

Economic and Political Reforms in Socialist Countries: A Comparative Analysis

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In the second half of the 1980s the movement towards socioeconomic reforms in socialist countries increased in force. This was caused mainly by three circumstances:

1. After the death of Mao Tse-tung and after the elimination of the group of his close associates (the so-called Gang of Four) the new Chinese authorities gathered around Teng Tsiao-ping, introduced, already on the turn of the 1970s and 1980s widely understood economic reforms and also liberalized to a certain extent the country's political life. The Chinese experience — in this the evident economic progress achieved in the conditions of reform — forms an important argument for other socialist countries, that it is purposeful to introduce reforms.

2. The Polish crisis at the beginning of the 1980s made it clear with particular force, how great is the threat caused by maintaining unreformed economic and political structures. Socialism in Poland was seriously threatened and in the struggle for its preservation it was necessary to use the extraordinary measures of martial law. In conditions of crisis the Polish United Workers' Party had made a critical evaluation of its policy up to the present and on its' IX Extraordinary Congress declared itself to be in favour of the line of reform. This line was next reaffirmed during the X Congress of the PUWP in 1986. The Polish experience — in spite of the fact that Polish reforms encounter serious difficulties and resistance — is important because it visualizes that there is no other road from the road of economic and political reforms.

3. The new Soviet leadership appointed in 1985 had begun a struggle against the conservative heritage and clearly declared itself to be in favour of the policy of "restructuring" and "acceleration". The position of the USSR in the socialist community is causing that this precise factor must be at present accepted as the most important element in the process of reforms in contemporary socialism.

The circumstances mentioned here have great significance for the process of socialist reforms. For the first time in the history of the socialist

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community the tendency towards reforms encompasses simultaneously several, according to the potential, most significant, socialist states. Even though in all of the socialist countries the conservative tendencies remain — either openly antagonistic towards the reforms or opposing the reforms in a secret way — the chances for reforms were never as great as they are at present. The historical need for reforms in socialism is expressed in the fact that the developmental processes of this formation are not realized spontaneously, but call for conscious leadership. With this, socialism is standing before an alternative: either progressive reforms or stagnation, and in the perspective defeat. The understanding of this alternative is a characteristic of an ever increasing part of the leadership of socialist states.

In these conditions, reaching to the experiences of the hitherto reforms is of the most importance, in order to appreciate the mechanisms which created them and also the setbacks and resistance, which the reforms gave rise to. Such an historical comparative analysis does not assume, of course, the simple repetitiveness of the hitherto experiences. History never repeats. Nevertheless, experiences useful today may be found in history.

Undertaking such a comparative analysis I will concentrate on three countries, in which reforms were introduced in the past — with differing results. These will be Yugoslavia, Czechoslovakia and Hungary. In choosing these three countries I am not suggesting that in the remaining countries no reforms were undertaken, but I feel that, apart from Poland and now the Soviet Union and China, the reforms in these three countries were deeper than anywhere else. Since the experiences of Yugoslavia, Czechoslovakia and Hungary have a longer history in the cause of reforms, these three countries in particular suit a comparative historical analysis.

I. Yugoslav Self-Management Reform

The Yugoslav revolution was undertaken and carried out by the party which in its ideological orientation did not differ from other parties of the communist movement. The peculiarity of the Yugoslav situation did not come from the particular orientation of the Communist Party of Yugoslavia, but from the fact that this party to a much greater extent than other East European countries had its roots in the masses and that in the liberation war it managed to raise the support of the majority of Yugoslavia's nations. As a consequence the newly created socialist state from the start had in itself more revolutionary force than other states of people's democracy in Europe, and the revolutionary elite of Yugoslavia felt more

sure and had more confidence in its own strength. These characteristics of the Yugoslavian revolution caused the situation where in the conditions of Stalinization of the European socialist countries the conflict between the subordinated to Stalin Information Bureau of Communist and Workers' Parties (KOMINFORM) and the leadership of the CPY became inevitable. This was not a conflict between separate ideological conceptions, but a conflict around the matter of Yugoslavia's independence and the right of its communist leadership to independent decisions regarding the roads of the Yugoslav revolution.⁽¹⁾ Only as the result of this conflict the need to develop Yugoslavia's own conception of building socialism, was born. (Neal, 1958; Johnson, 1972) The development of this conception was the starting point for the first in the history of the socialist countries reform of the political system, which had the aim of moving away from the model of the state and economy formed during the rule of J. W. Stalin in the USSR and was next introduced in other socialist countries.

