A question on the economic reasons for the collapse of the Soviet Union

Nick Beams
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Dear Editors,

I would like to pose an ideological question about the Soviet Union, which seems to me to be of central importance. The *WSWS* usually describes the collapse of the eastern bloc as a political one, a betrayal of the party bureaucracy (which is something Gorbachev himself admits to).

But those who lived in the Soviet Union know that the political betrayal was amongst other things the result of an economic collapse. In particular, the crisis of production (the long lines in front of the stores, the empty shelves, etc.) created dissent "from below". The people weren't really concerned with questions of socialism vs. capitalism (later presented as "forced equality vs. free enterprise"), but rather with the steady decline of material conditions of life. The bureaucracy, in its turn, used this dissent to lead the USSR on the path of capitalist restoration. These deteriorating conditions and the rise of inequality in Gorbachev's era also intensified feelings of nationalism and racist attitudes, which caused the destruction of the USSR as a single political unit. (Do you agree with this analysis?)

Thus, the central question, at least to me, is the question of the economy. Why has Soviet socialism failed? Can socialism be more productive than capitalism? Are socialism and technological progress compatible at all? (The last question can be answered by looking at the highly-advanced military technology that was created in the Soviet era.)

And another question: the Soviet Union has experienced an outstanding period of growth during Stalin's time (at a great price), and a period of stagnation after his death, when the regime became less oppressive. How can this be explained? Is Stalinism the only possible socialism?

If you could point me to such an economic analysis, I would be most grateful.

AD

Dear AD,

It is not possible to answer in detail all the very important questions you have raised in your e-mail in the space of a single reply. I shall try to deal with the most important issues you have raised and suggest further reading which you could undertake.

The first point I would make is that for the WSWS the betrayal of the Stalinist bureaucracy does not consist in its liquidation of the Soviet Union and the "eastern bloc" and the restoration of capitalism. These events were the culmination of processes which had been set in motion decades before.

As far back as 1936, Leon Trotsky, in his book *The Revolution Betrayed* traced the origins of the bureaucracy and warned that its monopolisation of political power, its nationalist doctrine of socialism in one country and the defence of its material interests and privileges against the Soviet masses would lead inevitably to the liquidation of all the gains of the 1917 revolution and the restoration of capitalism unless it were overthrown by the working class.

In that book Trotsky refused to characterise the Soviet Union as "socialist". The Russian Revolution and the nationalisation of property had, he insisted, done no more than lay the foundations for the transformation of the Soviet Union into a socialist society. Its future depended on a complex series of national and international factors. The transition to socialism depended on the interconnection of two processes. If the revolution, which had begun by 1917, had extended to the advanced capitalist countries and if the Soviet working class was able to overthrow the usurping Stalinist bureaucracy then the USSR could evolve in the direction of socialism. However, if the Soviet Union remained isolated and if the bureaucracy, in defence of its material interests and privileges, continued to stifle the progressive tendencies inherent in nationalised industry and central planning, then the Soviet Union would undergo a continuous degeneration, leading eventually to the restoration of capitalism.

Trotsky explained that the historical unevenness of capitalism meant that the opportunity for the working class to take power emerged first not in one of the advanced capitalist countries of the West, but in the most backward country of Europe, Russia.

In the more advanced countries of Europe, the national and democratic bourgeois revolutions took place under conditions where the working class as a distinct social class was only in the process of formation. However, the belated character of the developments in Russia meant that when the democratic revolution developed there was already a powerful working class in existence, formed by the rapid industrialisation at the end of the 19th century. This meant that the Russian bourgeoisie was politically paralysed; it dare not unleash a struggle against czarism, lest this bring about a movement of the working class and the peasantry.

The conditions in Russia meant that the tasks of the democratic revolution—the overthrow of czarism and the social order on which it rested—could only be carried out by the working class. But, as Trotsky had already foreshadowed in his theory of permanent revolution, the working class upon conquering power would be faced with the necessity of making substantial inroads into bourgeois property.

The proletariat, however, would only be able to hold on to power and undertake the transition to socialism under conditions where the revolution in Russia opened the way for the coming to power of the working class in the major centres of capitalist power in Western Europe.

