

Has Capitalism Won?

Hillel Schenker

That was the provocative title of Dr. Avraham Wolfensohn's talk in a series of discussions on "Socialism Today" held under the auspices of the Center for Socialism at the *Tzavta* Club in Tel Aviv.

With the rush to the market economy taking place in the Soviet Union and Eastern Europe, the celebrations by the right in the West that "the Cold War is over and we won," and even in the Israeli context, the difficulties being experienced by *Hevrat Haovdim* (the Histadrut-owned worker's economy) and the fact that kibbutzim are considering the idea of individual salaries as incentives for greater productivity, the question seems quite timely.

This year, relatively few red flags were raised over Histadrut's institutions on May 1st, no mass parades and demonstrations were held, and *Mapam's* daily *Al Hamishmar* was the only Israeli newspaper which maintained the tradition of not appearing on the international worker's holiday. The rationalization for not celebrating May 1st was that too many work days were lost in the course of the Gulf War. That was true, but other factors also encouraged the widespread 1991 avoidance of the worker's holiday.

I live on Hess Street in Old Tel Aviv by the sea, named after Moses Hess, one of the founders of Socialist-Zionism and a close associate of Karl Marx. And yet, people ask me, "how come they named a street after Rudolf Hess (Hitler's deputy)?" Gadi Yatziv, the head of the Center for Socialist Studies at Givat Haviva, tells a story about a rash of tire-puncturing in the

Jerusalem area. In an entire neighborhood, only the red-colored cars were the targets of "the mad tire-destroyer," who turned out to be a disgruntled Soviet Jewish immigrant who was "getting even" with socialism.

Actually, that last story has a lot to do with the state of socialism in Israel today. Over 250,000 Soviet Jewish immigrants have arrived in Israel since January 1, 1990. And there are predictions that over one million Soviet Jews will have arrived by 1995.

That's a lot of votes.

And since the overwhelming majority of the Soviet Jews are experiencing a tremendous backlash against the indignities that they believe they experienced in the Soviet Union, they have a phobia against anything related to socialism, the red flag, etc.

At a study day at Kibbutz Ga'ash devoted to "The Left in the Age of Changes," Dr. Yatziv said that he found that it is virtually impossible to talk about socialism with the Soviet Jewish immigrants. First of all, he says, the Soviet Union has not been an authentic model of socialist experience. "How could things have been that bad in the Soviet Union," Yatziv says to them, "if so many of you are doctors, engineers, musicians, etc. You had education, work, social security, etc." But it's futile. Yatziv believes that it will take at least four years of confrontation with the problems of the Israeli reality before the Soviet Jews will be ready to have a serious discussion about these issues.

And what about those who say that the market economy has won? I was astonished during an evening in New York last year to hear *Monthly Review's* Paul Sweezy and Harry Magdoff, mentors to an entire generation of independent socialists in the United States, say that the Soviet Union is trying the market economy "and we have no counter-prescription. We just have to wait to see how it works."

Dr. Wolfensohn, a lecturer in political science at the University of

Haifa and the Technion and the editor of *Social Research Review* says that we don't have to wait. All we have to do is look at the state of the American and British economies and societies during the Thatcher and Reagan-Bush eras. In response, I said that in New York or London, one look at the homeless, the unemployed and the collapsing infrastructures clearly demonstrates that capitalism is in trouble. However, what does the situation in the Soviet Union and Eastern Europe, and in Israel as well, have to say for the concept of planned economies?

Wolfensohn's answer, particularly *vis-a-vis* the Soviet Union, is that they had a problem of skewed priorities, they wanted guns before butter (whether because of objective circumstances or subjective choice is another matter). The fact is that they did very well in the area of guns, sputniks, etc.; the problem is with the butter, the consumer goods. As far as Israel is concerned, advocates of Milton Friedman *laissez-faire* style capitalism have dominated the halls of academia since the 1960s, and the halls of government since the *Likud* came to power in 1977. According to Dr. Wolfensohn, they have systematically undermined many, though not all, of the achievements of Israeli socialism. However, even these missionaries of the market economy are beginning to realize that their prescriptions aren't working for Israeli society.

Unemployment has reached over 10 percent, over 160,000 people, and there are estimations that the number may rise to 225,000 by the end of the year. The Governor of the Bank of Israel recently warned that the number of unemployed may even reach 400,000, to be accompanied by a possible *yerida* (emigration) of 200,000 Israelis. Today, 40 percent of the Soviet Jews who arrived in 1990 and have completed their first year in the country are out of work. And tens of thousands of prospective immigrants are delaying their arrival "until the

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situation clears up." Hebrew University Prof. Michail Agursky, a veteran Soviet Jewish immigrant from the previous wave of *aliya* which arrived in the early '70s says that the *Likud*'s prescriptions will not work. Without economic planning, there is no chance to successfully absorb the current mass wave of Soviet Jewish immigration.

