socialism's leaders managed only partially and fitfully to win a positive and supporting attitude from their citizens—that is, to be seen as legitimate—the regimes were constantly undermined by internal resistance and hidden forms of sabotage *at all system levels*.⁶ This contributed much to their final collapse. I will describe briefly some of the elements of socialist nontotalitarianism and signal a few places where resistance lay.⁷

Socialism's fragility begins with the system of "centralized planning," which the center neither adequately planned nor controlled. Central planners would draw up a plan with quantities of everything they wanted to see produced, known as targets. They would disaggregate the plan into pieces appropriate for execution and estimate how much investment and how many raw materials were needed if managers of firms were to fill their targets. Managers learned early on, however, that not only did the targets increase annually but the materials required often did not arrive on time or in the

right amounts. So they would respond by bargaining their plan: demanding more investments and raw materials than the amounts actually necessary for their targets. Every manager, and every level of the bureaucracy, padded budgets and requests in hopes of having enough, in the actual moment of production. (A result of the bargaining process, of course, was that central planners always had faulty information about what was really required for production, and this impeded their ability to plan.) Then, if managers somehow ended up with more of some material than they needed, they hoarded it. Hoarded material had two uses: it could be kept for the next production cycle, or it could be exchanged with some other firm for something one's own firm lacked. These exchanges or barter of material were a crucial component of behavior within centralized planning.

A result of all the padding of budgets and hoarding of materials was widespread shortages, for which reason socialist economies are called economies of shortage.⁸ Shortages were sometimes relative, as when sufficient quantities of materials and labor for a given level of output actually existed, but not where and when they were needed. Sometimes shortages were absolute, since relative shortage often resulted in lowered production, or—as in Romania—since items required for production or consumption were being exported. The causes of shortage were primarily that people lower down in the planning process were asking for more materials than they required and then hoarding whatever they got. Underlying their behavior was what economists call soft budget constraints—that is, if a firm was losing money, the center would bail it out. In our own economy, with certain exceptions (such as Chrysler and the savings and loan industry), budget constraints are hard: if you cannot make ends meet, you go under. But in socialist economies, it did not matter if firms asked for extra investment or hoarded raw materials; they paid no penalty for it.

A fictitious example will help to illustrate—say, a shoe factory that makes women's shoes and boots. Central planners set the factory's targets for the year at one hundred thousand pairs of shoes and twenty thousand pairs of boots, for which they think management will need ten tons of leather, a half ton of nails, and one thousand pounds of glue. The manager calculates what he would need under ideal conditions, if his workers worked consistently during three eight-hour shifts. He adds some for wastage, knowing the workers are lazy and the machines cut badly; some for theft, since workers are always stealing nails and glue; some to trade with other firms in case he comes up short on a crucial material at a crucial moment; and some more for the fact that the tannery always delivers less than requested. The manager thus refuses the plan assigned him, saying he cannot produce that number of shoes and boots unless he gets thirteen rather than ten tons of leather, a ton rather than a half-ton of nails, and two thousand rather than one thou-

sand pounds of glue. Moreover, he says he needs two new power stitchers from Germany, without which he can produce nothing. In short, he has bargained his plan. Then when he gets some part of these goods, he stockpiles them or trades excess glue to the manager of a coat factory in exchange for some extra pigskin. If leather supplies still prove insufficient, he will make fewer boots and more shoes, or more footwear of small size, so as to use less leather; never mind if women's feet get cold in winter, or women with big feet can find nothing to wear.