The new political doctrine of Yugoslav communists was born from the need to theoretically justify the divergence between Yugoslavia and the USSR. For the first time it was formulated at the Fifth Congress of the CPY in July 1948 and next developed and enriched in the resolutions of the subsequent Congresses of the CPY (later the League of Yugoslav Communists) and in the works of the leading theoreticians of this party, in particular Edvard Kardelj⁽²⁾ (Kardelj, 1981) and Boris Kidric. (Kidric, 1959-60) This doctrine encompassed the following basic statements:

1. The Soviet model is not an universal formula for all the socialist countries, since (a) the various countries develop in different conditions and (b) Stalinism is a bureaucratic distortion of socialism.⁽³⁾

2. The socialist state after fulfilling the basic revolutionary tasks should progressively prepare its own dying out. With this aim in mind, the institutions of self-management should be developed. Not adopting this perspective leads to the state's bureaucratization (statism), in which Yugoslav theoreticians see the basic source of Stalinism.

3. The socialist state must resign from managing the whole economy,

(1) This is how the well-known Yugoslav author and politician Vladimir Dedijer puts it. See: V. Dedijer, 1953, 1969.

(2) A series of articles on Kardelj's contribution with wide fragments of his writing is included in a special edition of the Slovenian paper *Teorija in Praksa* (No. 7-9, 1979).

(3) The former vice-president of Yugoslavia Milovan Djilas went furthest in negating the Soviet system. In 1954 he was removed from all party and state posts. Djilas from criticizing the Stalinist system went on to a total criticism of communism; comp. M. Djilas, 1957.

although Yugoslav theoreticians did not postulate total resignation from influencing the economy. Kidric for example spoke of decentralization, but not of the liquidation of the "administrative-operational management of the economy".

4. The workers should take over direct control of the production process — with this in mind in 1950 the workers' councils were introduced. The first official formulations of the workers' self-management doctrines occurred in the speech of Joseph Broz-Tito during the meeting of the Parliament of Yugoslavia on July 26, 1950. Alongside the workers' councils the trade unions should be an element of socialist democracy, which should draw the attention towards educating the workers to make them capable of directing the self-managed economy.

5. The development of socialist farming must not be based on the Soviet model of kolkhoz farming but may combine collective farming with (limited as to the area concerned) individual farming. The acceptance of this part of the new doctrine occurred relatively late, in 1953, and was the result of serious failures of the collective Yugoslav farming.

6. The role of the party should be different. In the distant future the party also — not only the state — will be dying out. (Tito, 1959: 265) It is nevertheless a matter of the future. In the present phase of building socialism the party — called the League of Yugoslav Communists (from the VI Congress in 1952) in order to emphasize its new character — should concentrate on the ideological and political education of the masses and not be in direct power.

These basic elements of the doctrines of Yugoslav socialism were the result of the collective work of the party, in which a particular role was played by its leaders-theoreticians: Kardelj, Kidric, Pijade, Bakaric. Even though in the West this doctrine was often called "Titoism", Joseph Broz-Tito to a relatively small degree participated directly in formulating the theoretical assumptions of the new doctrine. It nevertheless remains without doubt that its development proceeded with his political support and that in the long run the authority of the Yugoslav leader was crucial in describing the shape of the new doctrine of building socialism.

The doctrine of Yugoslav socialism was progressively developing, but its major assumptions were formulated in the beginning of the 1950s. In later years the doctrine was attacked from the position of the more radical "liberalization", in particular by Milovan Djilas and by the intellectuals gathered around the philosophical paper "Praxis". (Stojanovic, 1973; Zhivkovic, 1985: 159-172) Nevertheless, in its basic shape it remained the theoretical basis of the Yugoslav economic and political reform.

