

**THE REVOLUTION OF RISING EXPECTATIONS,
NATIONALISM AND THE PROSPECTS FOR FREEDOM
IN THE SOVIET BLOC**

By Oleg Zinam

In this study the term Eastern Europe is used to refer to the six members of COMECON — Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania, whose economies operate under Soviet tutelage. The term West is used to refer to the nations of Western Europe, Northern America, and for practical purposes, Japan also. The primary object is to examine the impact of Western trade with and loans to the East European and Soviet economies on the prospects for social and political change in the Soviet bloc which are so widely discussed today.

There is general agreement that the Soviet Union needs Western trade and technology for at least three reasons: (a) to modernize its inefficient, over-centralized planning methods; (b) to improve the efficiency of its economy as a base for its military-industrial complex; and (c) to modernize its non-defense sectors without transfer of technological talents and resources from top priority defense sectors.(1) Eastern Europe needs Western trade and technology for primarily economic reasons. Without the importation of advanced technology from the West, Eastern European nations cannot sustain adequate economic growth to meet the demands of their people for improvements in their standard of living.(2) The need for Western trade is enhanced by (a) the general scarcity of advanced technology in the Communist bloc; (b) the "lack of stimulus to produce quality products" and (c) "inadequate price and monetary relations" among its members.(3) In their efforts to expand trade with the West, East European countries are caught in a vicious circle: Without importation of Western technology they cannot attain the quality of exports acceptable to the West; without substantial exports to the West they cannot pay for the import of technological goods. To break this vicious circle they need a substantial extension of loans from the West. Yet their indebtedness has reached such a high level that further expansion of loans appears to be a risky financial venture, not really justified by expected gains from future

trade.

In addition to technology, East Europeans need imports of crude oil, minerals, metals, chemicals and grain. Price inflation in the West makes it increasingly difficult to obtain these products from the West. Moreover, the Soviet Union, the major supplier in the past, is increasingly less willing to exchange her fuels, metals and minerals for East European machinery.⁽⁴⁾ Though the USSR increased its prices of oil, fuel and raw materials from time to time, they are still well below Western prices.

Although presently economic growth and technological advance in Eastern Europe are slowing down, one should recognize its considerable economic achievements in the post World War II period. Their economies have been growing at acceptable rates, industrialization has been advancing rapidly, standards of living have been on the rise, and most of them have joined the family of developed industrial nations. Yet, declining rates of economic growth, an unfavorable balance of payments with the West, substantial hard-currency indebtedness, problems of obtaining advanced Western technology, difficulties in importing energy and raw material supplies from both the West and the Soviet Union and the ever-increasing pressure from population desiring an improved standard of living are formidable obstacles on the road to further economic advancement. To continue the economic progress of the past, East Europeans must solve their energy supply problems and substantially modernize their technology. Unfortunately the political system prevailing in both Eastern Europe and in the USSR is not conducive to technological advance, which depends on the capability to innovate and to adapt rapidly to changing environmental conditions.

The question of whether to expand or contract trade with the West and Eastern Europe is complicated by ideological, strategic and political factors which can be understood only if placed in proper historical and global perspective. The present dilemma is part of a much broader long-run controversy among statesmen and scholars concerning trade relations between the West and the Communist bloc in general. The basic dilemma is whether East-West trade and the concomitant technological transfer would lead to a political liberalization in the East, a reduction in the danger of war and an improvement of living standards within the Communist bloc, or whether it would merely serve to strengthen their totalitarian regimes, enabling

them to further expand their military power, and ultimately increase the probability of further military aggression on a global basis by the leaders of the USSR.(5)

The proponents of an expansion of East-West trade believe that trade and technological transfers will liberalize, democratize and in general ameliorate the Soviet and other communist East European regimes. This view is in harmony with those Western convergence theorists who believe in the inevitability of a "rapprochement" of East and West and the ultimate "liberalization" of the Communist bloc by peaceful evolution.

