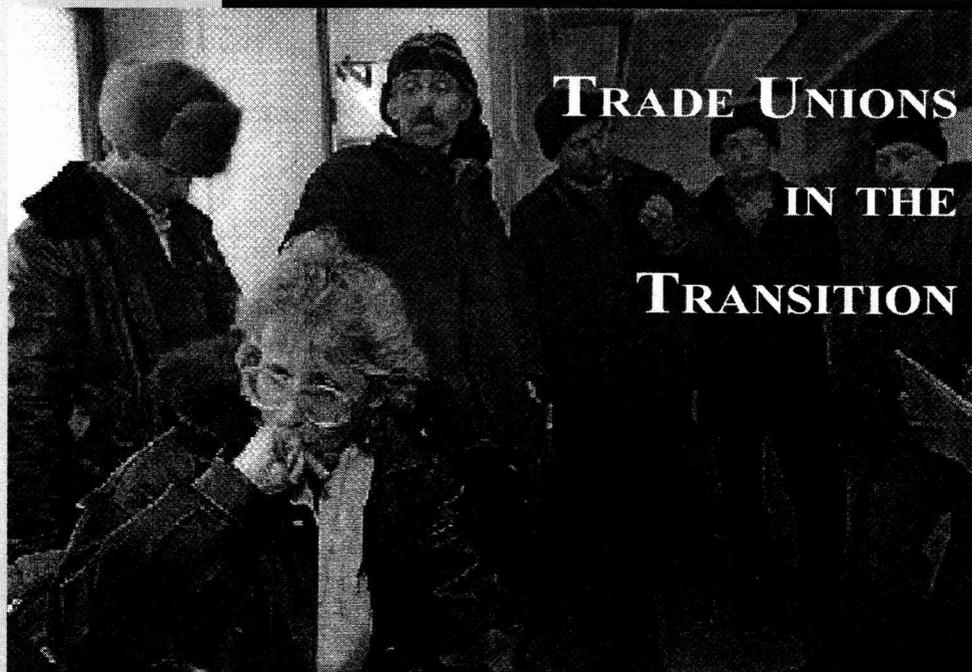


Labour Focus on Eastern Europe



David Mandel Trade Unions in Belarus **Vladimir Zlenko** Trade Unions in Ukraine **Frank Hantke** Poland's Trade Unions: Decline and Division **Béla Galgóczi** Hungary: Trade Unions in the Transition **Pieta Monks** Educational Reform in Russia **László Andor** Hungarian Agriculture after the Transition **Swedish Left Party** EU Enlargement and CAP **Kenneth McRobbie** The Memoirs of Ilona Duczynska

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**Labour Focus on
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Address *Labour Focus on Eastern Europe*
 30 Bridge Street, Oxford, OX2 0BA, England
 tel: (44 1865) 433713
 e-mail: labfocus@gn.apc.org
www.gn.apc.org/labourfocus

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Cover picture: workers in the Vyborg Cellulose and Paper Mill in Sovietsky, 190 km north west of St Petersburg, who occupied their plant in 1998 against a foreign owner who planned to close the plant.

David Mandel

The Labour Movement in Belarus

Belarus is the smallest and least known of the three predominantly Slav republics of the former USSR. With a population of about ten million (a fifth of Ukraine's and a fifteenth of Russia's) and territory three times that of Belgium and Holland combined, Belarus did not exist for the Western media until the "international community" (rich capitalist countries) began to worry about democracy there.

In 1996, in a bloodless coup subsequently legitimated by referendum, Belarussian President Aleskandr Lukashenko reduced the parliament to symbolic status, establishing an absolutist presidency. Though more authoritarian, this regime in essence differs little from that of Russia and Ukraine. The displeasure of Western governments seems motivated at least as much by Lukashenko's rejection of IMF economic policies (the IMF has refused all loan requests) and by his promotion of economic and political integration with Russia, as by a concern for democracy.

The most progressive labour movement

Apart from that, what makes Belarus unique in the former Communist world is a labour movement that has progressed farthest in shedding the bureaucratized, subservient legacy of the Soviet period. It is the only country of the former Communist bloc where the labour movement is the main force of the political opposition. With a union mandate,

Vladimir Goncharik, president of the 4-million strong Belarussian Federation of Trade Unions (BFTU), was the candidate of the democratic forces and Lukashenko's main opponent in the presidential elections of 9 September 2001.

The two largest industrial unions, the Union of Workers of Auto and Agricultural-Machine Construction (ASMB) (143,000 employed members, down by 1/3 since 1991) and the Union of Radio-Electronic Workers (REP) (70,000 down by 3/4) are the locomotive of the labour movement. (REP has been much weakened by the sharp decline in military production.) ASMB in particular has moved farther than any other large union in the former USSR toward becoming an independent, solidary and democratic labour organisation.

Favourable objective conditions

Several factors have favoured this. Unlike their Russian and Ukrainian counterparts, the majority of Belarussian industrial workers brought into the post-Soviet period direct experience of independent, collective struggle: the 1989-90 movement in Gomel region, led by ASMB's current president, Aleksandr Bukhvostov, to demand support for Chernobyl victims; and the April 1991 mass strikes, sparked by decreed price increases. Largely successful, these movement sowed the seeds of a culture of resistance.

They also shook up ASMB and REP, which entered the new period with a national leadership and a significant minority of local leaders committed to a policy of class independence. Even in the majority of factories, where the movement had not been strong enough to dislodge conciliationist leaders, the latter came under intensified pressure from "below". The concrete demonstration of the power of a mobilised, solidary labour movement left a lasting impression on even the most conservative union leaders, as well as managers and government officials. Together ASMB and REP formed in 1992 the Association of Industrial Unions, which became a strong pole for independent trade unionism within the initially quite conservative BFTU.

Yet another historical factor was the relative integrity of the Belarussian state administration during the "period of stagnation" (1968-82) that preceded Perestroika. P. Masherov, party leader in Belarus at that time, is still a revered figures, not only because of his honesty but

because demographic and economic indicators were significantly better than those of Russia and Ukraine. To explain this, Belarussians often refer to the powerful partisan movement in the republic during World War Two. Most of the top public officials well into the 1970s were former partisans and so, presumably, closer to the people and more principled than the average Soviet "nomenklaturshchik."

Worker-management relations, as everywhere else, were paternalistic, but they were less marked by arbitrariness and corrupt connivance against the higher levels of power. This allowed Belarussian workers to develop a stronger sense of dignity and a capacity for independent action. These, of course, are relative differences, and on most dimensions, Belarus shares the same historical legacy as Russia and Ukraine. But they help to explain why "quiet" Byelorussia produced the only general strike of Perestroika and why Belarussian workers have been much less tolerant of wage delays than workers in Russia and Ukraine.

A factor favouring reform in ASMB is its high membership concentration: 69 per cent of employed members work in the Minsk region, and almost half in 6 large plants in Minsk, the capital. Concentration also facilitates the flow of information and coordination and has allowed the union to abolish regional committees that play a conservative role elsewhere. It also frees resources for the national union, which in Belarus receives 15 per cent per cent of dues, as compared to only 4.5 (officially, but in practice much less) in Russia and Ukraine. The union's imposing physical presence in the centre of political power is a fact not lost on the political leaders who remember 1991.

Belarus differs from Ukraine in lacking a significant anti-Russian lobby. Nationalism is weak. Though independence is more or less accepted as a fact of life, Lukashenko's pro-Russia orientation is very popular. Belarus's post-Soviet governments, unlike Ukraine's, have been careful to protect and extend economic ties with Russia, the country's main source of raw materials and main market for manufactured goods.

A final factor that has favoured the Belarussian labour movement is the various governments' rejection of "shock therapy". This reflects the weakness of liberal forces in Belarus as well as the strength of the industrial unions. Belarus is the least privatised economy in the former Soviet Union. It has not experienced anything near the scale of asset-

stripping and large-scale theft of state property as Russia and Ukraine. It has its share of managerial corruption and a “mafia”, but their scale is comparatively modest. As one ASMB leader put it: “They steal only as much as Lukashenko let’s them.” Belarus has “new Belarussians” living in grand villas and driving Mercedes and Jeep Cherokees, but the economy is dominated by the state, not by “oligarchs.” A paradox of the regime is that while it is the most overtly dictatorial, there is more rule of law in matters that do not directly concern Lukashenko’s powers.

This is no longer a Soviet-type planned (administered) economy, but the state plays a more active, direct role in the life of enterprises than elsewhere through selective granting of tax privileges, exemptions from currency controls, low-interest credits. It also controls about thirty per cent of (mainly consumer) prices and regulates the others, as well as wages, whose increases are tied to increases in production. The state can also (directly or indirectly) appoint and remove directors.

The government has not embraced monetarism. Despite some efforts to contain inflation through price controls and restricted spending, monthly inflation in 2000 was still 5-6 per cent. Its main economic priorities, after the preservation of Lukashenko’s power, have been to maintain and increase production and employment.

It has achieved some relative successes, despite Belarus’s heavy dependence on Russia, which is still in the throes of a deep depression. (The last two years have seen a return to growth in Russia, thanks to the ruble devaluation of 1998 and the high price of oil, but GDP remains well below pre-shock levels.) Belarus’s GDP in 2000 in constant prices was 89.9 per cent of its 1991 level, as compared to 67.5 in Russia and 47.3 in Ukraine.¹

Even allowing for the smaller size of Belarus’s underground economy and the more dubious character of its statistics, the difference remains significant. In 1998, Belarus produced almost three times as many tractors as Russia, whereas in 1991 Russia produced almost twice as many as Belarus.² Between 1991 and 2000, truck production fell 58 per cent, as compared to 70 per cent in Russia, a difference that would

1. *Statistical Abstract, Interstate Statistical Committee of CIS*, Moscow, 2001, p. 13.

2. Goskmostat, *Belarus i Rossiya*, Moscow, 1999, p. 85

be much greater if light trucks, not produced in Belarus, are excluded.³ The Minsk Bicycle Factory is working at capacity and cannot keep up with demand, mostly from abroad, while the Kharkiv Bicycle Factory in Ukraine, once the flagship of Soviet bicycle manufacturing, is agonising

In 2000, the UN Human Development Index placed Belarus 57th out of 174 countries in the year 2000, as compared to Russia (62nd) and Ukraine (78th).⁴ But Belarussian workers have not avoided a dramatic fall in living standards. In April 2001, 55.8 per cent of the income of urban families in Belarus was spent on food, and 40 per cent of ASMB's members were near or close to the poverty line.⁵ On the other hand, there has been a steady growth of real wages since 1996 (with a pause following the 1998 Russian financial collapse.) In the ASM sector, the highest paid in industry, average wages went from 121 per cent of the minimum consumer basket in 1995 to 184 in the June 2000.⁶

Though poor, Belarus's workers have enjoyed relatively greater economic security. In particular, they have not known the lengthy wage delays that have plagued Russia and Ukraine. The number of employed members of ASMB declined by a third between 1991 and 2001, while the Russian union lost half of its members and Ukraine's even more. Labour ministry surveys at the end of 2000 reported 5-8 per cent unemployed,⁷ figures that underestimate the level of hidden unemployment. The employment situation has stabilized over the past few years and some plants are even hiring now, but most factories are significantly overstaffed at current levels of production. However, Belarus, unlike Russia and Ukraine, never stopped training students for worker profession, and its factories employ relatively more young people.

3. *Statistical Abstract, Interstate Statistical Committee of CIS*, Moscow, 2001, p. 116.

4. *Zerkalo nedeli*, (Kiev) July 7, 2001, p. 4.

5. BFTU, *Novosti*, no 6, June 01. p. 34; ASMB, *Materyali 3-go s'ezeda*, 2000, p. 12

6. Internal document of economic dept of ASMB 1999.

7. *Economist Intelligence Unit, Belarus*, Mar.2001, p. 16.

The social safety net is seriously frayed, though, again, less so than in Russia and Ukraine. The average pension in May 2001 was only 73 per cent of the minimum consumer basket for pensioners, and the average unemployment benefit was a mere seven per cent of the average wage.⁸ Basic health care is still free, but increasingly patients have to contribute out of their pockets for tests, medications, supplies, and for quality service in general. Higher education in most cases requires payment. Gradually, though more slowly than in Russia and Ukraine, subsidies are being reduced for housing, utilities, and public transport. Sick benefits have been cut, and so has the number of subsidised vacations for workers. On the other hand, the government is still building housing and offering cheap credit to families.

On the whole, then, the Belarussian working class is socially more intact than its Russian and Ukrainian counterparts. Relatively fewer workers have left the enterprises for the new private sector, where there are no unions or labour norms; those who remain in the plants work more regularly; and their wages are more often their only or main source of livelihood. Drunkenness, pilfering, vegetable gardens, second jobs in the informal sector all exist, but on a smaller scale. All this has important implications for the potential of the labour movement.

Repression

On the other hand, Belarussian workers have more to fear by way of political repression. The regimes of Belarus, Russia, Ukraine can all be termed “velvet dictatorships”: absolutist presidential regimes with the formal trappings of democracy, in which the parliaments play a largely ornamental role. In none of these countries does the general population have any substantive influence over policy. All three governments control the electronic media (Lukashenko does not block Russian television, which is often critical of him) and most of the printed press, but they tolerate, with varying levels of harassment, an oppositional press. There is convincing evidence implicating both Lukashenko and Kuchma, president of Ukraine, in the assassination of oppositional figures.⁹ Putin has avoided such charges, but his use of

8. BFTU, *Novosti*, no 6, June 01. p. 33

9. *Nezavisimaya Gazeta*, June 15, 2001.

state terror against the population of Chechnya is well documented.

Of the three regimes, however, Lukashenko's goes to the greatest lengths to control labour. This is partly because the state assumes more direct responsibility for the economy, something that also makes it more vulnerable to pressure from labour. But it is also a response to the unions' strength or at least their perceived potential.

The most serious form of repression is the disappearance or imprisonment on corruption charges of opposition figures. This is not a mass phenomenon and so far it has not touched unions, but the intimidating effect is felt by all. Other measures aimed specifically at unions are the lengthy (six weeks to three months) waiting period for legal strikes, police surveillance of leaders and activists, refusal of permits for downtown demonstrations. A 1999 decree required re-registration of social organisations and parties, imposing on them new restrictive conditions. Among other things, union members had to give individual written consent for automatic dues check-off. The decree hit hardest the alternative trade unions (linked to the nationalist, pro-Western, Belarussian Popular Front, they are very weak), and deprived the Belarussian Association of Industrial Unions of its legal status.

The government also tries to control the unions through plant administrations. When workers are active in political protests, directors are warned that they will lose their jobs if they do not keep their employees in line. At the Minsk Ball-Bearing Plant, the director went so far as to send workers home early, so they would not participate in a national demonstration set for the end of the shift. (The ploy failed.) The director of the Gomel Agricultural Machine Factory suspended bonus payments to shops whose union leaders had participated in a political protest, finally forcing their replacement. The government has also created the position of Assistant Director for Information at all large plants, ostensibly to keep workers informed of government and management policies. In fact, these are spies who openly attend union gatherings and educational activities.

Lately, the government has been quietly encouraging directors not to transfer dues to union accounts, with a view especially to stifling the higher union levels. As union elections approached in the autumn of 2000, the government stepped up pressure on directors to make sure that appropriate delegates were sent to union congresses, delegates who



Vladimir Goncharik

would vote against the most odious national leaders, including Bukhvostov and Goncharik. There has also been pressure on local unions, partly through the threat of layoffs, to disaffiliate from national structures, thus making them easier to control. So far the Belarussian Metallurgical Factory and Integral (a large Minsk electronics plant) have succumbed. The government has also been waging a public slander campaign against trade union leaders, qualifying them, among other things, as drunks and thieves. Lukashenko's failure to

remove Bukhvostov (re-elected in 2000 by 182 votes against 60 for the

government-backed candidate) and Goncharik illustrates the limits - so far, at least - of repression against the unions. The government also backed down on its attempt to introduce draconian disciplinary rules and individual contracts. Unions still win favourable court decisions on such matters unjust dismissals, violations of local and national collective agreements, and failure of management to transfer dues.

Major challenges ahead

Belarus's labour movement looks good compared to the others, but it faces major challenges, and not only from Lukashenko's "velvet dictatorship." One problem is the difficulty mobilising the rank and file in present conditions. Protest demonstrations over the past five years (there have been few legal strikes, but scattered wildcats are frequent, especially in ASMB), even when demands are mainly economic, rarely attract more than 30,000 in the capital, usually much less.

Another still largely unresolved issue is union independence. Although the labour movement as a whole has established its independence vis-a-vis the state, this is not the case for union-management relations. (This problem, of course, exists to one degree

or another in the labour movements of all countries.) Even ASMB has not barred managerial personnel, even the highest levels, from the union. In the estimation of the national vice president, only some 20-30 per cent of the major local unions have really freed themselves from management's tutelage. The situation is generally much worse in other unions. The national leadership of ASMB, because of its focus on the struggle against the government, has not made this a priority. In fact, it has publicly defended directors against state harassment, a position that might make a certain political sense but which reinforces confusion among workers about their own interests as opposed to management's.

This in turn is linked to another, even more difficult challenge facing the union movement. Although highly critical of government policy, the unions lack their own coherent economic programme that would offer members a credible alternative both to Lukashenko and to neo-liberal policies ("shock therapy") promoted by the West. The absence of such an alternative - which, admittedly, is not self-evident for a country like Belarus' - makes more difficult the unions' task of winning over workers to active opposition to the government.

Workers are increasingly tired of Lukashenko's incompetence and authoritarianism. But they also have reservations about Goncharik's programme, which lacks any strategy for standing up to the tremendous pressures that international capital and its state representatives would immediately bring to bear on Belarus. A victory for Goncharik would have been a blow against dictatorship but there was no guarantee Lukashenko would not have been replaced by the dictatorship of "free markets", that is international capital, dashing popular hopes. After all, that is a scenario that has repeated itself in many countries over the past several years, from South Africa to Mexico.

For now, however, the question is moot, since Lukashenko claims to have won a landslide of 80 per cent. The election campaign was unfair, and the results obviously false, although Lukashenko's still strong support in the provinces probably guaranteed him a victory, though a smaller one, in any case. A poll conducted in August found that while few of those who intended to vote for Goncharik believed the elections would be honest, less than a third would be willing to engage in active protest against the falsification. Apart from the fear of repression, the main obstacle to mobilisation is uncertainty about the alternative. ●

Trade Unions in Ukraine

Interview with Vladimir Zlenko

[Vladimir Zlenko is Director of the Ukrainian School for Worker Democracy and Past President (1991-1999) of the Union of Auto and Agricultural Machine-Construction Workers of Ukraine (ASMU). He was interviewed by David Mandel.]

As President of the ASMU, what were the main tasks you saw before the union?

First of all, we had to create a national union, where one didn't yet exist. That achieved, the main task was to transform the union into a democratic, fighting organisation of workers for their interests. Unfortunately, despite some progress, the union is still far from that.

What kind of union did the old system leave you?

Unlike most other republics, our union had no republican council in Ukraine. Our regional councils were affiliated directly with the union in Moscow, and when we went to meetings of the ASM Central Council, we represented only our respective regions. No one represented Ukraine as such.

So we were very disunited at the start. When we created the Council of Regional Union Presidents in 1989, its decisions were often simply ignored, especially when it was a question of sharing dues with the Council. When we held our founding congress in January 1991,

four regions didn't sign the founding declaration.

We had to unite the regional and enterprise organisations, to make them identify with the national union. This was more or less achieved, and within a year all regions had joined. However, we still have a long way to go to create the solidarity necessary for united action.

In the Soviet Union, unions didn't reflect workers' interests. They were transmission belts for the government and the economic administration. Commands flowed from the top downward. There was no democracy, and, as a corollary, there could be no real genuine solidarity among workers or among enterprise and even shop unions.

I spent all my ten years as president trying to turn the union into a genuine workers' organisation, and I achieved only limited success. I think it will take a long time yet, unless, of course, there is a major, spontaneous, rank-and-file mobilisation, something that seems improbable at this point.

One of the issues, at once symbolic and very practical, is the presence of managerial personnel in the union. I devoted a lot of effort into persuading leaders and members that representatives of employers have no place in our union. I failed in persuade the union to exclude managers. I didn't even bother arguing to exclude those who were already members but at least not to accept managerial personnel as new members. I was, however, able to amend the union's constitution to exclude representatives of the employer from negotiating for workers and from holding elected union posts. Thanks to us, this became law two years later. True, the definition "representatives of the employer" is narrow: managers directly appointed by the owner. I wanted to include all management, from director to foreman.