With all this padding and hoarding, it is clear why shortage was endemic to socialist systems, and why the main problem for firms was not whether they could meet (or generate) demand but whether they could procure adequate supplies. So whereas the chief problem of economic actors in Western economies is to get profits by selling things, the chief problem for socialism's economic actors was to procure things. Capitalist firms compete with each other for markets in which they will make a profit; socialist firms competed to maximize their bargaining power with suppliers higher up. In our society, the problem is other sellers, and to outcompete them you have to befriend the buyer. Thus our clerks and shop owners smile and give the customer friendly service because they want business; customers can be grouchy, but it will only make the clerk try harder. In socialism, the locus of competition was elsewhere: your competitor was other buyers, other procurers; and to outcompete them you needed to befriend those higher up who supplied you. Thus in socialism it was not the clerk—the provider, or “seller”—who was friendly (they were usually grouchy) but the procurers, the customers, who sought to ingratiate themselves with smiles, bribes, or favors. The work of procuring generated whole networks of cozy relations among economic managers and their bureaucrats, clerks and their customers. We would call this corruption, but that is because getting supplies is not a problem for capitalists: the problem is getting sales. In a word, for capitalists salesmanship is at a premium; for socialist managers, the premium was on acquisitionsmanship, or procurement.

So far I have been describing the clientelism and bargaining that undercut the Party center's effective control. A similar weakness in vertical power relations emerges from the way socialist production and shortage bred workers' oppositional consciousness and resistance. Among the many things in short supply in socialist systems was labor. Managers hoarded labor, just like any other raw material, because they never knew how many workers they would need. Fifty workers working three eight-hour shifts six days a week might be enough to meet a firm's targets—if all the materials were on hand all month long. But this never happened. Many of those workers would stand idle for part of the month, and in the last ten days when most of the materials were finally on hand the firm would need 75 workers working overtime to complete the plan. The manager therefore kept 75 workers

on the books, even though most of the time he needed fewer; and since all other managers were doing the same, labor was scarce. This provided a convenient if unplanned support for the regimes' guaranteed employment.

An important result of labor's scarcity was that managers of firms had relatively little leverage over their workers. Furthermore, because supply shortages caused so much uncertainty in the production process, managers had to turn over to workers much control over this process, lest work come to a standstill.⁹ That is, structurally speaking, workers under socialism had a somewhat more powerful position relative to management than do workers in capitalism. Just as managers' bargaining with bureaucrats undercut central power, so labor's position in production undercut that of management.

More than this, the very organization of the workplace bred opposition to Party rule. Through the Party-controlled trade union and the frequent merger of Party and management functions, Party directives were continually felt in the production process—and, from workers' viewpoint, they were felt as unnecessary and disruptive. Union officials either meddled unhelpfully or contributed nothing, only to claim credit for production results that workers knew were their own. Workers participated disdainfully—as sociologist Michael Burawoy found in his studies of Hungarian factories—in Party-organized production rituals, such as work-unit competitions, voluntary workdays, and production campaigns; they resented these coerced expressions of their supposed commitment to a wonderful socialism.¹⁰ Thus instead of securing workers' consent, workplace rituals sharpened their consciousness and resistance. Against an official “cult of work” used to motivate cadres and workers toward fulfilling the plan, many workers developed an oppositional cult of nonwork, imitating the Party bosses and trying to do as little as possible for their paycheck. Cadres often found no way around this internal sabotage, which by reducing productivity deepened the problems of socialist economies to the point of crisis.

The very forms of Party rule in the workplace, then, tended to focus, politicize, and turn against it the popular discontent that capitalist societies more successfully disperse, depoliticize, and deflect. In this way, socialism produced a split between “us” and “them,” workers and Party leaders, founded on a lively consciousness that “they” are exploiting “us.” This consciousness was yet another thing that undermined socialist regimes. To phrase it in Gramscian terms, the lived experience of people in socialism precluded its utopian discourse from becoming hegemonic—precluded, that is, the softening of coercion with consent.¹¹

Ruling Communist Parties developed a variety of mechanisms to try to obscure this fact of their nature from their subjects, mechanisms designed to produce docile subject dispositions and to ensure that discontent did not become outright opposition. I will briefly discuss two of these mechanisms: the apparatus of surveillance, and redistribution of the social product.

