



Goodbye To All That

The events of 1989 marked the end of an era, of the epoch ushered in by 1917.

Eric Hobsbawm looks at the meaning of 1989

What is the historical significance of 1989, the year in which communism collapsed in eastern Europe, suddenly and presumably irrevocably, anticipating the collapse of the existing regime in the USSR and the break-up of its multinational structure? Instant diagnosis is a dangerous game, almost as dangerous as instant prophecy. The only people who dive into it without hesitation are those who expect their diagnoses and prophecies to be instantly forgotten (like journalists and commentators) or not to be remembered after the next election or two (like politicians). Still, there are times when events concentrated into a short space of time, whatever we make of them, are plainly historic and immediately seen to be such. The year of the French Revolution and 1917 were such times and 1989 was equally clearly another. So what do we make of it?

It is much easier to see 1989 as a conclusion than as a beginning. It was the end of the era in which world history was about the October Revolution. For over 70 years all Western governments and ruling classes were haunted by the spectre of social revolution and communism, eventually transmuted into fear of the military power of the USSR and its potential international repercussions. Western governments are still coming to terms with the collapse of an international policy entirely designed to meet a Soviet threat, both political and military. Without the belief in such a threat Nato has no sense at all. That there was never any reality in this Western image of a Soviet Union poised



to overrun or nuke the 'free world' at a moment's notice only proves how deep the fear of communism was. For over 70 years international politics has been waged by one side as a crusade, a cold war of religion, with a brief intermission for confronting the more real dangers of the Berlin-Tokyo axis.

On the other side it had long been clear that it was no such thing. It is true that Lenin and the Bolsheviks saw October as the first phase of the world revolution which would overthrow all capitalism. The early generations of communists (including the present writer) still joined what we thought of as a disciplined army to fight and win the world revolution. Nikita Khrushchev, the only peasant ever to rule Russia (or for that matter any important state), still sincerely believed that communism would bury capitalism, though not by revolution. And the dramatic extension of both anti-imperialist and communist revolution after world war two seemed at first sight to confirm the prospect.

Nevertheless, it is clear that from the early 1920s onwards the USSR's policy was no longer designed to achieve world revolution, although Moscow would certainly have welcomed it. In the era of Stalin, who actively discouraged bids for power by any communist party and distrusted communist parties who made revolution against his advice, Soviet policy was cautious and essentially defensive, even after the stunning victories won by the Red Army in world war two. Khrushchev, unlike Stalin, took risks and lost his job for it. Whatever Brezhnev wanted to do, spreading communism all over the world, let alone

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invading the West, were neither within his power nor on his agenda.

After 1956, when the international communist movement visibly began to disintegrate, various groups outside the Moscow orbit claimed the original marxist-leninist or at least the world-revolutionary inheritance. On a world scale, neither the 57 varieties of trotskysts, maoists, revolutionary marxists, neo-anarchists and others, nor the states nominally committed to their support, amounted to anything. Even within particular countries their impact, except for brief moments, was usually marginal. The most systematic attempt to spread revolution along these lines, the Cuban revolutionary export drive of the 1960s, did not even begin to look like getting anywhere. Unlike the first world revolutionary wave of 1917-19 and the second wave which followed world war two, the third wave, coinciding with the world crisis of the 1970s, even lacked a unified ideological tradition or pole of attraction. The most important social upheaval of this period by far, the Iranian revolution, looked to Muhammad and not to Marx. The communists, though central to the ending of the last hold-overs of the European fascist era, were soon side-lined in post-Salazar Portugal and post-Franco Spain by what claimed to be social democrats.

But if there was no significant movement to overthrow capitalism worldwide, revolutionaries still hoped that its contradictions and those of its international system made it vulnerable - perhaps one day fatally vulnerable - and that marxists, or at any rate socialists, would provide the alternative to it. If communist power did not look like

expanding much except in small Latin American countries and, nominally, African states of little international significance, the world was still divided into the 'two camps', and any country or movement which broke with capitalism and imperialism tended to gravitate or to be notionally absorbed into the socialist sphere. Ex-colonies which did not claim in some sense to be 'socialist' or which did not look in some way to the Eastern model of economic development were rare birds indeed in the generation or two after 1945. In short, world politics could still be seen, even on the left, as the working out of the consequences of the October Revolution.