We argued a lot over this definition, but our leaders were reluctant to go even that far. In 1999, the Zaporozh'e regional conference of our union discussed whether the union Berdyansk Agricultural Machine-Construction Factory had acted legally in electing the plant's director as a delegate to our national Congress in 2000. And the vice-president of the Zaporozh'e regional federation got up at that conference and said: "What are you saying! The law has yet to be defined! If you interpret it that way, we won't have any directors in the regional federation and how then will we work with them?" The plant's director himself got up to argue that he had every right to be a delegate. And the conference

confirmed that.

ASM's new president, V. Dudnik, who had been my Vice President, was at the conference but he didn't defend the union's constitution. Although I had already stepped down as president, I warned Dudnik that I demand the director's exclusion at the congress, if he came. He didn't show.

Dudnik has been a disappointment. As Vice President, he hid his conciliationist tendencies. There were leaders in the regions closer to my views who might have replaced me, but poverty forces us to elect someone who is already a Kiev resident. We don't have the money to rent an apartment for the president!

The other task was to democratise the union so that rank-and-file members would really elect their leaders and continue to exert control over them. Our biggest problem today is subordination of plant union presidents to the director. As a rule, the director can get his candidate elected to that post. There are various reasons for this, including, of course, the legacy of the past. But the main reason is that our plants aren't working, or they are working at a fraction of their capacity. As a result, it's hard just to organise a union conference. Take the Zaporozh'e Auto Factory, which officially still has 15,000 employees but, in fact, it is idle. And it is even harder to assemble a conference in a smaller plant. So the conferences tend to be formalistic affairs: a couple of people declare themselves a conference, name a chairperson, adopt a collective agreement. This is widespread practice. What kind of democracy and participation can you expect in these economic conditions?

How much has your membership declined since the union's founding?

We began with 525,000 members and today we have 220,000. Of these, 40,000 are non-working pensioners and 20,000 are technical school students. But even among the 160,000 employed members, many work part-time or only sporadically at our plants. Other unions are even worse off. Membership in the Union of Radio-Electronic Workers (REP), whose leadership is closest to my views, has dropped from 700,000 member to 140,000.

These people did not leave the union to join another one. They

left the plants altogether to work in small enterprises in the new private sector, in petty trade, and generally to survive as best they can. But even for those who still work in our plants, the wage is not their main source of subsistence today. True, lately wages are being paid more regularly and in money. But you can't live on them. At the auto-parts plant here in Chernihiv, the average wage is 250 grivnyas, about \$50. Skilled workers might make 400, but that too is a miserable wage. This is a mid-size town, and people all have garden plots, raise chickens, rabbits. In towns like this, people still have strong ties to the village. The workers help their relatives work the land and they live on what they grow.

What was your relationship with the Federation of Trade Unions of Ukraine (FTU)?

As I see it, the main task of a union federation is to unite the labour movement around common goals and to co-ordinate action to win these goals. But the FTU doesn't do that. One of the main reasons is its president, Stoyan. To put it bluntly, he's a careerist and his interests are alien to the labour movement. A historian by profession, he was assistant to Ukraine's first president, Kravchuk, when he was elected head of the federation. You're probably wondering how such a person could be elected to head a union federation. I wonder too. But many union leaders prefer to work closely with the government rather than with their own members. They seek personal gain at the pinnacle of state power, in Kiev and in the regions, and don't go to the people, don't organise and mobilise them.

This explains how Stoyan has been elected twice. The second time, he had more competition, including the head of the Social Democratic Party, who was close to us and whom we supported. But the congress was organised in the best bureaucratic tradition. It was really more a show than a congress. The delegates were all filtered, selected. I proposed a series of amendments to the federation's constitution, but they were all rejected.

Another big issue is the unions' property, which is immense. Only the state owns more. It consists of vacation resorts, sports complexes, hotels, office buildings. All this underwent corporatisation,

and the best pieces were taken by the Federation. It rents out office space in Kiev at \$25-30 a square metre and gives affiliated unions no accounting for this vast income. So while the national and regional unions are strapped for money, the Federation, which does not receive much at all from its affiliates, nevertheless prospers. Stoyan doesn't even take a salary from the Federation, since he doubles as a parliamentary deputy - something that, incidentally, is in flagrant violation of the Federation's constitution. But he has six secretaries, three chauffeurs and a fleet of cars.

At the last congress, I proposed that the shares be distributed among the affiliated unions, who would receive dividends and then live up to their constitutional obligation to support the Federation financially. Colleagues in the other unions all agreed enthusiastically with my proposal... at first. Then Stoyan's people got to work, and they changed their mind. Of course, their personal interests played a big role in this typical flip-flop. You see, the leaders of the national sectorial unions share in the rental income of the property, and are also not held to account for it. Our union, however, gets nothing because of its opposition to Stoyan.

You have been involved in union education for the last two years as director of the Ukrainian School for Worker Democracy. Who finances it, and what are its aims?

This year we are financed by the Canadian Autoworkers' Union, a union that has developed a real "culture of struggle" and to which I feel especially close. We also get in-kind support from progressive regional and local unions, especially those in ASMU and REP. As to our goal, it is to help organise and mobilise the rank and file. Until that happens, there will be no basic change in the unions.

As President of ASMU, I often posed the question: Should I leave the Federation, taking with me at least part of my union, and join with the alternative unions. I sounded out our local and regional organisations, but found little support for that, except from Vetchinkin, the Kharkiv regional president and the strongest supporter of my positions. Some agreed on leaving the FTU but wanted to stay in the regional federations. We discussed that option too, which at least it

would have freed us from complicity with the Federation's conciliationist policies. Ol'khovets, president of REP, did not support me then. Today he tells me that I shouldn't have stepped down, because he is now ready to leave the Federation but does not want stand alone, since the alternative unions really don't represent much.

They are even weaker in Ukraine than in Russia?

Yes. The strongest one in the Independent Union of Miners, but the miners are very corporatist, out only for themselves. They rejected all my overtures. There are also the locomotive drivers, the air-traffic controllers. The rest are small, scattered and not very effective. They alternatives receive some support from abroad.

To get back to the school, its basic goal is to help workers to understand the role of unions, to help them transform them into democratic workers' organisations. Our workers don't really understand capitalism and workers' interests in it.

So the conciliationism of union leaders finds support in the rank and file?

Yes, workers hold onto their Soviet mentality, even though they see how management acts. But I repeat - the main obstacle to developing independence among workers is that our plants aren't working. If workers came to work and earned a living from that, it would be much easier to change things.

How do you recruit workers for the school?

That's a very complicated problem. If I could freely visit plants and directly invite workers who show they want to be active, it would be easy. But that's ruled out. I have to work through regional chairpersons who support me and will send people. For the ASM union, these are mostly Kharkiv, Vinnitsa, and partly Kremenchug regions; for REP I have support in Lugansk, Dnepropetrovsk, Donetsk.

So even when I have the support of regional presidents, we still have to go through the plant committee. Here, at the Chernihiv Auto-

Parts plant, my native plant, the president complains to me how the union is being squeezed by management, but he is afraid to let me into the plant to talk to workers. And when the plant president does cooperate, we still don't always get the people we want. They sometimes send managerial personnel, or working pensioners, good people but incapable of changing their way of thinking, or just passive people. I gradually weed out these people, and they don't come to the second or third sessions. We try to get younger workers and workers who have been involved in real struggles.

We don't give "tool" courses on how to negotiate, how to keep union finances, etc., though that wouldn't be a bad idea, if we had the resources. Our basic aim is to help activists think in new ways, independently of what management, the government, the press, and even their own leaders tell them. We want to help them develop their own independent, workers' understanding of the enterprise, society and their place in them.

Almost as important as the content of our education is the fact that the school is a place where active workers from different plants, sectors, and regions can meet to exchange experience and support each other. In this way, they begin to conceive of themselves as a class. There is nowhere else where this can happen at present. At our last seminar in Kharkiv in May, we had people from four different unions, including the free trade unions, as well as Sam Gindin former assistant to the president of the CAW. Not everything that the worker from the free trade union said made sense, but at least he is active and really tries to mobilise people. So we invite him to our Kharkiv seminars and he comes.

Do you see any results from this education?

I expect real results maybe in ten years. But even now there is an impact. For example, last month a shop at the Lozovaya Stamping Plant downed tools in a wildcat strike. In reality, it was quietly organised by activists who have been through our education, but the authorities could not prove it. The other shops didn't join the strike but sent delegations to express solidarity, and that too is a rarity. The strike was over unpaid wages, and the strikers won them. It was no accident that this happened

soon after five of the plants younger activists returned home from our seminar in Kharkiv. They said to me after the seminar: "We're different now. We see things in a completely new light." And I myself can see them change from one seminar to the next. They participate more actively; their judgments are better founded and more forcefully expressed.

And I'm encouraged that I'm getting invitations from all over the country after only one year of the school's functioning. But I don't know how to manage this. Of course, if there were more money, I could hire people to help me, recruit more teachers. Right now I'm basically on my own, with some organisational support from certain regional unions - and, of course, my wife Tanya, who lets me exploit her mercilessly - as well as crucial intellectual support from the Russian School for Workers' Democracy.

The leaders of the Russian school are now thinking of setting up a Workers' University to offer more systematic education than occasional seminar. This is what it takes really to prepare worker educators. But it too is a question of money, and the unions are poor. Actually, they could find money for education, if they wanted it enough. But those leaders that want it and aren't afraid of it are still too few.

Chernihiv, June 2001

Frank Hantke

Poland's Trade Unions: Decline and Division

The Solidarity trade union, officially recognised in August 1980, very quickly became a political movement in opposition to the Communist Party government, enjoying the support of the Catholic church as well as liberal intellectual circles. Its strength as a political movement and its demands for fundamental change attracted many who up till then had been members of the official trade union (CRZZ). With the imposition of martial law in December 1981 both Solidarity and the official union federation were dissolved. Solidarity went underground. It continued to have the support of trade unions worldwide but it also continued to see itself as a political movement. Solidarity is still trapped in this dual role today. It was to this that it owed its dramatic success in 1989 and it is this which has caused it major problems since the transformation.

The OPZZ

The All-Poland Trade Union Alliance (OPZZ) was set up in 1984 to replace the old CRZZ. It was joined by many workers who supported the socialist order in Poland as well as by many non-political workers

who felt the need for a trade union. It was also joined by many who had previously been members of Solidarity. Until the end of 1997, the OPZZ fitted firmly into the mould of the old Communist trade unions and it was one of the last unions to leave the world organisation of these unions. We know the number of members of Solidarity at the beginning of the 1980s (around 10 million) and at the end of the 1980s (around 2.2 million) but we don't have firm figures for OPZZ in this early period. In the mid-1980s it had around 5 million members.

1989: Solidarity victory

With the collapse of the political system in 1989, Solidarity reached the peak of its popularity. It was because of this mass support that it was able to ensure a peaceful transition. But it very soon became clear that the only point in its programme on which all were united was its hostility to the existing regime.

Within a very short amount of time a wide variety of principles and proposals were brought forward for the restructuring of Polish society. The old mass movement disintegrated into a number of quite different political groupings and a similar process took place in the trade union. Once the earlier liberal intellectuals had left the movement, the leading role was played by a conservative clerically oriented group which saw itself as the driving force for both economic and social change. A small group of left oriented officials, with the cooperation of reform oriented post-Communists, established the social democratic Labour Solidarity which later became the Union of Labour (UP).

The union federations and “their” parties

Lech Walesa himself rose from the trade union ranks to take the highest political office in the country. He gave up his role in the union and, formally at least, there was a separation of the trade union and the political power. His successor, Marian Krzaklewski, followed the old union-plus-political movement model and, just before the elections of 1997, brought together a right-wing coalition of parties (AWS) under his leadership which went on to defeat the post-Communist government. But here, once again, it soon became clear that anti-Communism was an inadequate basis for a government programme. Far reaching reforms were introduced, with a great amount of enthusiasm, but the outcome

was disintegration of the coalition, loss of public support, and a disastrous election in September 2001 in which Solidarity lost all its seats in parliament.

The Solidarity trade union was in a very difficult position during this period and there were many cases of a direct conflict of interests between the union and the political leadership. On the one hand, the union has to represent the interests of its members whose livelihood and security were often threatened by the Solidarity government's restructuring programme. On the other hand, the Solidarity trade union felt obliged to support government policy because it had been to a great extent responsible for its creation. This conflict of interest was personified in the Solidarity leader, Krzaklewski, who was not just the union leader but also for a long time an eminence grise in the government coalition. This conflict sharpened during the presidential election in 2000 when Krzaklewski stood against the social democratic incumbent, Kwasniewski.

The OPZZ federation also developed during this period and gradually moved closer to the politics of the European Trade Union Federation. The OPZZ supported the social democratic opposition alliance, SLD, against the Solidarity government with an intensity equal to that with which Solidarity supported the AWS. The problem for ordinary trade union members was that they increasingly felt that their own interests as trade unionists were not being defended.

A number of workers left both unions and supported a number of neutral union federations. A number of new unions were built in this way and from time to time were able to achieve individual successes. But this of course didn't help solve the problems facing the trade union movement in Poland as a whole.

Limited protection for workers

A survey carried out by the Friedrich Ebert Foundation in 1999 identified some very clear trends in the Polish labour movement. The level of unionisation is declining significantly. Although we don't have precise figures, the present level of unionisation is around 15 per cent. The unions that do exist tend to be situated either in the public sector or in the big one-time state owned enterprises. They are hardly present at all in the private sector. This is particularly the case in small and medium-

sized enterprises. There are no unions today in about 70 per cent of all Polish enterprises, big or small. In the absence of works councils or similar bodies, and in a situation of growing unemployment (around 16 per cent and increasing), Polish workers have no protection from the arbitrariness of the employers.

Trade unions and politics

Poland is politically divided, at least in the minds of its leading politicians. The post-Communists and the anti-Communists confront each other across an apparently unbridgeable divide. But the party political formations are not as solid as they would seem, as evidenced by the collapse of the Solidarity coalition in the last election. The AWS coalition, created and led by Solidarity, completely disappeared from the Polish parliament. At the same time, right-wing conservative or populist parties with a neoliberal economic programme won almost 30 per cent of the vote.¹

Both of the major trade union federations recognised what was happening and, some months before the election, gradually began to withdraw from direct participation in party politics. The number of trade union officials in the present parliament is much smaller than under the previous administration. This is partly because Solidarity union officials who ran on the AWS lists were not elected but also because the OPZZ has decided that none of its national federation officials would stand for election to parliament; only officials from the regions and the industrial branches will stand for election in future.²

It remains to be seen whether the new SLD government will want to maintain strong links with the union. If this does happen, then the trade unions (both of them) will be in a position similar to that

1 See articles by Urszula Lugowska and Karol Modzelewski in the previous issue of *LFEE*.

2. During the 1993-97 parliament, more than two thirds of the 169 SLD deputies were or had been members of OPZZ. The OPZZ formally sponsored 63 as trade union deputies. In the 1997 election, 216 Solidarity activists ran on the AWS ticket, 28 per cent of all AWS candidates. 62 were elected to parliament, almost one third of the 200 AWS seats.



Nurses protest Dec. 2000

under the previous administration - they will become involved in the battles between the government and opposition while their members at the base drift away. At the present moment a number of unions are discussing the possibility of establishing a politically neutral federation. It is doubtful, however, whether this would lead to a new period of trade union cooperation.

The main reason for the high level of trade union involvement in party politics has to do with the belief that the fundamental issues of labour relations are to be settled in the field of legislation. Poland's labour code is actually quite worker friendly; the main weakness is in its implementation on the factory floor.

This orientation towards the law has meant that little effort is put into bilateral agreements. In private enterprises there are almost no cross-sector agreements. The strategy is rather to structure labour relations through parliamentary activity and the law. But the counterpart to an illusory political power is shopfloor impotence.

This dilemma was vividly demonstrated at the end of 2000 and early 2001 when a small union, the Polish Union of Nurses and Midwives (OZZPiP), went on strike over pay, minimum wage and general conditions in the health service. The union was independent, not part of any federation. Over a long period, by means of strikes and imaginative protests (blocking major roads, occupation of the Ministry of Health building), the nurses and midwives achieved some successes.

The two main unions looked on while numbers of their own nurses and midwives joined the OZZPiP. In the long run, the success of the nurses had little effect on the state of the health service. What was needed was a joint action by all the unions to demand fundamental changes in the overall financing of the health service...

Unions in the workplace

As already mentioned, it is only in the public sector and in state owned enterprises not yet privatised that there is a strong union presence. But here the unions are mostly on the defensive - responding to wage cuts or job losses. The conflicting sides seldom address long-term solutions for the future, job creation or training.

The weakness of the trade unions at regional or industrial branch level has its counterpart in the weakness of employer organisations. The leader of one of the employer organisations explained that the response of employers whom they try to recruit often takes the form: why should I get involved with an employer organisation and enter into deals with the unions when I can do whatever I like in my enterprise?

Where trade unions do exist, negotiations take place at enterprise level. In many enterprises where there are unions, especially in the bigger enterprises, there are a number of unions from competing federations, although recently there has been better cooperation at workplace level. Agreements are generally limited to wages and seldom address more qualitative issues.

The existing legal framework for settling disputes is seldom used in practice. The compromises between the social partners are seldom appealed to as a way of settling disputes. Conflicts, when they do occur, tend therefore to escalate very quickly and in an uncontrolled manner. The familiar practice of gradual escalation accompanied by negotiations hardly exists. That's why, in areas where labour feels threatened, we find frequent recourse to street and rail line blockages, demonstrations in Warsaw. The nurses and midwives blocked streets and railway lines in their strike. These dramatic actions, however, very often don't achieve their goal. Dramatic public protests sometimes bring short-term success but they don't address the longer-term problems of the labour market.

Number of unions

In Poland, according to a number of surveys, there are over 20,000 trade unions. Many of these may exist on paper only. A local trade union, in Polish law, can be established by as few as 10 workers and a national union by 30 workers. The local union can affiliate to a regional or a national union, either at industrial branch level or at the national federation level. In OPZZ, for instance, there are a number of enterprise unions that are directly affiliated (for instance, because they don't want to be affiliated to the appropriate sector union) but most enterprise organisations are affiliated to the relevant organisation for that sector. Some of the large enterprise unions are not affiliated to any higher-level organisation. It is difficult to be precise but it is estimated that around 30 per cent of enterprise unions are not affiliated to either of the two main federations. There are in addition a number of small federations that have very little significance at national level, for instance Solidarity 80.

The two main federations, NSZZ Solidarnosc and OPZZ, have quite different structures. Solidarnosc has quite a centralised structure; its branch organisations are not autonomous and have no financial independence. Only a small proportion of membership dues goes to the sector organisation and a slightly larger proportion to the regional organisations. The greater part remains at enterprise level.

The OPZZ is a much looser federation with sector organisations having a much greater degree of independence. They are also autonomous in questions of finance and personnel although, like Solidarnosc, most of membership dues remains at enterprise level.

One of the consequences of these structures is that the sector organisations of the unions are very weak. They lack either the finances and personnel or the independence to develop a strategy that could be implemented across the sector. Union activity is therefore largely defensive.

This lack is particularly evident when one considers the increasing need for an all-European trade union strategy in most sectors where the influence of multinational corporations has been felt for a long time. Union leaders in Poland are aware of this weakness and both federations have been engaged in discussions about reform of union structures.

Recent developments and the future

The prospects for cooperation between Solidarnosc and OPZZ have improved in the recent period. There has also been a long-running dispute between Solidarity and OPZZ over Communist-era trade union property administered by the OPZZ but recently there have been some agreements between the federations on how to proceed with this issue. Some kind of agreement between the two federations is all the more necessary in view of the fact that an number of small unions are going their own way and sometimes achieving some successes for their membership. This threatens to undermine the development of a united labour movement approach to the economic and social problems of the transformation process.

The OPZZ has applied for membership in the Confederation of European Trade Unions. It would be the last of the big federations from the accession states to join the ETUC. Past experience in similar cases (for instance, the CGT in France) has shown that joint participation at the European level can have a positive influence on cooperation at the national level.