(6) The opponents of free East-West trade, whose voices are now less frequently heard, warn that:

the introduction of Western technology and expansion of trade would remove major bottlenecks in the Soviet economy, ameliorate its difficulties in central planning, improve its overall efficiency, prevent switching of its scarce technology from high priority sectors to neglected sectors, and in general strengthen it to such a degree that it would enable it to continue its relentless expansion of political and military power at the expense of the rest of the world.(7)

Instead of an amelioration of the regime, they believe the oppression of dissidents and of the people at large would intensify. Prominent Soviet dissidents — Andrei Sakharov and Alexander Solzhenitsyn — have taken the same position.(8)

On the other hand, the view of trade opponents is somehow weakened by Koropecjy who believes that if trade is expanded and access to Western technology given, the Soviet Union will inevitably fail to adjust its economy to the structural changes necessary for expansion of exports needed to pay for the imports of technology.

The controversy not only persists but has gained more significant dimensions as a result of present East European difficulties and the advent of *glasnost*. To be applicable and relevant to present day problems the theoretical framework behind the controversy must be broadened and restructured. The complexity of the problem is matched only by its importance. In most discussions of detente and expansion of East-West trade the fate of the "captive people" in Europe — Eastern Europeans controlled by the Soviet Union and their subservient governments of the satellite countries as well as of the oppressed nationalities within the Soviet Union — is largely ignored. It is

important to analyze the impact of trade on the material well-being, political freedom, security and human values of these people. The efforts of Hungarians, East Germans, Czechoslovaks and Poles to gain some degree of independence and self-determination were crushed by Soviet military might while the West stood idly by, afraid to revive the "cold war."

The major force in East-West relations today is the USSR, led by its Kremlin leaders. These leaders have not abandoned their dreams of world domination, nor of the elimination of "capitalism." They still speak of the attainment of a communist millenium. Despite the recent much publicised experiment in something resembling Lenin's "New Economic Policy" (which, interestingly, was notoriously short-lived) they seem determined to maintain an iron grip on their own peoples and on the Eastern European nations. Moreover, the Soviet rulers are "organizing the most powerful military-industrial complex in the world, capable of both defense and expansion." (9) Marxist-Leninist ideology is still openly and officially endorsed as justifying the "revolution from above," and resisting all revolutionary forces "from below." The latter developments are inspired by modernization operating on two levels, through technological changes and the complexity of industrial organization which requires a quest for decentralization and economic reform. The human side of modernization and the revolution "from below" is expressed in such phenomena as the "revolution of rising expectations" on the one hand and anomie on the other.(10) Disenchantment with the authorities and their ideology has led to anomie and the loss of hope that people's dreams can be realized under Leninist regimes. This in turn has undermined the efficiency of the Soviet workforce. But since people do not give up their vital dreams and aspirations easily, they search for a channel to express their discontent and to reaffirm their aspirations. Since in Eastern Europe Marxist-Leninism was imposed by the Soviet armies, nationalism has become a new force animating the "revolution from below." This is also true for the many oppressed national minorities within the Soviet Union. The Soviet leaders see nationalist forces as a threat, and even Russian nationalists have suffered penalties and imprisonment just as other minority nationalists have been repressed. The recognition of nationalism as a major force operating within the Communist bloc and endangering its unity and its long-run chances of survival must be credited to

Emil Lengyel, who observed that "while the nationalist countries (in the West) were moving toward an accentuated form of nationalism ... The economic nationalism of the Eastern bloc countries fits into the general pattern." (11)

What we are witnessing in the Soviet Union and in Eastern Europe can be depicted as two revolutions in conflict, a concept first formulated by Constantine Olgin and later further developed by the present writer.(12) The destiny of the Communist bloc nations will largely depend on the relative strength of these two revolutions. Therefore, major decisions on Western trade with Eastern Europe cannot ignore their impact on this struggle. Moreover, these decisions must take into consideration the impact on economic wellbeing, freedom, security and other human values of all participants affected by these decisions. Who will benefit and to what extent, and who might be hurt and how badly, depends on the complex relationship between power and the preferences of these groups.