Surveillance and Paternalistic Redistribution

In each country, some equivalent of the KGB was instrumental in maintaining surveillance, with varying degrees of intensity and success. Particularly effective were the Secret Police in the Soviet Union, East Germany, and Romania, but networks of informers and collaborators operated to some extent in all. These formed a highly elaborate “production” system parallel to the system for producing goods—a system producing paper, which contained real and falsified histories of the people over whom the Party ruled. Let us call the immediate product “dossiers,” or “files,” though the ultimate product was political subjects and subject dispositions useful to the regime. This parallel production system was at least as important as the system for producing goods, for producers of files were much better paid than producers of goods. My image of this parallel production system comes from the memoirs of Romanian political prisoner Herbert Zilber:

The first great socialist industry was that of the production of files. . . . This new industry has an army of workers: the informers. It works with ultramodern electronic equipment (microphones, tape recorders, etc.), plus an army of typists with their typewriters. Without all this, socialism could not have survived. . . . In the socialist bloc, people and things exist only through their files. All our existence is in the hands of him who possesses files and is constituted by him who constructs them. Real people are but the reflection of their files.¹²

The work of producing files (and thereby political subjects) created an atmosphere of distrust and suspicion dividing people from one another. One never knew whom one could trust, who might be informing on one to the police about one’s attitudes toward the regime or one’s having an American to dinner. Declarations might also be false. Informers with a denunciation against someone else were never asked what might be their motive for informing; their perhaps-enviuous words entered directly into constituting another person’s file—thus another person’s sociopolitical being. Moreover, like all other parts of the bureaucracy, the police too padded their “production” figures, for the fact of an entry into the file was often more important than its veracity.¹³ The existence of this shadowy system of production could have grave effects on the people “processed” through it, and the assumption that it was omnipresent contributed much to its success, in some countries, in suppressing unwanted opposition.

If surveillance was the negative face of these regimes’ problematic legitimation, its positive face was their promises of social redistribution and welfare. At the center of both the Party’s official ideology and its efforts to secure popular support was “socialist paternalism,” which justified Party rule with the claim that the Party would take care of everyone’s needs by collecting the total social product and then making available whatever peo-

ple needed—cheap food, jobs, medical care, affordable housing, education, and so on. Party authorities claimed, as well, that they were better able to assess and fill these needs than were individuals or families, who would always tend to want more than their share. Herein lay the Party’s paternalism: it acted like a father who gives handouts to the children as he sees fit. The Benevolent Father Party educated people to express needs it would then fill, and discouraged them from taking the initiative that would enable them to fill these needs on their own. The promises—socialism’s basic social contract—did not go unnoticed, and as long as economic conditions permitted their partial fulfillment, certain socialist regimes gained legitimacy as a result. But this proved impossible to sustain.

Beyond its effects on people’s attitudes, paternalism had important consequences for the entire system of production discussed previously and for consumption; here I shift to the question of why consumption was so central in the resistance to socialism. A Party that pretends to meet its citizens’ needs through redistribution and that insists on doing so exclusively—that is, without enlisting their independent efforts—must control a tremendous fund of resources to redistribute. Nationalizing the means of production helped provide this, and so did a relentlessly “productionist” orientation, with ever-increased production plans and exhortations to greater effort.

The promise of redistribution was an additional reason, besides my earlier argument about shortages, why socialism worked differently from capitalism. Socialism’s inner drive was to accumulate not profits, like capitalist ones, but distributable resources. This is more than simply a drive for autarchy, reducing dependency on the outside: it aims to increase dependency of those within. Striving to accumulate resources for redistribution involves things for which profit is totally irrelevant. In capitalism, those who run lemonade stands endeavor to serve thirsty customers in ways that make a profit and outcompete other lemonade stand owners. In socialism, the point was not profit but the relationship between thirsty persons and the one with the lemonade—the Party center, which appropriated from producers the various ingredients (lemons, sugar, water) and then mixed the lemonade to reward them with, as it saw fit. Whether someone made a profit was irrelevant: the transaction underscored the center’s paternalistic superiority over its citizens—that is, its capacity to decide who got more lemonade and who got less.

Controlling the ingredients fortified the center’s capacity to redistribute things. But this capacity would be even greater if the center controlled not only the lemons, sugar, and water but the things they come from: the lemon trees, the ground for growing sugar beets and the factories that process them, the wells and the well-digging machinery. That is, most valuable of all to the socialist bureaucracy was to get its hands not just on resources but on resources that generated *other* usable resources, resources that were them-