All this is now over. Communism in eastern Europe has dissolved or is dissolving. So is the USSR as we have known it. Whatever China will be like when the last of the Last March generation is dead, it will have little to do with Lenin and less with Marx. Outside the former regions of 'real socialism' there are probably not more than three communist parties with genuine mass support (Italy, South Africa and the regionally concentrated CP-Marxist of India), and one of them wants to rejoin international social democracy as fast as it can. We are seeing not the crisis of a type of movement, regime and economy, but its end. Those of us who believed that the October Revolution was the gate to the future of world history have been shown to be wrong. What was wrong about Lincoln Steffens' 'I have seen the future and it works', was not that it failed to work. It worked in a racketsy way, and it has great and in some cases astonishing

achievements to its credit. But it turned out not to be the future. And when its time came, at least in eastern Europe, everyone including its rulers knew this, and it collapsed like a house of cards.

How did it happen that the fear, or the hope, or the mere fact of October 1917 dominated world history for so long, and so profoundly, that not even the coldest of cold-war ideologists expected the sudden, virtually unresisted disintegration of 1989? It is impossible to understand this, ie, the entire history of our century, unless we remember that the old world of global capitalism and bourgeois society in its liberal version collapsed in 1914, and for the next 40 years capitalism stumbled from one catastrophe to the next. Even intelligent conservatives would not take bets on its survival.

A simple list of the earthquakes that shook the world during this period is enough to make the point: two world wars, followed by two bouts of global revolution, leading to the wholesale collapse of old political regimes and the installation of communist power, first over one-sixth of the world's surface and later over one-third of the world's population; plus the dissolution of the vast colonial empires built up before and during the imperialist era. A world economic crisis brought even the strongest capitalist economies to their knees, while the USSR seemed to be immune to it. The institutions of liberal democracy virtually disappeared from all but a fringe of Europe between 1922 and 1942 as fascism and its satellite authoritarian movements and regimes rose. But for the sacrifices of the USSR and its peoples, Western liberal capitalism would probably have succumbed to this threat and the contemporary Western world (outside an isolated USA) would now consist of a set of variations on authoritarian and fascist regimes rather than a set of variations on liberal ones. Without the Red Army the chances of defeating the Axis powers were invisible. Perhaps history, in its irony, will decide that the most lasting achievement of the October Revolution was to make the 'developed world' once again safe for 'bourgeois democracy'. But that is of course to assume that it will remain safe....

For 40 years capitalism lived through an era of catastrophe, vulnerability and constant instability, with a future that seemed entirely uncertain. Moreover, during this era it faced, for the first time, a system claiming to provide an alternative future: socialism. In the most traumatic years of this era, the early 1930s, when the very mechanism of the capitalist economy, as hitherto known, apparently ceased to function and Hitler's triumph in Germany dealt a body-blow to liberal institutions, the USSR appeared to make its most dramatic advances. In retrospect it seems amazing that liberal and conservative politicians (not to mention those of the Left) went to Moscow to learn lessons

'For the time being there is no part of the world that credibly represents an alternative system to capitalism'



('plan' became a buzz-word across the Western political spectrum), or that even socialists could have sincerely believed that their economies would out-produce the Western system. In the days of the Great Slump it did not seem absurd at all.

On the contrary, what was entirely unexpected, not least by governments and businessmen anxious about post-war ruin and possible depressions, was the extraordinary surge of global economic growth after the second world war. This turned the third quarter of the present century into the all-time golden age of capitalist development: the 'Thirty Glorious Years' in the French phrase. So unexpected was it, that the existence of this super-boom was only slowly recognised, even by those who benefited from it - 'You never had it so good' did not become a British political slogan until 1959 - and was fully recognised only in retrospect, after the boom had come to an end in the early 1970s. Initially it did not look like a specifically capitalist triumph, since both 'camps' - at least in Europe and Asia - were busy recovering from the ravages of war, and the rate of growth of the socialist economies during this period was generally considered to be as fast, if not faster, than the rest.

However, from some time in the 1960s it became patent that capitalism had surmounted its era of catastrophe, although it was not yet so evident that the socialist economies were running into serious trouble. Nevertheless, in material and technological terms the socialist camp was clearly no longer in the race.

Somehow the heritage of the age of catastrophe was surmounted, or at least buried. Fascism and its associated forms of authoritarianism were destroyed and liquidated in Europe, and variants of liberal democracy once again became the normal political regimes in the metropolitan countries. (In what now came to be called the Third World this was notably not the case.) The colonial empires of the imperialist era, notoriously the Achilles heel of their metropolises, were politically decolonised. Both processes, decisively initiated in 1945-48, were essentially completed in the 1970s.