This reform developed in several phases. In the first phase, in the begin-

ning of the 1950s, workers' councils were introduced, the decentralization of the economy was carried out, the privileges of communes and republics were increased, legal conditions enabling the functioning of the private sector were created. The second phase was begun by the plenary of the CC of LCY in Brionia in July 1966 when there appeared a clear confrontation between the reformatory wing and the more conservative orientation, the leading representative of which was the vice-president of Yugoslavia Aleksander Rankovic. The removal of Rankovic from all the state and party posts and the discarding of the "centralist" position opened the road to further reforms. In the economic sphere they went in the direction of the full putting into operation of market mechanisms. In the political sphere the reforms of the end of the 1960s brought the democratization of the election law by introducing the possibility of running for office by two candidates,⁽⁴⁾ the increase of the republics' autonomy, the reorganization of the parliamentary system by introducing several separate chambers. The next phase was the reaction to the calls under the mottos of national separateness in Croatia in 1971. Tito reacted to this evident crisis of the federation by calling for unity and strengthening the role of the party, and also condemning nationalism and the "anarchistic-liberal" tendency. After the 1971/72 crisis Yugoslav reforms were not withdrawn, but their boundaries were defined more precisely (in particular in the new constitution of 1974). At the same time on the initiative of president Tito steps were taken in order to ensure continuity of power after his death. The principle of collective management in the LCY and the state was introduced (collective management of the LCY and the Federation with a yearly rotating president), the principles of rotation were strengthened on all the state and party posts (apart from the army). After the death of marshal Tito (in May, 1980), in defiance of numerous expectations of Western observers, this system passed the test and, despite economic difficulties experienced by Yugoslavia in the 1980s, ensured the stable functioning of the state. It may be said that Yugoslav reforms are an example of a successful process of directed socialist change. I am not saying that Yugoslavia is not experiencing any difficulties. Its serious economic problems (inflation, unemployment, lately a decrease in the rate of economic growth) and political problems (in particular in the form of nationalistic tensions in Kosovo between the Albanian and Serbian populations) are well known and openly discussed in Yugoslavia. There also exists — and lately seems to be on the rise — pressure of many communities, in par-

(4) The best analysis of Yugoslav elections was given by Lenard Cohen and Paul Warwick, 1983.

ticular in Croatia and Slovenia, in the direction of deeper democratization of political life. All this will pose serious problems for Yugoslavia and will call for further reforms. Nevertheless, the hitherto experiences of Yugoslav reforms must be evaluated positively. They undoubtedly gave more harmonious economic growth and in total a faster economic growth than in socialist countries with a centralized, order-based economic system. They allowed the Yugoslav economy to survive an exceptionally difficult period of isolation from other socialist countries (1948-1955). They brought about a visible increase in the living standards. In the political sphere the Yugoslav reforms brought a serious strengthening of socialist democracy, a real increase in the working people's participation in the governing process and most importantly they created the conditions for the functioning of a multi-national federation — not without disturbances and tensions, but as a whole much better than any observers predicted and what could be imagined on the basis of the dramatic history of mutual relations between the nations and the peoples of the present Yugoslavia. Not idealizing the Yugoslav experience I am nevertheless convinced about its historical significance for the building of socialism. The Yugoslav model evolved from the particular historical conditions and is not suitable for mechanical copying in different conditions. It is nevertheless an interesting example of a successful process of socialist reforms and from this viewpoint deserves careful analysis.

II. Czechoslovak Attempt at Socialist Pluralism

In the middle of the 1950s, when other socialist countries — apart from Albania — to a greater or lesser degree were liquidating what euphemistically was called "the consequences of the cult of the individual", Czechoslovakia seemed to remain outside of this process. The great monument of Joseph Stalin stood over the Vltava River up to 1962, and the victims of the great trials (in this the present leader of Czechoslovakia Gustav Husak) were still not fully revindicated. This maintaining of Stalinism in Czechoslovakia forms an interesting historical problem, which I have no intention of explaining in this paper — mainly for the reason of insufficient competence. But even though the causes remain unclear as to why the then Czechoslovak authorities could for many years oppose de-Stalinization in Czechoslovakia, delayed by over a decade, eurtpted with the greater force and adopted the more radical form, the more it was previously suppressed and delayed. In this, I feel, lies the basic source of the failure of the Czechoslovak reforms.

