New Light on Old Issues

The Relevance of "Really Existing Socialist Societies" for Stratification Theory

Scholars have long debated the causes, consequences, and legitimacy of systems of social inequality, with some defending them as natural, inevitable, or even divinely ordained, and others challenging them as unnatural, unnecessary, and immoral (Lenski 1966, ch. 1). In the twentieth century, the most important challenges have come from groups and individuals inspired, directly or indirectly, by the work of Marx and his followers.

One does not need to look far in sociology to see the impact of Marx's vision and the controversies it has created. As many have observed, the long-running debate between functionalists and their critics is, in many ways, a debate over the merits of Marxism: Functionalists maintain that economic inequality is both necessary for societies and beneficial for the vast majority of their members, whereas their critics argue that it is neither.

Unfortunately, from the standpoint of our understanding of the causes and consequences of systems of stratification and the merits of Marx's ideas, the debate among sociologists has focused almost entirely on the experience of Western "capitalist" societies.[1] Surprisingly little attention has been devoted to the experience of the former Soviet republics, Poland, East Germany before unification, the once-united Czechoslovakia, Hungary, the former Yugoslavia, Romania, Bulgaria, Albania, China, Cuba, North Korea, Vietnam, and other societies that were or have been governed for extended periods by dedicated Marxists. Yet, as East European sociologists have often pointed out in recent years, these societies have provided a unique set of laboratories for observing the effects of "really existing socialism."[2] They allow us to observe socialist societies functioning in the real world under real-life conditions. In these societies, we can see what actually happens when private ownership is abolished and the emphasis in a society's system of rewards is shifted from material incentives to moral incentives. Imperfect though these tests have been, they shed valuable new light on the causes and consequences of inequalities in power and privilege.[3] The results have been much too consistent to be ignored or written off as simply a matter of chance, and the consistency is especially impressive when one considers the great cultural diversity of the societies involved.

For many years, Western sociologists could justify their inattention to "really existing socialist societies" because of the difficulties of obtaining reliable data. By the early 1970s, however, a sufficient body of evidence had accumulated, and political conditions in a number of Marxist societies had improved to the point that one could, with some confidence, begin to form a fairly accurate view of a number of important aspects of the new Marxist systems of stratification. On the basis of materials available at the time, I concluded in an earlier article (Lenski 1978) that these "experiments in destratification" had enjoyed their greatest successes in reducing *economic* inequality: Differentials in wealth and income appeared to be substantially less in societies governed by Marxist elites than in other societies. These successes were offset, however, by two major failures: (1) *Political* inequalities in these societies were enormous, far greater than in any of the Western industrial democracies, and (2) none of these societies had achieved anything remotely resembling the critical transformation in human nature that Marx had predicted would follow the abolition of private property and would lay the foundation for the subsequent evolution of societies from socialism to communism. These failures, I concluded, were due in large measure to a critical flaw in Marxian theory—its unrealistic assumptions about human nature.

Looking back, I believe these conclusions have stood the test of time fairly well. Of course, information that has since emerged and the wisdom of hindsight would lead me to modify and extend them. For example, recent revelations following the overthrow of the Marxist regimes in Eastern Europe indicate that the level of economic inequality in those societies was greater than I was then aware. To cite but three examples: (1) After the overthrow of Todor Zhivkov, the Bulgarian public and the rest of the world learned that during his years in power he had acquired no fewer than thirty separate homes for his personal use and that he and other top Communist Party leaders had accumulated millions of dollars in secret foreign bank accounts (Laber 1990); (2) the longtime Communist leader of Romania, Nicolae Ceauçescu, amassed forty villas and twenty palaces for himself and his family and accumulated millions in Swiss bank accounts at a time when the bulk of the population was often living without heat or light (*Washington Post* 1990); and (3) in East Germany, Erich Honecker accumulated millions of dollars in Swiss bank accounts by skimming profits from arms sales to Third World nations, while sharing with other top Communist Party leaders exclusive private hunting preserves and other luxuries that were denied to, and hidden from, the rest of the population. Although it has long been clear that Communist Party elites enjoyed many privileges that were denied to others (Matthews 1978), the extent of these privileges has proved to be much greater than most had supposed. That these were not merely aberrations of East European Marxism is indicated by non-European examples: In Nicaragua, the villas and much of the other property once owned by Anastasio Somoza and his associates became the personal property of top Sandinista leaders and their families, while in China and Vietnam, Communist Party elites continue to live in closed compounds (similar to those in the former East Germany) where living conditions are carefully hidden from public scrutiny (Salisbury 1992).

At the other extreme, poverty in these societies was more widespread and more serious than Western observers generally realized.

