

# The Life and Death of Stalinism

## Chapter 3

### The Transition to Socialism

#### 1. THE MARXIST THEORY OF TRANSITION

The Bolshevik revolution was an overwhelming confirmation of Marxism: the proletariat, even under the backward conditions of Russia in 1917, proved capable of overthrowing bourgeois state power. Yet the subsequent history of the Soviet Union raises the doubt: how could the liberating revolution have created such a regressive society as Stalinism? From the beginning, there have been socialists who challenged the very basis of the revolution, claiming that the Soviet state was never proletarian — just as there are those who proclaim against all reason that it still is. In this chapter we analyze the expectations and hopes engendered by the revolutionary Soviet state as well as the causes of its initial deformation.

Marx saw the need for a transitional society between capitalism and communism because he understood that no society departs this earth before it fulfills its capacity to develop the forces of production. Capitalism in its epoch of decay blocks its own potential: bourgeois rule, capitalist relations and nationalist rivalries stand in the way of productive advance. It remains for the proletariat to start from the unfulfilled potential of capitalism and to complete and go beyond the bourgeois tasks. Only thus can human productive forces be raised to the level where a classless society free of scarcity is possible.

The Bolshevik revolution, therefore, was dedicated to the achievement of communism through the workers' state (or "dictatorship of the proletariat"). Marx and Engels never provided a descriptive plan for such a transitional society; this could only be done by the working class in practice under concrete circumstances. Yet certain general features could be outlined in advance by studying the dynamics of capitalist development. There was also the brief experience of the Paris Commune for comparison. Recovering these lessons is necessary because the counterrevolution buried the very meaning of a workers' state, as well as its embodiment in the early USSR, under tons of lies and social debris.

#### SOCIALISM AND VALUE

Analysis of the transitional workers' state depends on first characterizing the society it is transitional to. Marx's analysis of communism begins with a significant distinction: there are *two* stages of communist society. The final goal is a society of material abundance in which the oft-cited program, "from each according to his abilities, to each according to his needs," can be achieved. But abundance cannot arise overnight. The higher stage of communism would be preceded by a lower stage in which the questions of planning and scarcity would have to be solved.

Engels and Lenin referred to the lower stage of communism as socialism, and for clarity we will do so too. The virtue of Marx's work on socialism is that it illustrates what life would be like free from its subordination to value, which is so dominant under capitalism that it colors our perceptions of all other societies, past and future. In particular, Marx gave a description of the

distribution of goods under socialism which has been so variously interpreted that we need to quote it at length:

“Within the cooperative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labor employed on the products appear here *as the value* of these products, as a material quality possessed by them — since now, in contrast to capitalist society, individual labor no longer exists in an indirect fashion but directly as a component part of the total labor. ...

“What we have to deal with here is a communist society, not as it has *developed* on its own foundations, but on the contrary, just as it *emerges* from capitalist society, which is thus in every respect — economically, morally, intellectually — still stamped with the birth marks of the old society from whose womb it emerges. Accordingly, the individual producer receives back from society — after the deductions have been made — exactly what he gives to it. What he has given to it is his individual quantum of labor. For example, the social working day consists of the sum of the individual hours of work; the individual labor time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labor (after deducting his labor for the common funds), and with this certificate he draws from the social stocks of means of consumption as much as costs the same amount of labor. The same amount of labor which he has given society in one form he receives back in another.

“Here obviously the same principle prevails as that which regulates the exchange of commodities, as far as this is exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labor, and because, on the other hand, nothing can pass to the ownership of individuals except individual means of consumption. But as far as the distribution of the latter among the individual producers is concerned, the same principle prevails as in the exchange of commodity-equivalents: a given amount of labor in one form is exchanged for an equal amount of labor in another form.

“Hence, *equal right* here is still in principle — *bourgeois right*, although principle and practice are no longer at loggerheads, while the exchange of equivalents in commodity exchange only exists *on the average* and not in the individual case.”<sup>1</sup>

Note the assumption that the work of society and the compensation of individual producers will be scientifically organized: the time taken by particular tasks and the time contributed by each worker will be calculable and known. This means that value has been abolished, for as we have seen value is an imprecise, indirect and after-the-fact measurement of work performed. In socialist society, when labor and production are genuinely collectivized, production can be consciously organized for use rather than for an unseen market. Goods are no longer commodities, and in the absence of privileged classes and exploitation, the labor time embodied in production is measured directly rather than through the obfuscating formulas of value and money. It is *directly* social labor; it does not have to wait for the realization of commodities on the market.

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1. *Critique of the Gotha Program*, Part I, section 3.

As well, no one owns property except for the needs of individual consumption; therefore, no special rate of return for private ownership has to be included in the “value” of products. So the labor time embodied in a product undergoes none of the distortions that prevail under capitalism.

Nevertheless, Marx observes that the “same principle prevails” in this first stage of communism as in capitalist society, where commodity exchange and value are dominant. What is this principle? “A given amount of labor in one form is exchanged for an equal amount of labor in another form.” This is of course the law of value in its pure formulation: the principle of equal exchange. But value itself no longer exists, and in this society “producers do not exchange their products”! This is no mystification. Marx is simply pointing out that the genuine principle of equal “exchange” of labor time can only be achieved when value itself is done away with, when science rather than blind law governs society — when in fact there is no exchange of separately produced products, no barrier between individual and social production.

The principle of equality, even after the abolition of capitalist value, is still one of “bourgeois right” (or bourgeois law), because it represents unequal distribution despite the mask of an equal standard. (More on this below.) This highest degree of bourgeois right can be achieved only when bourgeois *rule* has been overthrown. Here we have an unexpected example of permanent revolution: only the overthrow of the bourgeoisie can achieve the bourgeois program of democracy and equality.

Lenin, writing during the 1917 revolution, elaborated Marx’s point that elements of bourgeois economy survive under socialism, noting especially that this occurs in distribution but not in property rights over production:

“And so, in the first phase of communist society (generally called socialism), ‘bourgeois right’ is *not* abolished in its entirety, but only in part, only in proportion to the economic transformation so far attained, i.e., only in respect of the means of production. ‘Bourgeois right’ recognizes them [the means of production] as the private property of separate individuals. Socialism converts them into *common* property. *To that extent*, and to that extent alone, ‘bourgeois right’ disappears.

“However, it continues to exist so far as the other part is concerned; it remains in the capacity of regulator (determining factor) in the distribution of products and allotment of labor among the members of society.”<sup>2</sup>

Thus the law of value as the regulator of production has been eliminated because production has become consciously, scientifically planned by the associated producers. We are therefore justified in calling this society communist despite its bourgeois survivals. Inequalities of various kinds remain among the producers at the lower stage of communism, but there exist no separate classes that institutionalize inequality. Classes exist in pre-communist society because of the need for distinct, opposed, relations to production. But when property is held in common, the basis for class differentiation disappears and the classes themselves disintegrate. The whole people — the associated producers — share the same relation to production. The remaining

inequalities will die out when planned socialized production succeeds in achieving the necessary abundance.

## **SOCIALIST INEQUALITY**

Marx's reminder that bourgeois rights in distribution will still exist under socialism opened up a dispute over what these bourgeois rights are. We quote the controversial passage from the *Critique of the Gotha Program* as a whole; it directly follows the long passage previously quoted.

“In spite of this advance, this *equal right* is still constantly stigmatized by a bourgeois limitation. The right of the producers is *proportional* to the labor they supply; the equality consists in the fact that measurement is made with an *equal standard*, labor.

“But one man is superior to another physically or mentally, and so supplies more labor in the same time, or can labor for a longer time; and labor, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This *equal right* is an unequal right for unequal labor. It recognizes no class differences, because everyone is only a worker like everyone else; but it tacitly recognizes unequal individual endowment and thus productive capacity as natural privileges. *It is therefore a right of inequality, in its content, like every right.* Right by its very nature can consist only in the application of an equal standard; but unequal individuals (and they would not be different individuals if they were not unequal) are measurable only by an equal standard insofar as they are brought under an equal point of view, are taken from one *definite* side only, for instance, in the present case, are regarded *only as workers* and nothing more is seen in them, everything else being ignored. Further, one worker is married, another not; one has more children than another, and so on and so forth. Thus, with an equal performance of labor, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right instead of being equal would have to be unequal.”

“But these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure of society and its cultural development conditioned thereby.”

Despite the high social consciousness of socialist society, some degree of inequality will necessarily remain. We note, however, that the extent to which even the shadow of the “law of value” applies under socialism depends on specific historical conditions. Marx wrote that in socialism:

“The mode of ... distribution will vary with the productive organization of the community, and the degree of historical development attained by the producers. We will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer is determined by his labor time.”<sup>3</sup>

That is, as the lower stage of communism further moves toward abundance, the need for bourgeois right will be to that extent diminished. Of all the bourgeois leftover Marx mentions, the clearest example of this development is in the last. Despite equal shares in consumption per worker, Marx says that some persons will receive more than others because workers will still have different needs resulting from the size of their families, conditions of health, etc. Today we can add that much of this inequality would be mitigated by measures such as supplements for children and social benefits distributed publicly, independent of the labor contribution of individuals. The possibilities of a “social wage” are more visible in our day than in Marx’s.

The most controversial aspects of bourgeois right under socialism derive from differences among labors over skill and intensity. Stalin, for example, during the course of the counterrevolution, sought to justify the growing inequality of Soviet society and impose stricter capitalistic restraints on the working class. He argued for higher wage differentials for skilled workers:

“The consequence of wage equalization is that the unskilled worker lacks the incentive to become a skilled worker and is thus deprived of the prospect of advancement ... that the skilled worker is obliged to wander from factory to factory until he finds one where his skill is properly appreciated. ... In order to put an end to this evil we must abolish wage equalization and discard the old wage scales. ... We cannot tolerate a situation where a rolling-mill hand in a steel mill earns no more than a sweeper. We cannot tolerate a situation where a railway locomotive driver earns only as much as a copying clerk. Marx and Lenin said that the difference between skilled labor and unskilled labor would exist even under socialism, even after classes had been abolished; that only under communism would this difference disappear and that, therefore, even under socialism ‘wages’ must be paid according to work performed and not according to needs.”<sup>4</sup>

Stalin’s thinking was pure management rationalization — appropriately enough, since this speech was made to a conference of Soviet “business executives.” But his audience in 1931 was still largely made up of old-time party members, so he invoked the authority of Marx and Lenin. In contrast to Stalin, of course, when Marx and Lenin said that under socialism inequalities would exist, they meant that these would be remnants of capitalism which the workers’ state was dedicated to eliminate, not preserve.