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Béla Galgóczi

Hungary: Trade Unions in the Transformation Period

Eleven years after the political turnover, the economic transformation has been mostly accomplished in Hungary and EU integration has become a reality. The bulk of structural changes have been made at a cost of serious social sacrifices. Mass privatisation has come to an end resulting in identifiable, real private owners. The economy is on track for fast and sustainable growth. Although the most difficult phase of the transformation is over, the most critical one is just now underway, determining what sort of a society will emerge in the more favoured part of Eastern Europe in the future. At present a one third-two third society has made its appearance with a structure quite different from that of Western Europe. If we extrapolate the current trends of rapid differentiation in society and take into account the general lack of solidarity, then the future might be even more disproportional. To bring this process of polarisation under control, an effective social dialog is needed now more than ever.

The transformation period was not a “normal phase” of social-economic development that could be easily described and understood in terms of Western models. It was more a period of “state of emergency”, where major developments took place under constraints often determined by outside factors.

Hungarian society is now entering a more normal or organic phase of development, where the behavioural patterns of an established market economy can or should be achieved. From the point of view of trade unions, what this means is that now the unions can become real trade unions instead of multifunctional social actors, what they were during the transformation period. They had to face serious legitimacy problems and their priority was support for the transformation process, a support which sometimes conflicted with the protection of workers' interests.

Trade unions during the transformation

The move from mass labour organisations in close proximity to the party state under socialism to becoming free and independent unions has varied greatly from one country to another. In Hungary, the union movement has been highly divided since 1989. Eight trade union federations have been struggling for recognition and political influence, six of which were represented in the institutions of nation-wide social dialogue.

The six confederations differ vastly in their history, size, coverage and political affiliations. The biggest one, the National Federation of Hungarian Trade Unions (MSZOSZ, 720,000 members) is the reformed successor of the previous Communist union (National Council of Trade Unions - SZOT). Some federations detached themselves from the monolithic bloc of the previous SZOT and founded themselves anew as independent unions. These included: the Federation of Autonomous Trade Unions (ASZSZ, claiming 222,000 members); the Trade Union Co-operation Forum (SZEF, claiming 530,000 members); the Federation of Professionals' Unions (ÉSZT, claiming 95,000 members). Two unions, the Democratic League of Independent Trade Unions (98,000 members) and the National Association of Workers' Councils (70,000 members) were founded in 1988-89, having no roots in the Communist system.

Thus Hungary followed neither the Czechoslovak model, where old trade unions were dissolved, nor the Polish model, where the new, alternative Solidarnosc became an equal rival of the old trade unions. The old trade unions in Hungary, those affiliated with the former SZOT, remained predominant after essential reforms and retained a remarkable

degree of support among workers. The elections to the Social Security Funds and the nation-wide Works Council elections in 1993, which were perceived as “trade union elections”, consolidated the dominance of MSZOSZ with over 50 per cent share of the votes. This ended the most vehement period of trade union internal disputes - property claims were settled and it became clear that that a bipolar model of “old and new” unions would not work in Hungary.

Trade union restraint during the most turbulent years

The first period of transformation brought relative social peace and union quiescence in most countries of Central Eastern Europe at a time when living conditions of most workers deteriorated radically. Real wages dropped by 20-30 per cent in three to four years, and unemployment jumped from virtually zero to around 10 per cent. Under such conditions one would have expected more confrontational if not more militant trade union behaviour on the basis of traditional labour values. Were unions weak or did they simply trust in the long term success of the reform?

The heritage of socialism might be one factor, as the failure of the old official unions to genuinely represent workers’ interests had led to social atomisation and growing individualism, with informal bargaining becoming the main strategy for survival. This resulted in low legitimacy for trade unions but more importantly this generated individual bargaining strategies among the workforce which survived the change of the political system.

The second important factor is the fact that trade unions themselves became political actors in the transformation process. In Hungary, unions played an active role in nation-wide politics during the whole period of transformation. The political change was much smoother and more gradual than in most CEE countries and there was also a continuity, in the market economy reforms, with the reform Communist experiments of the 1980s.

There was one newly formed union, the Liga, which played an active and catalytic role in the political changes in the period of 1988-1990. However, it was a small intellectual movement with limited roots among workers, so the Liga could not develop aspirations to replace the hegemony of the post-Communist union. MSZOSZ, on the other

hand, played a defensive role during the period of political change and its legitimacy was threatened after the establishment of the new political set-up in 1990. It contributed greatly to the survival and transformation of MSZOSZ that tripartite structures had already been established in 1988 by the reform Communist government. This was the main arena for establishing a new legitimacy basis for the unions, especially for MSZOSZ.

The first freely elected conservative government had little confidence in the unions and took a hostile stand against MSZOSZ from the beginning. It was the bitter experience of the taxi-drivers' blockade in the autumn of 1990 (where unions paradoxically did not play a central role) which convinced the government to take a more co-operative stance towards the unions.

The period until 1992 was marked by internal trade union disputes and by the renewed efforts of the government to curb the status of MSZOSZ. It was the time in which MSZOSZ had to struggle for its existence and legitimacy. Paradoxically, the campaigning efforts of MSZOSZ were not very successful in demonstrating its power; it was the tripartite body which served as the arena in which it asserted itself and strengthened its legitimacy. Following the agreement on the settlement of trade union property, and after the "trade union elections", the trade union landscape was marked by six main unions with MSZOSZ playing the dominant role. The government has accepted this status quo.

Unions were thus engaged with matters of survival and self legitimisation in the first, most turbulent years of transformation. Their activity was concentrated in the political field, the terrain for which was the tripartite body. They actively took part in public policy formation and implementation and neglected workplace representation. It is a remarkable phenomenon that the workplace ceased to be a showplace of self assertion for the trade unions at the national political level.

One of the last major attempts by the government to weaken unions was the introduction of works councils by law, which was meant to be and was also perceived as a manoeuvre against trade union presence in the workplace. Works council elections thus became another test of trade union power and legitimacy, which ended with a sweeping victory for MSZOSZ.

This initial period can best be characterised by the term “weak and divided unions”. It was also a time when the social burdens of the workers were at their highest. Union quiescence in this period was thus partly due to the weak position of the labour movement.

The situation changed dramatically after the second election in 1994, when the Socialist Party, an election ally of MSZOSZ, won an absolute majority. Several federation presidents of MSZOSZ were members of parliament for the Hungarian Socialist Party. This new set-up, however, did not fundamentally change trade union behaviour - only its background had become different.

Now the major union adopted a policy of integrating responsibility toward the national economy with the representation of workers' interests. In other words, it consciously adopted a conciliatory approach. The test for this attitude was the severe austerity package of the Socialist Party government in 1995, which resulted in a 12 per cent real wage cut in one year. From the labour side there was no major upheaval, no strikes, no protests. It was a paradoxical situation that a leftist government pursued liberal monetary policies, sometimes even harsher than those followed by Margaret Thatcher in Britain. It is true that the room for manoeuvre was very tight for the government since the country stood on the edge of insolvency. It succeeded in restoring the stability of the economy and in creating the long term basis for a sound economic structure and sustainable growth. Since 1996 the Hungarian economy is one of the most successful in CEE, producing record export and productivity growth. It must be said, however that the workers still do not feel the benefits of this. It was of course the close political links between the major unions and the governing party that made this attitude possible.

Since 1998 the constellation has changed again, as the newly elected conservative government under Orban took a hostile stance against unions, regarding MSZOSZ as a client of the Socialist Party, against which it has proclaimed an offensive. Self governing bodies of the Social Security Fund led by MSZOSZ were abolished by decree, the tripartite mechanism of interest negotiations was radically transformed and marginalised.

Summing up the above, it is quite stunning that Hungarian trade unions took a very cautious approach to the transformation avoiding

confrontations at a time when traditional unionism would have seen this as unavoidable. It is also remarkable that the same outcome was the result of sometimes quite different framework conditions (under conservative and socialist governments). It is certainly true that trade unions had to struggle with their own transformation difficulties and legitimacy problems and this was to the detriment of representation of workers' interests.

Tripartism as a major terrain of trade union activity

In the course of the political transformation, most CEE countries involved employer and trade union representatives in national policy formation and governments actively promoted tripartite structures. It was an understandable effort of governments to involve social partners in the crucial decisions of the transformation in order to secure social peace at a time when social explosions threatened. As a result, tripartism represented a major form of labour relations in most countries of CEE, including Hungary.

The establishment of institutional tripartism in Hungary by 1988 was an element of the political and economic transformation process. The Interest Reconciliation Council (IRC) provided the institutional framework for national wage negotiations and for pre-legislative consultations and agreements on labour and economic legislation. It was a major success of the tripartite body that during the most dramatic demonstration of the decade, the taxi-drivers' blockade (which paralysed the country for three days in 1990), it was the tripartite institution which managed to find a negotiated solution during a one-day public session broadcasted on television. This was a breakthrough for the acceptance of tripartism in managing social conflicts for the then governing conservative coalition. In the coming years, the IRC provided the institutional framework for trade union participation in preparing labour legislation such as the Labour Code, the Act on the Legal Status of Public Servants, the Employment Promotion Act and also the amendment of the Privatisation Law.

It is certainly true that tripartism yielded great benefits for its participants in reinforcing their legitimacy in critical periods. It was the tripartite organisations that paved the way for trade unions and also for employer federations to become national players with an influence on

the processes of transformation. Sometimes it was a good occasion for government officials to pass on responsibility for critical decisions to the tripartite body, which in this way also helped to ensure their public acceptance.

The disproportional weight of tripartite structures in the industrial relations of CEE is itself the result of the transformation period. There are already signs in many CEE countries that the central importance of these structures will decrease in the future. The Hungarian conservative government, in office since 1998, has abolished the former tripartite interest reconciliatory body and replaced it with a multilateral body with only a formal role.

Unions in the workplace

As is well known, trade union membership has declined on average from around 90 per cent in the 1980s to 40 per cent by the mid 1990's, falling further to around 25-30 per cent by the end of the decade. Workplace representation has diminished even to a greater extent, which is due to several factors. The first and most important one is the fundamental change in the economic and employment structure.

First of all, a large group of employees were lost by the trade unions through the disintegration of the previously state owned large enterprises. Emerging micro, small and medium size enterprises didn't have trade union representation and there was a large increase in the number of self-employed people. Trade unions had also face large setbacks at privatised enterprises, especially at those where foreign capital was involved. In case of green field investments the situation is even more problematic.

Most CEE countries, including Hungary, had to begin to overcome the informal shop-floor legacy of the socialist period, when informal bargaining and social atomisation were prevalent. The inherited behavioural patterns from this period were not very favourable for the reorganisation of workplace representation.

Previous co-determination rights of employees, based on the self-management ideology, were abolished at the beginning of the 1990s. In Hungary, works councils were established by law in 1992 but did not live up to the expectation that they would become functioning bodies of co-determination.

The new economic structure that emerged through decentralisation and privatisation has eliminated much of the traditional basis of trade union workplace presence. The process seems to some extent unavoidable. It is however probable that trade union strategies were also not adapted properly to the new challenges of a transformed economy. Unions were simply not prepared to adapt new strategies for the totally changed economic environment. This is especially the case for trade union functionaries, whose socialisation has its roots in the previous economic structure.

We should not forget that, in addition to the “unfavourable” economic structure, unions also neglected to develop new shop-floor strategies; they concentrated their efforts mainly at the national level. This was necessary in the first period of the transformation, since the existence and legitimacy of the unions were at stake. But the greatest obstacle of the successful operation of unions is their weak positions at the workplace. This a problem which is beginning to undermine their legitimacy even at the national political level. ●

Pieta Monks

Educational Reform in Russia

One of the key issues for the Soviet Union had always been education. After the 1917 Revolution re-education of the Soviet people was a vital element in the ideological fight against capitalism and the need to build up a literate, industrial working class. In order to re-educate the overwhelmingly peasant and illiterate population it was first necessary to educate them, to eradicate illiteracy. The young Soviet government had enormous success in its fight to abolish illiteracy and went on throughout its existence to produce outstanding scholars and practitioners in various fields such as science, sport, music, and languages.

Increasingly, however, the space and arms race drained other areas of resources. The lack of investment in consumer goods, the lack of will to adapt military technology for peaceful use began to have notable effects both on the ideological and the economic base. In schools students were deprived of vital tools to enable them to keep pace with technological developments in the West.

Throughout the Gorbachev period, in particular, there were constant attempts to reform the system, to bring it more up-to-date, to make it more responsive to the economic and productive needs of society. However, economic crises constantly delayed the necessary support from the state that a proper reform of the system required. As the President of the Russian Academy of Education, Nikolai Nikandrov, states:

Education in the Soviet Union has never been financed too generously...in the 1950s it was about 10 percent of the gross domestic product...From the end of the 1960s that percentage began to decrease...In 1970 it was 7 per cent, 1994-96 less than 4 per cent In countries like the USA, Great Britain or France, it varies between 5.3 per cent and 5.5 percent, ...but if we consider the per capita production the difference is much greater than it would appear...¹

However, there is little doubt, that in spite of shortcomings, education was one of the major successes of the Soviet Union, enabling it to compete at world levels. The successes of the Soviet system were built on a truly free education. Only pre-school places were not free, as they were not compulsory, but even here the state paid 91 per cent of the cost, making the fee purely nominal and affordable for all parents (cheaper, in fact, than keeping the child and feeding it at home). All structures of education were state run and organised on a central basis; they worked according to a single programme and a single selection procedure for all children. The vast majority of schools were co-educational and comprehensive, consisting of mixed ability classes. There were special schools for bright children in particular subjects (English, maths, sports, etc...): special talents were nurtured, regardless of class or money. In schools the teacher was an imposing authoritarian figure: children stood up when the teacher entered and never called the teacher by their first name, always using the respectful first name plus patronymic. Teachers had the power to summon parents to school if there were problems with their children. Going to school was not only a right but an obligation even for children and adolescents in care/detention centres. A lack of attendance was treated as a criminal offence, for which parents were also responsible.

Teaching was fairly traditional, with much being learnt by rote. At this time the average attendance in education was 9.5 years - starting school at seven. All the various models of secondary and tertiary education led to actual jobs. Teachers were paid a decent wage, at least one they could live on and one that compared well with those in industry. Lecturers at university were considered well-paid.² There were downsides, of course among which was the fact that centralised system did not allow for local flexibility and innovation; the older classes

were used as free-labour during harvest time and in factories having difficulty fulfilling their quotas in time, and increasingly, as already mentioned, technology was lagging behind the West. Also, even within this comparatively egalitarian system, private tuition still existed, albeit illegally.

Education in the 1990s

Educationalists hoped that the collapse of the Soviet Union would bring a much needed flexibility into the educational system and that they would be able to lobby successfully for the necessary funds to renew and improve education. They feared, however, that for pragmatic and ideological reasons much that was valuable in the system would be ignored and left unsupported. There was initially a feeling of euphoria mixed with apprehension, and a great outpouring of experiments, publications, and new and not so new ideas.

The years following the collapse of the Soviet Union and the collapse of its economy justified some of the hopes and most of the fears of all those concerned with the educational system in Russia. Universities and schools gained a great deal of autonomy, but at the expense of enormously reduced subsidies from the state, less than at any time during the Soviet period. At the same time, the plummeting living standards of the Russian population meant there was not the money available from the middle classes to support the growth of the private sector in education. According to Nikandrov,

...the decree issued by President Yeltsin in July 1990 raised hopes that things would quickly change for the better in education... But the speedy dissolution [of the USSR] was followed by the inevitable, disastrous slump in the economy after links with former republics were cut. The slump is evaluated variously by different researchers, but realistic estimates put it at no less than 50 percent in terms of GDP. To understand what this really means we should mention that losses in the war of 1941-45 led to a slump of about 17 per cent in terms of GDP...all this meant terrible difficulties in financing education as everything else.³

As a result of Yeltsin's decree in 1990 liberalising trade,

In two-to-three years most people were impoverished. A very few became extremely rich. Since then there has been a consistent trend of spending less and less on resources and education per student. Another aspect new to Russia is that now education is mainly financed from local government budgets, whereas before it was financed from the central state budget. The result, of course, is big differences between the regions.⁴

The law on education a few years later did nothing to improve the situation:

The law on education (1992) states that education should be financed to the amount of no less than 10 percent of the national income... In fact education now gets about a third of the minimum it needs to survive on... Student scholarships in tertiary education will enable the student to buy one, or, maybe two cheap meals a month. Teachers get half of what they are legally entitled to, often months late. Over a third of school buildings are decrepit. And student health is appalling: only 10 per cent of children can be considered healthy. Many children are hungry all the time. Adolescent crime rates are growing 15 times faster than those of adults.⁵

The private sector in education

The 1992 law on education also allowed for more freedom in primary, secondary and tertiary education. This meant that within the state sector individual schools had more control of their own curriculum, more freedom also to charge for extras and to earn money from their own commercial activities.⁶

It also meant that the private sector was allowed to enter the education arena, and there was a mushrooming of all kinds of private schools, from Russian orthodox religious schools, to Jewish orthodox schools, to Rudolph Steiner and American evangelical schools and crammers and home schools.⁷ These were partly subsidised by the state. The state often also helped the schools to find premises, sometimes rent free and subsidised their utility bills. The Yeltsin government wanted to shed some of the education budget and

encouraged the growth of private education, publicly riding the wave of popular feeling against some of the “free” services of the Soviet period, which many Russians associated with mediocrity and lack of choice.

Private schools, however, still found it impossible to survive, except in the very large cities, such as Moscow and St Petersburg. The economic climate was not conducive to the development of private secondary education, and not many schools left the state system:

For the 1998/9 academic year only 568 out of 67,889 secondary schools took this option. In higher education the privatisation process had more success: in the same year there existed 334 private higher education institutions compared to 580 state ones.⁸

According to *Moskovsky Komsomolets* (22 July 2000):

paying students are now 40 per cent of the total student population (covering those at state and private institutions). This 40 per cent accounts for the rise in the student population (from 1,658 in 1991 to 20,30 in 1999).⁹

Parents continued to be deeply worried about the decline both in education standards and in facilities for their children, and about the creeping privatisation within the state system. In the same school there are often divided facilities for those who paid and for those who didn't. A typically worried parent, Praskovya Vassilevna, reported:

My daughter is in a class of 40. There is a parallel class, not only in the same school, but in the same corridor, where children are taught in a classes of ten. The children in my daughter's class can see them through the glass door. These other classes also get special meals at lunch time and have a better playground to play in at break. Of course, they pay.¹⁰

For the first time, within a school, it was legal to offer private lessons. Another consequence of the decline in education and the rise of the private sector was the increase in legal private tutoring, sometimes at home, sometimes private classes were opened in the school or, more

often, in the higher education institutes to which students were hoping to apply. "Better to offer paying lessons within a state institution than outside it", said the present Russian education minister, calling it a "correction" of the present system.¹¹ Parents who were asked to pay additional money for exams and what they saw as essential lessons had a different name for it.

Typically, lessons which parents paid for were those for which the school could not find sufficient teachers. A typical young student, Natasha, interviewed in 1992, said;

I had to leave my Moscow state school having studied computers without a computer and with only half the amount of English tuition I needed in my critical pre-university year because my school could not afford computers or attract enough English teachers.¹²

English speakers and computer specialists could earn much better salaries in the private sector. In addition teachers pay, because of the financial crisis, was often delayed for months on end. Many young graduates who had previously automatically gone into teaching chose jobs as receptionists or personal assistants in foreign companies where the money was much better although the job satisfaction might be much less.

Another result of deregulation in education and pre-school care meant that many parents could no longer afford to send their children to kindergartens. Formerly these were often attached to local industries which provided subsidised care for their workers, or it was provided by the state at a nominal price. Now prices had risen sharply, even in those state and attached kindergartens that have survived. Today only 53 per cent of children go to kindergartens.

The result, according to Nikandrov, is differentiation and decline:

Differentiation in income and economic decline could not but be followed by differentiation in education... This negative trend is clearly noticeable in pre-school education. In 1990 roughly 9 million children were in pre-school care, today the figure is less than half that.¹³

Heated debates began to appear in the press about the benefits of

privatisation and “Westernisation”, particularly in higher education, between traditional Russian methods of tuition and content and trends coming in from the West – the form exams should take, the subjects on offer, and the shape of degrees.