War, which had twice swept through the developed world, and especially Europe, was eliminated from this region, partly by being transferred to the Third World. There the years from 1945 to 1990 have probably seen rather more bloodshed and destruction than any other period of comparable length in modern history. Peace in the developed world was probably not maintained simply by the fear of nuclear war, and by mutual deterrence, ie, in practice by the deterrent effect of the Soviet nuclear arms on the USA after the end of the short-lived and extremely dangerous period of US nuclear monopoly¹.

It was also due to three factors: a world politics simplified into a game for two

players; the Yalta agreement which in practice demarcated each superpower's zone in Europe, from which neither tried to break out; and, eventually, the unquestionable prosperity and stability of the developed capitalist countries which eliminated the possibility, let alone the likelihood, of social revolution in this region. Outside Europe major wars (without nuclear weapons) were not, of course, eliminated.

Most important of all, capitalism learned the domestic lessons of its age of crisis, both in economics and in politics. It gave up the sort of free-market liberalism which Reaganite America and Thatcherite Britain, alone among developed Western countries, have tried to restore in the 1980s. (Both, not coincidentally, are capitalist economies on the slide.) The original stimulus for this change was almost certainly political. Keynes himself made no bones about the fact that his aim was to save liberal capitalism. After 1945 the enormous expansion of the socialist 'camp' and the potential threat it presented concentrated the minds of Western governments wonderfully, not least on the importance of social security. The intention of this deliberate break with free-market capitalism was not only to eliminate mass unemployment (which was then regarded as automatically likely to radicalise its victims) but also to stimulate demand. From the mid-1950s it became clear that both these aims were being achieved. Expansion and prosperity made welfare capitalism affordable. It reached its peak in the 1960s, or even in the 1970s, before a new world crisis provoked a fiscal backlash.

Economically, therefore, the turn to a Keynesian mixed economy paid off dramatically. Politically it rested on the deliberate partnership between capital and organised labour under the benevolent auspices of government, which is now known and usually slagged off as 'corporatism'. For the age of catastrophe had revealed three things.

First, that the organised labour movement was a major and indispensable presence in liberal societies. Indeed sometimes, as in central Europe after the 1918 defeat, it emerged briefly as the only state-sustaining force to survive the collapse of empires.

Second, it was not Bolshevik. (Comintern exclusivism actually forced most socialist sympathisers with the October Revolution back into the reformist camp, and kept communists in a minority in the countries of the old Second International until the period of anti-fascist resistance.)

Third, that the only alternative to buying working-class loyalty with (expensive) economic concessions was to put democracy at risk. For this reason, even the fanatical economic neo-liberalism of Thatcher's type has so far not actually been able to dismantle the welfare state, or to cut down its expense.

The political consequences of leaving

populations naked to fend for themselves in the blizzards of genuine neoliberal capitalism are too unpredictable to risk - except by graduates of business schools advising Third World and formerly socialist countries from local Hilton hotels. (Even the International Monetary Fund has discovered that there are limits to the sacrifices that can be imposed on remoter peoples.)

However, social Keynesianism, New Deal policies and 'corporatism' visibly bore the birthmarks of the era of capitalist troubles. The world capitalism that emerged from the 'Thirty Glorious Years' and (in the developed world) sailed through the economic gales of the 1970s and 1980s with surprisingly little difficulty, was no longer in trouble. It had entered a new technological phase. It had restructured the world into a substantially transnational economy with a new international division of production.

The two main pillars of the social-Keynesian era, economic management by nation-states and a mass industrial working class, especially one organised by traditional labour movements, did not so much crumble as slim down. Neither was any longer capable of carrying such heavy loads as before. Both Keynesian policies and the (mainly social-democratic) parties most firmly identified with them were clearly in difficulties, even though the essential foundation of any flourishing capitalism remained as before: a mixed public-private 'social market economy' (ie, profits plus a welfare state and social rights), an interweaving of private enterprise, public enterprise and a good deal of public control. To this extent the past 15 years have seen the fading away of another part of the heritage of the era from 1914 to the early 1950s.