As for the distinction between skilled and unskilled labor that so concerns Stalin, Engels had mocked the idea that under socialism there would be differences in compensation. When society has taken over the responsibility of training and educating workers from the individuals themselves, there will be no justification for disproportionately rewarding those who are using the skills society has supplied. Engels was addressing his contemporary Dühring but could have been speaking straight to Stalin:

“For socialism, which will emancipate human labor power from its position as a *commodity*, the discovery that labor has no value and can have none is of great importance. With this discovery all attempts ... to regulate the future distribution of the necessaries of life as a kind of more exalted wages necessarily fall to the ground. And from it too comes the further conviction that

distribution, insofar as it is governed by purely economic considerations, is regulated by the interests of production, and production is most encouraged by a mode of distribution which allows *all* members of society to develop, maintain and exert their capacities in all possible directions. It is true that, to the mode of thought of the educated classes which Herr Dühring has inherited, it must seem monstrous that in time to come there will no longer be any professional porters or architects, and that the man who for half an hour gives instructions as an architect will also push a barrow for a period ... . It is a fine sort of socialism which perpetuates the professional porter!”<sup>5</sup>

And, we might add, it is no socialism that preserves the professional sweeper or clerk — or, conversely, the professional manager and bureaucrat. That in Soviet Russia in the 1930's capitalistic norms were being sustained and admired, rather than regretted and combatted, demonstrates the conscious cynicism with which the Stalinist officials stepped up exploitation under the guise of having achieved socialism.

The most difficult question posed by Marx's analysis of bourgeois right arises over the intensity of labor. Should workers having the same skills and training and working the same number of hours still get the same return if one works harder than another? In the first passage from Marx cited above — “the social working day consists of the sum of the individual hours of work; the individual labor time of the individual producer is the part of the social working day contributed by him, his share in it” — Marx suggests that workers under socialism would be compensated for their hours of labor only: the standard would be the quantity and not the quality of their labor.

But the second passage is more ambiguous. If labor is measured by its “duration *or intensity*,” if “unequal individual endowment” is recognized as a natural advantage, then the more intense or capable worker who contributes more effort in the same time could then receive greater compensation. That is one way to interpret “unequal right for unequal labor.” On the other hand, the “right of inequality” can also be read as a right to equal compensation even though the work done is unequal, as long as its duration is equivalent. The latter interpretation is in keeping with the abolition of the law of value under socialism, when workers are motivated not simply by compensation but by their conscious participation in the socialist society.

This interpretation is also that of Engels and Lenin. Engels observed that the “basic law of the new economic commune” would be “equal wages for equal labor time.”<sup>6</sup> And Lenin noted that in the first phase of communist society:

“The ... socialist principle: ‘An equal amount of labor for an equal quantity of products,’ is already realized. But this is not yet communism, and it does not abolish ‘bourgeois right,’ which gives to unequal individuals, in return for an unequal (actually unequal) amount of work, an equal quantity of products.”<sup>7</sup>

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5. Engels, “Simple and Combined Labor,” *Anti-Dühring*, pp. 228-9.

6. Engels, p. 229.

7. Lenin, *State and Revolution*, Chapter 4, part 3.

That is, individuals of different capacities who perform unequal amounts of work but do so in equal hours of labor will nevertheless receive an equal share of society's output. It also should be noted that under socialism the labor required of society will be carried out collectively to the extent possible in every sphere. The element of competition among fellow-workers for higher compensation will be reduced or eliminated, and the element of cooperation for improving work will become dominant. Such conditions make all the more unnecessary the retention of most forms of inequality in distribution.

In sum, the Marxist tradition postulates that the transition of society to the highest state of communism necessarily passes through a socialist stage in which some bourgeois forms of inequality still remains. In part these "bourgeois rights" act in the opposite direction from what the name suggests: certain unequal rights will favor the worse-off sections of workers. But since "equal pay" will still be the governing principle for workers with unequal needs, the workers with greater needs will suffer comparatively. Before that stage, of course, the more familiar sort of bourgeois inequality would hold, where higher quality of labor would exchange for higher wages — to the degree that the law of value still operates. We will see this specifically in the early Soviet state, but first we investigate the transitional workers' state in general.

## THE WORKERS' STATE

Until the higher stage of communism, bourgeois economic remnants will survive. So thought Marx, and Lenin went a step further: since the existence of material rights requires their enforcement, a state must still exist under the first stage of communism. What kind of state? Since it defends bourgeois rights it is a bourgeois state; but it is not run by capitalists, since none exist, nor even by a separate class of workers, since all producers are now of the same class. Lenin termed this "bourgeois state without a bourgeoisie"<sup>8</sup> a paradox, as indeed it is. It is the last flicker of the state before it is extinguished. But if such a state, however withered, is still necessary under socialism, how much more necessary is it in the transitional period between capitalism and socialism.

Marx postulated a state transitional between capitalism and the first stage of communism under which the development of the new conditions and social relations would be carried out:

"Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. There corresponds to this also a political transition period in which the state can be nothing but *the revolutionary dictatorship of the proletariat*."<sup>9</sup>

In a draft of his essay "The Civil War in France" on the Paris Commune of 1871, Marx outlined the tasks of the workers' state:

"The working class know that they have to pass through different phases of class struggle. They know that the superseding of the economical conditions of the slavery of labor by the conditions

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8. Lenin, *State and Revolution*, Chapter 5, part 4.

9. Marx, *Critique of the Gotha Program*, Part IV.

of free and associated labor can only be the progressive work of time, ... that they require not only a change of distribution, but a new organization of production, or rather the delivery (setting free) of the social forms of production in present organized labor (engendered by present industry), of the trammels of slavery, of their present class character — and their harmonious national and international coordination. They know that this work of regeneration will be again and again relented and impeded by the resistance of vested interests and class egotisms. They know that the present ‘spontaneous action of the natural laws of capital and landed property’ can only be superseded by ‘the spontaneous action of the laws of social economy of free and associated labor’ by a long process of development of new conditions ... But they know at the same time that great strides may be made at once through the Communal form of political organization and that the time has come to begin that movement for themselves and mankind.”<sup>10</sup>

In brief, through its political control of the state, the proletariat will be able to combat all the hangovers of capitalist rule, above all the remaining features of capitalist economy and in particular the law of value. Setting up a “new organization of production” along with “harmonious national and international coordination” is no easy task, especially when there remain bourgeois forces to defend their old interests. We will discuss the political economy of the workers’ state in greater detail, but first there are other matters to take up.

## **THE WORKERS’ STATE AND “SOCIALISM”**

It is common practice in describing Marx’s theory of the transition to overlook the workers’ state entirely — for example, to assume that the workers’ state is the same thing as socialism. The superficial reason for the confusion is that both are transitional to the higher stage of communism. But it is not difficult to discern Marx’s intention as well as the lessons of Soviet history.

The socialist stage refers to communist society “when it has just emerged after prolonged birth pangs from capitalist society.” This does not mean that socialism is created right after the socialist revolution, when the bourgeoisie is ousted from state power; that would deny any transitional society between capitalism and communism. No, it implies that the workers’ state that leads up to socialism is still part of the capitalist stage of history. The proletariat is a class that only exists within capitalism, as part of the wage-labor relationship. Since it cannot be abolished and still rule its own state (the dictatorship *of the proletariat*), that state is in that sense still bourgeois.

The early Soviet state, for these reasons, was considered by its founders to be not socialist but rather a transitional proletarian state. For example, the name “socialist” was included in the “Union of Soviet Socialist Republics” (USSR) to indicate the goal, not a status already achieved. As Lenin explained, “No one, I think, in studying the question of the economic system of Russia, has denied its transitional character. Nor, I think, has any Communist denied that the term Socialist Soviet Republic implies the determination of Soviet power to achieve the transition to

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Marx, First Draft of “The Civil War in France,” *Marx and Engels on the Paris Commune*, Hal Draper, ed., pp. 154-5.



socialism, and not that the new economic system is recognized as a socialist order.”<sup>11</sup>

Nevertheless, E.H. Carr, the eminent historian of the early Soviet state, contrasts Marx’s “eventual communist society” (the higher stage) with his “transitional society which ‘is just emerging from capitalist society’ and continues to bear the ‘birth marks’ of its source.”<sup>12</sup> He is obviously quoting Marx on the first stage of communism and equating this with the transitional workers’ state. Similarly, the Marxist Bertell Ollman claims that “Marx divides the communist future into halves, a first stage generally referred to as the ‘dictatorship of the proletariat’ and a second stage usually called ‘full communism’. ... The dictatorship of the proletariat comes in the wake of the revolution and exists until the onset of full communism.”<sup>13</sup>

Such writers obviously mean that Marx never expected full-fledged communism to emerge the morning after the revolution. Their implication is that Marx understood the difficulties that the transitional society would encounter. But the practical effect of confusing the two stages is to downplay the problems faced by the transitional society which has *not yet* emerged from capitalist conditions of production.

In a different spirit, Stalin decreed in the mid-1930's that the USSR had achieved socialism and was therefore no longer a proletarian dictatorship. For him nationalization of the means of production was the essential determinant of socialism. He could not pretend that separate classes no longer existed (only that they were “non-antagonistic”) or that the state had withered away. As a result he invented a hitherto unforeseen stage of “communism” in which classes continued to exist and the state grew stronger.

As we will see in the next chapter, Stalinism at this time was driving headlong toward the restoration of capitalism in the USSR. The emerging ruling class needed to move away from the concept of a proletarian state and working-class rights. The Stalinists came up with the notion of “socialism” as a state no longer belonging to the workers but to the “whole people”: the rule of the new intelligentsia/bureaucracy was advertised as a stage *beyond* the proletarian dictatorship. The 1936 Constitution mimicked the ideology of the “democratic bourgeoisie” in order to cement the diplomatic alliance with the Western powers; similarly, “people’s power” in the USSR fed into the strategy of building Popular Fronts with bourgeois parties in the West, which also embraced the fiction of non-antagonistic classes.

Today Stalinist and Maoist theorists conveniently forget that the Soviet Union was not considered socialist at the start, even by Stalin. They use “socialism” instead of “dictatorship of the proletariat” to describe countries they consider transitional between capitalism and communism — for one reason, because of the obvious lack of anything proletarian in their dictatorship. Even so sophisticated a Maoist as Bettelheim praises Lenin for “renouncing” Marx’s “idea that commodity categories were destined to disappear in the first phase of socialist

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11. Lenin, “Left-Wing’ Childishness and the Petty-Bourgeois Mentality,” May 1918, *Collected Works*, Vol. 27, p. 335.

12. Carr, *The Bolshevik Revolution*, Volume 2, pp. 14-15.

13. Ollman, “Marx’s Vision of Communism,” *Critique* No. 8 (1977), pp. 9, 15.

society.”<sup>14</sup> Obviously Marx was referring to the first phase of communism, while Lenin was speaking of the early workers’ state; Lenin never gave up the principle that socialism, a stage of communism, would be a society where scientific planning, not value, reigned.

The terminological misrepresentation goes to the heart of the Russian question. It is fundamentally a device for awarding Marxist authority to anti-working class social structures. In fact, the Stalinists who modeled post-World War II Eastern Europe on the Soviet Union never called their conquests “workers’ states” They claimed originally that their states had a multi-class or popular character, using terms like “people’s democracy.” Only later did they apply the title “socialist.” By avoiding an explicitly proletarian stage, they sidestepped having to explain the lack of any genuine role for the workers. Only the “orthodox Trotskyists” labeled the Stalinist states workers’ states, with the adjective “deformed” attached to try to bring theory closer to reality (see Chapter 7); the rulers never bothered, and the masses knew better.