The new 5-year plan 2000-2005

If the 1992 law on education was the most important post-Soviet legislation of the Yeltsin government, Russia had to wait another eight years for a further major government response to the critical situation in education, coinciding, naturally, with the change from Yeltsin to Putin. Early on in his presidency Putin had made what has become, for new presidents, a ritual blast against corruption. He specifically vowed to abolish private education. This included both the unregulated growth of private schools and universities and the almost universal system of crammers, both in the form of schools and private tutors coaching students for university exams.

As with the coming to power of Yeltsin and the collapse of the Soviet Union, Putin’s heralded change of emphasis, his promises to give more support to state education, his plan to revitalise education, the army, and the rest of the economy and return Russia to her former greatness, re-awakened the optimism of educationalists. This was to be short-lived.

In January 2000 there was a conference – the All Russian Forum for Workers in Education. After eight years work a federal programme, agreed by the Russian Government and the Federal Assembly, with the participation of the State Duma, the Council of the Federation, trade unions and workers in education and science and the Russian President, signalled a return to five-year plans by agreeing a five year programme (2000-2005) for education. It covered the whole educational system from pre-school care to post-graduate study. So far so good, but it talked ominously about attracting non-governmental funds in the attempt to increase spending on education and the effectiveness of education.

In April 2000 a “discussion” document was posted on the official government web-page. The author of the document was German Graf, a young “Westerniser” specialist in economics in the Putin government.¹⁴ The main points in the document were as follows:

Due to a fall in the birth-rate, the number of children in schools would fall by 33 per cent in the next 2-3 years. This meant that instead of an average class of forty children there would be twenty-five. As a consequence, the number of school-leavers, by the year 2009, would be the same as current places available in higher education. Thus, theoretically all schoolchildren would have a place in higher education available. It was claimed that this in itself would deal a death blow to private universities. If all students can receive a place at a state university why should they pay more to go to a private university?

Another consequence of falling school rolls would be the massive unemployment of trained teachers. In order to avoid this it was proposed that the school period be extended from 10 to 12 years, the last two years being a time for specialisation either in vocational or academic skills. One of the consequences of this, not mentioned in the report, would be that boys would leave school at eighteen, not sixteen, and thus be eligible to go straight into compulsory military service. If boys are in full-time education on their eighteenth birthday they cannot be called up for military service until they finish their course.

There were a variety of proposals concerning the financing of education, one of which was a system of vouchers to enable the student to choose the university they wanted. The vouchers would represent a flat payment of 2,000 roubles for the best students (about £50) and less for less able students. It would be up to individual universities to top up the grants, if they wanted to, with money raised from their own commercial activities. There would be a similar system of vouchers, coming from a different budget, where the criteria would be based on the economic background of the student.

There was also a proposal to introduce a single university entrance exam to replace the present individual entrance exams that all Russian universities operate. This was aimed at giving students all over Russia the opportunity to try for the prestigious universities in Moscow and St Petersburg. The cost of travelling to the capital, the lack of money for tutoring and the lack of connections with these universities that affect provincial students has severely limited their success in the individual university entrance exams.

There was a proposal to fundamentally change the content and form of the Russian school and university curricula, with their top

heavy theoretical bias, creating more of a balance between theory and practice. There would be two possible paths for schoolchildren in their final two years - some would go in for vocational courses, others for more traditional academic ones. But the vocational stream would also carry on to courses in higher education and would provide perhaps the middle layer, middle managers and practically skilled workers so much needed in Russian society today. And the academic stream would be less theoretical than previously- they too would have a practical content.

Significantly, there were no specific proposals to increase student grants (at present the top grant is the equivalent of £5.50 per month) or salaries of academics and teaching staff - at present lecturers at state universities get about 33 pence an hour.

A system of governing boards was to be introduced in order to increase input from middle-management. Their job would also be to get local people to invest in their higher education institute - the government wants to increase the percentage of private money in universities.

A state-wide quality control commission would be set up. At the moment there is no system of double marking in Russian education. Most important exams are oral and are not taped. There are also no objective criteria in place for determining grades. Increasingly universities rely on part-timers. Even nominal full-timers are usually working in at least two other places because of the poor rate of pay, so it would be difficult to establish institution wide criteria and standards.

The government would regulate the publishing and distribution of text books - at the moment anybody can publish school and university text books and some contain quite unsuitable advertising, not to mention the content.

Debate about the plan

This document created enormous conflict between Putin's government and the powerful All-Russian Union of Vice Chancellors, led by the vice-chancellor of Moscow State University, Victor Sadovnichy. They saw the voucher scheme as a plan to carry out what would amount to a complete privatisation of the higher education sector, masked as a move to democratise it, and opposed it unanimously. The best universities,

they said, would cream off the best students. Furthermore, money following students would create an unmanageable fluctuating market, shifting wildly from year to year. The smaller less popular universities would suffer, the bigger ones would accept more students than they could deal with because of the money involved. This would also lead to a lowering of standards. And the voucher system would only amount to a tiny percentage of what was needed. The rouble equivalent of £50 was a drop in the ocean when it came both to tuition fees and living expenses. They didn't see how the new measures would open the gates of learning to the 60 per cent of the population living below the poverty level.

However, they did support some of the proposed reforms, for example the return to the Soviet practice of guaranteed university places, with a guaranteed maximum grant, for disadvantaged sections of the population.

They were not the only critics of the plan. Workers in secondary education generally saw it as a deeply flawed document. Critics pointed out that without paying lecturers and teachers a salary that they could live on, never mind one commensurate with their training and ability, without paying students a grant that they could survive on, and proper funds provided for research and research institutions, there would be no possibility of even maintaining the present situation in education, let alone improving it and providing a system necessary for the needs of Russian society today. On other issues, workers in secondary education, parents, and the schoolchildren themselves were not happy about adding two years to a curriculum when many children were already bored and disaffected in the top classes. There was also general opposition to the dismantling of the individual university entrance exams.

Nevertheless, nobody had any illusions about their implementation. The short period of euphoria was at an end - academics saw this as a return to dictatorship. They believed that regardless of criticism from those at the chalk face, the government would push its "reforms" through.

The present situation

And, of course, they were right. A year on and the march towards a single entrance exam, a necessary prerequisite for the student voucher

system, is already in operation in some trial areas and plans continue for the other measures. In a recent article, Vladimir Filipov, the present Education Minister, replied to some of these criticisms. He tried to reassure those with worries about the loss of Russia's cultural heritage and identity in education by claiming that the plan would keep the traditional elements of Russian education while adopting Western practices when these were more fitting for a modern society. He himself admits, though, that the budget allocated can not fulfil the needs of education in Russia:

Education now gets roughly half of what it needs in terms of finance...It is difficult to imagine, in the present state of the Russian economy, that we will get enough money in the near future to solve all the financial and economic problems of the Russian education system...¹⁵

Other critics claim it gets perhaps a third of what it needs. The eminent academician and pioneer for business education in Russia, Abel Aganbegyan, who heads the most prestigious institution in Russia, second only to Moscow State University, the Academy for the National Economy, told me recently:

We used to have an education system that was the best in the world, now our Russian system is worse than your English system. By any estimate, we spend at least ten times less money on our students than you spend on yours. And we have no equipment. I went into an extremely prestigious institute the other day, whose researchers and scholars would be welcome anywhere in the world, and the lift didn't work. No repair work had been carried out for ten years. I, at seventy years of age, had to go up to the seventh floor on foot. The stairs were falling apart, the teaching rooms were shabby, they needed renovating and repainting. They had no equipment. Let me tell you, it will get worse... The only university that comes anywhere near the facilities that any ordinary university would have in the West is Moscow State University.¹⁶

The education minister, Filipov, is aware of the problem but claims he can do nothing about the wages of teachers and lecturers

which, he admits, are below the necessary level to survive on. He also proposes to double the student grant (to roughly the equivalent of £10 per month in a city which is as expensive to live in as London or New York).

Changes in curriculum

Another area where there is a great deal of concern is the proposed curriculum changes. Many of the reasons that parents were anxious to send their children to fee-paying schools, or to top up their lessons with private tuition, even when they were really struggling financially, is because they were dissatisfied with the schools and wanted their children to learn more, not less. However the government is still very keen to simplify the curriculum, especially at the top and bottom ends. Filipov is concerned to persuade the electorate that these changes are necessary.

He quotes official data from two years' research (1995-97) that looked at two thousand Russian schools and which reveals that 50 per cent of Russian schoolchildren do not master more than 50 per cent of the curriculum in those fields where the Soviet Union was traditionally very strong (physics, chemistry and biology). It also reveals that the health of schoolchildren suffers enormously from trying to master the overloaded curriculum: 40 per cent of those entering higher education institutes are forbidden to do sport because of health problems. He turns the argument about private tutoring on its head, saying that if schools have a less crowded curriculum, i.e. teach less, there would be less need for private tutoring to keep up. He explains that the reason why it is practically impossible to get into higher education institutes without private tutoring is partly because schoolchildren cannot specialise at school and partly because of the over-demanding entrance exams for top universities.

There is also the corruption and provincial factor. The corruption factor means that even with private tutoring and excellent results you still need to pay someone to get your son or daughter into Moscow State University. The provincial factor means that if you come from the provinces to take an exam, your school has no relationship with the university and cannot coach you properly for the entrance exams. Simplifying the curriculum and introducing a single universal exam would, Filipov claims, deal with all of this.¹⁷

There are plans to merge small schools into one large one in rural areas. The education minister states that although 2-3 times more is spent on village schools (which make up two-thirds of the 68,000 schools in Russia) the results are worse than in urban schools. The government will keep open village schools where their closure would threaten the whole village, but where it doesn't they will amalgamate several into one and make them cultural centres as well. They plan to bring in school buses to transport children from remote small settlements to these centres. This is quite an urgent measure in view of the falling rolls in schools. Putin also promised two billion roubles for an extensive programme of computers in village schools.

A journalist for the *Russkii Zhurnal* was doubtful about the mass computerisation plan:

Let me ask a blasphemous question: taking into account the reality of Russian life today, is it really necessary for every schoolchild to have a computer, or even for every school to have one? Of course, it is necessary to have a computer to access the internet. Necessary, but not sufficient. You need a telephone as well, and a line that is permanently busy, as is the case in Russian rural areas, where you can't get through even for emergencies, is not enough.¹⁸

Single exam

Perhaps the area where the government has moved most quickly is in the implementation of a single university entrance exam. A trial has already been carried out this year (2001), but it was voluntary and if the students didn't pass they were entitled to take the normal entrance exams to universities. Critics say the content of this exam doesn't test the brighter students as it consists of multiple choice or true/false questions (because these are more "objective" and easier to mark in a standardised way). Up to now only 1.5 per cent of Russian schools have tried it. Filipov argues that the single universal exam will eliminate corruption and favouritism in the school and university system: exams will be taken in a neutral place, with representatives of the government and parents invigilating, so they will be less vulnerable to corruption than either the present school leaving exams or the university entrance

exams. He also argues that in spite of the excellent Russian education system, Russian school-leaving certificates are not recognised abroad because there are no standardised, state school-leaving exams. At the moment, in Russia, school students receive certificates of exams set and marked by their own teachers, obviously the standard can, theoretically, vary from teacher to teacher and school to school.

Conclusion

In Russia today one in four of the population, 38 million people, are either studying or working in the education system. As in Britain, this is a priority area for the Russian government, but it is questionable whether, in their proposed reforms, some of which are already being tested, they have the full support of the Russian population.

Will the present reforms work? And if they do work, will they improve the education system or hasten its demise? Russians want a good free education service that provides the satisfactory teaching of vital subjects such as computer studies and English. They want in fact, the sort of education that they had in the Soviet Union. The government wants a technologically educated workforce that will enable Russia to compete in a global economy and have more practical skills. They also want a cheaper education service, one that is compatible with Western systems, for ideological and developmental reasons, for reasons of co-operation and expertise and expense.

The main planks of the reform: greater computer skills, foreign language skills, more vocational training, standardised exams, higher education for everyone, and a stamping out of corruption and the divide between rich and poor – can any of this be done on a universal scale in a country like Russia where 60 per cent live below the poverty line, without putting more money into the infrastructure, without paying the educators a living wage, without providing student with genuine subsistence grants? For an improvement in the system the good will of teachers and lecturers is vital, and for that they need proper salaries that they can live on. Furthermore, it goes without saying that without proper wages you will not get enough teachers in the most marketable skills, such as English or computer studies, even if you have the computers and even if you have the telephone lines that can accommodate the internet.

The last ten years have shown that the private money to make private schools viable is not there. It has also seen a continuing widening gap in education, as in everything else, between rich and poor. How much of the government's proposals are window-dressing for a transfer to a more private system of education remains to be seen. They are certainly continuing the trend, started under Yeltsin, of encouraging the growth of private enterprise in education. The latest buzz word is "co-financing", meaning, cynically, that the parents will pay. This will inevitably lead to greater differentiation between those with money and those without.

Does the drive to force Russia into the computer/internet age have a hidden agenda? Some think that Putin's Russia, with its willingness to comply with the demands of the IMF, will open the gates to global education services, importing foreign educational programmes via the internet. Already many Russian educationalists feel that a good system is being downgraded in favour of an inferior Western model for reasons not to do with education, but they have been powerless, in Putin's Russia, to resist the proposed changes.

The state has no money – so there can be no return to the extensive, state supported system of education before 1991. It seems likely that the gap between rich and poor will also mean the gap between educated and non-educated. Even the targeted help that the education minister speaks of, by his own admission, will not be enough to survive on. A small educated elite, with computer and foreign language skills, and a large populace of ill-educated workers would seem to be the way things are going. But this has not yet happened.

Perhaps the hope for the Russian people lies in their traditional respect for education, despite its defects, despite the continuing drop in living standards. Nikolai Nikandrov, head of the Russian Federation of Education, who himself started out his professional life as a village teacher, writes:

I will emphasize again that the educational ideas that originated roughly one hundred years ago still remain the base of our educational system - they have not become obsolete. Foreign educational ideas are a resource that should, perhaps, be used sparingly. And the Russian tradition of great respect for

education, retained throughout the Soviet period and not destroyed in the turmoil of reforms of the 1990s, will help people to overcome the seeming chaos of the present day.¹⁹

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László Andor

From Fame to Shame Hungarian Agriculture after the Transition

There are probably not too many cases in economic history where successful industries were turned into hopeless crisis sectors within a short period of time and primarily by government mismanagement. The story of Hungarian agriculture in the last few decades, and particularly in the 1990s, provides a major example for future textbooks.

The post-war state socialist systems in Eastern Europe were generally characterised by permanent problems with food supply. Due to the controversies of bureaucratic central planning, even nations with good quality land had to suffer from supply problems of various intensity. For most of the state socialist period, however, Hungary was an example. In the 1970s, Hungarian agriculture was hailed internationally as a major success in economic policy. This prosperous sector was one of the main economic pillars of the so-called Goulash-communism of János Kádár, leader of the ruling Communist Party between 1956 and 1988.

The secret of the Kádárist model was that it combined small scale individual entrepreneurship with large public firms in agriculture (collective farms and state farms), and provided the urban population with sufficient purchasing power to consume what was produced by the village. When the revenue from agricultural production declined, collective farms were allowed to extend their business activities to other

areas and many of them grew to become real conglomerates. Rural producers were allowed to become wealthy, though they also had to work very hard for it.

The Hungarian model of agriculture in the 1970s and the 1980s was praised by foreign experts and ministers of capitalist states as well. When the post-communist transition began, however, this sector was first to be attacked by the right-wing political forces that won the first multi-party parliamentary elections in 1990. Ten years after the political landslide, most of the Hungarian countryside is in ruins, that can be expressed by some very disappointing figures.

Downward trends in the 1990s

The figures indicate a relative and an absolute decline of agriculture within the Hungarian economy. According to a recent survey by Financial Research Ltd., the share of the food sector (agriculture and food production combined) in GDP declined from 12.5 per cent in 1990 to 8.5 per cent in 1999. (*Figyelo* 2000: 11) This was, however, not due to a slower than average growth in this sector, but to an absolute decline in output, particularly in the period 1991-1993. In 1999, the gross output of agriculture stood at 71.6 per cent of the 1990 level, while GDP was already close to 100 per cent at the end of 1999.

In 1991, agriculture represented some 8 per cent within the Hungarian GDP, and its share quickly fell to some 6 per cent by 1993. This ratio remained stagnant until about 1997, when it started to fall again. The share of food production in GDP declined constantly between 1991 and 1998, when it started to pick up. This decline has affected Hungary's position in the international division of labour. The food industry represented some 25 per cent in the exports of Hungary in 1990, and this share was reduced to some 8-10 per cent by the end of the decade.

Behind the output decline, we find a remarkable fall in productivity. In recent decades, Hungarian agricultural producers have used about 2.7-2.8 million hectares to produce grain. Between 1986 and 1990, on average some 5.6 tons of grain were produced per hectare. Ten years later this specific figure was 1 ton less. During the ten years of transition, the fertilizer consumption of the new Hungarian agricultural sector shrank to one third of the earlier quantity, and this decrease was

not motivated by ecological considerations but by the lack of financial support for the farmers. Thus, while in the 1980s the total grain production of Hungary was about 13-14 million tons, in the late 1990s this figure stabilized at about 11 million tons. In the meantime, the ton per hectare indicators continuously improved in the European Union. The best grain producers of Western Europe - the French and the Dutch - produced more than 7 tons by hectare (Raskó 1998: 21).

The decline in other areas was similar too. Table 1. shows the figures for the fall in Hungarian fruit production. (The figures in this and subsequent tables are based on official data from the Hungarian Central Statistical Office.)

Table 1. Fruit production (000 tons)

Group of fruits	1991-1995 average	1998	1999
Apple	671	500	443
Stone-fruit	302	289	265
Other	124	98	104
Total	1097	887	812

Source: Népszabadság, 29.09.2000

Causes of decline

It was not just a matter of the few years in which Hungarian agriculture was victimized in the post-Cold War economic and political turmoil. The main reason for the declining performance in Hungary was that the distribution of landed property in the 1990s led to a decline in grain and other production, but there were other reasons as well. The crisis had its roots in the earlier period, and it did not end when much of the 'transformational recession' was over. We can identify six factors in the decline:

(1) *The impact of the general crisis of state socialism*

The state socialist economy of Hungary began to stagnate after the late 1970s, when the political leadership wanted to find a way out of runaway indebtedness through severe restrictions. After 1978, socialist

neoliberalism became the dominant trend. The range of market reforms expanded rapidly. The state had to withdraw from different areas of the economy. Agricultural subsidies were cut back drastically, particularly in the late 1980s, when the junior minister of agriculture, Miklós Villányi, was promoted to be minister of finance to carry out the expenditure cuts that were to hit his own sector.

It was the general restriction in the first half of the 1980s and the cut back of subsidies in the second half of that decade that caused a major setback in agricultural investment. State farms and collective farms were unable to replace the machinery that was purchased in the 1970s. The incomes of the rural population were stagnant. Life in the villages became harder, especially in small ones, because of the policy of rationalization. These guidelines for territorial development dated back to the early 1970s, and withdrew support from the group of small villages in order to concentrate resources for larger communities.

(2) Government compensation policy

The essential element in the political and economic agenda of the post-Communist transformation was the change of ownership, i.e. privatisation. Mainstream economists promised rapid reforms and high return from the new private initiative, but these expectations did not materialize. Agriculture was the sector that suffered the most devastating consequences of the uncertainty created by the general transfer of ownership in Hungary.

In order to reconstruct pre-communist socio-economic relations, prime minister József Antall (1990-1993), head of the ruling Hungarian Democratic Forum (MDF), pursued a specific compensation policy. His coalition partner, the Independent Smallholders' Party (FKGP), demanded full restitution to the owners according to the conditions of 1947. Antall, however, had to please another part of his constituency, which was the new entrepreneurial layer that would have been sidelined by a full restitution plan. The management of public enterprises would have been alienated too. Therefore, he attempted to find a middle way between total restitution - which would have restored the rights of pre-communist owners of firms, land, and real estate - and the selling-off of state assets. This middle way appeared as a method with the least threat to the continuous operation of the economy, and even promised some

revenue for the budget. This compromise resulted in four consecutive Compensation Acts, which gave so-called compensation vouchers to expropriated owners in proportion to the value of their lost assets. These vouchers were used to buy assets as well as certain consumption goods, and were traded on the stock exchange as well. Because of imperfect information about the pre-Communist relations, close to a million people were eventually involved in the compensation exercise, which the government expected to create some loyalty to the coalition.