They were undertaken late, since only in the mid 1960s, at first only in

the form of modest economic changes.⁽⁵⁾ The drafts of economic reforms developed under the leadership of the deputy prime minister Oto Sik before 1968 encompassed moderate decentralization and market moves, modelled on the assumptions of the economic reform developed in Poland by the Economic Council under the leadership of Oskar Lange and partially basing on the Yugoslav experience — but without the Yugoslav conceptions of self-management. Introducing them met with difficulties and resistance. In the mid 1960s in Czechoslovakia there was growing tension in the intellectual communities and increasingly strong postulates of reform were voiced. In 1967 these voices began to reach the directing organs of the party, as seen, among others, in the speech made by Alexander Dubcek on the plenary meeting of the CC of CP of Czechoslovakia in September 1967. (*Rude Pravo*, 1967) In the autumn of that year student demonstrations increased the political tension, which resulted in a change made by the plenary meeting of the CC in January 1968 concerning the post of the first secretary (resignation of Antonin Novotny and the election of Alexander Dubcek). The January plenary meeting opened the process of fast and deep-reaching political reforms.

The postulates of the reforms encompassed several areas.

1. In the economic sphere they demanded the creation of market mechanisms, the limiting of the state's intervention in the economic sphere, but — what is significant — the postulate to increase the participation of the private economy was not made.

2. In the political sphere they called for the democratization of the state and party, law-abidance, reforms of the election law, political pluralism.

3. In the sphere of relations between the nations of Czechoslovakia they called for the liquidation of the Czech's domination over Slovakia, the establishment of equality in the federation.⁽⁶⁾

The conception of these reforms matured very quickly in the intellectual spheres of the party, which was expressed in announcing on April 5, 1968 the "Action Programme". (*Rude Pravo*, 1968)

- 1) The description of the Czechoslovak road to socialism as separate

(5) From amongst western works on the topic of Czechoslovak reforms the most valuable, even though controversial, are the works of Galia Golan (1971, 1973) and H. Gordon (1976). From the perspective of his own experience, this period was discussed by the former secretary of the CC CP Czechoslovakia and the political scientist Zdenek Mlinat (1975). In of Czechoslovakia after 1969 there appears publicist works criticizing the policy of the time and its ideological justification.

(6) Comp. the discussion of national relationships and their repercussions in the work of Viktor Pavlend (1968).

and different from the road embarked upon by other socialist countries.

2) The condemnation of Stalinism, sectrarianism, limiting of democratic rights.

3) The criticism of the economic system as outdated, backward and by this causing the economic stagnation in Czechoslovakia. Postulates of decentralization and democratization of managing the economy.

4) The formulating of the principle of unity of all progressive forces, all the classes, layers, groups and nationalities along with the principle that the various interests of these groups should find an institutional expression. In this context the programme redefined the role of the party, which should activate social and political life in all the areas; its leading or hegemonic role was defined by the programme as dependent on the support of the masses.

5) The basing of relations between Czechs and Slovaks on the principle of equality in a federational state.

6) In the economic sphere the programme foretold the joining of democracy with the scientific management of the economy. It predicted the breaking away from egalitarianism, the introduction of principles of wages depending on the quality and effects of work.

7) The programme predicted the introduction of a new political system of managing society, breaking away from excessive centralization, creating conditions for the articulation of interests. It predicted the working out of a new constitution. The parties in the composition of the National Front should acquire greater independence (even though the programme did not make it clear how this was to be co-ordinated with the leading role of the Communist Party) and alongside the voluntary associations of the working people should find their place.

8) The programme predicted the introduction of legal norms which would guarantee freedom of speech, movement (in particular outside the state's boundaries), law-abidance.

9) It also foresaw the increase in the role of representative bodies and a change of the election law in a way for them to really stem from the will of the citizen.

10) It also formed the principle of separating party offices from state offices and the principle of effective control over people in authority.