The theoretical elimination of the proletarian dictatorship from the transition to communism fits into the middle-class Marxists’ rejection of the proletariat as the self-emancipating revolutionary class. As long as rational thinkers on top of society are going to do all the planning and eventually carry society to communism, why worry about distinctions between popular fronts, workers’ states and socialism? There’s no need to overthrow anybody once we’re in power. That is the real meaning of Mao’s “uninterrupted revolution”: we’re the leadership all the way. It has nothing in common with Trotsky’s permanent revolution, a materialist assessment of the limitations of bourgeois rule in this epoch. Where Trotsky’s strategy was aimed at winning the workers’ independence from temporary and unreliable petty-bourgeois allies, Mao’s aim was to prevent working-class independence and *genuine* proletarian revolution.

## DICTATORSHIP AND DEMOCRACY

The term “dictatorship” in “dictatorship of the proletariat” has also been much misinterpreted.<sup>15</sup> Marx was not a partisan of the dictatorial form of government that the word now suggests and that bourgeois commentators love to use in order to blame him for Stalinist totalitarianism. For Marx, *every* state, even the most democratic, was a dictatorship, because every state was the instrument of one class’s domination over all others — through every means necessary, above all the monopoly of armed force. Any capitalist state, for example, is a “dictatorship of the bourgeoisie”; even if it uses the most democratic mechanisms, it safeguards capitalist interests no matter how individuals are selected for state office. Thus property qualifications have often been used as barriers to voting and to holding office; they were abandoned under mass pressure but only when more sophisticated obstacles had been devised.

By the same token, any workers’ state is a proletarian dictatorship. Marx and Engels so characterized the 1871 Commune — despite, on the one hand, its tragic reluctance to use sufficiently dictatorial methods against the bourgeoisie; and, on the other, its remarkably non-

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14. Bettelheim, *The Transition to Socialist Economy*, Chapter 2, p. 111.

15. For a history of the controversy, see Draper, *Karl Marx’s Theory of Revolution, Vol. 3: The “Dictatorship of the Proletariat”* (1986).

dictatorial innovations in the sphere of working-class democracy. Likewise, in rough parallel to a bourgeois state's favoritism towards wealthy property owners, the early Soviet state deliberately gave electoral advantages to the outnumbered working class. A significant symbol of the Stalinist counterrevolution was the abolition of these class privileges in the 1936 Constitution, which established "democratic" (i.e., formally bourgeois) parliamentary forms — on paper only, since Stalinist reality was far from democratic in any form.

Here we use the simpler term "workers' state" interchangeably with "dictatorship of the proletariat." But we do not mean to suggest that the workers' dictatorship entails no consequences that would frighten a petty-bourgeois democrat. The term "dictatorship" does not mean autocracy, but it does reflect the highly centralized character that a workers' state would need in order to ensure the domination of the working class. Democracy for the many means suppression of the special privileges of the exploiters, therefore suppression of their bourgeois-democratic rights. As opposed to bourgeois "pluralism," decisions made for society as a whole by the proletariat would be decisively carried out, since promises are meant to be kept and not bargained away to the highest bidder or lost in mazes of corruption and power-brokering. It is no accident that many socialistic opponents of Stalinism reject not only Stalin's dictatorship but also centralization, which is an authentic proletarian requirement. Their alternative of decentralization and "democracy" means a return to the class-based norms of the bourgeoisie.

The bourgeois conception of democracy was always pluralist rather than majoritarian. Genuine majority rule in capitalist society would obviously be threatening to the minority bourgeoisie in its struggle against the working class; hence the bourgeois propaganda today that labor is just one "special interest" among many. Likewise, the early republicans who wrote the United States constitution deliberately tried to hamper the formation of dangerous majorities. Their system was codified through the famous "checks and balances" and the "separation of powers" in the state. In this way they institutionalized the inherent rivalry and suspiciousness between the multiple centers and different forms of capital; they produced a market version of the bourgeois state.

Even the reformist, labor-bureaucratic notion of democracy has nothing to do with the workers' democracy exemplified by the Paris Commune. It simply extends the ruling-class understanding of pluralism to incorporate the proletarian masses. The workers have to be convinced that they can share political power and change the system — and simultaneously be prevented from doing so. Reformists consequently seek all possible deterrents and counterbalances to defend their own stake in society, their local baronies for brokering the sale of labor power.

In contrast, the workers' state enables the working class as a whole to wield state power. As the Commune and the early soviets demonstrated, workers' delegates are subject to the intentions of, and immediate recall by, their constituents; they are given no special rights; their wage is no higher than that of ordinary workers; and they are responsible for carrying out the measures they adopt. Moreover, the Commune armed all citizens, including women, capable of bearing weapons.

The reformist view of democracy assumes the absurd: that equality can really exist in a society built on the division of the population into social classes. In contrast, the achievement of proletarian democracy depends on resolving the inherent contradictions of bourgeois-democratic

rights through the steady advance of the productive forces, centralization of power and dissolution of the classes from which inequality springs. A workers' state is based on the principles of proletarian democracy and at the same time fulfills many bourgeois-democratic rights left over from capitalism. Its aim, however, is not to preserve democracy in any form but to eliminate the need for any state at all.

The reformist's democracy is in fact a defense of the content of the law of value underneath its egalitarian appearance: the law of unequal exchange and deepening exploitation. (We will see this program made explicit in Chapter 8.) Whereas proletarian democracy points to the fulfillment of the original promise that the law of value embodies: equality achieved through the ending of classes. At that point democracy will disappear as well, even proletarian democracy, for without antagonistic classes there is no need for a separate state apparatus of any kind, democratic or not. In Engels' famous phrase, the state withers away. "The government of persons is replaced by the administration of things."

## **POLITICAL ECONOMY OF A WORKERS' STATE**

The founding Marxists all recognized that communist society requires not only a long period of time before it can be established but also new conditions which have to be constructed from scratch. Socialized forms of production already exist under capitalism, but not the requisite social relations. Lenin put the problem this way:

"One of the fundamental differences between bourgeois revolution and socialist revolution is that for the bourgeois revolution, which arises out of feudalism, the new economic organizations are gradually created in the womb of the old order, gradually changing all the aspects of feudal society. The bourgeois revolution faced only one task — to sweep away, to cast aside, to destroy all the fetters of the preceding social order. By fulfilling this task every bourgeois revolution fulfills all that is required of it; it accelerates the growth of capitalism.

"The socialist revolution is in an altogether different position. ... The difference between a socialist revolution and a bourgeois revolution is that in the latter case there are ready-made forms of capitalist relationships; Soviet power — the proletarian power — does not inherit such ready-made relationships ..."<sup>16</sup>

In short, the bourgeois revolution places the bourgeoisie in power *after* its economic power has already been established, after the bourgeoisie has long existed as an economic class. Whereas the socialist revolution places the workers in power *before* socialist economic forms exist — before, for example, there can be any generalized non-commodity production. It is not enough, therefore, for the proletariat to simply do away with capitalists and their property; it must create from nothing the economic organization of socialism. The socialist revolution, unlike the bourgeois, is a conscious act of social transformation. Nevertheless, the workers' state inherits a capitalist economy and must therefore live with it at the same time that it transforms it — it is indeed a bourgeois state without the bourgeoisie.

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16.

Lenin, "Political Report of the Central Committee," March 7, 1918; *Collected Works*, Vol. 27, pp. 89-90.

In order to overcome the laws and relations inherited from capitalism, the workers must consciously plan their economy. As increasingly more is produced and scarcity is conquered, the bourgeois laws are gradually reduced in force. Planning becomes fully dominant only when scarcity is ended, when the higher state of communism is reached. After all, there can be no qualitative change in production relations without a qualitative development of the productive forces.

The economic task of the workers' state is therefore to carry out the accumulative potential of capitalism and destroy the social basis for continued scarcity. The proletarian logic is to eliminate value production, since this means class exploitation and is therefore a barrier to the advance of the productive forces. (In contrast, under capitalism workers must often resist modernization in order to defend their working and living conditions against deeper exploitation and unemployment.)

The proletarian state can accumulate value without the contradictions due to the separate ownership of capitalism — which makes exchange value and the labor time underlying it diverge. The reduction of scarcity undermines the existence of classes, as owners and petty owners are transformed, forcibly in some cases and slowly in others, into producers. Thus the growing use values gradually lose their aspect as capital. When the proletariat finally eliminates itself as a separate class, the last remnant of capitalism is abolished in production and socialism begins.

As we know, Marx from time to time illustrated the contradictory nature of capitalism by comparing it with the future socialist society. One question he dealt with was why the barriers to accumulation inherent in capitalism would not also apply to communism or the transitional workers' state. Here he shows how one capitalist barrier to the introduction of new machinery would be broken through:

“The use of machinery for the exclusive purpose of cheapening the product is limited in this way, that less labor must be expended in producing the machinery than is displaced by the employment of that machinery. For the capitalist, however, this use is still more limited. Instead of paying for the labor, he only pays the value of the labor power employed; therefore the limit to his using a machine is fixed by the difference between the value of the machine and the value of the labor power replaced by it.”<sup>17</sup>

In Marx's algebraic notation, where the value of commodities produced is  $C + V + S$ , the capitalist will employ new methods only if they lower his costs,  $C + V$  (constant plus variable capital) — that is, only if the additional  $C$  he must spend is less than the  $V$  that he saves. In contrast, in a workers' state, efficiency would be less restrictive, and of course would exclude efforts to lower wages. Machinery could be introduced simply if it lowered the total cost; that is, if the additional  $C$  were less than  $V + S$  — an easier condition to meet.

Our interpretation of Marx's falling rate of profit theory provides an additional illustration of the greater efficiency of a workers' state. Under standard interpretations, the FRP is an automatic

consequence of the rising organic composition of capital. But the organic composition will continue to rise in a workers' state: modernization and accumulation of capital to expand the resources of society are a necessity, hence embodied dead labor increases faster than living labor. If the standard interpretation were correct, the rising organic composition would make the rate of profit fall and would mean that society's rate of growth must slow down as dead labor accumulates. Thus the workers' state would stagnate, as in Bukharin's model of state capitalism.

In our interpretation, on the contrary, the FRP comes to dominate its countertendencies because of the disproportionate power of the strongest capitals that characterizes the epoch of decay. It depends both on the preponderant role played by monopolies in preventing equalization of the rate of profit and generating fictitious capital, and on the international inequality that allows imperialists the lions' share of surplus value. But under a workers' state, the major industries will be taken over from private capital, the special influence of powerful monopolies and the role of fictitious capital will end, and national limitations will be on their way out. The devaluation of fixed capital (in terms of labor time) that comes with increased productivity would make it easier, not harder, to invest in new techniques of production. Consequently, even during the period when the workers' state has not yet succeeded in abolishing value and capital, productive advances would not cause it to stagnate.

The early Soviet Union, the only workers' state that has yet existed long enough to put theory to the test, reflected these theoretical considerations only in part. It suffered from the illnesses of backward, not advanced, capitalism; still it was able to overcome the economic stagnation dominant in the capitalist world in the 1930's, largely because of the centralized power of its state. Today's USSR, however, embodying stratified capitalism, does exhibit the stagnation tendencies imposed by the FRP (Chapter 5).

## MANDEL'S THEORY

To examine the economy of a workers' state further we consider the views of Mandel and Cliff expressed in their theories of the Soviet system.