Compensation did not pay off either politically or economically for the government. The Smallholders realized this in time and their dominant faction left the coalition under József Torgyán. Confusion took over. Uncertainty was prolonged for years, and those who expected to lose the land did not invest while many of the new owners did not have the resources or the intention to invest. The new private farmers lacked know-how and information about the tendencies of production and of the markets. Thus, the disruption created by compensation caused a major supply-side collapse in agriculture.

(3) Anti-collectivist regulation in the early and late 1990s

Compensation in Hungary did not hit the collective farm system by accident. The Antall government pursued an all out crusade against all forms of public ownership and against the managers of the state and collective economy. The leaders of the collective and state farms were hailed as “green barons” who should not have a future in the new system. Thus hundreds of trained and experienced managers were excommunicated from the agricultural community, even if they were not supporters of the left wing parties. In 1989, representatives of the collective farms formed a party called Agrarian Union, which did not get into parliament in 1990 and lacked any influence on the government. Bias in government regulation against collectively owned enterprises was apparent under the Antall government, and again under the right wing coalition of Viktor Orbán after 1998. Before the 1994 elections, the distribution of new tractors was a matter of party loyalty. From 1998, small scale enterprises have been disproportionately favoured in the race for government subsidies.

As a result of the privatisation and the anti-collectivist campaign, the amount of land used by collective farms noticeably

decreased during the 1990s (see Table 2.). However, this also meant that the amount of land used by relatively large firms has been declining constantly. In 1999, only 22 per cent of the land was used by collective farms, while 60 per cent was used by individual farmers, and 18 per cent by other private agricultural firms (Tamás 2000: 13). The diseconomies of the small-scale showed in the output of the coming years.

Table 2. Land used by collective farms (% of total area)

Type	1994	1999
Tillage	39.9	24.3
Garden	0.5	0.2
Orchard	20	6.1
Grape	7.5	2.1
Lawn	34.4	15.6
Forest	14.1	4.3
Total	31.9	17.6

Source: *Népszabadság*, 29.09.2000 p. 11

(4) The collapse of demand

In 1993, Hungarian GDP was standing at 80 per cent of the 1989 level. The rate of unemployment reached 13 per cent. This was also the time when the agricultural crisis became the most severe. In 1992, the output of Hungarian agriculture declined by a quarter, and in 1993 by a further 8 per cent. We have to see, therefore, that the supply side collapse cannot be held exclusively responsible for the agricultural crisis. The collapse of demand was another major factor, given the disintegration of Eastern (CMEA) markets for Hungarian agricultural produce and the shrinking domestic purchasing power.

(5) The impact of privatisation in trade and industry

The way privatisation was carried out in other sectors of the economy also affected agriculture and it did so largely negatively. The reason is that Hungarian food production and retail trade were taken over predominantly by foreign owners and sometimes by foreign monopolies

(see Table 3.). The foreign companies took advantage of their new market positions by creating room for their foreign inputs as opposed to the opportunities offered by the Hungarian suppliers.

Table 3. The share of foreign and domestic owners in various sectors of the food industry (%)

Sector	Domestic ownership	Foreign ownership
Seed oil production	2.6	97.3
Refreshment beverages	2.4	97
Sweets	8.5	93.9
Tobacco	3.5	93.7
Beer	6.5	90.3

Source : Nagy - Romány (2000: 216)

(6) Mismanagement of agricultural government

It was not always bias and hostility on the side of the ruling political forces but very often simple ignorance and lack of proper knowledge that hit agriculture and the rural population. Much of the agricultural government was unprepared to handle the problems of the new market economy, and particularly the challenges of economic diplomacy. Agricultural negotiators with the WTO and the EU, for instance, ignored the previous Eastern exports and the fact that Hungarian agriculture was performing far below its potential in the mid-1990s, and accepted quotas and subsidy limits that later turned out to be too low when the sector started to recover from depression.

Mismanagement reached dramatic heights after 1998, when the ministry of agriculture was taken over by the leaders of the Smallholders' Party. When the so-called Russian financial crisis began in August 1998, the priority of the Hungarian government was to protect the exchange rate of the Forint. In order to calm investors, they had to insist that the Russian crisis was not affecting Hungary because Russia was not a major foreign economic partner for Hungary. Consequently, they would not need to do anything against the crisis. And they did not do anything against the crisis. However, the impact of the Russian crisis did manifest itself for Hungary in the fall of the exports. The total Hungarian exports

from Hungary to Russia fell from \$968.2 million to \$356.2 million between 1997 and 1999. Within this total, food, beverages and tobacco fell even more sharply: from \$355.2 million to \$118.8 million. The 1999 figures were exceeded slightly in 2000, but remained far below the 1998 level, let alone the 1997 one. (Farkas 2000: 16)

The sad millennium of Hungarian agriculture

In the years 1999-2000, Hungary produced GDP growth surpassing the averages of the EU economies twofold. This boom that actually started in 1996 was mainly due to the reconstruction in manufacturing industry, and within that a group of multinational corporations that had made their investment in North-Western Hungary, including the capital city Budapest. In other words, the recent recovery has left the eastern and southern parts of the country, and particularly the rural areas, in the crisis that they were pushed into during the decade of market transition. In 1999 a major flood accompanied the impact of the Smallholders' policies. Thus the recovery in agriculture only started in 2000: output was expected to grow by 3 to 4 per cent in food industry, and food export was expected to rise by 7 to 8 per cent.

However, one cannot expect a short-term recovery to substitute for long-term investments in a sector that has been so long mismanaged. Since the problems are structural, they cannot be resolved without major changes in policy and the cooperation of all parties concerned. There is, however, very little hope for this. In 1998, following the election of the conservatives, agricultural policy was given to the Smallholders' Party, whose policy was not about developing this sector but about dragging the highest possible amount of subsidies from the state budget for the farm sector. Defusing bombs - wheat bomb, milk bomb etc.- by using huge sums of ad hoc subsidies has been the main policy style of the agriculture minister, József Torgyán, and more and more of these wasteful subsidies became integrated into the national budgets (see Table 4.). This tendency is to be continued in the future. While inflation is expected to run at 5-7 per cent in 2001 and at about 4-6 per cent in 2002, according to government estimates, the budget of the ministry of agriculture and rural development is to be increased by 19.4 per

cent (from 259.46 billion to 309.78 billion forint) in 2001 and by another 2.97 per cent (to 318.97 billion forint) in 2002, which will be an election year, and the additional resources can be spent in the first half of the year under the outgoing government.

Table 4. Agricultural subsidies (billion forint)

Year	For production	For market access	Total
1998 actual	30.2	44.4	74.6
1999 plan	47.4	48.9	96.3
1999 actual	41	61.2	102.2
2000 plan	33.1	58.3	91.4
2001 plan	67.5	37.7	105.2
2002 plan	66.2	41.3	107.5

Source: Népszabadság, 29.09.2000 p. 11

The unsustainability of this policy was understood not only by the opposition parties but by some circles within the government as well. The prime minister's office, which, as a separate ministry, coordinates policy between the rest of the ministries, commissioned a paper from György Raskó, former junior minister in the Antall government. Raskó has turned himself into one of the wealthiest agricultural entrepreneurs in Hungary, and expanded his knowledge and connections on various tours in the United States. In his paper, and also in various other publications, he insisted that the government should stimulate concentration in land ownership and also the formation of cooperatives in purchase and sales but not in production.

Orbán and his party, however, are not expected to challenge the Smallholder policy on behalf of rational management. The reason is that Viktor Orbán's coalition government depends on Smallholder votes for its majority. Orbán has shown that he is prepared to face down Torgyán on some issues when absolutely necessary. But he is unlikely to want to tackle agriculture up front in a way that might endanger the coalition.

The policy of the opposition Hungarian Socialist Party differs from Raskó's conception on one major point only, and that is the

judgment on cooperatives in production, i.e. collective farms. MSZP, the Hungarian Socialist Party, is the only parliamentary party that is not biased against the collective farms and whose politicians believe that they still have a future. Liberal politicians of various brands, including Raskó, would exclude collective farms from the new round of land concentration and agricultural accumulation. Socialists and some other experts also talk about the need for forestation, something that would be supported by the EU as well. In case of a large-scale forestation campaign, alternative jobs would be found for tens of thousands in the rural population.

All this needs to be evaluated in the light of the European integration process, i.e. that Hungary is one of the five former socialist countries that started accession talks with the EU and one which hopes to join the EU in around 2004. Apart from the environment, agriculture is considered to be one of the most problematical areas of the negotiations. A major source of disagreement is that the policy of the right wing government is to demand a ten year derogation from the liberalisation of land sales, apparently as a measure to protect the interests of Hungarian farmers.

Considering the inevitable trend of concentration and eventual liberalisation when EU membership comes at last, we can conclude that the Smallholders' policy is nothing but buying time for those who can now speculate with land and expect themselves to resell it when European integration makes land liberalisation inevitable at last. The recent and likely future buyers of land in Hungary are not those living in villages and working in agriculture, but lawyers, entrepreneurs and doctors in the cities who can accumulate money but have no promising investment opportunity at the stock exchange since 1998, the year of the so-called Russian financial crisis.

József Torgyán, leader of the Smallholders, is the appropriate politician to sell the speculative interest of the urban establishment as the vital interest of rural Hungary. His demagoguery is bottomless and he takes all opportunities to enhance his popularity within the target group. Just to mention one example, in 1998 he manoeuvred himself into the chairmanship of Ferencváros (FTC), the most popular soccer club of Hungary. Though the results of FTC have just worsened in the last two years, being the chairman of the club that has always been

supported by the food sector just keeps his name afloat all the time. To take full advantage of this public relations opportunity, Torgyán has been accompanied in the leadership of FTC by his junior minister Béla Szabadi, who is an economist with no previous experience in the field of agriculture.

The two top leaders of the ministry of agriculture allow us to conclude that never since the war have real experts and authentic representatives of the land have been so isolated from their ministry in Hungary. However, the Socialists have not been very strong in promoting activists from the rural movements either. Recently, MSZP charged the former trade union leader, Sándor Nagy, with the development of agricultural and rural policies. Nagy is an able economist and a political heavyweight, but it is yet to be seen whether he and his party can develop a credible alternative to Smallholder mismanagement.

Preparing for European Union membership

Preparations for EU accession are proceeding within the ministry of agriculture, led by the competent but under-resourced EU Integration Department under László Vajda. But they face a difficult task in persuading others in the administration to pursue these with vigour, or to devote the necessary funding and staff resources, in the absence of a clear-cut accession date. The fact that the Hungarians are shooting at a “moving target” is a further drag on preparations, as well as a disincentive to tackle difficult policy aspects. The Hungarians are, like others, keenly aware that the CAP will require further substantial revision beyond the Berlin Agenda 2000 package, in the light of the WTO negotiations and the expiry of the Uruguay Round “Peace Clause” in 2003.

The structure within the agriculture sector is highly differentiated, indeed polarised. Some 4000 large, export-oriented units currently account for around half of the land under cultivation. These ought to be able to compete and flourish within the EU (despite the current government’s lack of support for them). However, a significant number of these larger concerns are farmed by tenants, often foreign, on land leased from APV Rt (the State Privatisation and Holding Company).

The other half of agricultural land is taken up by some 1.2 million “individual” farms - the main targets of the ministry’s current subsidies.

These small plots are generally unable to provide a viable income: indeed, only 5 per cent are full-time holdings. With largely outdated machinery, a limited capacity to absorb investment and little supporting infrastructure, they stand little chance of being able to compete within the EU. The solution for many ought to be consolidation into larger, more productive units, through either purchase or leasing, while others continue as “part-time” farms, perhaps assisted by EU rural support funds. However, this process of consolidation raises difficult political and social issues, which the present ministry leadership is reluctant to tackle. They have also been unable or unwilling so far to seek to differentiate clearly between the economic, competitive sector of agriculture and those parts which might better be supported through social schemes such as rural development and support. Without this, it will be difficult for Hungary to formulate policies and negotiating positions which make best use of EU funds.

The present land laws are a further obstacle to consolidation. By preventing foreign ownership, they could also discourage much needed foreign investment – although long leases may be a way round this. Yet another problem is the lack of a comprehensive register of agricultural producers. Unofficial estimates suggest that as many as half of all agricultural producers may have failed to register, in order to evade tax. A 1997 campaign by the ministry to “whiten” this was not successful.

On a more positive note, much of the food industry is already competitive with the EU. Foreign investors own some 56 per cent of this, and more or less dominate in vegetable oil processing, confectionery, sugar, tobacco, brewing and distilling. However, collaboration between producers and processors is poor.

The overriding Hungarian concern at this stage is to ensure the full application of the CAP - and in particular of Direct Payments. Their initial bids on quotas are probably negotiable, as should be ultimately the question of land ownership by foreigners. They have made reasonable progress in preparing for membership in terms of legal harmonisation, but it is not clear how far and how soon they will become administratively capable of dealing with the complexities of the CAP. But the focus of the ministry’s Smallholder leadership on their natural constituency, rather than on developing a modern, competitive

agriculture sector, may hamper Hungarian preparations and - combined with the likely messiness of further CAP reform on the EU side and the complicating Poland factor - make the conclusion of a suitable deal that much more difficult.

Leading Hungarian economists often point to Poland to highlight how great problems the Poles have with their unproductive agriculture, and that this could cause Poland to fall into the second round of eastward enlargement while Hungary is safe in the first group. The difference between Poland and Hungary is not any longer a matter of quality, but a matter of quantity only. As a result of the mismanaged crisis of the 1990s, Hungarian agriculture fell back into some very dire conditions. Equipment and infrastructure that was once built for collective and state farms now stand idle and await final decay.

Agriculture's weight in the overall Hungarian economy (6.3 per cent of GDP, 8 per cent of the workforce) is nowadays not large. However, as in many other parts of Europe, its political importance and sensitivity is greater than its economic weight. Consequently, the agony of this sector should not be seen as a marginal issue in the Hungarian economy, but rather as a complex problem of food production, environment, regional development and the employment of the rural population in Hungary.

Conclusion

The problems of agriculture that emerged in Hungary in the 1990s cannot be accepted by the local people and they cannot be tolerated and subsidised by the European Union either. And, indeed, they should not be. EU enlargement can only play a progressive role in the life of Central and Eastern Europe if it provides a leverage for reforms that lead towards modernisation and greater economic productivity for the local population. Agriculture could become an example of this, though it would require substantial changes on both sides.

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Document

The Swedish Left Party

EU Enlargement and the Common Agricultural Policy

Introduction

With the approach of EU's enlargement, the Left Party's agricultural policy workgroup presents its view, in this report, as to how the EU's agricultural policy should be changed. Change is needed to live up to consumer demands for reliable food products produced in a manner beneficial to the environment and with a large degree of concern for the well-being of animals.

We believe that the following starting-points are necessary to achieve these goals:

- Increase environmental demands throughout the EU and change over to ecological agricultural methods. Environmental quality and ethics with regards to animal life are important goals to be asserted in relation to the "free market". For ethical reasons, live animals should not be transported unnecessarily.
- Encourage local production: basic foodstuffs should be produced locally, both from an environmental point of view and to facilitate the control of one's own daily needs.
- A diversified agricultural policy: the EU's agricultural policy should strive to create the conditions for a long-range, tenable production of foodstuffs that takes into consideration the different conditions as they exist in the member countries with regards to, for example, climate,

structure, and political goals.

- Stop export refunds: the EU should stop dumping its surplus into developing countries and Eastern Europe at prices that the producers within these countries cannot compete against. Therefore, all export subsidies should be abolished.

This report is presented in connection with the Council of Ministers meeting in Östersund on April 8, 2001, at which time the Left Party will arrange a seminar in order to further discuss the changes necessary in the EU's agricultural policy in order to facilitate the eastward enlargement.

What is CAP?

The EU's common agricultural policy, CAP, requires that trade in agricultural products is free within the Union and that price and aid policies are set jointly by the member countries. CAP is based upon the price level within EU boundaries being maintained by means of border protection and export refunds as well as direct aid to farmers. CAP also contains various types of environmental, regional and policy structure measures. The member countries, through the EU's common budget, finance the EU's agriculture policy. Close to 39 billion euros, the equivalent of just under half of the EU's total expenditure, is used for various aid schemes within these agriculture policies.

The goal of the common agricultural policy was set in the Rome Treaty and has its basis in the conditions that existed after the Second World War, where there was a shortage of food throughout most of Europe. According to the Treaty, the goal of CAP is: to raise agricultural productivity, to ensure a decent standard of living for the agricultural community, stabilise the market, safeguard employment opportunities and ensure consumer access to goods at reasonable prices.

The Treaty does not say anything about the means to achieve these goals. Within every country or region, there are different reasons to regulate the production of agricultural products. If the agricultural production within a country decreases, it means that the degree of self-sufficiency declines, which is often seen as a threat to national security. Therefore, it is not unusual for agriculture to be state

regulated, with various aid schemes to ensure that the citizens receive sufficient foodstuffs.

Within the EU, the aid scheme has resulted in an enormous surplus of agricultural products. The result of this is the so-called “butter mountain” and “meat mountain”. This surplus is then sold on the world market, and since the products are produced with the help of subsidies and aid, this means that world market prices are lowered. This mainly affects the poor countries in the Third World that cannot afford to subsidise their agriculture. Due to high import duties, especially on processed goods, it is even more difficult for these countries to access the European market.

What have been the results of CAP?

From a strictly economic perspective, CAP has meant an encroachment on free trade. Trade barriers, in turn, lead to an inferior development in productivity and therefore lower economic growth. This means, in practice, that production does not necessarily occur in the country or manufacturing location that is the most efficient. Since overall aid is given to the agricultural sector, more resources are used in agriculture than would be the case if this aid were not given. There may be better alternative uses for these resources.

But, on the other hand, this manner of reasoning is strictly economic in nature. Agriculture is a sector that not only produces foodstuffs but also plays a major role as a land and natural resource administrator and is a prerequisite for a vibrant rural life. In its role as administrator, agriculture also has a large ethical responsibility for farm animals and the environment. It is due to these “alternative grounds for assessment” and administrative responsibilities that agriculture cannot be compared to any other form of production. Since the different goals often stand in opposition to one another, it is difficult to both define and apply a common agricultural policy.

The present agricultural policy has not only created a huge production surplus but has also allowed dumping on the world market, which has made it more difficult for farmers in developing countries to compete on equal terms. The EU’s agricultural policy has also favoured intensive, large-scale and specialised farming. Around 80 per cent of EU agricultural aid has gone to the largest 20 per cent of farms. The

average size of the operational units has increased, while smaller farms and more extensive farms have not been able to meet the necessary margin of profit. Structural streamlining leads to an increased intensification of animal breeding and methods of breeding that allow less consideration for the animal's natural behaviour. Animals are transported over long distances under unacceptable conditions in order to reach the cheapest facilities for slaughter.

In Great Britain, animals are sent all over the country in this manner because EU regulations, for example, allow sheep that have been in Wales for only two weeks to be sold as Welsh lamb even if they were born and raised in another area of the country. This is thought to be one of the reasons for the spread of foot-and-mouth disease in that country.

This development is at odds with the consumer's increased awareness of the environment and food quality. The demand for ecologically produced foodstuffs is constantly increasing, and more and more people want to know how their food has been produced and how animals have been treated. At the same time, general knowledge concerning agricultural conditions and food production as a whole has decreased because fewer people have direct experience in these areas. This leads to an increased gap between the consumer and the producer, and at times a lack of mutual understanding.

The long-term goal of agricultural policies should be to provide agriculture with the means to act in a market where the consumer and the producer have good relations. The connection between the environment and foodstuffs must be clear. A negative affect upon the environment should be reflected in a higher price, but today the exact opposite is true. Large-scale agriculture, steered only by economic forces combined with large EU aid, leads to neglected animal and environmental considerations and results in the price the consumer pays in the shops not reflecting the true costs of production.

In general, considering the failure to achieve the original goals of the common agriculture policy as well as the other negative effects that CAP has created since, one has to say that the CAP has not been a success. The CAP today is characterised by poor target fulfilment, high budget costs, a considerable negative effect on the

environment and a system that is difficult to administer.

Firstly, taxpayers and consumers pay for agricultural support by means of the various price subsidies which favour intensive production. They also pay for the direct aid and environmental aid paid out to farmers to encourage cutting back production. It ought to be obvious that this method is not a very efficient one. What the various reforms to improve and strengthen CAP have in common is a lack of a vision and a failure to promote environmental and animal protection. The reforms merely tinker with the prevailing system. The result is a system that is immensely complex and difficult to understand and one with many areas of conflict. A reform of CAP is therefore necessary for many reasons, not least so that enlargement can be accomplished in a manner that is just and exhibits solidarity.