Dr. Wolfensohn cites the Scandinavian countries, England under Harold Wilson and elements of France under François Mitterand as successful examples of socialism.

Gadi Yatziv says that the left and the right have switched roles. Whereas in the '50s (at least in Israel) the left was doctrinaire and the right was pragmatic, today it is the other way around. Historically, it is not capitalism which is victorious, but democracy. That is what we are witnessing in Eastern Europe and South America, and there are even signs of this phenomenon in the Asian and African parts of the Third World. According to Yatziv, the future struggle between right and left will be based upon the questions: Which system is more democratic? Which system provides more equal opportunities and rights for the greatest number of people? Yatziv believes that socialism will triumph. He believes that the difference between a liberal capitalist and a socialist is that the former wishes that things would be better for the homeless, while the latter aspires to a series of social arrangements and laws which will guarantee that things will be better.

Dr. Wolfensohn believes that in America, the bastion of capitalism, some of the most important work about the future of socialism has been done, and he cites the writings of Michael Harrington, Joseph Shumpeter and John Kenneth Galbraith.

Another voice from America recently gave a boost to the spirits of Israeli socialists. Speaking at a conference on Economic and Political Transition in Eastern Europe held at the Hebrew University in early April, Prof. Joseph Berliner of the Russian Research Center at Harvard University said that "The conclusion of the 21st century about the 20th Century experiment with socialism will be that it was tried and it worked." A century ago, said Ber-

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liner, it was considered a truism that no economic system that excluded private property and the profit motive could work at all. "It was seen as contrary to human nature." When Lenin exercised a tactical retreat in the early 1920's to adopt the New Economic Policy (N.E.P.), it was widely assumed that the knell had sounded for the communist experiment. However, not only did communism not collapse, it survived for the better part of a century. As late as the 1950's, many believed it would inevitably surpass capitalism. The Soviet Union's rapid reconstruction after World War II and its achievements in space, coupled with post-war American recessions and memories of the depression, made it seem to some that the Soviet Union was forging ahead. In the next decades, however, Western technological breakthroughs left the Soviet bloc hopelessly behind.

The failure of the socialist economy, said Berliner, was relative, not absolute. "The pre-*pérestroika* period proved that a centrally planned economy was entirely viable. It was rejected because of dissatisfaction with its performance relative to the U.S., Western Europe and Japan."

The failure of socialism to live up to its promise to surpass capitalism will not deter future socialists, said Berliner, "nor should it."

"The Israeli kibbutz has proven perhaps the most successful socialist experiment," he continued, but its specific nature — small-scale production and a common ideology — means that it could not serve as a major model for the 21st century.

Future socialism can be expected to profit from this century's errors, Berliner said. It will incorporate market forces into its ideology, and will accept that people are motivated more by self-interest than by the desire to

build a better world. "We learned that socialism does not transform people into essentially different beings than those who live under capitalism." The next century will not conclude that socialism's poor performance this century portends an equally poor performance next time around. "The idea of socialism is as old as the philosophical quest for the good society. The search for egalitarianism and social justice is 2,000 years old, and it won't go away," concluded Berliner.

Gadi Yatziv adds that socialist movements and ideas have made major contributions to the improvement of man's place in society in many parts of the world. And Dr. Wolfensohn says that if Marx believed that everything was inevitable, he wouldn't have written a manifesto which focuses on the efforts of people to change and improve society.

The last words in this article go to Wolf Biermann, an extraordinary German poet/songwriter/troubadour/protest singer who recently came to Israel as a guest of the 15th Jerusalem International Book Fair held at the end of April. Biermann's parents were Communists who were arrested in pre-World War II Germany when they attempted to sabotage Hitler's efforts to aid Franco during the Spanish Civil War. His father, who was Jewish, died in Auschwitz. Biermann survived the Allied bombings of Germany as a child with his non-Jewish mother, and found himself in West Germany during the post-war period. Growing disenchantment with developments in the West led him to move over to East Germany in 1953, to work as an assistant to Bertolt Brecht at the Berlin Ensemble, and to study political economy and philosophy. In the '60s he began to write and perform on cabaret stages, and his satirical lyrics
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