So far were Lenin, Trotsky and the Bolsheviks from the theory of socialism in one country, which became the official doctrine of the Stalinist regime less than a decade later, that they did not even believe the working class would be able to hold power in Russia unless the revolution spread internationally, let alone begin the task of constructing socialism.

However, historical development assumed a more complex form than envisaged by the perspectives of Lenin and Trotsky. Despite the crisis of capitalism after World War I, the working class did not come to power in Western Europe. But neither was the October 17 revolution overturned. But the failure of the revolution to spread was to have far-reaching political consequences for the workers' state.

While the belated character of capitalist development in Russia and the overall backwardness of the economy had created the conditions where

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the working class was able to come to the head of the peasantry and overthrow the bourgeoisie, it was this same economic backwardness which created enormous problems for the workers' state. The workers' state was not overthrown, but it began to degenerate and the form of that degeneration was the growth of bureaucracy in the apparatus of the party and the state.

The origins of the bureaucracy lay in the contradictions of the workers' state. On the one hand the forms of property were socialist, in that private ownership of the means of production had been abolished. But the development of the productive forces in the Soviet Union was far below that necessary to provide all members of society with the material goods and services to meet their needs. The distribution of goods was still carried out unequally—under the direction and supervision of the state apparatus.

Herein Trotsky explained lay the origins of the bureaucracy. It was as he put it, the "planter and protector of inequality."

The emergence of this tendency took place under the banner of socialism in one country, first unveiled by Bukharin and Stalin in 1924, and which by 1928 had been enshrined as the official doctrine of the Communist International. Whereas Lenin, Trotsky and the Bolsheviks, in accordance with the scientific theories of Marxism, had explained that socialism was only possible on the basis of the highest developments achieved by capitalism, Stalin-Bukharin insisted that it was possible to build socialism in one country provided there was no direct military intervention.

In his repudiation of the new doctrine—in fact an old theory first elaborated by the right wing of German social democracy—Trotsky explained that the fundamental issue in the development of socialism was not intervention by the capitalist states of the West, but that, in the final analysis, that is, at the most fundamental level, socialism depends upon lifting the productivity of labour above that achieved under capitalism. Until that was undertaken, he was later to explain, the Soviet Union, always faced a greater danger of being overthrown by the cheaper goods from the West than by the imperialist armies.

The doctrine of socialism in one country was the theory of a bureaucratic apparatus for whom the state established by the October Revolution was not a stepping stone to the world socialist revolution but the source of its material interests and privileges.

The bureaucracy, Trotsky insisted, was not a new class but a privileged social caste, which had arisen under conditions of economic backwardness and enforced isolation due to the defeats of the world revolution. This was an inherently unstable situation: either the bureaucracy would establish definite foundations for itself in the restoration of bourgeois property, or it would be overturned by the working class. But the Soviet Union, Trotsky insisted, was not a fixed historical entity.

In the final analysis, the cause of its degeneration and ultimate collapse lay in the economy. But it was not "Soviet socialism" which failed. Precisely because of the fact that economic development and the productivity of labour lagged behind the West, there could not be socialism in the Soviet Union.

There is no question that the existence of nationalised property relations and the possibility of centralised planning created the conditions for economic advances. But as Trotsky noted, these very advances exacerbated all the problems arising from economic isolation and the dominance of the Stalinist apparatus.

In *The Revolution Betrayed*, he writes: "While the growth of industry and the bringing of agriculture into the sphere of state planning vastly complicates the tasks of leadership, bringing to the fore the problem of *quality*, bureaucratism destroys the creative initiative and the feeling of responsibility without which there is not, and cannot be, qualitative progress. The ulcers of bureaucratism are perhaps not so obvious in heavy industry, but they are devouring, together with the cooperatives, the light and food-producing industries, the collective farms, the small local industries—that is, all those branches of the economy which stand nearest to the people.