Reports by Soviet authorities in the late 1980s indicated that at least 20 percent of the population was living at or below the official poverty level (Fein 1989). Homelessness was also reported to be a problem in Moscow and other Soviet cities, while studies in Hungary at the end of the Communist era found that a quarter of the population was living in poverty (Kamm 1989).

Despite these revelations, it still appears that the level of economic inequality in Marxist societies never equaled the level found in Japan and most of the Western democracies. Wealthy and privileged though the Zhivkovs, Ceauçescus, and Honeckers were by comparison with their fellow citizens, the magnitude of their wealth never compared with the great fortunes amassed by leading Western and Japanese businessmen and by oil-rich Middle Eastern leaders. Furthermore, passing wealth on to the next generation has always been much more difficult in Marxist societies than elsewhere, as the unhappy experiences of the Leonid Brezhnev family and others indicate.[4]

A more serious flaw in my earlier assessment was its failure to anticipate the speed and magnitude of the changes that lay ahead. Although I anticipated that the gradual process of political liberalization that began after Stalin's death would continue, and that other changes would occur in response to problems encountered and to the changing needs and growing demands of a better educated population, I cannot pretend to have foreseen the sudden collapse of Communist Party hegemony, the rapid emergence of multiparty systems, or the radical economic changes that have occurred in most of Eastern Europe.

The benefit of hindsight makes clear that the internal, systemic problems of the command economies and one-party polities of Marxist societies were far more serious than most Western observers suspected. In fact, it now appears that the greatest success of Marxist regimes was their ability to dissimulate—a success that was too often achieved because of the readiness of large numbers of Western journalists, scholars, and others to accept glowing reports of socialist successes uncritically (Hollander 1981; Fang 1990). With the revelations that have followed in the wake of the democratic revolutions in Eastern Europe, we now know that the economies of these societies had been stagnating for years and that much of the population had become disaffected and hostile. Worse yet, Marxism and Marxist elites had lost whatever legitimacy they once enjoyed in the minds of many people, especially intellectuals and other opinion leaders and even Party members. (Ironically, this was at a time when Marxism was becoming increasingly fashionable among Western intellectuals.)

These developments have great relevance for our understanding of the causes and consequences of inequality, since it seems that many of the internal, systemic problems of Marxist societies were the result of inadequate motivational arrangements of the sort debated by stratification theorists such as Davis and Moore (1945), Davis (1953), and Tumin (1953). These problems were of two basic types: (1) undermotivation of ordinary workers and (2) misdirected motivation of managers, bureaucrats, and other decision-makers.

The first of these problems was summarized succinctly years ago by East European workers themselves who said, "They pretend to pay us, and we pretend to work" (Dobbs 1981). The rewards for most kinds of work simply did not justify anything more than minimal, perfunctory effort (Shlapentokh 1989, ch. 2). Shoddy workmanship, sullen workers, absenteeism, corruption, and bureaucratic pathologies of various kinds came to typify worker performance in Marxist societies (*The Economist* 1988). These problems are present in every society to some degree, but they became far more prevalent and far more serious in the socialist economies of Marxist societies than in most others. They became so serious, in fact, that they had demoralizing consequences for the vast majority of citizens: endless hours spent in lines queuing for merchandise that was either of poor quality or in short supply, frequent confrontations with surly state employees, unsatisfactory housing, an inadequate health-care system, and more. To add insult to injury, most citizens became aware that a small minority of their fellows was exempted from most of these problems: For them, there were well-stocked stores with better quality merchandise in ample supply and more responsive employees, better housing, better health-care facilities, better schools for their children, second homes, and countless other perks. Worse, this elite preached socialism and the need for sacrifice while enjoying all these special privileges.

To describe the conditions that developed in these societies is to raise the question of why the system failed so badly. What went wrong, and why was the promise of freedom and affluence for the masses never achieved?

For many years, Marxist elites in Eastern Europe and their Western sympathizers explained away these problems on the grounds of *external factors:* the historic backwardness of Eastern Europe, the damage to the Soviet economy caused by the civil war that followed the 1917 revolution, and the hostility of the Western democracies. Although there was much truth to these claims, it has become increasingly clear that *internal, systemic factors* were also a major source of problems for many years. By the late 1980s, this had become obvious even to the leaders of these societies, with many of them becoming advocates of change, and some abandoning Marxism altogether.

