

Editorial Comment

Privatized Socialism: A Transitional Format for Post-Socialist Countries

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It has become evident that many former East-Germans have a strong anxiety regarding a shift to a free market system. The nature of the anxiety has been analyzed in various ways and at various levels. At a superficial level, the anxiety is considered to stem from the disorientation in an unfamiliar system. At a second level, the anxiety is attributed to loss of the previous ego identity: the individual had attained some expertise and recognition in the socialist system, and now he loses them because they are no longer valid, and he does not know how to achieve expertise and recognition in a new way. At a third level, the anxiety involves collapse of psychological dependency, similar to what is experienced by a small child whose mother had just died.

The socialism provided a psychological protection, in fact an overprotection, for the individual. The system guaranteed housing, medical care, income and other basic necessities. Moreover, the job itself required no special effort. People could just live automatically. In a way, the situation was quite similar to that of a small child. Now suddenly the mother died. The child does not know how to take care of himself/herself. He/she wants to find another mother. This is why many of the former East-Germans prefer another type of socialism to a free market system.

A child cannot suddenly become an adult. A transitional process must be devised. One possibility is privatized socialism, in which a private firm acts as a new mother. Fortunately and perhaps ironically, there is a model which is working.

Japanese firms practice privatized socialism. Many of them provide housing and medical care as well as relatively secure employment, even though reforms to eliminate them can be found in order to vitalize the firms psychologically as well as financially. A major drawback of socialism is low productivity. If a firm in post-socialist countries introduces privatized socialism, the productivity may remain low. For several reasons the usual western incentive methods such as bonus systems do not work. For example in Hungary, a bonus system was introduced many years ago, but it became partly subverted and partly it was resisted. In some factories bonus was distributed equally to all workers, and it did not matter whether one was hard-working or lazy. Some managers withheld a secret percentage of the bonus funds, in order to negotiate individually a reward for extra work. The negotiated amounts were confidential. The result was that the workers became distrustful of the manager as well as of one another [2]. Some western firms in Hungary tried to introduce individual performance evaluation. But it was strongly resented and resisted because it was perceived like the spy files of the communist secret police [1]. In some cases the individual performance evaluation was used, not for the purpose intended, but for other purposes. For example, an employee was to retire soon. The supervisor gave a good evaluation in order for the employee to obtain a better pension. This was explained to others who got a lower evaluation, and they understood it [1]. An effective incentive would be to discharge lazy employees. Privatized socialism can include housing, medical care and other basic necessities, but exclude permanent employment.

References

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