Mandel defines the economy of the Soviet "workers' state" as "marked by the contradictory combination of a non-capitalist mode of production and a still basically bourgeois mode of distribution."<sup>18</sup> More recently he has used the term "post-capitalist." But since the only post-capitalist mode of production is the communist or socialist one, his implication is that the Soviet mode of production is socialist. Mandel's orthodoxy prevents him from calling Soviet production openly socialist, so he invents new terms.

Mandel's wording above echoes Marx's analysis in the *Critique of the Gotha Program*. He even cites Marx directly: "What we have to deal with here is a communist society, not as it has developed on its own foundations, but, on the contrary, just as it emerges from capitalist society." Marx, as we have seen, was speaking here of socialism, not the workers' state —

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18.

Mandel, *Marxist Economic Theory*, Volume 2, Chapter 15, p. 565. In later work he argued that a workers' state must have specific "relations of production," different from both capitalism and communism; this avoids the question of the *mode* of production. ("Ten Theses on the Social and Economic Laws Governing the Society Transitional Between Capitalism and Socialism," *Critique* No. 3, 1974.)

further evidence that Mandel's underlying conception is that Stalinism has a socialist mode of production.

Of course, if Marx could expect capitalist remnants under socialism, surely we will see them under a workers' state. But applying Marx's picture to Stalin's USSR requires a leap over logic and history. The exchange of equal amounts of labor which Marx discussed in no way applies to Stalinism (or, for that matter, to the early USSR of Lenin's day). Stalinism made *inequality* of exchange (especially of wage labor) the dominant principle. This was not just the paradoxical inequality that arise out of equal rights under socialism, but inequality in the everyday decadent capitalist sense.

Further: the bourgeois right that remains in socialist distribution is by no means a bourgeois (or even "basically bourgeois") *mode* of distribution. As Marx explained:

"If the material conditions of production are the cooperative property of the workers themselves, then there likewise results a distribution of the means of consumption different from the present one. Vulgar socialism (and from it in turn a section of the democracy) has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally on distribution. After the real relation has long been made clear, why retrogress again?"<sup>19</sup>

In Marx's day, of course, the "present" conditions of distribution were bourgeois; hence the "different" distribution applicable to socialism is not bourgeois, basically or otherwise. It will be basically socialist, despite its bourgeois hangovers — in what other society is distribution genuinely based on the work done by the producers? Bourgeois *forms* will remain without their class *content*.

Mandel has taken Marx's analysis of distorted bourgeois rights under socialism as a license to discover socialist production where bourgeois forms are distorted by state ownership. And since he conceives that the Soviet Union fails to be socialist solely because of its bourgeois distribution, he indeed presents socialism as "turning principally on distribution." It is only another aspect of standard middle-class populism — or, for Marx, "vulgar socialism."<sup>20</sup>

Mandel undoubtedly believes that in all this he is following Trotsky, who wrote, for example, that "The [Soviet] state assumes directly and from the beginning a dual character: socialistic, insofar as it defends social property in the means of production; bourgeois, insofar as the distribution of life's goods is carried out with a capitalistic measure of value... ." <sup>21</sup>

Trotsky was wrong to suggest that the only bourgeois remnants in the Soviet workers' state were

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19. Marx, *Critique of the Gotha Program*, Part I, section 3.

20. Mandel's misrepresentation of Marx is standard among "orthodox Trotskyists," even his political opponents. The same errors can be found, for example, in *Marxism and the USSR* (1979) by Paul Bellis, pp. 20-23, and *The Degenerated Revolution* (1982) by the MRCI, pp. 4-5.

21. Trotsky, *The Revolution Betrayed*, Chapter 3, p. 54.

in distribution. But there is a significant difference between Trotsky and Mandel. Trotsky called Soviet *property* social, not the socio-economic system or mode of production as a whole. His term “socialistic” — like Lenin’s “USSR” — referred to the goal to be achieved; he did not claim that socialist production already existed in the transitional state. This is clear from his more exact elaboration on “social property”:

“In order to become social, private property must as inevitably pass through the state stage as the caterpillar in order to become a butterfly must pass through the pupal stage. But a pupa is not a butterfly. Myriads of pupae perish without ever becoming butterflies. State property becomes the property of “the whole people” [as Stalin claimed] only to the degree that social privilege and differentiation disappear, and therewith the necessity of the state. In other words: state property is converted into socialist property in proportion as it ceases to be state property. And the contrary is true: the higher the Soviet state rises above the people, and the more fiercely it opposes itself as the guardian of property to the people as its squanderer, the more obviously does it testify against the socialist character of this state property.”<sup>22</sup>

For Trotsky, Soviet property in the mid-1930's was “socialistic” in that it was state-owned, but it was hardly *socialist*. Mandel’s contrary conception goes a long way toward accepting the Stalinist redefinition of the Soviet state as socialist.

## CLIFF’S THEORY

Despite his formal difference with Mandel over whether Stalinist production is non-capitalist, Cliff agrees that a workers’ state has no fundamental laws (although it does have some features) in common with capitalism. This shows up in his argument implying that the law of value cannot apply in a workers’ state:

“In a workers’ state as well as in the capitalist, commodity economy equivalents are exchanged; a product containing a certain quantity of socially necessary labor is exchanged for another product containing an equivalent amount. But in a workers’ state this result is achieved firstly through the conscious direction of the economy and not through the action of blind forces, and secondly — and this is of fundamental importance — the exchange of equivalents is based on the existence of the equality of rights of all direct producers as regards the ownership of the means of production.”<sup>23</sup>

This description of consciousness ruling over blind laws clashes sharply with the severe conditions of Soviet Russia in the mid-1920's, which Cliff (correctly) considers to have been still a workers’ state. But Cliff is wrong even with respect to Marx’s understanding of political economy in a more advanced workers’ state. He is making the same error as Mandel of reading Marx’s description of the first stage of *communist* society and applying it to the workers’ state that still has to cope with the law of value.

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22. *The Revolution Betrayed*, Chapter 9, p. 237.

23. Cliff, *Russia, a Marxist Analysis*, p. 98; *State Capitalism in Russia*, p. 153.



Mandel and Cliff share the idea that the workers' state can abolish capitalism's laws of motion before it yields the historical stage to communism. This is another clue to the political outlook of middle-class Marxists. To deny the capitalist content of the workers' state means in reality to reject the transitional stage completely, for the logic of the position is to insist that value be immediately abolished. The contrast with Marx's view could not be sharper. Moreover, it follows that if workers cannot do the job of abolishing value directly (because they allegedly have interests too closely linked to money-grubbing capitalism), then the task falls on other shoulders, the benevolent and disinterested middle classes. The position is as self-serving as it is un-Marxist.

Cliff and Mandel present a "workers' state" in which the law of value has been abolished — at the same time that scarcity reigns. The idea is an idealist absurdity, a typically middle-class conception that asserts the primacy of consciousness ("planning," however mangled) over objective conditions. It is of a piece with their common claptrap that use values are dominant in the scarcity-ridden Russia of today. It shows that the law of value for them is not an inherent law mediating scarcity but an optional tool which society may or may not choose to employ — a notion they share with the Stalinist planners.

Cliff's foremost theoretical co-thinker for many years, Michael Kidron, went so far as to deny, in a polemic against Mandel, that a transitional workers' state was conceivable. "But what is a transitional society in Mandel's context other than a verbal convenience? Is such a form possible between capitalism and socialism?" Answering his own questions, Kidron allowed that transitional societies had existed in the historical past, citing capitals sprouting within feudal society.

"But socialism is a total system. It cannot grow piecemeal within the interstices of a capitalist society. How does workers' control of production coexist with control by a ruling class when the means of production in dispute are one and the same? ... There may be room for transitional forms in distribution, but at the level of production the only possible transition is a sudden, revolutionary one."<sup>24</sup>

Kidron thereby disavows a major teaching of Marxism, the chief justification for the Bolshevik revolution against charges of adventurism and prematurity from the Mensheviks and other social democrats. He also provides evidence for the standard Stalinist slander of Trotskyism, that permanent revolution means that the workers have to overthrow capitalism everywhere at once. Kidron's position is obviously at variance with Cliff's. Nevertheless, when Mandel replied to Kidron's article (including an attack on this point) and the Cliff tendency responded at length, their spokesman had nothing to say about Kidron's theoretical innovation.<sup>25</sup> The Cliffites' performance was another illustration of the middle-class Marxist view that the question of the workers' state is a hairsplitting point that really doesn't matter very much.

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24. Kidron, "Maginot Marxism: Mandel's Economics," *International Socialism* No. 36 (1969), reprinted in *Capitalism and Theory* (1974).

25. Chris Harman, "The Inconsistencies of Ernest Mandel," *International Socialism* No. 41 (1969-70). Mandel's reply is in the International Marxist Group's pamphlet, *The Inconsistencies of State Capitalism*.

## THE PARADOX OF A WORKERS' STATE

Since production and distribution operate under a new mode in the socialist stage of communism, in the transitional workers' state before socialism this mode must be gradually overcoming the capitalist heritage of value and scarcity. Even under the best of circumstances this heritage bears a grave danger for the workers' state. It is the basis for restoration of capitalist relations.

A genuine workers' state is truly paradoxical. For example, the proletariat is the ruling class, ruling over the petty bourgeoisie and whatever remains of the capitalists. Most major industry, eventually all of it, will be owned by the state. The proletarians working for the state still produce value and therefore surplus value. But they are not exploited, because there is no exploiting class, no bourgeoisie, to appropriate the surplus value; it goes to the state to be used for the collective good of the workers as determined by the collective working class (for further accumulation, insurance against disasters, etc.)

But in the early stages of a workers' state — especially one that remains backward, isolated internationally or for whatever reason cannot as yet expropriate the internal capitalists — capitalist relations survive. Industries still need to compete; planning is to that degree determined by capitalist conditions beyond the workers' control. The state allows some capitalists to exploit workers, it itself produces and accumulates in part for sale to capitalists, perhaps on unequal terms; in this sense the workers' state is compelled to act as an exploiting agent over its own workers, even though it controls and subordinates this "exploitation" to the utmost.

This contradictory condition is possible only because it is temporary and changing. As the proletarian state develops toward socialism, as capitalism is gradually undermined and destroyed, the workers' "self-exploitation" withers away. When the socialist revolution occurs in an industrially advanced group of countries the transitional period of workers' states could be short. But as long as the transitional state has not withered away, there is always the possibility of slipping into reverse gear and moving in the other direction, back towards capitalism. That is what we see in the initial years of the Soviet state.

Another paradoxical condition is that, as the workers' state expropriates the bourgeoisie and consolidates capital into its own hands, it creates in effect a single capital. But as we saw in Chapter 2, a single capital is an impossibility. Under bourgeois rule, it would be prevented by the internal rivalries of the bourgeoisie and their fear that it would become too tempting a target for the workers' revolt. Even under a workers' state, a "single capital" would appear to be a contradiction in terms, because with a genuine collective ownership there would be no need for a now artificial value to measure quantities of products for distribution.