11) It stressed the need to give science, education and culture a higher rank and also to ensure them creative freedom.

Alongside of introducing the Action Programme, pronouncements postulating even further reaching changes were voiced in Czechoslovakia, in this also the restitution of the political parties from the past, the creation of the opposition, contested elections, etc. Even though these postulates

were not included in the Action Programme, the lack of a decided polemic with them on the part of the leading party reformers created the impression of a certain lack of precision on the further perspectives of political changes.

Czechoslovak reforms were undertaken from the top — on the initiative and under the leadership of the Central Committee of the CPCz. But over time the postulates of reforms started to outgrow what was initially the common platform of Czechoslovak leadership, or in any case its decided majority. Internal divergencies deepened on this background and at the same time pressure in the direction of more radical changes grew — in particular on the part of the intellectual spheres, the students, the majority of the press. From the spring of 1968 the divergencies between the CP of Czechoslovakia and the communist parties of other countries of the Warsaw Pact were also deepened and this was expressed in the publicly formed polemics. As we know, the turning point of the development of the situation was the entering of the armies of the five states of the Warsaw Pact in Czechoslovakia on August 21, 1968 and the Soviet-Czechoslovak communique following this event, on August 28 which was the result of talks held by the two leaderships in Moscow (Pravda, 1968). The direct consequence of the August events was not the withdrawal of Czechoslovak reforms, but the better definition of their boundaries. Already after August 1968 there were constitutional regulations of the relations between the Czechs and Slovaks on the basis of an equal federation. Yet other changes were either impeded or partially withdrawn. The struggle against anti-socialist forces was increased and in the party itself the process of eliminating some of the leaders particularly active in the process of pre-August reforms was begun.

This unstable equilibrium lasted to April 1969, that is to the plenary meeting of the Central Committee, during which a change of the first secretary of the CC of CPCz was made. The later events went in the direction of the total elimination — not only from the leadership but also from the ranks of the party — of representatives of the reformatory trend, the mass purge of the party ranks, condemning as a whole the policy of 1968. With the exception of federational solutions all the drafts of reforms were discarded and recognized as indications of revisionism. Czechoslovakia returned to the model of a centralized state and an order-based economy.

The failure of the Czechoslovak reform had its internal and external causes. The basic external cause of this failure was the fact that the reforms were undertaken in a period of deterioration of the international situation and they were conducted in a way which in the remaining social-

ist countries created the feeling that the compactness of the Warsaw Pack was weakened. All this occurred in conditions of a drastic deterioration of international relations in the background of the Viet Nam war which in 1968 reached its highest point. They also fell on the period when in the USSR — after the dismissal of N. S. Khrushchev in 1964 — conservative tendencies began to dominate, which ideologically were reluctant to far reaching changes. I believe that the internal causes were no less significant. The Czechoslovak reforms were introduced hastily, without preparation. Neither society nor the party had undergone the necessary process of successive development of the reformatory programme and the successive consolidation of the forces acting for the sake of socialist reform. The delayed de-Stalinization resulted in the eruption of radical projects and uncontrolled activity, in part directed not only at the distortions of socialism but socialism itself. The party, over the years accustomed to Stalin-type discipline, was unable to develop a political struggle against these tendencies and itself underwent the process of internal divisions. Its leadership — it appears — did not take into consideration to a satisfactory degree the stand and interest of other socialist countries, in particular the USSR and was entering the path of international conflict without thinking through its own strategy in relation to such a conflict. As a result, Czechoslovak leaders were unable to both avoid the escalation of the conflict, as it happened in Poland in October 1956 and to resist external pressure, as was the case of Yugoslav leadership after 1948. In the difficult conditions after August 1968 Czechoslovak leadership did not maintain its unity, which decisively contributed to the deepening of the political consequences of the turning point begun at that time.

The failure of the Czechoslovak reforms was a bitter lesson for other socialist countries. I believe that the memory of these experiences had no small influence on the course of events in Poland after 1980, in particular on the post-August policy of the PUWP leadership. In the theoretical language it is possible to say that Czechoslovakia supplied us with an example of the evolution of a directed process of reforms into a process of low controllability — which is not saying into a fully spontaneous process.