EU enlargement

The EU is on the brink of an enlargement that will cause great strains on the common agricultural policy. We believe it is necessary that the Central and Eastern European countries (CEECs), as new members, should be allowed to participate fully in the agricultural policy and not be assigned special rules with a lower rate of compensation. Agricultural conditions vary among the different applicant countries, but the same regulations should apply in the entire Union, with the potential for adjustments based on each country's different conditions when it comes to, for example, climate, the structure of their agriculture and their political goals. It is not reasonable that certain farmers within the Union are compensated for lower prices while other farmers do not share this compensation even if they receive a comparable price. One consequence is that the joint agricultural budget will have to be increased, as more countries become members. A reform of agricultural policy can dampen this increase but it is not likely that it can lead to the cost level of today being preserved or lowered. An increased expense for the common agricultural budget will lead to an increased member charge for Sweden, which the Left Party opposes.

There are some measures being considered to avoid increased expenses. One such measure, already mentioned, is to refuse farmers in the applicant countries the same level of compensation as farmers in the present member countries. For reasons of fairness, this is not an

acceptable solution. Another measure would be to force the applicant countries to drastically reduce the number of farmers in their countries by means of swift structural changes. This would lead to a massive elimination of farms and a high level of unemployment and is therefore equally unacceptable. It would also mean that the values placed on nature that are so important in large areas of Central and Eastern European farming communities would be seriously threatened. The preservation of such values in the small-scale farming communities of today is a prerequisite for the diversity in this region. Another measure would be the speedy abolition of agricultural aid throughout the entire EU. This is problematic in part because of the political power that the farmers' movements wield and in part because it would lead to difficult readjustment problems for agriculture within the present member countries as well. This could lead to enormous negative social consequences for people as well as the impoverishment of rural districts and an unacceptable threat to biological diversity. Other alternatives must, therefore, be considered.

Below, we list those areas where we believe the biggest conflicts of the EU's eastward enlargement will arise:

Trade The commercial treaty between the CEECs and the EU has been to the advantage of the EU. Instead of facilitating export from the CEECs, these countries are encountering increased competition from the EU in their own domestic markets. Enlargement plans at present mean that the applicant countries will probably be admitted in two rounds. With only certain CEECs as members of the EU, there is an increased risk that the pressure on the other countries will be intensified. With the low level of work and production costs in Central and Eastern Europe, many in the EU see an advantage in enlargement. One problem in this context is that the relatively low price of land in Central and Eastern Europe could lead to financially strong interests in Western Europe acquiring large land areas and in this way drastically changing the structure of the current agricultural system in Central and Eastern Europe.

The environment On the whole, enlargement will entail certain environmental improvements since many "old sins" will be rectified,

such as the sanitation of contaminated ground and the improved treatment of sewage and other discharges. Within the agricultural sector, however, the extension of CAP would threaten the values placed on nature in large areas of Eastern European agriculture. In many of the applicant countries, primarily in the Baltic States and in Poland, there is still a biological diversity that was lost to Western Europe long ago. Maintaining this through the small-scale farming of the present is a prerequisite for this diversity. To permit the individual member countries to take their own responsibility for this in order to ensure that these values are preserved by means of the environmental aid contained in CAP would not be sufficient, since the structural changes themselves are the greatest threat.

Employment On average 22 per cent of the applicant countries' citizens are employed within the agricultural sector, even if this varies a lot among the different applicant countries. Poland has a large number of small-scale operations, with an average farm size of approx. 7-8 hectare. Within the whole of the EU, the degree of employment within agriculture is approx. 5 per cent. The implementation of CAP in the CEECs and the rationalisation of agriculture that CAP entails would entail a major risk that many farmers might lose their means of earning a living.

Four starting points for a reform of CAP

1. *A diversified agricultural policy.* A common market for agricultural products does not presuppose a general common agricultural policy, controlled in all details. On the contrary, it could be an impediment to a well-functioning market. A diversified agricultural policy increases the possibility of avoiding the negative effects of a common market while at the same time making use of the advantages that a common market can give. Agricultural aid should therefore strive to offset the differences in the prevailing conditions that exist between countries, for instance:

- differences in climate and other natural conditions that effect farming.
- structural reasons where certain regions/countries maintain farming on a smaller scale and, for various reasons, such as social aspects or the character of the farming landscape, do not have the prerequisites to change these conditions.

- changing political goals with respect to the environment, animal protection and the physical working environment for the farmer.

More concretely, the differences in agriculture have to do with the local conditions inherent in nature, primarily in the form of soil and climate. A farm in Norrland cannot be compared to a farm in Skone, which in turn cannot be compared to a farm in either Italy or Poland. The differences in the existing conditions will, with CAP in its present form, and with increasing competition, lead to the farmer being forced to use untenable production methods in order to compensate for this, and the ecological consequences will naturally be a problem.

EU agricultural policy, currently based on compensation for lower prices and export aid, needs to be changed to remuneration for collective benefit, for instance, actions to improve the environment, and aid to regions with poorer farming conditions. The goal of these changes in the agricultural policy must be to preserve agriculture throughout the whole of the EU and make a system of production possible that can maintain ecological and social values.

2. Increase environmental demands throughout the EU and switch to ecological farming. The quality of the environment and the ethics regarding animal life are important goals to maintain in relation to so-called "free" commerce. Otherwise, these goals will be treated simply as trade barriers. An increased proportion of ecological production within the EU would lower production per unit area, which theoretically would reduce the surplus while at the same time larger acreage would be needed, even in the so-called "less favoured areas". To keep agricultural activity profitable in these areas is not only important for rural development and employment, it also means a greater amount of locally produced foodstuffs with less transport and an increased biological diversity. This requires a clear common goal within the EU for an increased proportion of ecologically farmed land. More and more, consumers demand guarantees that foodstuffs are produced in a manner that shows consideration for the environment and for animal welfare. The ethical aspects of what we eat and how our food is produced has taken an increasingly central role, which must also be reflected in agricultural policy.

3. *Encourage local production.* Staple foodstuffs should be produced locally, both for reasons of transport and to facilitate the control of daily food requirements. Inexpensive transport is one of the main reasons for increased international commerce with agricultural products. Transports are heavily subsidised in that they do not bear their own national economic costs with reference to the burden upon the ecology that today's transports entail. A transport policy requiring transports to bear their own national economic costs would encourage a local and regional foodstuffs market and limit the environmental problems that growing commerce with agricultural products lead to.

When it comes to animal transports, a comprehensive grasp must be taken both for economic and ethical reasons. It is not enough to impose further rules and restrictions on the transports. If animal transports had to bear their own national economic costs, it would no longer be economically profitable to transport animals over long distances. From the perspective of health, the transport of live animals should be banned. It makes the control of contagious diseases complicated and more difficult. In a number of instances, we have seen examples of serious diseases being spread over vast geographical areas due to the many transports. The most important reason for not transporting living animals unnecessarily is animal welfare. It is also not ethically justifiable to allow economic interests to take precedence over the suffering of animals. For this reason, live animals should be exempted from the EU's free trade principles since it is not acceptable to treat living animals in the same manner as other agricultural products.

4. *Stop export refunds* The EU should not continue to dump its surplus into developing countries and Eastern Europe at prices that the producers in these countries cannot compete against. Nor should the EU be a net importer of foodstuffs and thereby compete with the citizens of developing countries over the production of their foodstuffs. The goal of the EU's agricultural policy should be that products which are exported from the developing countries to Europe should preferably be processed products and not raw products, this in order to facilitate progress in the developing countries that export foodstuffs. The situation today is the reverse. We import primarily raw-material crops from the developing countries and then export our processed products to them.

At the same time, we actually import a number of unprocessed foodstuffs from the Third World, for example, cacao and coffee, which we ourselves are unable to produce. In these cases it is necessary that this commerce occur under equitable conditions, primarily so that the developing countries should have the chance to build up their own processing industry.

Proposals for a reform of CAP

A reform of CAP must primarily be based upon a formulation of a new policy goal. The goal should be a competitive agriculture that creates the conditions for long-term tenable foodstuff production and which takes into consideration the various conditions that exist in the member countries with regards to, for example, climate, the structure of domestic agriculture and political goals. This must be accomplished in a way that does not lead to an increased elimination of farms, with social consequences, threats to biological diversity, and the impoverishment of rural districts.

A *guiding principle* for agricultural policy should be that society should compensate the agricultural sector primarily for its production of collectively useful items. This collective usefulness can, for example, include keeping the countryside open and maintaining a valuable cultural environment. It would favour the production of foodstuffs within areas with poorer growing conditions and would take into account the social and economic functions that farming there entails. It is the production of these collectively useful items that should determine permanent aid. The remaining aid should, in the long term, be abolished and resolved by the actors on the market - the producers and the consumers.

The reform that we propose would involve transferring money in the agricultural budget away from being, as at present, general aid and directing it towards environmental compensation and rural development. The individual member countries should be given the opportunity to adjust this aid to their own national preferences and needs and it should also presuppose national financial contributions. By insisting upon national financial contributions, an overly large cost for the joint agricultural policy can be avoided. At the same time, the overall efforts aimed at farming (national + common resources) should guarantee a level of aid that permits a satisfactory development of the

environment and the rural districts. Different types of measures may entail different degrees of financial contributions, and the individual country's economic situation should also be taken into consideration when setting the extent of the financial contribution. In this manner, the common resources can be better allocated to those countries or regions where the need to improve agriculture are deemed to be particularly urgent. In combination with this, it is important that we formulate clear goals and demands at EU level with regards to the environment, reliable foodstuffs and a high level of animal protection.

If CAP were to undertake such a change of direction, EU enlargement would not necessitate an increase in Sweden's contribution to the EU. A gradual abolition of a number of types of direct aid in favour of measures directed towards environmental and rural districts should help reduce the total cost of agriculture for the EU. This should also involve a greater degree of national influence over the formulation of agricultural policy. Even without this reform, it is important for increased national efforts in the field of agriculture when you consider that today's environmental aid is insufficient to meet the environmental goals that have been set for agriculture. This would be facilitated by the reform that we recommend.

The abolition of direct aid in favour of an increased effort aimed at environmental and rural development can contribute to an improved situation for farmers in applicant countries. By creating the prerequisites that would allow smaller scale farming to continue to be a profitable alternative in this manner, both in today's EU and in the East, we would achieve several goals. Employment opportunities in the agricultural sector would not be reduced quite so drastically, better consideration for the environment could be an element in production and animal welfare would be given higher priority.

Our proposal for a reform of CAP:

- Formulate clear goals at EU level for the environment, reliable foodstuffs and animal welfare.
- Transfer resources from general aid to directed measures for environmental and rural development within the framework of the Rural Ordinance.
- Measures that support export aid should be abolished.

- The individual member countries should be granted a large degree of control over the aid contained in the Rural Ordinance.
- There should be a system of national financial contributions tied to use of the aid contained in the Rural Ordinance.
- The degree of financial contribution should depend upon the type of measure and should also be based on the individual member country's economic and social situation.

The Swedish Left Party:

Box 12 660, S-112 93

Stockholm, Sweden,

E-mail: info@vansterpartiet.se

<http://www.vansterpartiet.se>

Kenneth McRobbie

CRADLE OF HEROES, OR GARDEN OF GHOSTS?

**The Significance of the Memoirs of Ilona Duczynska
(1897-1978)**

I

Events of the past decade raise the question of whether the populations of East Central Europe, including even the much-publicized “dissidents”, had long wished to be rid not only of “existing communism”, but even of any and every form of socialism which they associated with soviet imperialism. In respect of Hungary, Ilona Duczynska (1897-1978) did not think so, and took it upon herself to make contact with the unofficial opposition, especially the youth, in the confident expectation that they would revive the movement for socialist reform implicit in the 1956 revolution, and draw inspiration from democratic leftist student and national liberation movements sweeping much of the globe. These she called her “grandchildren”, and trusted that they possessed the courage and idealism to build upon the rising tide of dissatisfaction. Sufficient is known of Duczynska’s career to confirm that she is so far the only Hungarian revolutionary woman to achieve prominence, one whom Eric J. Hobsbawm saluted for her “eight decades of devotion to the cause of the liberation of mankind, and her unbroken, but never uncritical, enthusiasm for socialism”.¹

Not until late in life did Duczynska begin drafting her autobiography, of which only the first part which ends in April 1917 was completed and published.² It conveys a powerful personality and a unique sensibility tending to confirm that women writers may “know better than men how to turn...reportage back into personal literature”.³ However, her prime purpose in writing - our particular concern here - was no more for the record than it was for personal confessional or literary ends. Her conviction that “fighting must come before writing” caused Duczynska to regard her writing as a guide to action.⁴ There may be three reasons why she took up her pen so late in life. First, she was convinced that her activist years of 1917-1920 still provide valid perspectives on socio-political issues of more recent times. Second, she wished to demonstrate that state power had been and still can be opposed - even appropriated - by determined individuals. Third, she was certain that revolutionary activism remained both relevant and possible, and offered herself and her record - “what do fifty years matter to me?” - as an example to the younger generation. (F) Accordingly, she devoted the last twenty-five years of her life to attempting to retrieve Hungarian socialism from its subordination to the Stalinist tradition, by every means of which she had experience perhaps not excluding assassination.

Accounts of aspects of Ilona Duczynska's career have long been available in Hungarian, but only recently in English.⁵ She was born in Maria Enzersdorf near Vienna, of an impoverished noble Polish-Austrian father and a Hungarian gentry mother, but soon came to regard herself as Hungarian (though she always retained the British passport she obtained in 1940). At the age of twenty in April 1917 she abandoned her studies at the Technical University of Zurich, and with the aid of Polish and other revolutionaries (principally Angelika Balabanoff), smuggled into Hungary the anti-war Zimmerwald Appeal. Her anti-militarist activities commenced in May with a plan to assassinate Count István Tisza, the Hungarian prime minister, which was thwarted only by the latter's sudden resignation. In September she organised a small radical student group which produced leaflets attacking the war and advocating revolutionary socio-economic change. It established links with factory shop stewards and workers in munitions plants, helped to organise Budapest's first mass anti-war street demonstration, and

propagandised among the troops in the capital's barracks. Duczynska was arrested in early January 1918, spent several months in detention, and was principal accused in a widely reported trial. She began serving a prison sentence, but was freed in Count Mihály Károlyi's short-lived "White Aster" liberal revolution on October 31, 1918.

Following the non-violent accession to power of a united communist and socialist government under Béla Kun, from April 1919 Duczynska (now a member of the Communist Party) worked in the Propaganda Division of the Commissariat of Foreign Affairs of the Hungarian Soviet Republic, first in Budapest then later underground in Switzerland. In the spring of 1920 she travelled in disguise to Moscow where she assisted Karl Radek to prepare for the Second Congress of the Third Communist International (Comintern). In October, she smuggled a consignment of thirty Tsarist diamonds (in a tube of "Kalodont" toothpaste) from Moscow to Vienna, to subsidise the underground Hungarian Communist Party, which she personally handed over to György Lukács. However, eighteen months later, in Paul Levi's Berlin periodical *Unser Weg* she published an article condemning the bureaucratisation of the party, which resulted in her expulsion.⁶

The second phase of her career commenced in Vienna with her longest single period of activist political engagement. In 1927 she was an outspoken member of the left wing of the Austrian social democratic party; between 1934 and 1936 she participated during the resistance of the armed workers of the Schutzbund (Republican Defence League) against encroaching fascism as a member of the Austrian Communist Party (chronicled in her unique study of guerrilla street-fighting tactics, *Workers in Arms*). She went to England in 1936, to rejoin her second husband Karl Polanyi, the renowned economic historian whose 1944 masterwork, significantly entitled *The Great Transformation*, was dedicated to her. Soon after, she was expelled in absentia from the Austrian party at the beginning of the Moscow Trials.

In 1947 she revisited Hungary to study at first hand the socialist land reform programme, but returned with grave misgivings about the trend towards Soviet-style dictatorship. She settled in Canada in 1950 to be near her husband (then teaching at Columbia University) after being denied entrance to the USA "for all time". She co-edited a literary anthology on the relationship of populist and communist writers to

reform movements culminating in the 1956 Hungarian Revolution⁷, and translated five volumes (novels and short stories) by József Lengyel - her contemporary, and still a communist - whose fictionalised accounts of his experience of camp life in Siberia began to appear about the same time as those of Solzhenitsyn. From the early 1960s on, Duczynska gave increasing support to her many friends old and new in Hungary's intellectual and artistic opposition.

Meanwhile she deepened her long-standing commitment to Third World liberation and land reform movements, taking a special interest in Cuba and Mexico, where she seems to have met with armed peasant leaders. Literally up until the day of her death, she campaigned, as she said, on the side of all those seeking freedom from imperialism whether of the Soviet or the American variety.⁸ Despite her independent attitude and readiness to criticise, she was cautiously honoured in 1971 at a ceremony in the Parliament building in Hungary. Her photo was exhibited in the Museum of the Hungarian Workers' Movement (where, however, abstract art works have now replaced the working class). When Michel Löwy visited Budapest in 1974 he was struck by her photo ("quels beaux yeux!"), and reported that "tout le monde" was talking about her recent interview.⁹ In the summer of 1978, at the news of her sudden death in Canada, memorial tributes were paid by officials, scholars and - more significantly - members of the unofficial opposition.

II

Half a century before Duczynska began her memoirs, a former resident of her apartment building at Rodlergasse 20, in an outer district of Vienna, commenced his autobiography with a statement of purpose. Autobiographies enable readers to look back upon radically different epochs, Trotsky wrote, with a sense of immediacy, allowing them to view the past through the eyes of "active participants". Duczynska would write as a participant, also confident that the early decades of the century represented the time when first were raised a whole series of theoretical questions shared by "humanity as a whole".¹⁰ Autobiography's traditional commitment to describing the individual's process of growth and becoming is purposefully simplified by Duczynska to show how her emerging self-awareness necessarily led to radical political action. Trotsky's observation that "memory is never disinterested" reflects

Duczynska's approach to writing. She shows how her participation in the 1917-19 revolutionary anti-war movement shaped her entire life, enabling her to emerge from her stifling gentry family milieu into long-sought community with other young people in active comradesly equality.

In the introduction to her own autobiography, Angelika Balabanoff comes close to anticipating her younger comrade's sense of mission ("the experience of the individual in relation to historic events does not belong to oneself alone").¹¹ But in comparison with hers Duczynska's memoirs are concerned with "how" rather than "what". She wrote primarily for those who in their turn could, and should act: namely, the growing youthful unofficial opposition in Hungary. Duczynska was well aware that she was writing at a time of pessimism concerning what could be done by the individual confronting the state. That is why in her memoirs she showed how one person in 1917 could initiate, organise, and execute: one moreover who was a woman, consumptive, a stranger in the capital city even, at first lacking any contacts among students, lacking too any experience in dealing with workers which would prepare her for propagandising in armaments factories.

For Duczynska, Hungary remained her chosen field of action because of its significance, first, for being in 1919 the only country after Russia to establish a Soviet Republic, and second, for initiated de-Stalinisation in the context of Communist reform in 1953, which it followed up in 1956 with a revolution against Soviet hegemony. Accordingly, Duczynska's writings follow these two related themes: the need for socialism to replace reactionary class society, and the challenge to redeem it from bureaucratic authoritarianism.

In her 1922 essay in *Unser Weg* Duczynska attacked the Hungarian party leadership's corrupt practices and its denial of inner-party democracy. In her later correspondence she is more outspoken: "But where does the Party as a church-like structure come in, where the étatiste elements inherent in it, where the bureaucratic death-machine that must have had its origins in them?"¹² The "harsh epoch's difficult birth pangs", took its toll of Duczynska's old comrades, including her first husband.¹³ During the long campaign against fascism and Nazism, she moderated her criticism. But after 1953 she was confident that criticism was necessary once again, and that it would not weaken

socialism but strengthen it.

In 1959, when the whole world was familiar with the writers' opposition in Hungary, Duczynska denounced "socialism's work-in-progress, insincere and morally corroded" under a government that had turned into a tyranny of prisons and mass graves. This she did in the "Preface" to her literary anthology honouring the 1956 Hungarian Revolution (from which, not surprisingly, the authorities long withheld copyright permission).