The resolution of this contradiction is that, as the workers' state moves toward socialism, the separate enterprises develop toward a single capital — although to one degree or another they still are obliged to compete in order for society to evaluate production with the greatest efficiency. When that level of planning can be achieved, then in effect the workers' state has reached its end — and with it, the "single capital."

Recall from Chapter 2 that Engels wrote that with the stratification of capital, “the capitalist relation is not done away with; it is rather brought to a head. But brought to a head it topples over.” This is true even if the state ownership is accomplished by the workers rather than the bourgeoisie. Engels’ response — “state ownership of the productive forces is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of that solution” — reflects the truth that stratification *under the workers’ centralized state power* is the active agency that can transform potential into reality by laying the basis for the abolition of the capitalist relation.

## **2. THE STRUGGLE FOR THE SOVIET STATE**

Contrary to Marx's expectations, the proletarian revolution first occurred not in an advanced capitalist country but in the most primitive of the imperialist empires. Although revolutionary uprisings spread across Central Europe, they were everywhere defeated — above all because of the treachery of the social-democratic politicians, aided by the Kautskyist centrists. As a result the difficulties the Bolsheviks faced in the transitional period were far greater than had been foreseen.

The full tragedy of the decay of the Soviet revolution cannot be depicted in an analytical work. What we have to do here is explain the political significance of the strategies and programs to defend the Soviet workers' state that were adopted or rejected by the contending forces.

### **INITIAL BOLSHEVIK POLICIES**

The Russian revolution faced the immediate problem of survival in an economically backward, internationally isolated and war-torn country. These burdens were multiplied by the needs of military defense of the new Soviet state against imperialist invasions and homegrown counter-revolutionary armies. While the revolution's military foes were defeated, so too was the international revolution; the battered workers' state was left to deal with its backwardness alone. The Bolshevik strategy was to surmount Russia's overwhelming limitations enough to hold out until the proletarian revolution erupted again abroad.

The Bolsheviks threw much of their limited resources into the task of aiding revolutions. It may seem strange in comparison to the nationalist assumptions of much of today's left, but Lenin was no Soviet nationalist. He stressed the central importance of the revolution in Germany (the industrial country where working-class organizations were strongest); he said that if the Russian revolution had to be sacrificed to bring about the German, so be it. The main significance of the Russian revolution was the part it could play in triggering the world revolution. The Bolsheviks' first aim, therefore, was the creation of the Communist Third International to replace the "yellow" social-democratic Second.

At home, in the first months of the revolution, major economic steps were taken. The banks were expropriated, a state monopoly of foreign trade was established, and in the countryside the land was nationalized and the large estates broken up and distributed among the peasants. The government at first attempted to restore industrial production with private firms operating under workers' control (i.e., supervision), but in the face of capitalist hostility and the workers' pressure, industries had to be nationalized as well.

As we have seen, at the birth of a workers' state, capitalist conditions may yield only slowly to socialist measures like state planning. This general problem was qualitatively worse for the USSR. Shortly after the revolution, Lenin observed that it was easier to expropriate capitalists than to organize the economy on proletarian lines. Compromise measures were introduced: high

salaries for bourgeois experts, piecework and “much that is scientific and progressive in the Taylor system,” and competitive wages to raise labor discipline. Lenin noted honestly that the Soviet government had been obliged “to take a step backward, or to agree to compromise with bourgeois tendencies.”<sup>26</sup> Ten years later such measures would be hailed as the epitome of socialism.

During the strenuous, heroic civil war period, however, many Bolsheviks became convinced that capitalism had been truly abolished. The unfortunate reality was that acute wartime conditions made necessary the policy of “war communism” — elimination of the market, forced requisitions from the peasants, payment of the workers in goods rather than worthless money. But this was actually a step backward, not an advance toward the higher productivity characteristic of socialism. Lenin noted retrospectively:

“We expected — or perhaps it would be truer to say that we presumed without having given it adequate consideration — to be able to organize the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary — state capitalism and socialism — in order to *prepare* — to prepare by many years of effort — for the transition to communism. ... Aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small-peasant country to build solid gangways to socialism by way of state capitalism.”<sup>27</sup>

We will discuss shortly what Lenin meant by state capitalism under a workers’ state. The Bolsheviks misjudged war communism because they anticipated — and knew that the future of the revolution depended on — early victories of socialism in Western Europe. Only when it was clear that such victories were not coming did they realize that they would have to live with a transitional workers’ state in Russia for an extended period.

When the civil war ended in 1921, the Bolsheviks had to deal with a situation worse than mere survivals of capitalism. On the one hand, the vast majority of the people were peasants, who had acquired land through the revolution and consequently deepened their petty-bourgeois consciousness. On the other, the country was devastated, industry was producing at a fraction of its pre-1914 capacity, and the working class itself was shattered, having moved out of the cities into the army and countryside.

Under Lenin’s direction the leadership sought a way out: the personal incentives and business principles just cited. His “New Economic Policy” (NEP) of the 1920's legalized the market and encouraged private commercial trading and small bourgeois production (as well as foreign investments, of which little was actually attracted). At the same time, the first steps toward state planning were undertaken in 1921: a plan for electrification and the establishment of the State Planning Commission (Gosplan). Recovery resulted, and by 1926 production had been restored

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26. Lenin, “Six Theses on the Immediate Tasks of the Soviet Government,” *Collected Works*, Vol. 27, p. 315.

27. Lenin, “Fourth Anniversary of the October Revolution,” *Collected Works*, Vol. 33, p. 58.

to its pre-war levels: people could eat again. On the other hand, the workers' state then had to combat the effects of the small-scale capitalism that had revived. Some social benefits were introduced and others promised, but scarcity, exploitation and inequality dominated the economy. The law of value still retained its iron grip.

We have noted that the fundamental revolutionary task in the economic sphere is combatting the law of value: overcoming its effects and replacing it with conscious planning to the extent possible. But under the petty commodity production that dominated the early Soviet Union, the laws of capitalism wielded far more control than they would have under a more advanced workers' state. And because of the power of the world market, the threat was ever present that imperialism would overwhelm the workers' state, penetrating through every concession made to capitalism.

How could there be conscious workers' planning when the proletariat was small, decimated and overburdened? Only through a major industrial and cultural advance and a rise in the standard of living could the working class become genuinely dominant. But to increase the resources available to the workers, the Soviet economy had to first be put back on its feet. And this required resorting to capitalist measures even beyond the restoration of trade and petty-bourgeois production. These dangerous but desperately necessary measures could maintain the USSR as a workers' state only for a time. Revolutions in advanced countries were critical to break the imperialist encirclement and allow revolutionary Russia to survive.

### **“STATE CAPITALISM”**

Lenin's solution was summarized as “state capitalism.” This term had been used by Marxist writers to mean intervention by a bourgeois state into the economy, up to and including state ownership of major means of production. The German war economy gave state capitalism the concrete meaning of planning and organization in the war years preceding the revolution; it was a powerful example, for Lenin especially. He wrote in 1918:

“What is state capitalism under Soviet power? To achieve state capitalism at the present time means putting into effect the accounting and control that the capitalist classes carried out. ... If we had it in Russia, the transition to full socialism would be easy, would be within our grasp, because state capitalism is something centralized, calculated, controlled and socialized, and that is exactly what we lack; we are threatened by the element of petty-bourgeois slovenliness, which more than anything else has been developed by the whole history of Russia and her economy, and which prevents us from taking the very step on which the success of socialism depends.”<sup>28</sup>

The petty-bourgeois attitude against which Lenin wrote was that of “grabbing as much as possible for himself, to exploit the fruits of victory [over the big bourgeoisie] for himself and for his own ends.” The Russian petty bourgeois, only recently emerged from pre-capitalist rule, acted as a capitalist only in the pettiest sense of narrow-minded avarice, not with the goal of

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28.

Lenin, “Report on the Immediate Tasks of the Soviet Government,” April 29, 1918, in *Collected Works*, Vol. 27, pp. 294-5; see also p. 339. The same ideas were repeated after the adoption of the NEP; see “The Tax in Kind,” *Collected Works*, Vol. 32, from p. 330 on, and “Report to the Fourth Congress of the Communist International,” November 13, 1922, Vol. 33, pp. 418-22.

economic development. A peasant, for example would not conceive of investing his surplus in industries vital for producing the goods needed in agriculture, even if this was certain to be profitable. He would rather seek to extend his own petty holdings, perhaps hire labor to help work the land, or hoard his surplus.

In contrast, “state capitalism” meant the highest degree of planning and centralization yet attained by civilization. Lenin was not dealing here with the decadence of state and monopoly capitalism that he had stressed in his work on imperialism. The wasteful and reactionary aspects of monopoly would be eliminated by accounting and control in the interest of the worker and peasant majority. Since the revolution’s chief economic problem was to overcome backwardness, Lenin saw state capitalism as an ally of the workers’ state, an unavoidable stage (under Russian conditions) on the way to socialism.

Given Soviet conditions, the planning that the workers’ state sought to undertake could not yet be socialist planning based on the full scientific consciousness of free, associated producers. Nor, on the other hand, could the workers limit themselves to capitalist state planning with the bourgeois goal of expanding value and surplus value. What had to be done was conscious intervention of the proletarian state into the economy to lessen the harmful consequences of capitalist relations for the workers, on the one hand, and to find strategies for developing the economy, on the other.

With the distinction between petty capitalism and capitalist socialization in mind, Lenin distinguished five categories of Soviet production: 1) “natural” (pre-capitalist) farming; 2) small commodity (e.g., peasant) production; 3) private capitalism on a larger scale; 4) state capitalism; and 5) socialism. Under state capitalism he included: a) concessions to foreign or domestic capitalists for the development of state-owned industry and raw materials; b) cooperatives for petty-bourgeois and peasant producers (which facilitated organization and state supervision); and c) hiring capitalists as agents for selling state-produced goods.

Lenin’s term “socialist” production referred to the factories owned by the state and directly managed by its agents; he clearly used the word in the same sense that he had with the name “USSR,” meaning industry that was furthest along the path to the socialist goal. On the distinction between state capitalist and socialist industry, Trotsky criticized Lenin’s use of “the term ‘state capitalism’ which we employ in referring to our state economy.”<sup>29</sup> He also generalized the term “socialist,” applying it in Lenin’s directional sense to all Soviet industry:

“The industry of the workers’ state is a socialist industry in its tendencies of development, but in order to develop, it utilizes methods which were invented by capitalist economy and which we have far from outlived as yet. ... In our country, the growth of Soviet state industry signifies the growth of socialism itself, a direct strengthening of the power of the proletariat.”<sup>30</sup>

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29. We can find no example of Lenin using “state capitalism” for the state economy as a whole. A later comment by Trotsky confirms this: “The Class Nature of the Soviet State,” *Writings (1933-34)*, p. 110.

30. Trotsky (1922), *The First Five Years of the Comintern*, Vol. 2, pp. 244-5.

The term “socialist industry,” however, has been badly misused, above all in Stalin’s self-serving claim that capitalist laws disappear when *all* industry and agriculture is statified. It would have been clearer had the Bolsheviks called the entire economy of the workers’ state under the NEP “state capitalist,” in order to show that the operational laws of capitalism had only barely been touched in any sphere of the economy.