However, a major symptom and product of that era remained: the third of the world under 'really existing socialism'. It did not 'fail' in any absolute sense, in spite of the growing sense that these economies required fundamental reforms, and the failure of the various attempts to reform them. Probably people in the USSR and in most of eastern Europe were better off in the 1970s than ever before. But three things were increasingly clear.

First, socialism was incapable of moving fully into, let alone generating, the new hi-tech economy, and was therefore destined to fall ever further behind. To have constructed the economy of Andrew Carnegie was no good unless one could also advance further into the economy of IBM - or even of Henry Ford, for socialism signally failed to achieve the mass production of consumer goods.

Second, in the society of global communications, media, travel and transnational economy, it was no longer possible to insulate socialist populations from information about the non-socialist world, ie, from knowing just how much worse off they were in material terms and in freedom of choice.

Third, with the slowing down of its rate of growth and its increasing relative backwardness, the USSR became economically too weak to sustain its role as a superpower, ie, its control over eastern Europe. In short, Soviet-type socialism became increasingly uncompetitive and paid the price. What is worse, it has so far proved incapable of adapting and reforming. In this it differs from Chinese socialism, whose economic reforms succeeded spectacularly - at least in the rural sector - but at the cost of seriously worsening social conditions; and which has so far fended off political unrest in the cities because the countryside is still predominant. Nor do these weaknesses apply to social-democratic mixed economies.

The Scandinavian countries and Austria have remained in the vanguard of economic and technical development and prosperity while keeping unemployment down and maintaining their ambitious welfare system in good order.

Who has won? Who has lost? And what are the prospects? The winner is not capitalism as such, but the old 'developed world' of the OECD countries², which form a diminishing minority of the world's population - say 15% today as against 33% in 1900. (The so-called Newly Industrialising Countries, or NICs, in spite of striking advances, still average only between a quarter and a third of the OECD's average per capita GDP.) The bulk of the world's population, whose governments have pursued economic development since 1917 if not before, without communist regimes, hardly encourage shouts of triumph from the Adam Smith Institute.

Unlike the former 'socialist camp', the non-socialist world contains regions that have actually reverted to local subsistence economy and famine. Moreover, within 'developed' capitalism it is certainly not the Thatcherite free-market Utopia that has won. Even its intellectual appeal has been limited to ultras in the West and to despairing intellectuals in the East who hope that the South Pole is warmer than the North Pole because it is its polar opposite.

Nevertheless, it is undeniable that capitalism, as reformed and restructured during its crisis decades, has once again proved that it remains the most dynamic force in world development. It will certainly continue to develop, as Marx predicted that it would, by generating internal contradictions leading to periodic eras of crisis and restructuring. These may once again bring it close to breakdown, as happened earlier this century. However, the current such period of crisis and restructuring has brought disaster to parts of the Third World, and to the Second World, but not to the First.

Who or what has lost, apart from the regimes of 'really existing socialism', which plainly have no future? The main effect of 1989 is that capitalism and the

rich have, for the time being, stopped being scared. All that made Western democracy worth living for its people - social security, the welfare state, a high and rising income for its wage-earners, and its natural consequence, diminution in social inequality and inequality of life-chances - was the result of fear. Fear of the poor, and the largest and best-organised block of citizens in industrialised states - the workers; fear of an alternative that really existed and could really spread, notably in the form of Soviet communism. Fear of the system's own instability.

This concentrated the minds of Western capitalists in the 1930s. Fear of the socialist camp, so dramatically extended after 1945 and represented by one of two superpowers, kept them concentrated after the war. Whatever Stalin did to the Russians, he was good for the common people of the West. It is no accident that the Keynes-Roosevelt way of saving capitalism concentrated on welfare and social security, on giving the poor more money to spend, and on that central tenet of postwar Western policies - and one specifically targeted at the workers - 'full employment'. As it happens this bias against extreme inequality served capitalist development well. The showpiece countries of postwar economic growth, Japan, South Korea and Taiwan, have enjoyed unusually egalitarian income distributions until recently, partly assured by postwar land reforms by occupying powers determined to counteract revolution.

Today this fear, already reduced by the diminution of the industrial working class, the decline of its movements and the recovery of self-confidence by a flourishing capitalism, has disappeared. For the time being there is no part of the world that credibly represents an alternative system to capitalism, even though it should be clear that Western capitalism represents no solutions to the problems of most of the former Second World, which is likely to be largely assimilated to the condition of the Third World. Why should the rich, especially in countries such as ours, where they now glory in injustice and inequality, bother about anyone except themselves? What political penalties do they need to fear if they allow welfare to erode and the protection of those who need it to atrophy? This is the chief effect of the disappearance of even a very bad socialist region from the globe.