Her last and most substantial work, a study of the Austrian Schutzbund, carried her criticism of the party one stage further. She argued that events in Austria in 1934-36 demonstrated that "an autonomous and deeply democratic way of life" was for a while able to penetrate and transform the party, though later its leaders fell victim in Russia to Stalinist terror.¹⁴ At the time at which she was writing, she declares, there was no longer one model, for because of the "gruesome tragedy of Stalinism", Communism had forfeited leadership to the "redeeming" movements of national and social liberation. (p.246) She deemed it necessary that there be devised institutions different from the Soviet model.¹⁵

Although she saw the masses of the population in the East cowed by the brutalities of tyranny, and those in the West acquiescent before the imperatives of consumer capitalism, nevertheless she was encouraged by the growth of oppositional groups within some Warsaw Pact countries, the upsurge of the youth revolution in NATO countries, and the success of liberation movements in the former Third World. From her home in distant Canada and the apartment which attracted many visitors to Vienna, through correspondence and frequent visits Duczynska maintained close contact with a variety of Hungarians of all ages. But it was to inform and inspire the young that she began to commit to paper an account of her "life-shaping" experience of 1917 - when "time broke in two". (EM,F)

Within the becalmed Austro-Hungarian Monarchy - the world of her childhood and youth "in which nothing ever happened" - there were a few individuals who struggled towards the light. Only a few - that is Duczynska's point. "Only farsighted spirited revolutionaries took a stand in the great darkness." It was this emphasis upon personal responsibility that led Duczynska to criticise the concept of immanent

historical laws, the cause of fatal passivity in social democratic parties prior to 1914. Like her mentor Ervin Szabó, the distinguished Hungarian socialist thinker, Duczynska was convinced that all social progress depended on critically thinking individuals, even when it meant - as was to be the case - her eventually breaking with Szabó. Duczynska was as good as her word. "I was so impatient", she writes, she whom the newspapers would refer to as "the Nihilist Gentry Girl". Her group was beholden to no one, having "no model, direction or organisational principles" - "its secret", she writes (as she would advise the "grandchildren") "was simply blind trust in attack".¹⁶

III

Duczynska's memoir commences with a one-page Introduction, curiously entitled "On the Pretext of Grandchildren" (a metaphor borrowed from Hölderlin).¹⁷ In effect a call to arms, this "grandmother of the revolution" addressed the young people in Hungary's one-party state whom she regarded as the most important component of the opposition. (EM) Though well aware of the apolitical groundswell of disaffiliating cynicism in East Central Europe, Duczynska nevertheless believed that the socialist ideal still held a natural attraction for her "fictive readers".¹⁸ It would take but a few, Duczynska believed, to initiate a new heroic age of reformist socialism, a few who would not count the cost, the personal risk.

At the time of writing there was in the West no shortage of committed oppositional spirits - from students placing flowers in the rifle barrels of the US National Guard to the "terrorist" Ulrike Meinhof (perhaps "the most important woman in German politics since Rosa Luxemburg")¹⁹ in whose career and motivation Duczynska showed increasing interest. Young people were ready to challenge authority in the capitalist West. Meanwhile, in the East there was the remarkable - though unfortunately isolated - upsurge of the 1968 Prague Spring. The youth of Prague rose to demand socialism with a human face, causing even György Lukács to look back to 1917 for a parallel, back to the "red flame" of his revolutionary youth.²⁰ Street demonstrations were followed on January 16, 1969 by Jan Palach's self-immolation, and by the suicides of three other young men.

However, there would be no similar demonstrations elsewhere

in East Central Europe. In Hungary there was controlled “liberalisation” which the dissidents exploited through the *szamizdat* underground press, which may in fact have been suggested first by Duczynska²¹ who also supported its operation by providing paper out of the royalties she received in Hungary. By this time she was under police surveillance; her car was broken into on the night of October 19, 1970, and handwritten and typed papers removed (though some other belongings were untouched). Nevertheless her distinguished visitor status enabled her to act as courier, smuggling out letters and manuscripts, most notably Lengyel’s *Confrontation* - a sombre novel resembling Koestler’s *Darkness at Noon* - which she translated and published under her old Vienna underground name.²²

The nature of Duczynska’s relations with the “grandchildren” will never be fully known, for among her many conspiratorial techniques was that of keeping friends and contacts in benign ignorance of each other. Each year, more and more young people awaited her return, György Litván wrote; in her antiquated Volkswagen “it was as if she came to us in a time machine from out of the infinite past”. (p.286)

Yet for the younger generation the socio-political determinants of memory were radically different from those of Duczynska’s time. While she remained convinced of the continuing relevance of Russia’s heroic early revolutionary challenge to global capitalism, they could not help feeling at least some relief that the West was successfully challenging Soviet-style socialism. Duczynska’s shrewdness in judging the nature of her audience is apparent in her self-editing. Thus, aware that Marx had devalued, she omitted from the final text her statement that future revolutionary fulfilment would be achieved on the basis of “the human society of the young Marx”.²³ She was far from underestimating the damage existing Communism had done to the left, though she could not have imagined the extent to which the socialist ideal would be abandoned.

What she sought and believed was possible was to fan into a flame the desire for a new form of human existence which she was convinced must animate at least the young. She was aware that such a desire had very nearly toppled the French government - an event most definitely not acceptable (as Duczynska makes plain with withering scorn) to the French Communist Party as it scrambled to appeal to De

Gaulle's Ministry of the Interior ("Ne cédez pas!") (p.28) Significant aspects of the entire post-war order were challenged in the West by a series of insurrections initiated largely by students, a moral revolt which owed much to the New Left's renewal of the socialist tradition.²⁴ This was why Lukács came to regard the student movement as "an exceptionally positive phenomenon", because it sought not greater economic development but a different model of society.²⁵

However, Duczynska perhaps underestimated the extent to which censorship denied Hungarian youth a full picture of what their Western contemporaries were attempting. In her opinion "the greatest task" in Hungary awaited those born in 1956 who were then in high school. Yet it remained an article of faith for her that "in these very young there is more bold initiative". "On those who remain committed to social issues depends the continued development of socialism", she wrote. She was under no illusion as to their numbers, but that did not worry her.

However, Duczynska had already begun to look beyond the uncertain constituencies of the educated middle-class young.²⁶ For what she called "the values of democratic Bolshevism" she looked beyond Europe to where unofficial representatives of the peoples were challenging the armed might of the state. In the late 1960s Duczynska drafted a tentative one-page table of contents of a projected book of her articles on wars of liberation (including "Budapest 1956-57").²⁷ It was to include earlier pieces for a left-wing Hungarian-Canadian magazine on two historical figures whom she regarded as liberators of their respective peoples: the Mexican Emiliano Zapata (whom she locates within modern liberation movements in "Africa, South-East Asia and Latin America"), and the "Canadian" Metis (mixed breed) leaders Louis Riel and Gabriel Dumont.²⁸ Among such as these she located also the worker fighters of the Austrian Schutzbund. General Theodor Körner's 1920s writings inspired by Clausewitz's *On War*²⁹ she regarded as more relevant than Austro-Marxist theory. His insistence on the necessary synthesis of politics and violence in the context of civil war, Duczynska claims, is valid "today more than yesterday, tomorrow more than today". (p.129) It is the guerrilla fighter, she concludes, who embodies the necessary component of direct democracy combined with the associated respect for human values. (p.246) By this time Duczynska was looking beyond Hungary, numbering liberation movements among her multiple

“homelands”.³⁰

Particularly in her last years she read extensively on liberation and terrorist movements. Her French and German editions of Régis Debray’s *Révolution dans la Révolution?*³¹ are heavily annotated, as are other contemporary works on modern guerrilla movements. From her notes and underlinings emerge four main observations. First, since World War Two no fewer than a hundred and fifty coups or attempted coups had been brought about by guerrilla movements, and thirty-five major guerrilla struggles occurred of which twenty or more were then in progress.³² Second, great things came from “small beginnings”, guerrilla warfare being usually initiated by “a handful of daring men”, from Garibaldi with seven, to Castro with twelve. Third, Che Guevara’s later career illustrated the danger confronting a revolutionary party of being absorbed by a Communist party.³³ Fourth, and principally, there was the importance of the “human factor”, the “upsurge of popular will” as noted in Clausewitz’s chapter “Arming the People”³⁴ which would be central to Duczynska’s critique of the Schutzbund’s street-fighting tactics. Militant to the last, the end for Duczynska came while she was endeavouring - even when a very sick woman - to mobilise international support for one of her other grandchildren, Peter-Paul Zahl, a young radical oppositionist poet unjustly re-sentenced, after shooting a policeman, to an extended stay in a West German prison.

“Despite many differences”, she wrote of the young people she thought she knew, “we are bound together”. A woman of seventy, she radiated the confidence of the twenty-year-old revolutionary she once was, and spoke with pride of her group’s determination. “We came to the conclusion: attack bare-handed if necessary, attack on faith the inhuman machinery of an inhuman establishment - revolt and incite rebellion to help society, and life, become humane”. (F)

IV

The role of certain individuals during the Schutzbund’s heroic resistance had convinced her that one person’s determination, in an unstable situation, “may well determine which way the ‘wheel of destiny’ will roll”.³⁵ With devastating irony, she showed that in politics it is “mortal sin” to be resigned to what is presumed to be historical necessity, as shown by those who accepted the “abyss” of the Nazi years as

“necessary”. In contrast to their leaders’ passivity, the armed Schutzbund workers demonstrated that the individual must be viewed as active subject rather than passive object. (p.39) “Restless flames” is what she calls her 1917 Budapest action group who by themselves determined their own course of action. Action - Duczynska always comes back to that.

During her last years Duczynska gave consideration to the question of ends and means. The issue of terrorist violence and guerrilla war increasingly absorbed her - she who was herself likened to a Russian revolutionary.³⁶ After long years of silence, she judged that the time was right to reveal that she had been fully prepared to act within this tradition. Thus she describes how when a young woman of twenty, she planned to shoot the Hungarian prime minister Count István Tisza. She makes no secret of the fact that the Austrian socialist Friedrich Adler had set a precedent with his successful assassination of the Austrian prime minister Count Stürgkh on October 21, 1916.

On April 18 of the following year Duczynska smuggled from Zurich a personal message from Adler’s wife to be forwarded to him in prison in Vienna just prior to his trial. (S) In his defence Adler made a powerful speech against the war and the regime, newspaper reports of which persuaded her that his action was self-sacrificing and “the first spark” struck against the war. For Hungarians, she says, Adler’s action “compelled almost naturally” all revolutionary-minded young people to think of a similar attempt against Tisza, adding “I was no exception”. (OM) Indeed, Tisza was the more logical target, due to his central role in keeping Hungary in the war. (UL) Adler was due to be sentenced on May 19th - and Duczynska timed her action for the day following.

What Duczynska calls the dramatic impetus of events, as if of destiny, enabled her to decide on her course of action in scarcely more than a day. (OM) She detected “the familiar smell of gun-oil” on opening a desk-drawer in the Budapest apartment where she was staying; stowed away at the back on the right-hand side (the details remained clear in her memory) she found a Browning automatic pistol with a box of cartridges. She took it out, and put it in her pocket. (UL) Duczynska discloses that she herself had actually owned a similar pistol in Switzerland, and had become “quite good” at target practice. She had done so, she reveals, out of “love for the heroes of Narodnaja Volja

[The People's Will]". By way of suggesting that she was familiar with the widely publicized actions of these early terrorists, among whom women played a key role, she concludes: "Suffice it to say, the undertaking wasn't foreign to me". Possibly she acquired the gun during her stay in Brione near which many anarchists lived in the Ticino, including a Russian woman with a radical political past. It was there that Duczynska, on learning of the February Russian Revolution, decided to abandon her studies, and return to Hungary to oppose the war. Her Russian neighbour's alarming statement that a counter-revolution would follow could have prompted Duczynska to acquire a firearm to defend the revolution. She would have done as much later, during the civil war in 1920: "What I would really like to have done would have been to go to the front". (A)

Duczynska felt no doubts concerning her decision to eliminate Tisza, universally regarded as the symbol of the perpetuating of the "monstrous machine of war". (OM) She made herself familiar with the places and times of her intended victim's movements. The mild-mannered Ervin Szabó, in whom alone she confided, indicated his tacit approval - "basically, he was not against it" - and offered advice on what she dramatically calls her "ultimate sacrifice". Only when she bade him farewell on the appointed day, did he protest that "he ought to be the one to go through with it". (UL)

But it was not to be. The shattering news of Tisza's resignation reached Duczynska just an hour before she was due to confront her intended victim. Emotions flooded through her: stupefaction, sin, rejection, and a feeling that she was condemned to a mere "almost life". Physically spent, she drifted through the streets, then into a restaurant where she fantasizes that she shoots Tisza's double in the neck. (BM) Once home, she replaced the Browning in its drawer. Desultory conversation ended with Szabó's "I was sorry for you". He pointed out to her that "nothing will change", for Tisza would still direct and manage everything - though from the background. Thus he could no longer be a target because he was no longer the prime and visible symbol of the war. (UL) Indeed no one was - the war had become an impersonal machine. "I slunk out of Budapest like a whipped dog", Duczynska writes.

Duczynska had wrestled with and overcome moral objections to

the taking of human life.³⁷ During the summer she would revisit her arguments, debating the question of means and ends from the point of view of necessity, logic, and loyalty. Paramount was the need she felt to act against the “death machine” of war. To do so, she challenged the right of those who wore uniforms to have the sole right to commit acts of violence: “I wanted to do the same, but outside any organisation: there was no army around me, only an inner command within me.” (T) Finally, she argued, “a revolutionary can be in situations in which force must be used out of loyalty to the revolution”. (A) In short, the debate on the war reinforced in her mind “the absoluteness of revolutionary violence”. (BM)

In the autumn of 1917 she returned to Budapest to organise a student group to propagandise against the war among the public, factory workers, and the military. It was then that she came into contact with Russians. Her student group helped to organise the first mass street demonstration in Budapest, one of whose slogans was “Speak Russian! Act Russian!” (A) Their initiative did not go unremarked. A few Russian revolutionary illegal immigrants and prisoners-of-war contacted the students, arranged a meeting, and helped them construct a printing press. (A) One of them they called “the blond terrorist” because “he was so illegal that he did not even have an illegal name”! Another, a Left Social Revolutionary named Solem, possessed a tiny booklet which he carried with him always “as a holy icon”, a biography of the terrorist Kaljajev who murdered the Grand Duke Sergei in 1905. It was he who came close to shooting a custom’s official in Duczynska’s presence on the night of January 7, 1918, when they were disposing of illegal printing equipment on the outskirts of the capital.

V

If it is unlikely that Duczynska personally ever counselled anyone to commit a terrorist act, that may be because she did not find one in whom she felt sufficient confidence. Yet she remained optimistic that the radical youth of Hungary would come forward to play their part. It was for this reason that she decided to compose her memoirs in the form of a detailed account of how during her childhood and youth she became aware of “the path” leading to a revolutionary destiny where she would be capable of anything. That her thinking continued to tend



in this direction is confirmed by the interest she took in the Bader-Meinhof group, and by her typewritten notes on Hans Magnus Enzensberger's article on the two generations of Russian terrorists, "Dreamers of the Absolute".³⁸ These conclude with the highly significant passage - with her even more significant underlining - which can be interpreted as pointing towards possible future actions against the late-twentieth century equivalents of authoritarian rulers, both in the birthplace of nineteenth-century terrorism, Russia, and its dependencies:

In the execrations that Lenin and his students heaped on the murderers of the Czar, there mingles with the rational arguments a premonition of the limits of their power, a touch of fear, a trace of secret concern. [...] Marx, who saw deeper than his successors, fashioned a phrase that does justice to Kaljajev and all those like him. Marx called them the dreamers of the absolute. *One such dreamer, an anonymous one in the crowd, suffices to instil dread into all those who hold power on this earth.* [Duczynska's emphasis]

Duczynska remained convinced of the importance of the individual, and of the necessity for him or her to pass judgement and execute sentence of retribution, in cases where constitutional and legal restraints on those who wield power prove inadequate, illusory, or are set aside.³⁹ Her acceptance of the necessity of the absolute was expressed in answer to the question "What advice would you give young people today...?"

It is not possible to say of anyone that he or she always chose the right road: that's impossible. During my life, there were many 'almosts': the almost successful, the almost completely I am not one to give advice; only I wish for them, hope for them, that the sign, the brand, of the 'almost', should not remain on the course of their life, but rather the sign that they are, as I was, totally and completely committed. (*Valóság*)

Duczynska was sure that victory lay through abandoning "half-heartedness", "the almost".⁴⁰ Socialism's "tragic distortions" were no reason for resignation. Every movement generates "continual

disillusions, constant contradictions”, she wrote, for objectives are rarely realised in the way that they were first envisaged. Now more than ever it is necessary that there be “a few who would be able to be enthused for a more distant, greater objective”, and be ready for sacrifice. (UL) It is not surprising that Duczynska, though an atheist since childhood, resorts to religious metaphor to express the degree of commitment of the “martyrs” of her day, those who knew “salvation is not by the Cross”. In 1917 her assassination plan virtually assured her martyrdom.⁴¹

The twentieth century, in its need for saints, sometimes recalled those of old, sometimes produced its own. In a laconic “Translator’s Note”, to justify giving to her edition of Lengyel’s short stories the title *Acta Sanctorum*, Duczynska writes: “Personally, I should not be surprised, if...those others who suffered and did not let go of the *Prinzip Hoffnung* felt ill at ease among the Saints Established and long for a home among the Saints Outcast...”.⁴² Of these latter she names three, all of them in different ways close to her. What they have in common is that they were prepared to face certain death for their beliefs. There is “Jan”, the Czech student whose self-immolating protest against Russian imperialism paralleled that of Buddhist monks demonstrating against the pro-American regime in Vietnam. There is “Che”, captured and shot in a Bolivian jungle on October 9, 1967. But first in her list is “St. George” who pressed forward in the face of seemingly certain death, to become known as he, in her words, “who killed the dragon”.

A long-awaited edition of the collected poems of Hölderlin lay open on Duczynska’s table, on the day she died. Perhaps the last words she read were those she once quoted to great effect, to evoke the spiritual springs of action:⁴³

But perhaps there will come
— like a sunbeam through clouds —
spiritualised from thought, and premature, the deed.
Will it succeed, as fruit does the dark
leaves of the forest, the soft writing?

Behind the “soft writing” of her memoirs lies a steely intent such as may be glimpsed in the eyes of her last portrait made by the elder of her two natural grandsons. ●

1. Eric J. Hobsbawm, "Introduction", pp.15-26, in Ilona Duczynska, *Workers in Arms. The Austrian Schutzbund and the Civil War of 1934*. New York & London: Monthly Review Press, 1978, p.26.

2. Ilona Duczynska, "Korán reggel" (Early Morning), *Uj Irás*, Budapest, March 1973, pp.6-25. With a Preface ("Duczynska Ilona emlékezései elé") by József Lengyel, p.6. The brief opening section is in the form of an Introduction, entitled "On the Pretext of Grandchildren" (Unokák ürügyén). (Hereafter cited as **EM**.) In addition there are four brief unpublished autobiographical articles in typescript (referred to hereafter by initial letters) in which Duczynska dealt with events in 1917: "Tisza" (**T**), "Bitter May" (**BM**), "Spring and Summer" (**S**), and "Beginning" (**B**). Reference will also be made below to her article (hereafter (**F**)) "Unnepek ürügyén vagy: a folytonosság dicsérete" (On the Pretext of Festivals or in Praise of Continuity), *Budapest*, April 1969, pp.19-20, and to her two articles on Ervin Szabó: **UL** and **OM**. There is also "Beszélgetés Duczynska Ilonával" (Conversation with Ilona Duczynska), TV Interview on Magyar Television, April 24-26, 1974, text published in *Valóság* (Reality), July 1974, 50-60. There also exist short interviews and brief articles in magazines and journals, and unpublished tape-recorded interviews.

3. Alfred Kazin, "The Self as History: Reflections on Autobiography," pp.74-103 in Marc Pachter, ed. *Telling Lives. The Biographer's Art*. New York: New Republic Books, 1979. See pp.80-6.

4. *Workers in Arms*, pp.13 "Workers, sailors, soldiers in revolt do not write, they fight!" Also p.122 "For Körner, writing was always aimed at action". This corresponds with the thrust of the opening quotation (p.11) from E. H. Carr: "The historian...draws conclusions which may serve as a guide to action".