Over the years, Marxist societies experimented with a variety of incentive systems, but the egalitarian nature of Marxist ideology always led to substantial limitations on wage differentials for the masses of workers.[5] Over time, however, the severity of these limitations varied as Party elites attempted either to improve the economic performance of their societies or, alternatively, to conform more closely to socialist principles. In a few instances, in an excess of socialist zeal, wage differentials were virtually eliminated: In Czechoslovakia in the early 1960s, for example, wage differences were reduced to the point that engineers and highly skilled workers earned only 5 percent more than unskilled workers. Because of this, large numbers of talented young people dropped out of school, feeling that it was not worth the effort required and the income that would be sacrificed to continue their education. Morale problems also developed among skilled workers, engineers, and other professionals. Within several years, problems had become so acute that authorities were forced to reverse themselves and increase rewards for better educated and more highly skilled workers. A similar crisis developed in the Soviet Union in the early 1930s, forcing Stalin to increase material incentives and wage differentials substantially (Inkeles 1950), and there is growing evidence that the economic crisis in the Soviet Union of the 1980s developed initially in response to a process of wage leveling begun under Brezhnev.

The chief reason for these problems appears to be a basic flaw in Marxist theory. Writing in the nineteenth century, Marx was heir to the eighteenth-century Enlightenment view of human nature—an optimistic view that saw the unattractive aspects of human life as products of corrupting social institutions that could be eliminated by rational social engineering. Whereas the French philosophes blamed the defects in human nature on the influence of church and state, Marx saw private property as the ultimate source of society's ills: If it were abolished, human nature would be transformed. Once socialism was established and the means of production were owned by all, moral incentives could replace material incentives and workers would find work intrinsically rewarding (see also Tumin [1953] on this point). They would work for the sheer joy of working and for the satisfaction of contributing to society's needs, not simply to earn a livelihood.

Unfortunately, the abolition of private property failed to produce the happy transformation in human nature that Marx anticipated. On the contrary, freed from the fear of unemployment and lacking adequate material incentives, worker performance deteriorated and production stagnated or declined in Marxist societies everywhere (Shlapentokh 1989; *The Economist* 1988; Silk 1990; Kamm 1989; Jones 1981; Scammel 1990; Huberman and Sweezy 1967; Zeitlin 1970). The most compelling evidence of this has come from the two Germanys, which shared a common cultural heritage that involved a long tradition of worker pride. Yet by the closing days of the German Democratic Republic, reports of slack work patterns were widespread, and many East German workers were quoted as expressing concern that they would be unable to adapt to the more demanding standards of West German industry. In 1990, at the twenty-eighth Communist Party congress in the Soviet Union, President Mikhail Gorbachev's close associate, Aleksandr Yakovlev, asserted that labor productivity in capitalist South Korea was substantially greater than in socialist North Korea (New York Times News Service 1990). Tatiana Zaslavskaia, a leading Soviet sociologist, found that as many as a third of Soviet workers hated work and were unresponsive to incentives of any kind (Shlapentokh 1987).

But the motivational problems of Marxist societies stemmed from more than faulty assumptions about human nature. They were also due to defective organizational arrangements spawned by the command economies of those societies. Lacking the system of automatic controls inherent in a market economy, economic planners were forced to devise elaborate plans and assign production quotas for the managers of every enterprise. To ensure fulfillment of these quotas, managers were awarded bonuses for meeting or exceeding them and were penalized severely for any shortfall. One unanticipated consequence of this seemingly rational procedure was that managers acquired a strong incentive to stockpile essential resources of every kind—*including labor* (Kostakov 1989; Smith 1976; Greenhouse 1989). Thus, labor resources in these societies came to be used very inefficiently; the result was that workers became cynical about the value of what they were called on to do.

Managers also developed a variety of other unfortunate adaptations to central planning. They learned, for example, that quantity, not quality, was what their bosses, the central planners, cared about (Parkhomovsky 1982).[6] They also learned that production figures could be inflated without much risk because their bosses were also rewarded for good statistics and no one had any interest in seeing if actual performance matched reported performance (G. Medvedev 1989; Z. Medvedev 1990).

Finally, managers learned that there were only minimal rewards for reinvestment and for technological innovation. Lacking pressures from direct economic competition, Party leaders and planners failed to appreciate the importance of continuous modernization of their industrial plant. According to one account, Soviet managers received bonuses of 33 percent for fulfilling production quotas but only 8 percent for fulfilling the plan for new technology (*The Economist* 1988, 11). Thus, because capital investment and technological advance were badly neglected, the command economies of Marxist societies became less and less competitive in world markets.[7]

All of this evidence seems to confirm Davis's (1953) assertion that successful incentive systems involve (1) motivating the best qualified people to seek the most important positions and (2) motivating them to perform to the best of their ability once they are in them. Marxist societies seem to have failed on both counts, using political criteria primarily both to allocate positions and to reward incumbents (Voslensky 1984; Kennedy and Bialecki 1989; Voinovich 1989).

The many malfunctions in the command economies of Marxist societies raise the question of whether they were more or less inevitable consequences of the system itself. This is a question of considerable importance, since command economies are not confined to Marxist societies. The public sector in every society functions as a command economy, and the public sector has been expanding in most societies in recent decades.

