

The Specter of Capitalism

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Abstract: Nonetheless, the work contains a central message worth considering: that the "new thinking" espoused by [Gorbachev] as a necessary concomitant to perestroika may signal a renaissance of Marxism intended to revitalize Soviet foreign policy in the face of a deteriorating Western (read "U.S.") world dominance. "It is only when 'new thing' is understood as a search for new tactics that its true novelty can be appreciated," the authors write. Whether designing computers, managing a state enterprise or, as [V. Kubalkova] and [Cruikshank] say of Gorbachev, engaging "in an attempt to bring perestroika not only to Soviet society but the world order as well," the entrepreneur, the driving force of capitalism, may be becoming the splintering Soviet Bloc's most valuable resource. When Stalin imposed collectivization on Russia's farms and the national income was radically redistributed to benefit capital investment, NEP folded. Yet [Nikolai Shmelev] and [Vladimir Popov] insist that "{n}ever-before or since-has the Soviet economy developed as successfully as it did during NEP," and they urge a return to the spirit of its tenets in order to realize perestroika. Yet it will not be enough to organize an economy based on what the two economists call "the self-adjusting market." The Soviet manager of the future must also abandon "the conviction that he cannot be removed or replaced, that is it his 'God-given' right to command people, that he is above Soviet laws and criticism," and become instead "a businesslike, competent, economically literate and resourceful person who is used to regarding business ethics as something holy and who always keeps his word, a person who . . . is strong-willed, independent, and sure of himself." In essence, the Soviet economy must make room again for the entrepreneur.

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Full Text: COMMUNIST ENTREPRENEURS Unknown Innovators In the Global Economy By John W. Kiser III Franklin Watts. 225 pp. \$19.95 THE TURNING POINT Revitalizing the Soviet Economy By Nikolai Shmelev and Vladimir Popov Translated from the Russian By Michele A. Berdy Doubleday. 330 pp. \$22.95 THINKING NEW ABOUT SOVIET 'NEW THINKING' By V. Kubalkova and A.A. Cruickshank Institute of International Studies University of California 143 pp. \$11.50 ONE OF the trickiest questions in transforming a sluggish, centrally planned economy into one more responsive to the market is how best to nurture the entrepreneurial spirit. How does a government encourage innovation, reward bold thinking, protect the visionary whose ideas will clearly increase the national income but which also threaten the tidy world of a long-entrenched bureaucracy? China made a bold stab at it back in the heyday of Deng Xiaoping's economic reforms: Between 1980 and 1985, for instance, the number of privately owned businesses in the People's Republic grew approximately 1,100 percent. But when inflation ran rampant and the old guard of embittered conservatives pulled the reforms up short in response, the new entrepreneurs were among the first to feel the sting of repression. Now it is the turn of the Soviet Union-and as governments fall one after another, the turn of the Eastern Bloc as well-to attempt to restructure struggling economies. A trio of new books, two of them written by academics trained in Warsaw Pact countries, offer differing versions of the argument that harnessing the energy of the visionary is essential to the success of such efforts. Of the three, Communist Entrepreneurs: Unknown Innovators in the Global Economy, by Washington businessman John W. Kiser III, is the most readable. As president of a firm that searches out new technology in Soviet bloc countries on behalf of Western companies, Kiser has met some of the least-heralded technological wizards of the modern age: Czech chemist Otto Wichterle, creator of the soft contact lens; Hungarian chemist/software designer Ferenc Darvas, whose family company has written most of the scientific software used by the chemical industry; East German physicist and entrepreneur Manfred von

Ardenne, who developed the first scanning electron microscope; and others. His descriptions of how they developed and marketed their creations is remarkably engaging, and he explains with commendable objectivity just how it was that his subjects could bypass the stagnant structures of their socialist governments long before perestroika was conceived, much less before it became the byword for the new order. Sometimes Kiser lets his enthusiasm for the marvels of the entrepreneurial spirit get out of hand. Of three successful Soviets—an eye surgeon, an agroindustrialist and the founder of a machine tool conglomerate with 25,000 employees—he gushes: "Despite a political system which for two generations has practiced economic leveling and suffocated creative spirits, innovative individuals still exist: hard-headed, stubborn, contrarian, willful pushers who do not take no for an answer. This is the good news for {General Secretary} Gorbachev." That tone, and the occasional awkward sentence construction, give his narrative a bumpy, stop-and-start quality. Overall, however, Kiser has compiled an intriguing set of profiles of people whose willingness, even hunger, to take commercial risks may help shape the economic future of the Eastern Bloc. Revitalizing the Soviet Economy, on the other hand, looks to the risk-takers of the past for a model of the Soviet economy that could be. Nikolai Shmelev and Vladimir Popov are both senior economists at the Institute of the U.S.A. and Canada of the Academy of Sciences of the U.S.S.R. and, while writing expressly for Americans, infuse their arguments with a rich sense of their country's history. Indeed, they warn readers in an introduction, "we also believe in the historical advantages of the collective, socialist organization of society." The society which Shmelev and Popov champion, however, is not the Stalinist system of today but one based on the New Economic Policy, or NEP, that Vladimir Lenin introduced in March 1921 and which directed the fledgling Soviet republic until the early 1930s. Under NEP, peasants who had satisfied minimal state tax requirements could sell the remainder of their produce on the open market; enterprises that joined industrial trusts were allowed to buy raw materials on the open market and were free to decide what to manufacture and where to sell it; workers' salaries grew along with their productivity; and foreigners were allowed to participate in the economy in a limited way by leasing enterprises under legal "concessions." In fact, the Soviet Union under NEP sounds eerily like China before Tiananmen Square: industrial production increased threefold and the national income grew 18 percent per year. When Stalin imposed collectivization on Russia's farms and the national income was radically redistributed to benefit capital investment, NEP folded. Yet Shmelev and Popov insist that "{n}ever-before or since-has the Soviet economy developed as successfully as it did during NEP," and they urge a return to the spirit of its tenets in order to realize perestroika. Yet it will not be enough to organize an economy based on what the two economists call "the self-adjusting market." The Soviet manager of the future must also abandon "the conviction that he cannot be removed or replaced, that is it his 'God-given' right to command people, that he is above Soviet laws and criticism," and become instead "a businesslike, competent, economically literate and resourceful person who is used to regarding business ethics as something holy and who always keeps his word, a person who . . . is strong-willed, independent, and sure of himself." In essence, the Soviet economy must make room again for the entrepreneur. KUBALKOVA AND Cruickshank's book is nowhere as accessible to the general reader as the other two. Developed as a series of public lectures sponsored by the Center for Russian and East European Studies at Stanford University when Kubalkova, an academic trained both in Czechoslovakia and England, was a Stanford research fellow, it tends toward the sort of arcane speculation on Marxist dialectics that only a committed Sovietologist could love. Nonetheless, the work contains a central message worth considering: that the "new thinking" espoused by Gorbachev as a necessary concomitant to perestroika may signal a renaissance of Marxism intended to revitalize Soviet foreign policy in the face of a deteriorating Western (read "U.S.") world dominance. "It is only when 'new thing' is understood as a search for new tactics that its true novelty can be appreciated," the authors write. Whether designing computers, managing a state enterprise or, as Kubalkova and Cruickshank say of Gorbachev, engaging "in an attempt to bring perestroika not only to Soviet society but the world order as well," the entrepreneur, the driving force of capitalism, may be becoming the splintering Soviet Bloc's most valuable resource. Graeme Browning, a

journalist, is the author of "If Everybody Bought One Shoe: American Capitalism in Communist China."

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