5. The principal Hungarian source is György Dalos, *A cselekvés szerelmese. Duczynska Ilona élete* (Lover of Action. The Life of Ilona Duczynska). Budapest: Kossuth, 1984. For material in English the main source is Kenneth McRobbie and Kari Polanyi Levitt, eds. *Karl Polanyi in Vienna. The Contemporary Significance of the Great Transformation*. Montreal: Black Rose Books, 2000. See Part Two: "Ilona Duczynska Polanyi", pp.255-93.

6. "Zum Zerfall der K.P.U." (Notes on the disintegration of the Communist Party of Hungary) Unser Weg (Our Way), Hg. Paul Levy, 4, 1, Heft 5. March 1922 (Berlin). "Incidentally, I fully identify with it to this day". (Letter to Michael Löwy, January 31, 1974.)

7. *The Plough and the Pen. Writings from Hungary 1930-1956*. Edited by Ilona Duczynska and Karl Polanyi. With an Introduction by W. H. Auden. Toronto: McClelland & Stewart; London: Peter Owen, 1963.

8. *Workers in Arms*, Preface, p.12.

9. Letter from Michael Löwy to Ilona Duczynska, September 23, 1974.
10. Leon Trotsky, *My Life. An Attempt at an Autobiography*. Introduction by Joseph Hansen. New York: Merit, Pathfinder Press, 1970 (1929), p.xxix.
11. Angelika Balabanoff, *My Life as a Rebel*. London, 1938, p.viii. However, she came to realize this only after her break with the movement.
12. Letter from Ilona Duczynska to Michael Löwy, January 31, 1974.
13. Tivadar Sugár was a medical student and Duczynska's second-in-command in her small group of militants. They separated two weeks after their "student marriage" of several months' duration was legalized in late 1918, and divorced in 1922. Sugár was executed during the period of the trials in Moscow in 1936. Shortly afterwards, the Austrian Communist Party was instructed to expel Duczynska.
14. *Workers in Arms*, pp.11, 221 Her point is that whenever these "Neo-Bolsheviks" - in one place, "democratic Bolshevik" - entered the CP after June 1934, they forced it to undergo a democratic transformation.
15. *Ibid.*, pp.134, 246 "With the less dogmatic national and social liberation movements this historical task is recognized from the first as valid and legitimate". "The 'model,' then, is yet to be worked out in the dichotomy of power and respect for humanity."
16. See UL. Also Michel Löwy, *Georg Lukács - From Romanticism to Bolshevism*. London: NLB, 1979, p.211 citing "Die Deutschen, eine Nation der Spätentwickler", Goethepreis, 1970, pp.108-12. for Lukács's new-found conviction that "out of movements which are at first completely immature ideologically and based solely on a legitimate feeling of revolt, real movements are formed".
17. The "grandchildren" metaphor is borrowed from the first verse of a poem by Hölderlin with which an early draft of her Introduction to her memoir began. ("Then bless once again the grandchild / so that the man would keep for you / what your youth had promised".)
18. Smith, *A Poetics*, p.6 The self in any autobiography is a rhetorical construct — but, to the same extent, so is the fictive "reader" who is created by the autobiographer to justify bringing herself into existence.
19. David Kramer, "Ulrike Meinhof: An Emancipated Terrorist?", pp.195-219, in Jane Slaughter and Robert Kern, eds., *European Women on the Left. Socialism, Feminism, and the Problems Faced by Political Women, 1880 to the Present*. Westport, Conn.: Greenwood Press, 1981, p.195 note 2.

20. Löwy. op. cit., p.209 citing Lukács's interview in 1969 (George Urban, "A Conversation with Lukács", *Encounter*, October 17, 1973, p.35.

21. In conversation, Júlia Lángh (former wife of György Konrád) stated in 1998: "At Héviz, she [Duczynska] first spoke about a future szamizdat: 'Children, you need a real printing machine!'... She was serious...She helped us in everything".

22. József Lengyel, *Confrontation*. Translated from the Hungarian by Anna Novotny. London: Peter Owen, 1973. See K.

23. "Perhaps only the age of fulfillment - the human society of the young Marx - will recognize some time the early movements as tiny blood brothers, those committed activists left to fend for themselves". (Draft)

24. David Caute, *Sixty-Eight. The Year of the Barricades*. London: Hamish Hamilton, 1988, pp.vi-ix.

25. Löwy, op.cit., pp. 208-213.

26. In her last years, she even said of Hungary: "I have nothing more to do there". Duczynska's comment was reported to Kari Polanyi Levitt.

27. The one-page typed outline (in Duczynska's archive) mentions either as a title or an introduction "Utak, emberek. Kis tanusések [?] a kezdeményésről". (Roads, men. Small witnessings to beginnings.)

28. "Emiliano Zapata...", *Kanadai magyar naptár* (Canadian-Hungarian Almanac), Toronto, 1955, pp.67-76; "A Prérík Szabadságharca (1870-1885)...", *Kanadai magyar naptár*, pp.33-49.

29. General Theodor Körner (1873-1957), a former officer in the Habsburg army, joined the Social Democratic party in 1924, became mayor of Vienna in April 1945, and president of the Austrian Republic in 1952.

30TV Interview (*Valosság*) "We live in a world in which the great powers have expanded out of parallel, and the third world's development is the most important stage of history. Thus I feel that being a good internationalist means making common cause with national liberation movements, and thus having two, three or more homelands".

31. *Révolution Dans La Révolution? Lutte armée et lutte politique en Amérique latine*. Paris: Francois Maspero, 1967; also see *Revolution in der Revolution?* Frankfurt: Trikont Verlag, 1968.

32. Carleton Beals, *Great Guerrilla Warriors*. New York: A Tower Book,

1970, p.12, 26.

33. Ricardo Rojo, *My Friend Ché*. New York: Dial Press, 1968, p.142. *Workers in Arms*, "Preface" p.28 "...today we witness how communism forfeits such leadership to anti-imperialist national and social liberation movements".

34. Peter Paret and John W. Shy, *Guerrillas in the 1960's*. Revised edition. New York: Praeger, 1969, p.5; the discussion of Clausewitz (pp.11-15) in part parallels Duczynska's more extensive treatment in her study of the Austrian Schutzbund. Also Robert Taber, *The War of the Flea. A Study of Guerrilla Warfare: Theory and Practice*. New York: Lyle Stuart, 1965, pp.10-13.

35. *Workers in Arms*, p.185 She argues that in Vienna had Josef Spanner not obeyed orders to withdraw from the Quellenhof, the overall situation might have been transformed. Also p.12.

36. Litván, *op. cit.*, p.286 "in her there stood before us in mind and body a real turn-of-the-century Russian revolutionary".

37. "Nothing else was on my mind but the action. I atoned for it in advance with mortal anguish, doubt, thirst for life, sense of guilt - because all humans are brothers and sisters, and thus it is always fratricide to kill. Now existence was weightless. (BM)

38. *Liberation*, September-October 1974.

39. In *Workers in Arms*, there are two passages where Duczynska addresses this "resigned attitude", on the part of writers (p.94) from Aquinas to Black Panther Huey P. Newton - as well as Lenin and Che Guevara (p.128).

40. *Ibid.*, p.82 The danger would be if "the revolutionary action itself [were] paralyzed by its own half-heartedness, indecision, and inner weakness of purpose". In her Valóság interview she says: "During my life, there were many almosts", and wishes for her grandchildren that they would be "totally completely in things".

41. Clara Zetkin, "Rosa Luxemburg and Karl Liebknecht", in *Clara Zetkin*, p.150. The meaning of martyrdom is that a person lays down his or her life for a cause which directly or indirectly benefits others: "martyrdom became heroism and sacrifice turned into deed".

42. József Lengyel, *Acta Sanctorum and other tales*. Translated from the Hungarian and with an Introduction by Ilona Duczynska. London: Peter Owen, 1960. "Translator's Note" (n.p.)

43. The verse appears at the beginning of Duczynska's "The Unhappy Lover of Action".

Review

G Carchedi, *For Another Europe: A Class Analysis of European Economic Integration* (Verso 2001 pp.x +310, £17)

The quantity of writing in English from a left-wing perspective on the development of the European Union (EU) is still surprisingly small. Accounts of the EU which base themselves on Marxist categories and make the role of class conflict central to their analysis are even less numerous. Consequently, Guglielmo Carchedi's latest book will be of considerable interest to many readers of this journal. Carchedi, an Italian Marxist now working in Amsterdam, has previously written a number of important texts in which he develops a distinctive approach to Marxism which encompasses topics normally consigned to the separate spheres of sociology, economics and philosophy; for example the class location of different groups of workers, the nature of dialectics and the theory of value and crisis. These different areas of concern are brought together by Carchedi into a common framework, in which they are grounded in a particular notion of class analysis. Carchedi's latest work develops this analysis and applies it to the concrete case of European integration.

The book begins with a brief account of the institutions of the EU and of their development. The next chapter is a critique of conventional justifications for European integration and an attack on the ideology of the EU. In particular Carchedi attacks the concept of equilibrium used by neo-classical economics and the orthodox economic arguments for free trade. He claims that such arguments cannot explain the motives for, and development of, the project of European unity. His next chapter provides an alternative Marxist explanation for this project, and this is then developed into an analysis of the rationale behind one specific aspect of the more general integration process, the plans for European monetary union. This leads naturally to two chapters on the role of the EU as an imperialist bloc; one on the international role of the euro and one on EU policies on trade, development and military affairs. The last two substantial chapters deal with agriculture and social

polices and a short conclusion argues for an alternative Europe based on social solidarity, both with the exploited within the EU and those without. In this way, Carchedi covers many of the topics dealt with in conventional texts on the EU and European integration, but from a radically different perspective, in which his descriptions of particular areas are tightly integrated into an overall thesis which fundamentally criticises orthodox standpoints.

Carchedi's writing is very closely argued, but his central argument is relatively simple. It is based on his version of Marx's value theory, which is set out in chapter 3 of the book. His theory of value will be rather novel to many readers, being a combination of two fairly new approaches; the 'monetary' account of value developed by Duncan Foley, Gerard Dumenil and others, and the 'non-equilibrium' analysis of Alan Freeman, Andrew Kliman and their collaborators. However, while the exposition may be unfamiliar, the conclusions of his analysis follow Marx's own claims quite closely. In particular, Carchedi holds to an 'orthodox' view of the theory of the tendency of the profit rate to fall; in which technical innovations increase productivity but reduce profitability, since profits can only be made through the exploitation of living labour, and such labour is displaced from the production process by mechanisation. What Carchedi's reformulation of value theory allows him to add to this is an account of the effect of such innovations on the distribution of surplus value between capitals. While innovation reduces the overall profit rate on average for all, it also allows those capitals which innovate to appropriate surplus value from those Carchedi terms as 'laggards'. The innovators thus improve their relative, and possibly absolute position, but the system as a whole is weakened by the decline in profits, and the weaker capitals are thrown into crisis, making the economy endemically unstable.

Carchedi then extends this analysis to the case of international trade. Countries or regions can be divided into innovators and laggards and the innovators can appropriate value through a process of unequal exchange. The formation of trading blocs, and the dismantling of tariffs within and around such blocs, helps this process. It is a means for those capitals which innovate to appropriate more value from weaker capitals. In Carchedi's view the key innovating businesses in Europe are German companies, and the motivating force behind European integration is

the interests of German oligopolies, who will also benefit from monetary union. The Europe created in this way is both internally unequal and increasingly polarised, and is also engaged in forcing countries outside the EU, such as those in Central and Eastern Europe, at best into dependent development and at worst into immiseration.

Carchedi extends this analysis through an account of the role of exchange rates. Countries with higher productivity obtained through innovation will tend to see their exchange rates rise as they become more successful in exporting. It is in this way that they are able to appropriate value through unequal exchange, since the monetary equivalent in the innovators can now purchase a greater quantity of embodied value from abroad than previously. However, this dominant tendency is partially matched by a counter tendency initiated by the decline in the currency values of the laggards. This decline enables them to compete more effectively in export markets and seize some of them from the innovators. They can only do this, however, if workers are forced to accept lower real wages resulting from the fall in the exchange rate. The process of innovation then requires an attack on the working class in the countries where innovation is weak, just as on a national basis, firms which are unproductive are forced by competition into either increasing working hours or cutting wages.

Carchedi's analysis is put forward with considerable power. In particular, his stress on the central role of technological change in influencing the evolution of capitalist economies and creating the possibility of crisis, both in the long run by undercutting the basis of profits in living labour and cyclically by reducing demand as workers are made unemployed, seems largely justified. In many ways his account is a useful counterweight to the work of those like Robert Brenner, who have seen the root of recent economic crises in inter-state competition. For Brenner, the decline of the dollar since 1971 represents a conscious strategy by the US ruling class to maintain economic hegemony in the face of Japanese and German competition. However, he perhaps underestimates the extent to which rises in the mark and the yen have actually benefited German and Japanese capital, through the more favourable terms of trade which Carchedi points to. In many ways, a strategy of currency depreciation must be one stemming from weakness rather than strength for a national capitalist grouping. In contrast to

Brenner, and analysts like Peter Gowan, Carchedi is able to stress the advantages of strong currencies, and thus to explain why the relative resurgence of US productive capital in the early 1990s led to a policy of a 'strong dollar' in the second half of the decade.

However, there are a number of questions raised by Carchedi's account and potential problems with his argument. One set of issues relates to the structure of the book. Apart from the first, descriptive chapter, the first half or more of the work contains very little specifically about the EU as such. Chapters 2 and 3 are really a Marxist critique and reformulation of theories of international trade in general, with very little reference to European integration except in passing. Chapter 4 does provide an account of EMU and of European competition policy, but chapter 5, supposedly on the international role of the euro, does not really deal with this at all. In fact it is an account of seignorage (the benefits to governments of having their currencies accepted internationally and thus being able to obtain imports without giving up commodities which embody value in order to obtain foreign currency), with particular reference to the role of the dollar in Latin America and the debate around 'dollarisation'. The first half of the following chapter is also a discussion of the GATT and WTO with little detailed reference to the EU.

This might appear to be purely a matter of presentation, however it relates to a deeper difficulty with the kind of analysis put forward by Carchedi. This stems from a general neglect of different levels of abstraction, both in general, and in Marx's own argument. Carchedi has been very critical of Brenner's analysis of contemporary capitalism, yet his own standpoint appears in some ways to be remarkably similar to that of Brenner. Both adopt a 'single-cause' theory of crisis and stagnation, in which the problems of capitalism can be attributed to one variable, which then feeds relatively directly into concrete developments, without the need for intervening levels of analysis, or for a staged movement from the abstract possibility of crisis to its concrete manifestation. In Brenner's case the variable is international competition, in Carchedi's it is technological change, but the structure of the argument remains unchanged.

It is of course possible for Carchedi to argue that such a criticism is unfair, since his account of the falling rate of profit is, like Marx's,

set up in terms of the interaction between tendencies and counter-tendencies. Formally, this is true, yet it is noteworthy that in his description of the EU this interaction plays little or no role, and the development of European integration is presented simply as a consequence of the dominant tendencies, in an unmediated way. This is especially true of his chapter on monetary union. Here, the argument takes the following form. The dominant capital in Europe is German capital, specifically German oligopolies. Monetary union allows German capital to consolidate its dominance both within Europe and with Europe's trading partners, through appropriating value. This, then is the rationale behind the EMU project:

The ECU was important for Germany because it was supposed to be the first step towards the transformation of the mark into the Euro and of the Euro into a world currency serving principally the interests of Europe's advanced capital under the leadership of German oligopolies. The economic base of the mark was too restricted. To become a truly international currency, it had to become the currency used in the whole Community (even though under different clothing), in a market comparable to that of the US and served by an efficient and technologically advanced production system (p.141)

There are three main difficulties with this argument. Firstly, the justification for seeing German capital as dominant in the EU is very sketchy. It mainly consists of a set of statistics showing Germany to have greater weight in high technology industries than other EU countries. Yet, it is not clear that this is the only criterion for seeing a national capital as dominant. More importantly, Carchedi does not analyse the question of whether European integration can adequately be analysed through the prism of the relative strengths of national capitals, or whether, on the other hand, it is leading to the creation of companies which cannot clearly be assigned to a particular national base. This is partly because Carchedi says remarkably little about foreign direct investment and concentrates heavily on the EU as a mechanism for encouraging trade rather than investment, even though investment links have grown much more quickly than trade links in Europe for almost two decades now.

Secondly, Carchedi does not present a clear account of why German capital should have decided on the strategy of monetary union

at this particular historical conjuncture, and why monetary union has been successful now, when previous attempts have failed. He does give a descriptive account of the problems attaching to former projects for a common European currency, but this account is not integrated with his underlying theoretical framework or theory of value.

Thirdly, and most seriously, there seems to be a tension between Carchedi's view that the euro is unambiguously in the interests of German capital, and his earlier argument that exchange rate rises are functional for capital by allowing the appropriation of value from trading partners; since by adopting the euro Germany cuts itself off from such appropriation, at least from other EU countries. Surely, this is at least part of the motivation for EMU for other EU countries, who see it as a way of reducing the power of the mark, and this is also the view of the Bundesbank, which is notoriously sceptical about the whole project of monetary union.

Carchedi does not examine issues like these at all. This may well be a consequence of what appears to be a very reductionist attitude towards the political sphere and the nation state, as compared with economic imperatives: 'it is not nations that carry out, and gain or lose from, international trade. Rather it is capitals that produce and exchange, also internationally, their products... Nations, that is the nation states, only provide the institutional framework and facilities for capital' (p.60). As a result Carchedi does not consider the possibility that European capital may be limited and constrained by political compromises operating at a national and intra-national level. The most sophisticated historical account of the role of such compromises in shaping the development of the EU is that of Alan Milward. For Milward the particular characteristic of European integration is its role in preserving the nation state in key areas, precisely through its supersession in others. Further, this kind of integration is counterposed by Milward to that desired for Europe by the USA in the immediate post-war years. Carchedi, on the other hand, sees the EU as embodying the US project for European integration in the interests of anti-Communism.

Carchedi thus provides what is in some ways a rather one-dimensional account of the EU. His identification of technological change as a fundamental factor shaping European capitalism, and of the inherent tendency for innovation to lead towards crisis and instability,

appears fully justified. Yet, it seems problematic to map this directly onto the successive phases of European integration in the way which he tries to do. The result of this is that intervening factors at a lower level of abstraction, such as political compromises between states, are omitted from the analysis. There is nothing here, for example, comparable to the account by John Grahl and Paul Teague, of how a complex set of circumstances in the early 1980s gave rise to the Single European Act as a means of restarting the stagnating integration process. Further, Carchedi's stress on the appropriation of value through unequal exchange leads him to emphasise strongly those aspects of the EU which relate to this topic at the expense of broader concerns. The concentration on trade relations rather than investment flows has been mentioned above. In a similar way, the book deals in some detail with trade relations between the EU and Central and Eastern Europe, and the Association Agreements which govern these, but says nothing about current negotiations about EU enlargement to the East.

Carchedi's book is stimulating, both as an account of European economic integration and as an application of Marxist analysis to a concrete development in modern capitalism. However, it is far from being the last word on the subjects it deals with and needs to be supplemented with other critical accounts of the EU before a fully adequate picture of European capitalism can be arrived at.

Andrew Kilmister.

Authors

László Andor is Associate Professor in the Department of Economic Policy, Budapest University of Economic Sciences and Public Administration. He is also editor of *Eszmélet*, a theoretical-political quarterly. His most recent book is *Hungary on the Road to the European Union* (Praeger, 2000).

David Mandel teaches politics at the University of Quebec in Montreal and is Co-Director of the School of Workers' Democracy in Russia.

Vladimir Zlenko is ex-President of the Union of Auto and Agricultural Machine-Building Workers of Ukraine (ASMU).

Frank Hantke is Director of the Friedrich Ebert Foundation project, "Regional Trade Union Co-operation for Central and Eastern Europe", in Warsaw.

Béla Galgóczi is a freelance writer on sociology and economics.

Pieta Monks teaches Russian Studies at the University of North London.

Kenneth McRobbie teaches history at the University of British Columbia in Canada. He was the founding editor of the literary journal, *Mosaic*. Publications include *Humanity, Society and Commitment: On Karl Polanyi* (Black Rose Books, 1993).