III. The Hungarian New Economic Mechanism

The introduction of the economic reform in Hungary took place on January 1, 1968 — therefore it coincided with the beginning of the reform movement in Czechoslovakia. But both the character of the reform as well as the method of its realization were totally different. The Hungarian economic reform is a move fully controlled by the political leadership,

undertaken from above and within the boundaries described by the party and state authorities. The hitherto effect is also different. The Hungarian reform maintained itself, brought certain effects and in many respects became an example for other socialist countries which in the 1980s are entering the road of reforming their economies.

The Hungarian reform evolved from the considerations of the sources of the great political crisis, which encompassed Hungary in 1956, led to bloodshed and to the military intervention of the USSR. The government of Janos Kadar from the beginning stressed that it will not return to the road of Stalinism. The new Hungarian leadership also led a struggle "on two fronts" against the rightist and revisionist threat, in which the main culprit of the autumn events of 1956 was seen, and against the dogmatic-sectarian threat which was blamed for creating the situation leading to crisis. This struggle on both fronts was preparing the Hungarian Socialist Workers' Party to undertake — after the stabilization of the political situation — a well thought-out economic reform.

Hungary had made unsuccessful attempts at reform. The government of Imre Nagy, appointed in September 1953, made certain attempts at liberalizing the economic policy and introducing something similar to the Soviet NEP. But in this period there existed a dualism of authority, as the leadership of the party remained in the hands of its Stalinist leader Matyas Rakosy. Nagy found support in reformatory intellectuals and a part of the leadership of the national economy, but he did not have a stronger position within the party. His ascent to power did not come from the internal political moves, but was initiated by the then present Soviet leadership, in which in particular Georgij Malenkov (prime minister in the years 1953-55) supported the moderately reformatory course of Nagy. After Malenkov's dismissal the Hungarian party leadership quickly led to Nagy's dismissal and his removal from the party. The episode of the first government of Imre Nagy had no small influence on later events, since it created a legend of an anti-Stalinist reformer around the overthrown prime minister, which brought him to power the moment fighting erupted in Budapest. In the time of functioning of Imre Nagy's second government, a series of far reaching changes, not only economic but also political, were foretold. The latter meant the elimination of the system of proletarian dictatorship (in particular the elimination of the leading role of the party) and the restitution of a parliamentary, multi-party democracy of a Western type. Nagy's government was unable to control the radicalizing political movement, the demands of which were more and more far reaching — to the withdrawal of Hungary from the Warsaw Pact and a total change of the political system. In this way Hungary supplied empiri-

cal support for the thesis that a Stalin-type policy may lead to the downfall of socialism. If this did not occur, it was only due to the Soviet military intervention, without which — what the Hungarian leadership openly admits — it would have been impossible to stop the process of liquidating the socialist system.

This experience has an international dimension. The supporters of socialist reforms accurately point to Hungary as a warning against what may happen when Stalinist dogmas and practices are blindly adhered to.

The party and state leadership of Hungary gathered around Janos Kadar drew conclusions from this experience. In the political sphere the more radical reforms were not introduced (even though an interesting reform of the election law was carried out by which a possibility was created for two or three candidates to run for one office in contested elections) nevertheless a new style of government was introduced, law abidance was re-established, the policy towards previous opposition was gradually liberalized. The new climate was expressed by Kadar's often quoted statement that "all those not against us are with us". Political liberalization created favourable conditions for introducing the economic reform into life, but in Hungary — unlike in Yugoslavia and Czechoslovakia — the economic reform was not tied with political reforms.

The Hungarian reform was based to two basic assumptions: returning the role of market mechanisms and decentralizing the economy. It brought the unquestioned effects of market equilibrium, an increased standard of living of the population, an openness to new technologies, an increase in economic contacts with other countries, in particular with the West. On the background of the great difficulties experienced by the majority of socialist countries in the 1980s — though also affected by the consequences of the recession — stood out clearly as an economically successful country.