From the economic point of view, one of the most important factors which has contributed to Soviet interest in the expansion of East-West trade has been the "inability of the command system to keep in step with the dynamic development of the rest of the industrially advanced world.(13) Economic reforms based on liberalization and decentralization have not substantially improved the system's ability to generate technological advance primarily due to "the incapability of the system to adjust to a changing environment . . . caused primarily by the Marxist anti-market dogma . . . and secondarily by the system's political superstructure."(14)

Inability to develop technology and difficulties in reforming their economies to make them more adaptable to technological advance has made the Soviet leaders anxious to obtain Western capital and technology. Trade with the West, however, has been a one way flow of capital and goods. Eastern European exports lagged far behind the imports. As a consequence, East Europe has run up a debt to the West in the vicinity of \$50 billion and is forced to export its most competitive capital goods in the West. Despite all these disadvantages, "detente with East-West trade and cooperation remains, at least for the time being, the only substitute for otherwise inevitable economic reforms in the Soviet type countries." Paradoxically, "it is detente," wrote Selucky, "which contributes to the stability of these systems and to the conservation of the status-quo in East

Europe.”(15)

Moreover, successful expansion of East European trade with the West would make them “less of an economic burden they are to the Soviet Union without any significant decline in their ties to the bloc.”(16) But if this trade should falter due to indebtedness to the West and inflation in market economies, dependence on Soviet economic support will increase and the East European countries will be forced to blend even more tightly into the Communist bloc.(17) Of course, if *détente* and trade with the West should be discontinued, “the Soviet-type systems would again be facing the old dilemma of structural socio-economic reforms.”(18)

Economic integration of the Communist bloc is achieved through activities of the CMEA. It is dominated and controlled by the Soviet Union. Its basic policies are promoting joint planning, “socialist division of labor,” technological integration and initiating joint projects of a supranational kind. Collective sections involving several members provide badly needed economies of scale. Since a considerable amount of manufactured goods produced by Eastern Europe is of a quality not acceptable in Western markets, it becomes increasingly dependent on imports of Soviet raw materials, minerals, metals and fuels. Since the USSR does not need these inferior manufactures, it actually subsidizes East European economies. In Rakowska-Harmstone’s words: “Economically, Eastern Europe is increasingly a burden to the Soviet Union, but the political tradeoffs involved are obviously considered to be worth the costs.”(19)

One of the most important political objectives of all communist leaders is “strengthening and expanding of the monopoly power of the ruling elites.” For the leaders of individual East European countries this means preservation and expansion of their own power and control over their subjects. By contrast, the Kremlin seeks, in addition to preserving control over the diverse nationalities of the USSR, several other political objectives, among them — maintaining a leading role in the world communist movement, control over Eastern Europe, expanding the military might of the state, and exporting revolution.

Since the major preoccupation of the East European governments is maintaining control over their own countries, they are “preoccupied with efforts to generate legitimacy of its own based on a national consensus.”(20) To achieve this purpose they have to respond to some pressures generated by the

revolution "from below," such as "the pressure for national sovereignty; the pressure for political democratization and pluralism; and the pressure for an improvement in the standards of living." (21) Behind all of these pressures stands a powerful drive for national self-determination in Eastern European nations which is confronted by the efforts of the Soviet leaders to integrate Eastern Europe with the USSR and establish "an organic relationship that would incorporate East Europeans into the Soviet body politic beyond the point of return." (22) East Europeans perceive the Soviet Union "as a colonial power ruling the empire by military means." Such Soviet policy "leads to the stagnation and degradation of the peoples of Eastern Europe." Whenever East European leaders act independently from the Soviet Union and defend the national interests of their people, they receive strong popular support. (23)