The error was compounded in the theoretical work of Preobrazhensky, which became the model for much confusion in what was later called the “political economy of socialism.” As we saw in Chapter 2, for Preobrazhensky capitalist state ownership meant, “almost completely,” the end of value production. All the more so for the Soviet state:

“In Soviet economy the connection between trustified state industry and the independent peasant holding is infinitely weaker in respect of exchange and of credit, while the *organizational* structure of industry is historically of a higher type than in any capitalist country. As a result we must inevitably have a far-reaching atrophy of the working of the law of value within the state economic sector, along with a very great development of the working of the law of value beyond the limits of the state economy...”<sup>31</sup>

Preobrazhensky believed that in the state-owned industries value was essentially eliminated because of the dominance of planning and the weakness of trade with the petty-bourgeois sector. He regarded the law of value chiefly as a regulator of prices based on supply and demand in the market, not as a guide to the objective tendencies of the economy rooted in production by means of labor power. Indeed, he believed that state industry, despite the backwardness of the level of production, was “abolishing the commodity status of labor power” to a great degree.<sup>32</sup> The full implications of this error were drawn out only later by others, including Stalin, and we will take them up in Chapter 5.

In contrast, Trotsky’s description of state industry made its adherence to capitalist norms of labor was unmistakable: “The principles of commercial calculation have been reintroduced into the state-owned enterprises and the wages again made dependent on skill and output of workers.”<sup>33</sup>

Lenin went even further. As the famous trade union debate within the party showed, he understood the implications of bourgeois drives within the NEP far better than other leaders (including Trotsky, who was on the wrong side on this question). It was not enough to admit that labor would be treated capitalistically; as well, workers would have to be free to defend themselves from the inherent dangers of capitalist operation:

“The transfer of state enterprises to the so-called profit basis is inevitably and inseparably connected with the New Economic Policy; ... In view of the urgent need to increase the produc-

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31. Preobrazhensky, *The New Economics*, p. 161.

32. *The New Economics*, p. 191.

33. Trotsky (1922), *The First Five Years of the Comintern*, Vol. 2, p. 267. Note that Trotsky did not pretend that Soviet wages, dependent as they were on value considerations such as skill and intensity, were examples of socialist distribution.



tivity of labor and make every state enterprise pay its way and show a profit, and in view of the inevitable rise of narrow departmental interests and excessive departmental zeal, this circumstance is bound to create a certain conflict of interests in matters concerning labor conditions between the masses of workers and the directors and managers of the state enterprise, or the government departments in charge of them. Therefore, as regards the socialized enterprises, it is undoubtedly the duty of the trade unions to protect the interests of the working people ...”<sup>34</sup>

Despite the capitalist norms of their internal operation, Lenin hoped that the state firms, through participation in planned economy and production for the interests of the proletariat, would help bring the Soviet state towards socialism. This failed: conditions were too harsh, and the advanced elements of the working class too few, to carry out the necessary organization and planning. “There is hardly any evidence of the operation of an integrated state economic plan,” Lenin wrote in 1921 to the head of the state planning commission. He advocated favoring the most essential industries and shutting down inefficient factories “which are being kept running by tradition, routine and the unwillingness of the workers to change their occupation and domicile.” And in 1922 he warned the party congress, “During the past year we showed quite clearly that we cannot run the economy. That is the fundamental lesson. Either we prove the opposite in the coming year, or Soviet power will not be able to exist.”<sup>35</sup>

There were “left communists” at the time who regarded Lenin’s NEP as an unprincipled return to capitalism, in effect the overthrow of the proletarian revolution. This view ignores not only that capitalist relations of production are unavoidable in the first period of any proletarian state, but also that under the prevailing conditions they could hardly have been done away with. Politically the anti-NEP view represents a moralistic ultra-left refusal to retreat when necessary; it also reveals the same idealistic understanding of the law of value that is so pervasive today. With the NEP the Bolsheviks recognized the undeniable reality of the USSR’s petty-capitalist environment and attempted to adapt to it economically in order to overcome it. That they failed was partly a product of devastating economic conditions, but most significantly the result of the party’s political accommodation to the necessity of retreat.

It must be said that the Bolsheviks made important mistakes under the enormous pressures they faced. For example, the banning of factions within the Communist Party and the prohibition of all other working-class parties were measures taken under duress and initially regarded as temporary. (The last soviet party aside from the Bolsheviks, the Social Revolutionaries, had to be suppressed because of their adherence to the armed counterrevolution during the civil war of 1918-21.) But as during war communism, positions of retreat were too often defended as substantive conquests, increasingly so as the workers’ state degenerated. Severe measures necessary to defend the workers’ state, like the suppression of the Kronstadt mutiny in 1921, later became the justification for armed repression of the workers’ state’s defenders.

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34. Lenin, “The Role and Function of the Trade Unions Under the New Economic Policy,” January 1922; *Collected Works*, Vol. 33, pp. 185-6.

35. Lenin, “Letter to Comrade Krzhizhanovsky,” *Collected Works*, Vol. 32, pp. 371-4; and *Collected Works*, Vol. 33, p. 274.

## THE ORIGINS OF BUREAUCRATIC DECAY

The element of workers' consciousness that characterizes a workers' state was seen first of all in the instruments of proletarian power: workers' councils (the soviets), militias, factory committees, trade unions, working-class parties, etc. These organs need to grow to include broader sections of the working class. After the working class was so terribly weakened in the civil war, only the revolutionary vanguard was taking part in economic and political administration. But gradually the entire class would have to become involved directly. To make this possible required raising wages and shortening working hours so that workers had the time, energy and enthusiasm to devote to politics.

Lenin enumerated the virtues of the soviets for the early Soviet state:

“The soviets are a new state apparatus which, in the first place, provides an armed force of workers and peasants; and this force is not divorced from the people, as was the old standing army, but is very closely bound up with the people... Secondly, this apparatus provides a bond with ... the majority of the people so intimate, so indissoluble, so easily verifiable and renewable, that nothing even remotely like it existed in the previous state apparatus. Thirdly, this apparatus, by virtue of the fact that its personnel is elected and subject to recall at the people's will without any bureaucratic formalities, is far more democratic than any previous apparatus. Fourthly, it provides a close contact with the most varied professions, thereby facilitating the adoption of the most varied and most radical reforms without red tape. Fifthly, it provides an organizational form for the vanguard, i.e., for the most class-conscious, most energetic and most progressive sections of the oppressed classes,... by means of which the vanguard of the oppressed classes can elevate, train, educate and lead the entire vast mass of these classes, which has up to now stood completely outside of political life and history. Sixthly, it makes it possible to combine the advantages of the parliamentary system with those of immediate and direct democracy, i.e., to vest in the people's representatives both legislative and executive functions.”<sup>36</sup>

The fifth factor listed by Lenin — the role of the vanguard party — is especially significant. We have seen the role of the party in making the dual-power soviets revolutionary during the events of 1917. It is doubly necessary after the revolution. The political life of the workers' state features struggles not only against the bourgeoisie and its allies but also within the working class, against the backward sectors prone to adapt to bourgeois interests.

Tragically, the soviets as described by Lenin did not survive the civil wars. Many of the leading proletarians left to constitute the backbone of the predominantly peasant Red Army. Others had to leave the factories and become attached to the apparatuses developing inside the party and state. Their ties to the masses loosened. The soviets, once teeming with the heady political life of increasingly conscious masses taking their own destiny in hand, turned into institutions of command, dispensing with debate in the effort to organize survival. As hunger narrowed the workers' horizons, bureaucracy supplanted initiative. And the workers' state had no choice but to incorporate elements of the old Czarist and bourgeois order; who else was educated and trained in the military arts and administration?

In 1919 Lenin observed that “the soviets, which by virtue of their program are organs of government *by the working people*, are in fact organs of government *for the working people* by the advanced section of the proletariat, but not by the working people as a whole.” By 1921 the situation was far worse: the state was “not quite a workers’ state” but one with “a bureaucratic twist to it,” or “a workers’ state with bureaucratic distortions.”<sup>37</sup> The Bolshevik party, capable of making the revolution through the efforts of a small but politically conscious and dedicated proletarian cadre leading masses of workers and peasants, was overwhelmed by the problems of governing a vast country facing economic disaster and a decimated proletariat. It had to rely heavily on officials and experts from the former state bureaucracy and the Czarist intelligentsia — for both their administrative experience as well as specialized knowledge. In 1922 Lenin summed up the situation:

“If we take Moscow with its 4700 Communists in responsible positions, and if we take that huge bureaucratic machine, that gigantic heap, we must ask: who is directing whom?”<sup>38</sup>

With the trade unions and soviets bureaucratized or atrophied, the Bolshevik party remained the only workers’ institution linking the working class to the state. But the party too was succumbing to bureaucracy. Joseph Stalin became the party’s general secretary (originally an administrative post, not the top political position) and accrued more and more power through appointments to the expanding apparatus.

In the absence of revolution abroad, Lenin spent the last years of his life struggling over the degeneration of the party and the state without finding a solution. In his final effort, his Testament, he demanded Stalin’s removal as general secretary and the expulsion of other Bolsheviks whose bureaucratic methods had come to his attention; he proposed a bloc with Trotsky to these ends. But the struggle was delayed, and bureaucratism expanded — beyond degenerating officials using bad methods to a whole parasitic layer infecting the entire party and the state apparatus.

In 1923 when Lenin was ill, Stalin’s bureaucracy proved able to control elections to the party congress and force opponents into public silence. After Lenin’s death in 1924, for example, his Testament was kept from the party membership. Then Stalin engineered the infamous “Lenin levy,” recruiting into the party tens of thousands of more backward members; this swamped the old Bolshevik cadre and diluted the party’s revolutionary character. Advancement within the party and state was increasingly determined by bureaucrats who owed their positions to Stalin and his inner apparatus; this faction grew like a tapeworm in the party’s vital organs. Ex-Menshevik careerists were welcomed into the party despite their record of opposition to the 1917 revolution, and soon were rewarded with leading positions; they came to the forefront later in the struggle against the opposition against the Stalinist bureaucracy led by Trotsky.

The events of 1917 had proved Lenin right on the centrality of the revolutionary party;

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37. Lenin, “Report on the Party Program,” *Collected Works*, Vol. 29, pp. 183; Vol. 32, pp. 24, 48.

38. *Collected Works*, Vol. 33, p. 288. Lenin cites a figure of 243,000 public officials in Moscow at that time (p. 394).

proletarian leadership was the decisive question of the epoch, the essential ingredient of permanent revolution. So too with the fate of the Soviet state when the Bolshevik party was under siege. Trotsky later characterized the 1923-24 period as the “Thermidor” of the Russian revolution, the turning point when the anti-proletarian forces who would pave the way to counterrevolution got the upper hand.<sup>39</sup>

Lenin had already labeled the Soviet Union a “workers’ state with bureaucratic deformations,” and it is clear that the history of even the early Soviet Union hardly fits the Marxist model of a proletarian state. It would not be incorrect to call it a “deformed workers’ state” almost from the start, a workers’ state whose transition to socialism was disastrously hampered by its backwardness and isolation. Such a usage would have to be distinguished from the post-World War II “deformed workers’ state” notions that contrasted the later Stalinist creations with the “healthy workers’ state” of Lenin and Trotsky (the latter is a grotesque label if ever there was one, given the reality). The difference is that the early Soviet state *was* a workers’ state, however deformed. The workers created it through their revolution, defended it against the combined attack of the imperialists and autocrats and sacrificed — and were to continue to sacrifice immensely — to allow it to survive and develop.