This does not mean that the Hungarian reform all in all had a consistent and univocal effect. A prominent Hungarian economist Janos Kornai in a recently published study on the Hungarian reform described its results as a hybrid, where elements of a centralized-order based system co-exist with elements of a market system; such a "mixed" economic system has both the faults and the good points of both of these distinct types, with the exception that both the faults and the good points appear in a subdued form. (Kornai, 1986: 1687-1737) Kornai also pointed to the social consequences of the Hungarian reform in particular to the overlapping of the two types of social inequalities: those generated by the order-distributive system and those created by the market. As a consequence, Kornai believes, "Hungary is a mixture of distributive consequences of both the bureaucra-

cy and the market", which in his opinion had been ignored for a longer period of time by the technocratically disposed supporters of the reform. (Kornai, 1986: 1724)

Kornai's study also encompasses an interesting review of the basic stands concerning the further roads of the Hungarian reform. He distinguished the following directions:

1. "market socialism", as understood by Oscar Lange; in relation to this model Kornai holds serious objections in particular pointing to the "built-in, in a centrally controlled system based on state ownership, tendencies to generate chronic overbalance of demand in different spheres of the economy." (Kornai, 1986: 1728)

2. the "naively reformatory" direction which he at one stage advocated and which is based on not accepting the conflict between bureaucratic control and the demands of the market;

3. "Galbraith socialism" placing its hopes in large socialist corporations co-existing with the market-organized sector of small and medium manufactures; Kornai believes this direction (which he himself named thus) to be the "legitimization of the *status quo*." (Kornai, 1986: 1731)

4. "radical reformism" with which the author is at present sympathizing, and which lies in demanding for the removal of all restrictions to enable the free functioning of market mechanisms; in Kornai's opinion the adoption of this stand would call for radical changes in the system of ownership.

I have presented in slightly more detail the position held by Janos Kornai, since it is the fullest from the hitherto published analyses of the effects and tendencies of the Hungarian reform. It clearly shows that this reform gave rise to its own contradictions and that the process of change initiated by it has not yet been finished. This does not change the fact that the Hungarian reform was successful. Its success may be brought down to two points:

1. The reform was put into life. Even though at the beginning of the 1970s there appeared — on the background of economic difficulties — pressures in the direction of allowing down or even withdrawing the reform, the Hungarian leadership did not leave this path.

2. Put into life, the Hungarian reform brought about visible economic improvement (the contrast between the development of Hungary and Poland in the last 20 years is particularly evident in this respect), even though it did not solve all the problems.

The success of the Hungarian reform had its political base. In the first place we must mention the consistency with which the Hungarian leadership is keeping in the course of the reforms. Taught by the painful

experience of 1956 the leadership had decided to enter a path of moderate reforms and does not leave this path despite difficulties encountered on the way. The fact that the dogmatic-sectarian wing had been discredited and defeated enables the HSWP to proceed on the road of reform.

The second reason why the reform succeeded is found in the attitude of Hungarian society — in my opinion, also preconditioned by experiences from 1956. Socialist reforms are threatened not only by conservatism, but also excessive radicalization of the masses, which may place the reformers in a situation where pressure from below forces on moves which prove suicidal in the long run (such as in Czechoslovakia in 1968). Hungarian society still remembering the lesson from 1956 does not proceed on this path. Even though in Hungary in the last few years oppositional trends have appeared, the pressure on their part does not seem too great.

Finally the third reason for the reform's success is the careful consideration by its architects of the political reasons stemming from the position of Hungary in the socialist community. In reforming the economy, Hungary has moved far away from the compulsory models for other CMEA countries in the 1970s. If this did not create the source of political conflict this was achieved thanks to the Hungarian leadership which in all political matters remained totally loyal in relation to the socialist community and had clearly predetermined the boundaries of the conducted reforms. Due to this even in the period when conservative tendencies were evident in the USSR and other CMEA countries, the Hungarian reform did not lead to a conflict between Hungary and other socialist states. It may even be assumed that for the supporters of reform in the USSR the Hungarian experience formed a certain testing-ground observed by them with kindly interest.

IV. Conclusions

The experiences of past reforms — both successful and unsuccessful — in the European socialist countries allow us to come to several general conclusions.