Political integration is achieved formally through the Warsaw Treaty Organization which coordinates and integrates bloc activities primarily in military matters and in foreign policy. "Progress in political integration," said Rakowska-Harmstone, "has been reflected in the synchronization, through the bloc, of constitutional instruments to formally enshrine the 'leading role' of the communist part in society, as well as a constitutional treaty commitment to a common, Soviet-directed foreign policy." (24)

East-West trade and the transfer of technology definitely permits the Soviet Union to continue building up its military power. It does so by removing Soviet economic and technological bottlenecks and by enabling the Kremlin leadership to postpone badly needed economic reforms. Due to the extreme interdependence of the Communist bloc economies, there is no way to limit technological transfer from the West to Eastern Europe while denying access to this technology to the USSR. Moreover, since Eastern Europe is now an economic liability for the Soviet Union, Western economic assistance to any COMECON country potentially frees Soviet resources for military purposes. East European nations can also strengthen their own military power through Western trade, but in the final analysis, strong nationalist and anti-Soviet feelings among East Europeans may tend to make their armies less reliable, especially in the case of an aggressive war against Western Europe.

According to the Marxist-Leninist doctrine of the Krem-

lin leaders, "socialism" is still on the march and its inevitable victory over the non-socialist world is the goal. East-West trade relations open the door to broader dissemination of Soviet influence in Western Europe. The Soviet leaders recognize the danger of some "infection" ideas generated in the West, but in their view the risk of "infection" is greatly outweighed by the advantages of extending their own influence throughout Western Europe. Soviet leaders also believe that the dialogue between CMEA and the European Economic Community "would further enhance the socialist bloc's cohesion and the Soviet leading role within it." (25)

The central question of this study is whether a further expansion of trade and technological transfer between the West and Eastern European countries will help the cause of freedom, economic and political self-determination and democracy, or hinder it. The case cannot be presented in black and white. The implications are not completely clear. Yet, an attempt must be made to list the arguments for and against the extension of Western trade with Eastern Europe.

Possibly a further extension of trade would help the East European satellite nations advance their technological development and enhance their level of economic independence from the Soviet Union. An improvement in their standard of living will strengthen and enhance their desire for higher goods, among them, desire for freedom and national self-determination. Rising standards of living in the Soviet Union will, it is argued, stimulate and increase the discontent of the suppressed national minorities and strengthen the forces of the "revolution from below." If the Soviet leadership attempts to ameliorate its policies and become more receptive to popular needs, relaxing power relationships and the powerful ideology within the Communist bloc on which the establishment relies for its validity, something must give. (26)

The opposite case of curtailing or even stopping Western trade with Eastern Europe assumes different reactions among those in power. Trade and technology transfers could help the Soviet Union to further integrate the Communist bloc politically, economically and militarily. Western trade will continue to subsidize the USSR in its maintenance of military superiority over the West and relieve Soviet leaders of the burden of supporting Eastern Europe economically.

Eastern European leaders, with Western help, could more easily work to coerce their people and possibly even to integrate their subjects into the Soviet bloc beyond the point of no return. If those who have power in Eastern Europe and the Soviet Union can direct resources arising from Western trade and technology toward the buttressing of their political goals the West might be helping not the "captive nations" but their jailers.

The dilemma facing Western democracies and the USA seems to be very perplexing. A choice of protecting the people of Eastern Europe by helping their governments to overcome continuing economic crises appears, on the surface, more moderate, considerate and humane. But, in the ultimate it may enable the Kremlin and Eastern European regimes to maintain their power without the need for more than symbolic concessions to the demand for a higher standard of living amongst the people they control.