## THE LEFT OPPOSITION

During the New Economic Policy period of the 1920's after Lenin's death, the political struggle within the Communist Party appeared to be three-cornered. The working class confronted bourgeois elements built up under the NEP on the one hand and the bureaucracy on the other, growing ever more separate from the workers. Since other parties had been suppressed, all the divergent class forces in Soviet society were reflected within the ruling CP.

While the NEP stimulated economic recovery by reviving peasant and private capitalist production, industrial growth as well as conscious control over the economy lagged behind. Trotsky cited the “scissors crisis,” in which peasants hesitated to sell their goods at prices that were relatively far below the costs of the industrial goods they needed. After Lenin died in 1924, the party majority under Stalin and Bukharin resisted industrialization in order to avoid conflict with the peasantry, which held in its hands the bulk of the country's surplus value. But the state needed surplus value to develop the productive forces and to advance the masses' living standards. How could this be accomplished through proletarian methods?

Trotsky led the wing of the party, the Left Opposition, that advocated faster industrialization in order to strengthen and enlarge the proletariat. The Left called for a progressive tax on the richer peasantry and an extension of the sector governed by the plan. The state had to not only take over the dead labor held by the old bourgeoisie but also to accumulate further. Not, as under capitalist rule, for the purpose of replacing living labor in order to weaken the workers' power in production; but on the contrary, to improve the conditions of the masses and defend them from competition of bourgeois forces within the country and outside. This demanded restrictions on the law of value: state monopoly of foreign trade to prevent imperial domination of domestic markets, controlling the banks and other financial institutions, and strictly supervising major

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Trotsky, “The Workers’ State, Thermidor and Bonapartism,” *Writings 1934-35*.

industrial enterprises. Above all it meant raising the political activity, consciousness and conditions of the mass of workers.

The Left Opposition's specific proposals called for defense of working conditions, wage increases at least as great as productivity increases, proportionate unemployment benefits, improvements in workers' housing, genuine agreements with trade unions, managers' obedience to the Labor Code, equality for women workers, etc. In agriculture, when Bukharin and Stalin made overtures toward denationalizing land ownership and giving property titles (as opposed to leases) to the peasants, the Opposition forced them to retreat. It counterposed instead a systematic introduction of rural cooperatives and collectivized farming, a proposal having nothing in common with the *forcible* enslaving of the peasants to "collective" farms that Stalin imposed at the end of the decade.

The Left's agricultural proposals were linked to demands for planning and industrialization, since without stepped-up production of consumer goods and industrial goods needed on the farm, the peasants's resistance to grain collection could only increase. But the Oppositionists were mocked as socialist romantics and "super-industrializers" by the same people who turned in desperation to Stalin's chaotic and brutal super-industrialization programs of the 1930's. Nevertheless, under the Opposition's pressure the first plans were drawn up, but in the hands of the ruling bureaucratic wing they were restricted to the most timid measures.

To accumulate capital in a balanced way required as well an active international policy, both in the economic sphere through trade and investment and above all in politics. The USSR had to take advantage of the world division of labor without being dominated by it. The Left championed industrialization and defense of the foreign trade monopoly in order to expand trade in manufactured goods with the capitalist world. The Opposition understood that in the long run, without socialist revolution in the advanced countries, economic development could prolong the life of the workers' state but not save it. The tragedy of Soviet history was that international necessities in the economic and political spheres were not carried out. The Left Opposition summed up the critical situation:

"The appropriation of surplus value by a workers' state is not, of course, exploitation. But in the first place, we have a workers' state with bureaucratic distortions. The swollen and privileged administrative apparatus devours a very considerable part of our surplus value. In the second place, the growing bourgeoisie, by means of trade and gambling on the abnormal disparity of prices, appropriates a part of the surplus value created by our state industry."<sup>40</sup>

The Left Opposition correctly saw the restoration of capitalism "on the installment plan" as the chief danger facing the workers' state. Within the ruling party this threat was represented by the right wing led by Bukharin, which defended the interests of the kulaks (rich peasants), the NEPmen and the union aristocracy; it was developing into a bourgeois current within the workers' movement. Because of the overall danger, the Opposition demanded *party* democracy

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Trotsky, Zinoviev, et al., *Platform of the Opposition* (1927); in Trotsky, *The Challenge of the Left Opposition* (1926-27), p. 312. Note the explicit assumption that the state sector in a workers' state produces value and therefore commodities. Coming from the central programmatic document of the Left Opposition, this subverts the theories of various modern Trotskyists.

but opposed the call for democracy in the country as a whole raised by social democrats (as well as liberals and middle-class leftists abroad). Given the vast peasant majority in Russia and their mistrust of the Communists, such “democracy” could only have meant the restoration of capitalist rule under Czarist or fascistic reaction.

Moreover, without its own industry to produce machinery for farming, a bourgeois Russia’s inevitable entry into the world market would inevitably have subordinated it to imperialism. The peasantry itself cannot rule a modern society. In Russia in 1917 it ultimately followed the proletariat because following bourgeois leaders had not won them the land. In the 1920’s a peasant victory could only have meant imperialist domination, since the old Russian capitalist class had been shattered and was by then only a servant of foreign capital.

The centrist Stalinist wing of the party represented the bureaucracy, especially those sectors closest to the state apparatus. In Trotsky’s view the bureaucracy lacked a firm class base and stood for no social alternative outside of blind self-aggrandizement; it was therefore destined to vacillate politically in centrist fashion between left and right. But as a parasite on the surplus value produced by the workers, it was necessarily attuned to the right, against the interests of the proletariat.

### **“SOCIALISM IN ONE COUNTRY”**

The Soviet Union’s economic problems were reinforced by the conservatism of the bureaucracy even while Lenin was alive. Afterwards they were compounded by the bureaucracy’s policy of building “socialism in one country,” in Stalin’s phrase. This path was inspired by the defeat of revolutions outside Russia. Showing less and less confidence in the working class as their own bureaucratic power expanded, the Soviet authorities looked abroad to bourgeois allies who might align with them against their main antagonist, British imperialism. Their foreign policy was dictated no longer by proletarian internationalism but by class-collaborationist maneuvers to prod the world proletariat into support of “anti-imperialist” bourgeois elements. Their notion of defense of the workers’ revolution was becoming defense of the “national interest” — their own power.

The new strategy openly took the form of opposition to the theory of permanent revolution, even though the Bolshevik revolution had proved the accuracy of this perspective. As the faction fight developed in the post-Lenin years, permanent revolution became a major issue for Stalin and Bukharin, but largely a defensive one on the part of the Left. As we saw in Chapter 2, Trotsky and other adherents regarded permanent revolution as a program specific to Russia. It was not seen as a guide for communist work, even immediately after its triumph in 1917, and it remained undeveloped in the press of practical activity.

Stalin and his followers claimed that the Soviet Union could achieve socialism despite isolation by relying on its own political and material resources. But socialism cannot be built on backwardness; the only way to avoid doubling the masses’ suffering under the law of value was to hold out and fight for the spread of the revolution to the advanced countries. The bureaucrats’ go-slow policy and deepening cynicism toward proletarian revolution led them to misadvise and help undermine the German revolution of 1923. In 1926 they refused to break with the labor-

aristocratic bureaucrats who led the British general strike to defeat, thereby giving betrayal the cover of the Russian Revolution.

The bureaucracy's first great disaster took place in China. The Comintern decided that a revolutionary bourgeois stage was necessary under the leadership of Chiang Kaishek's Kuomintang (KMT), a bourgeois nationalist party which, according to Stalin, embodied the interests of the workers and peasants as well as the "anti-imperialist" bourgeoisie. Stalin invoked Lenin's old theory of the "democratic dictatorship of the proletariat and the peasantry" to justify his line. Trotsky fought a losing battle in the Comintern and the Soviet party against the Chinese CP's "Bloc of Four Classes" with the nationalist bourgeoisie, a policy which led to its permanent entry into the Kuomintang and the welcoming of the KMT into the Comintern. Trotsky was proved right when, during the civil war of 1925-27, the "democratic" KMT capitulated to imperialism, broke its alliance with the Communists and slaughtered the workers of Shanghai.<sup>41</sup>

The Chinese events inspired Trotsky to revive permanent revolution and apply it beyond the Russian case. The original theory argued that the proletariat would have to carry out the necessary bourgeois democratic tasks because of the counterrevolutionary role of the national bourgeoisie. As we saw, this class, fettered though it was by feudal and other pre-capitalist relations, feared endangering any form of property by opening revolutionary gates that the newly developing proletariat could march through. But after the experience of the world war and Lenin's analysis of the imperialist epoch, it was clear that the main barrier to advancing the productive forces and achieving the democratic tasks was no longer pre-capitalist relations, but capitalism itself in the shape of imperialism.

Increasingly even pre-capitalist forms were becoming capitalist in content. The Chinese case was decisive. Under the Kuomintang, the old social relations of China were increasingly subordinated to the needs of imperialism — despite the Stalinists' assertion that the issue was bourgeois democracy versus "feudalism." Just as the Russian revolution had brought the centrality of the independent revolutionary party into bold relief, the Chinese revolution highlighted it negatively. Trotsky concluded that the only way China could gain independence, solve its agrarian problem and achieve democratic rights was through a proletarian revolution, supported by the peasants and linked to the international revolution.

Despite the embarrassment of the Chinese defeat, its consequence was that the Stalinist bureaucrats gained more influence in the Soviet and other communist parties. Even though the Left's warnings had proved correct, the defeat engendered a growing cynicism towards the possibility of successful workers' revolutions anywhere. This pessimism, along with the loss of China as a potential bourgeois-nationalist ally, heightened the bureaucracy's sense of national isolation and fear. The idea that the USSR must strengthen itself *as a nation* in order to survive became the dominant consequence of "socialism in one country."

At home, the bureaucracy not only stepped up its attacks on the Left Opposition; as it turned away from the workers' struggles internationally, it increasingly tightened the screws on the

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The disaster was the fruit of the Comintern's policy of the "Anti-Imperialist United Front." This policy was to mimicked later by the post-World War II Trotskyist movement (Chapter 7).

workers at home. Throughout the later NEP period the Left endured political persecution, Siberian exile, vile slanders and Jew-baiting. It fought heroically and at great human cost against the bureaucratic reaction that was corrupting every proletarian tradition of socialism and Bolshevism.

### “SOCIALIST ACCUMULATION”

The struggle of the Left Opposition in defense of proletarian interests took place on the theoretical level as well as the practical. Given the vital importance of the debates in the world’s only workers’ state, theoretical errors of Opposition leaders had far-reaching consequences.

Preobrazhensky was the outstanding case. He expanded on the idea of a struggle between socialist consciousness and the capitalist inheritance embodied in the law of value. He regarded this struggle as one between two laws, the law of value and the “law of primitive socialist accumulation.”<sup>42</sup> By this he meant the need of the workers’ state to expand production in the state-owned sector of the economy, mainly the largest enterprises in heavy industry, by siphoning off a portion of the surplus value produced by the peasantry. If the state sector were left to expand solely on the basis of the surplus value it produced itself, it would grow only “at a snail’s pace” (Bukharin’s phrase), and the working class would remain a minority of the population for a long time.