Firstly: the success of the reform depended, as to now, on whether its course was under control by the political leadership of the state. The Yugoslav self-management reform and the Hungarian New Economic Mechanism were introduced on the decision of the party and state leadership, without pressure coming from the masses. In the process of realization of these two reforms the lower pressures for further reaching changes (with the exception of a part of Yugoslavia in the early 1970s — quickly brought under control) were not activated in a particularly

significant way. In Poland the political reforms of 1956 were introduced in conditions of social pressures and in a climate of developing crisis, but the decisions of the Central Committee of the PUWP in October 1956 created the political conditions allowing the new leadership to take the situation under control and realize the planned changes. But in Czechoslovakia in 1968, as well as in Poland in 1980/81 social pressures had caused that the political leadership had lost — to a greater or lesser extent — control over the course of events, in particular over the contents and scope of the proposed changes. In Poland only the introduction of martial law created the conditions for the realization of the reforms under the leadership of party and state authorities.

Secondly: the success of the reforms depended on the international context, that is on the attitude towards the reforms of other socialist countries, in particular the USSR, and on how the political leadership of the country undertaking reforms could solve the international problems stemming from the reforms. The situations of *conflict* and *co-operation* may be distinguished here. An example of co-operation significantly contributing to the reform's success is in the first place Hungary. An example of extreme conflict leading to the reform's defeat is Czechoslovakia. Yugoslavia is an example of a conflict carried out by the country conducting the reform in a way victorious for it (this was expressed in the acknowledgement by N. S. Khrushchev in 1955 of the socialist and Marxist-Leninist character of the policies of the League of Yugoslav Communists); the conflict carried out in this way was the source of strength for the reformatory process, which was supported also for patriotic reasons. Poland of 1956 was an example of a conflict prevented as a result of talks (in Warsaw in October and in Moscow in November 1956), in this way the initial fears of the Soviet Union as to the directions of change in Poland were dispersed but at the same time quite precise boundaries of the introduced reforms were established.

Thirdly: the success of a reform depends on the ability of the political leadership to overcome the dogmatic-conservative resistance and simultaneously remain in control over the process of changes. Yugoslavia and Hungary are good examples of the internal struggle for the reform conducted in this way. Poland of 1956 (as well as in 1980/81) gives examples of a struggle of tendencies, in which the dogmatic-conservative tendency was defeated, but not without force and ability to mount a counter-offensive in the future. Czechoslovakia was the ground of a struggle of a losing tendency in 1968 by not only the dogmatic-sectarian trend but also the central trend, with the difference that this process was discontinued and turned back as a result of external intervention.

Fourthly: in all the reforms with the exception of the Hungarian one there was a unification of economic and political changes. The reform's success lies in the leadership's ability to withstand changes and succeed in conducting a policy of reforms. The reformers' dilemma is based on the fact that their reformatory programmes presuppose the democratization of the centre of authority, which in conditions of a yet unfinished struggle between the reformatory and antireformatory tendencies may act for the sake of weakening the reformatory power of the leadership. A counterbalance for this threat is the reformatory leadership's reliance on the activation of the masses — both the rank and file party members, as well as other pro-socialist forces, in this the non-party supporters of the reforms.

The experience of past reforms is not fully typical for today's situation. Its basic element is the fact that the policy of reforms has been undertaken by the Soviet leadership gathered around M. S. Gorbachev. This opens up entirely new possibilities, but also new problems. Reform in a great socialist power, a multi-national Soviet state will need to have totally different characteristics from reform of the smaller socialist countries in Europe. In the first place, the international context differs, which consists more of the state of East-West relationships than the relationship of other socialist countries to the Soviet reform. The scale of the problems differs, as well as the scope of the struggle for the future of the reform. The result of this struggle will play a deciding role on the course of reformatory processes in the European socialist countries. The reforms conducted earlier and at present in other countries prepared the ground, supplied the experience — and today they may be the factor contributing to the forces acting for the sake of reform in the USSR. The process of reforming socialism has increased in strength in the last few years and has become an international process in the full sense of the word.

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