Although it is not possible to explore this question in depth here, several observations are in order. First, a substantial majority of the citizens in most of the once socialist societies of Eastern Europe rejected the system when given the chance. Even many Party leaders came to have little faith in central planning and the command economy. As one member of the Soviet Congress of People's Deputies said on the floor of that body, his nation taught the world a valuable lesson by testing, at great cost to itself, what proved to be "an impossible system of economic development" (Zakharov 1990).

Second, there have been remarkable similarities in the performance of command economies in otherwise widely divergent Marxist societies. Most of the pathologies found in Eastern Europe—absenteeism, poor work discipline, low levels of productivity, failure to reinvest in plants and to encourage innovation—have also been reported in China, Cuba, and elsewhere.

Finally, many of these same problems are also evident in the public sector of non-Marxist societies. Government workers and workers in state-owned Western enterprises are widely perceived as less diligent, innovative, enterprising, and responsive than workers in private industry: Negative associations with the term "bureaucrat" are almost as strong in non-Marxist societies as in Marxist ones. In addition, government agencies in these societies are often noted for their inefficient use of human and other resources. Managers in these bureaucracies often find that they are more likely to maximize their own rewards by expanding the size of the work force and other resources under their supervision (regardless of need) than by using these resources efficiently.

Some observers have argued that the massive failures of the socialist economies of Marxist societies in Eastern Europe and elsewhere demonstrate the obvious superiority of capitalism and indicate that the future lies with capitalism. That conclusion, however, seems unwarranted. As noted earlier, even those societies that are usually referred to as "capitalist" have, in reality, very *mixed economies.* To paraphrase Marx, they are societies in which rewards are allocated partly on the basis of *need,* partly on the basis of *work,* and partly on the basis of *property.* In short, they combine elements of communism, socialism, and capitalism and are the product of trial-and-error experimentation guided, in large measure, by a spirit of pragmatism. Mixed economies are systems that recognize the need for material incentives and acknowledge the benefits of economic inequality. But they are also systems that recognize the necessity of allocating a part of the economic product on the basis of need and most on the basis of work.[8] In short, the old view of societies as being either capitalist or socialist seems increasingly irrelevant.

Over time, an ever-increasing number of societies and their leaders have accomplished what scholarly theorists have so notably failed to achieve: They have created a workable synthesis out of seemingly contradictory principles of allocation. One of the urgent tasks for students of inequality in the years ahead will be to catch up with this new social reality and create the kind of theoretical synthesis that does justice to the economic synthesis that has been created in most Western democracies in recent decades. Too much of stratification theory still resembles the work of the proverbial blind men struggling to describe an elephant.

No real synthesis is likely to emerge, however, so long as students of stratification ignore the crucial body of evidence that has accumulated concerning the effects on motivation and productivity of the massive experiments in destratification conducted in the twentieth century by Marxist elites. In effect, these experiments have provided us with far better evidence than any we have had before of the limits of what is possible in terms of the reduction of differentials in wealth and income. And although these tests cannot be considered definitive, neither can they be written off and ignored as most analysts have done so far.

NOTES

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1. I have qualified the label *capitalist* because all Western industrial societies now have mixed economies with substantial state controls over and limitations on the rights of ownership.

2. The terms *really existing socialism* and *really existing socialist societies* were coined by East European sociologists. Although the Marxist-Leninist societies, to which the terms have been applied, represent but one version of socialism, they are especially important for stratification theory because the former leaders of these societies were able to implement the basic socialist principle of abolishing private property far more successfully than socialists in Western Europe ever were.

3. Unfortunately, imperfect tests are a fact of life in the social sciences. If the tests of Marxist theory that are possible in Marxist societies fall short of the scientific ideal, the same is true of almost every test in the social sciences. To deny the relevance of evidence from imperfect tests would be to deny the relevance of most of what has been learned over the years in the social sciences.

4. Shortly after Brezhnev's death, his son-in-law was arrested and sentenced to prison on charges of corruption.

5. The salaries of Party leaders were also kept quite low, but they were compensated generously in a variety of other ways.

6. Quality controls are far more likely when consumers can choose among competing products. When people must use their own money to purchase goods and services, they are not nearly so willing to accept inferior products as when they are using public funds.

7. For example, only 23 percent of Soviet inventions were put to use within two years of their date of patenting, compared to 66 percent of American inventions and 64 percent of West German (*The Economist* 1988).

8. Internal Revenue Service data indicate that approximately 10 percent of U.S. GNP is allocated on the basis of need (public health, welfare, and education expenditures), 70 percent on work (wages and salaries), and 20 percent on property (interest, rents, dividends, capital gains) (Lenski 1984, 202).

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