State accumulation was certainly necessary, but Preobrazhensky’s theory was wrong. The dual character of production in a workers’ state cannot be represented as combat between two laws, a capitalist law of value and a socialist law of accumulation. First of all, we have seen that accumulation is an unfulfilled *capitalist* task left to the workers’ state to carry out. The laws of accumulation are derived from the laws of value, not counterposed. In the short run, accumulation runs counter to raising the cultural and living standards of the masses; obviously it could be accomplished far more speedily if the masses sacrificed their immediate well-being and all resources were dedicated to more means of production. In the long run, if dead labor dominates the living — that is, if accumulation is the supreme goal — then all the evils of capitalism in its epoch of decay will follow, and accumulation itself will be undermined.

Nor is accumulation by the state at the expense of the petty-bourgeois peasantry specifically socialist. Achieved by transferring surplus value from the weaker and smaller units of capital to the larger, centralized and more advanced, it is again a law of *capitalist* development. Even if the entire economy were brought under state ownership, accumulation would still be a capitalist survival. The socialist tasks would remain: advancing the cultural and material level of the workers, shortening the working day, bringing the masses into the running of the state, increasing equality, etc. The struggle against the law of value would continue.

The reason why Preobrazhensky’s theory is wrong is that the proletarian consciousness that combats the law of value is not a blind law independent of the will of the workers. There is no

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42.

Preobrazhensky, *The New Economics*. This term had been criticized by Lenin as “extremely unfortunate” and “a childish game in its imitation of terms” when used by Bukharin. See Bukharin, *Economics of the Transformation Period* (1920; English version 1971, pp. 110, 191, 223).



law regulating conscious planning (other than the law of value itself — which holds it back, restricts it and subjects it to the economic scarcities of the existing society.) Preobrazhensky's own attempts to formulate his "law" present no objective developmental process. They merely acknowledge the level of Soviet economic backwardness.<sup>43</sup> The best interpretation that can be made is that Preobrazhensky's law was an effort to give theoretical backing to the Left Opposition's strategy for industrialization. But it had the effect of drawing a line between the state sector and the private sector, as if the law of value could penetrate the former only from outside. Adopted without acknowledgment by the Stalinists, it misguided generations of oppositional communists.

Like many Bolsheviks, Preobrazhensky had come to see accumulation as inherently progressive and did not recognize the need for conscious resistance against the encroaching norms of capitalism. This left the workers disarmed in the face of the Stalinist attack. Stalin used the idea of the primacy of accumulation to "enforce," in effect, the law of value against the working class — that is, to implement its consequences: inequality, a labor aristocracy, imperialism, etc.

Preobrazhensky's transformation of proletarian consciousness combatting value into an objective law was itself a demonstration of cynicism toward the revolutionary capacity of the proletariat. It was no accident that he was an early Left capitulator to Stalin. He opposed Trotsky's fight with Stalin over China, fatalistically accepting the defeat of the workers and seeing no point to fighting for an alternative. In capitulating to Stalin's super-industrialization of the late 1920's, he claimed that this policy was what the Left Opposition had been fighting for all along — whereas Trotsky bitterly observed that Stalin's "planning" lowered the living standard of the workers instead of raising it.<sup>44</sup>

Many of the capitulators were motivated by careerism and personal unwillingness to brave ostracism in the party and Siberian exile. Some had grown cynical and agreed that Stalin's brutal methods were the only way to achieve socialism on the backs of a retarded proletariat. But the motivation of strategists like Preobrazhensky can be located more sharply. The initial struggles waged by the Left Opposition against the snail's pace course of Stalin-Bukharin enlisted not only those dedicated to the proletariat and internationalism; they also attracted Communists motivated chiefly by the need for national development out of backwardness. The latter were choice candidates for Stalin when he abandoned Bukharin and embarked on his nationalist accumulation policy.

## **BUKHARIN'S CONSERVATISM**

Bukharin, the theoretician behind whom the Stalinist wing operated in the mid-1920's, reflected the demoralization brought on by the international defeats. Previously on the ultra-left wing of the party, he adapted to the conservative pole. On the question of value, where the Trotskyist Left held that the goal of the workers' state was to restrict the operation of the law of value, Bukharin argued that the state should utilize it to control the economy. He wrote:

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43. See *The New Economics*, pp. 84, 124, 146.

44. Trotsky, "A Wretched Document," in *Writings (1929)*, pp. 198-212.

“When we speak of our economic growth on the basis of the market (this is the meaning of the New Economic Policy from a certain viewpoint), we thereby refute the view that socialist accumulation is opposed to the law of value. Figuratively speaking, we force the law of value to serve our purposes. The law of value ‘assists’ us and, strange as it may seem, prepares thereby its own destruction.”<sup>45</sup>

For Bukharin, the plan was an anticipation of what spontaneous competition would determine, without the uncertainties and crises of an unregulated market. This meant in effect rejecting the struggle against the effects of the law of value. Stalin’s policy reversal at the end of the 1920’s (Chapter 4) put an end to talk of utilizing the law, but the concept returned in force during the Second World War.

In 1925 Bukharin went so far as to urge the wealthy peasants to “enrich yourselves.” More precisely, he argued that “the prosperous farms have to be developed in order that aid may be provided to the middle and poor peasants.”<sup>46</sup> This strategy was meant to build up resources for socialism, but in reality it could be accomplished only at the expense of the urban workers and weak peasants. Moreover, a strong capitalist peasantry was a deadly threat to the workers’ state. Objectively, therefore, Bukharin and his allies were setting the stage for counterrevolution.

Bukharin overlooked the danger of counterrevolution through private capitalism because he feared a different threat: capitalist restoration arriving by means of the all-powerful state:

“We will arrive ... at a situation in which all our declarations, our banners, the singing of the Internationale, the Soviet form of government will remain in place on the surface, while the inner content of all of this will already have been transformed: this content will correspond to the attempt, to the wishes and hopes of this new bourgeois layer which constantly increases, becomes constantly stronger and by way of slow and organic changes will succeed in transforming all the characteristics of the Soviet state and placing it bit by bit on the rails of a purely capitalist policy. ...

“The old rotten bourgeoisie, which lived on the charity of Czarism, will have thus been replaced, thanks to our Russian revolution, by a new bourgeoisie ... which retreats before nothing, which makes its way under the sign of nationalism but hides under the phraseology and the banners of internationalism in order to advance towards a new capitalist and bourgeois Russia, strong and powerful.

“The working class can mechanically defeat its adversary, it can physically take possession of what exists but it can at the same time be absorbed by adverse cultural forces. This danger inevitably threatens every working class which conquers state power. If that happens, we will transform ourselves into a new bourgeoisie because we will detach ourselves without noticing it, but completely, from the general proletarian base and we will thus transform ourselves into a

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45. Quoted in the major Soviet economic textbook of the NEP period, written by two Bukharinists: Lapidus and Ostrovitianov, *An Outline of Political Economy*, p. 471.

46. “Concerning the New Economic Policy and Our Tasks” (1925), in Richard B. Day, ed., *N.I. Bukharin: Selected Writings on the State and the Transition to Socialism* (1982), p. 198.

new social formation.”<sup>47</sup>

In showing that the USSR’s capitalist heritage could be reasserted by the transformation of the state apparatus into a new bourgeois class, Bukharin’s warning was perceptive — but it was nevertheless based on a cynical and fatalistic understanding of the proletariat. He attributed the danger to automatic processes, overlooking the need to raise rapidly the workers’ material standards. No doubt the danger represented by the backward culture of the workers was initially the deadliest obstacle, but it soon yielded first place to the fungus-like spread of the bureaucratic apparatus. Lenin had fought this new danger in the last period of his life, and Trotsky hammered away at it, stressing the effect of scarcity:

“While the first attempt to create a state cleansed of bureaucratism fell foul, in the first place, of the unfamiliarity of the masses with self-government, the lack of qualified workers devoted to socialism, etc., it very soon after these immediate difficulties encountered others more profound. That reduction of the state to functions of ‘accounting and control,’ with a continual narrowing of the function of compulsion, demanded by the party program, assumed at least a relative condition of general contentment. Just this necessary condition was lacking.”<sup>48</sup>

It was the concrete condition of economic scarcity in Russia that produced the new strata of petty-bourgeois bureaucrats. Trotsky pointed out that Lenin, in his concern about the cultural level of the workers, had misjudged the seriousness of bureaucratization. Lenin’s “obvious underestimation of impending difficulties,” Trotsky wrote, “is explained by the fact that the program was based wholly on an international perspective.”<sup>49</sup>

In placing the blame on the workers rather than the Stalinist apparatus, Bukharin blinded himself to the real threat. Applying his assumption to the proletariat everywhere, he adopted increasingly conservative views on the prospects for revolution internationally, the only hope for the USSR. The solution that flowed from these premises was a disaster: adaptation to the peasant and petty-bourgeois forces of private capitalism. The result was that Bukharin’s faction of the party contributed all the more to the bureaucratic capitulation to the bourgeois forces during the NEP period. In contrast with Stalin’s bureaucratic collectivization of agriculture policy a few years later, Bukharin’s peasant policy would have maximized the threat of imperialist penetration of the USSR. Soviet industry, advancing slowly according to Bukharin’s formula, would be unable to meet the demand of the most prosperous peasants; in their search for household and capital goods, they would be drawn inevitably to their subordination, and consequently Russia’s, to the world market.

Looking back on the Soviet industrialization debates with the advantage of hindsight, it is clear why Bukharin and Stalin were able to agree on “socialism in one country” despite their underlying differences. Stalin was heading for a policy of brutally “building socialism” by command

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47. Bukharin, “Proletarian Revolution and Culture,” cited in Bettelheim, *Les Luttes de Classes en URSS*, Vol. 1, p. 264.

48. Trotsky, *The Revolution Betrayed*, p. 59.

49. Trotsky, *The Revolution Betrayed*, p. 58.

from the top down, while Bukharin preferred a moderate but equally autarkic (self-reliant) mode. Both regarded the international revolution as dubious. The bureaucracy was unconsciously feeling its way; its narrowness and pragmatism led it toward building up the national economy with no internationalist expectations. Its goal was a national “socialism” to defend against the imperial threat. The bureaucrats were by no means yet bourgeois in consciousness: they still hated imperialism and domestic capitalism. But their cynicism toward the proletariat was the starting point for their degeneration and the counterrevolution.

The popularity of Bukharin’s views among leftists today reflects their discouraged attitude towards the prospects of the working-class movement, linked to the fear that the program of the Left Opposition would have led to a centralization equally obnoxious to middle-class sensibilities as Stalin’s. Stalin’s autarkic scheme has so obviously turned to disaster that even these fatalists are forced to find an alternative in a pro-bourgeois course. But Bukharin’s program, now being echoed at the highest levels of the Soviet and allied ruling classes, had nothing to do with genuine socialism: the classless society by way of proletarian power. It was only “capitalism in one country” by a different route.