Such a choice serves the Kremlin purposes and creates an illusion of "reducing the tension" and preserving peace. It will undoubtedly serve more as a palliative rather than a serious effort to stop and reverse the present expansion of Soviet influence around the world. Within this context, the use of economic sanctions to restrict the military power of the Soviets in the name of freedom has a powerful appeal. The Kremlin and other East European leaders must face the economic consequences of their oppressive system. Instead of bailing them out, the West should deny Marxist governments financial credit and especially technological assistance, thereby forcing them to make the painful choice between butter and guns within the confines of their own resources. This must severely slow down and eventually stop the one-sided race in which the Kremlin, while receiving credit and technology from the West, uses a disproportionately large share of its resources to accelerate the build-up of its space and military technology, while negotiating a reduction in outdated weaponry for publicity purposes. Should this process be slowed by restriction of Western credits and technology, the defense burden of the West and with it the door will be open for a gradual liberalization and democratization of the Soviet system. This argument is the basis of the Western liberal convergence thesis. Its weakness lies in whether the high level of government spending and its potential for inflationary pressures could also be reduced.

FOOTNOTES

(1) Oleg Zinam, "Soviet-US Trade: Perspectives and Prospects," *Rivista Internazionale di Scienze Economiche e Commerciali*, September 1976, p. 877.

(2) John P. Hardt, "Summary," *East European Economies; Post Helsinki*, Joint Economic Committee, Congress of the U.S., Washington, D.C., August 25, 1977,

(3) Paul Marer, "East European Economies: Achievements, Problems, Prospects," *Communism in Eastern Europe*, Teresa Radowsak-Harmstone and Andrew Gyorgy, Eds., Bloomington, Indiana: Indiana University Press, 1979, p. 273.

(4) Edwin M. Snell, "East European Economies Between the Soviets and the Capitalists," *East European Economies: Post Helsinki*, Op. cit. p. 14

(5) Ibid., p. 873

(6) Problems of convergence are treated in more detail in Oleg Zinam, "Convergence Hypothesis in the Light of Functional-Structural Analysis," *Rivista Internazionale di Scienze Economiche e Commerciali*, July 1971.

(7) Oleg Zinam, "Soviet-US Trade: Perspectives and Prospects," Op. cit., p. 878.

(8) Michael T. Malloy, "Sakharov's Message," *The National Observer*, September 15, 1973, and Frank J. Johnson, "Kissinger versus Solzhenitsyn-Sakharov," *Washington Report*

(Footnotes 9 to 26 were lost by accident at the time of publication, through no fault of the author, and will appear in Vol 13 No 2)

BOOK REVIEW ARTICLE

BIOLOGY, ECONOMICS AND SOCIAL PHILOSOPHY

By Richard Lynn

Throughout the Western World the decline of religion has left a moral vacuum in many people's lives. Many of us are no longer certain of life's ultimate objectives. Now Dr. R. B. Cattell, a leading contemporary psychologist, offers a solution to this problem in his new book *Beyondism* (1987).

The fundamental premise of Cattell's approach is that our primary moral purpose should be to sustain the further evolution of the human species. The achievement of this objective will lead to improvement beyond the present. Hence the neologism — *Beyondism* — for the author's ethical system.

There are two levels at which evolution operates. These are the cultural level, where better social institutions gradually evolve to replace the less effective; and the biological, where superior biological forms replace inferior ones. Cattell argues for the promotion of conditions and policies which will foster both types of evolutionary advance.

So far as cultural evolution is concerned, there have been two broad traditions. The first consists of a consciously worked out plan for society to replace the existing imperfections. This is essentially the method of socialism and goes back as far as Plato's *Republic*. The blue print for the ideal society is drawn up by gifted planners. The essential philosophy is that intellectually superior planners know best how to run their societies and should be allowed to do so.

The other tradition is evolutionary and has sometimes been designated a system of organized chaos. It was first comprehensively set out by Adam Smith in 1776 in his *Wealth of Nations*. The basic premise is that the best outcomes are achieved by social systems in which each individual pursues his or her own interests within a framework of law to prevent anti-social behavior. Such a system allows each individual to contribute his or her unique knowledge and expertise, the sum of which is greater than any group of planners can possess. There will be competition with other individuals, and from this the best ideas, practices and institutions will emerge spontaneously