"The progressive role of the Soviet bureaucracy coincides with the period devoted to introducing into the Soviet Union the most important elements of capitalist technique. The rough work of borrowing, imitating, transplanting and grafting was accomplished on the bases laid down by the revolution. There was, thus far, no question of any new word in the sphere of technique, science or art. It is possible to build gigantic factories according to a ready-made Western patter by bureaucratic command—although to be sure, at triple the normal cost. But the further you go, the more the economy runs into the problem of quality, which eludes the bureaucracy like a shadow. The Soviet products are as though branded with the gray label of indifference. Under a nationalized economy, quality demands a democracy of producers and consumers, freedom of criticism and initiative—conditions incompatible with a totalitarian regime of fear, lies and flattery." [Trotsky, *The Revolution Betrayed*, p. 235]

All of these tendencies, which Trotsky had outlined in the 1930s, were exacerbated in the past 25 years, with the development of computer-based technologies and the so-called information revolution. The Stalinist regime proved to be increasingly incompatible with the new methods of production for two reasons: first their international character and second the vast growth of information which they entailed. The development of computerised methods of production has been based on a further development of the international division of labour, rendering the nationalist economic programs of the Stalinist regimes even more backward by comparison. And these methods require a population familiar with advanced methods of communication. But such a development ran up against the bureaucracy. How could it be possible to develop the new computer technologies under a regime where photocopiers were banned?

The point at issue here is the following: whereas for the first 25 years or so after the end of the war, the productivity of labour in the Soviet Union and Eastern Europe to some extent kept pace with that of the West, after the 1970s, and particularly with the sweeping changes in production methods in the 1980s, it rapidly fell further behind.

The stagnation in economic output began to have ever more threatening political implications. The Stalinist regime was terrified lest it face an eruption of the working class—the signs of which had been seen with the emergence of Solidarity in Poland in 1981. This was the background to the emergence of the Gorbachev wing of the bureaucracy and the process of capitalist restoration it set in motion. The old program of socialism in one country had come to the end of the road and the bureaucracy felt the ground shifting under its feet. Unable to meet the demands of the masses because of the increasing relative backwardness of the Soviet economy and fearing the political developments this would produce, it moved to stabilise its rule by ensuring that its privileges and material interests were grounded in definite property forms.

And in effecting this transition it cynically exploited the dissatisfactions of the Soviet masses with the lack of consumer goods, long queues, the poor quality of goods and so on, for its own ends. I well remember some of my own experiences from a visit to Russia and the Ukraine in September 1990 when I was involved in many discussions over the question of what the introduction of "the market" would bring. In those discussions I pointed out that what ordinary workers meant by the introduction of the market was a system where they would not have to line up for hours to get what they needed, but what the new agenda actually meant was the privatisation of state-owned assets, placing them in the hands of the new capitalist class emerging from the bureaucracy and the Russian mafia.

Now to answer your questions. In the first place it was not Soviet

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socialism which failed but the Stalinist system of bureaucratic rule, based on the reactionary program of socialism in one country. Genuine socialism will not only be more productive than capitalism, it is the only basis on which the productive forces—grounded on new forms of computer technology—can be harmoniously developed. This is because they will be directed to meeting human need, not the requirements of profit. Technological progress proved to be incompatible not with socialism, but with Stalinism, its bureaucratic antithesis.

In fact, socialism—an international system of production in which the global economy is controlled and regulated by the associated producers in their interests—is historically necessary precisely because technical progress is incompatible with the social relations of capitalism, based on private ownership of the means of production, private profit, and the division of the global economy, into competing nation-states.

Under the capitalist mode of production, based on the extraction of surplus value from the labour of the working class, technical progress, which has the potential to ensure the world's population is able to satisfy their material and cultural needs, becomes the means through which vast transnational corporations conduct their global battles for profit, to the material detriment of the producers of that wealth—the working people of the world.

I hope that this reply has made it clear that far from Stalinism being “the only possible form of socialism,” or even a form of socialism, it is its very opposite. A socialist system, worthy of the name, will be based on the utilisation of the productive forces in the interests of humanity as a whole, social equality and genuine democracy in which the broad masses themselves are involved on a daily basis in the organisation of the economy and the administration of society.

It is the very development of the productive forces, which in the final analysis were responsible for the collapse of Stalinism, that makes possible the achievement of these goals.

In conclusion let me recommend, if you have not already done so, that you undertake a study of Trotsky's great work *The Revolution Betrayed* as well as *The Third International After Lenin*, which are both available by contacting Mehring Books through the *World Socialist Web Site*.

Yours sincerely,

Nick Beams

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