It is too early to discuss long-term prospects for the future. What a Hungarian historian has called 'the short 20th century' (1914-1990) has ended, but all we can say about the 21st is that it will have to face at least three problems, which are getting worse: the growing width of the gap between the rich world and the poor (and probably within the rich world, between its rich and its poor); the rise of racism and xenophobia; and the ecological crisis of the globe which will affect us all. The ways

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in which they can be dealt with are unclear, but privatisation and the free market are not among them.

Among the short-term problems, three stand out. First, Europe has returned to a state of instability, as between the wars. Hitler's triumph briefly produced a 'German order'. Yalta and superpower duopoly produced 45 years of European stability, which are now at an end. Since Russia and the USA have ceased to be able, jointly, to impose their order as before, the only alternative hegemonic force on our continent, as between the wars, is Germany. That is what everyone is afraid of, not because 'Germans are Germans' - there will certainly be no return to Hitler - but because German nationalism has dangerous unfinished business: the recovery of the large territories lost in 1945 to Poland and the USSR.

And the new instability, as the Middle Eastern crisis proves, is not only European, but global. No longer held back by the fear that a sudden move by one superpower or its associated states into the other's zone of influence would provoke a direct confrontation between East and West, adventurism is once again on the agenda. What kept the world order in being since 1945, including most of the 60 sovereign mini-states with populations of less than 2m (the Gulf is full of such political artifacts), was largely the fear of global war. But if the nuclear world holocaust is no longer an immediate danger, a world in which medium-sized

gangsters no longer hesitate to take over small neighbouring territories is not safer from war than before. Nor is one in which a superpower rushes blithely into the Middle Eastern explosives store ready to fire, knowing that those whose missiles could reach New York will no longer do the same. Is it an accident that, within barely half a year of the collapse of the Warsaw Pact, we find ourselves facing a major war crisis?

The second development reinforces this world instability. For central and eastern Europe are relapsing into something like the post-first world war zone of nationalist rivalries and conflicts. In fact *all* the burning problems of this kind date back to the inter-war years. They posed no major headaches before 1914³. What makes the situation more explosive is that today the last of the pre-1914 multinational empires is in disintegration. For it was the October Revolution which saved the tsar's domains from the fate of the Hapsburg and Ottoman empires and gave them another 70-odd years of life as the USSR.

The dangers of war in this situation are serious. Already the demagogues of Great Russian nationalism are talking lightly about a possible 'civil war in which our situation would be a nuclear one'⁴. One day soon we may look back with melancholy on the days when nuclear triggers were under the control of the two superpowers.

Lastly, there is the instability of the

political systems into which ex-communist states have rushed: liberal democracy. So did the new states in 1918. Twenty years later only Czechoslovakia was still democratic. The prospects for liberal democracy in the region must be poor, or at least uncertain. And the alternative, given the unlikelihood of a return to socialism, will most likely be military or right-wing or both.

So, let us wish eastern Europe and the world luck as it ends an old era and is about to enter the 21st century. We shall need luck. And let us commiserate with Mr Francis Fukuyama, who claimed that 1989 meant 'the end of history', and that henceforth all would be plain liberal, free-market sailing. Few prophecies look like being more short-lived than that one.

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1 The most dangerous period since the war was undoubtedly 1946-1953, during which Attlee specially travelled to Washington to dissuade Truman from using nuclear bombs in Korea. Probably the only time when the USSR appears to have seriously believed that war might be imminent was 1947-50.

2 If we leave out Turkey, Greece, Spain and Portugal, which were included only on political grounds, the OECD consists of Austria, Belgium, Canada, Denmark, Finland, France, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the UK, the US and West Germany. Australia is partly associated.

3 Among the problems which did not exist or were of very minor political significance before 1914: Croats versus Serbs; Serbs versus Albanians; Slovaks versus Czechs; the Transylvanian imbroglio; the three Baltic nationalisms; Byelorussia; Moldavia; Azerbaijani nationalism; not to mention the former German territories east of the Oder-Neisse line.

4 Edward Mortimer, 'Bolshevism At The Mercy Of The Republics', *Financial Times*, July 31, 1990.

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