6 The Soviet experiment with Pure Communism*

Introduction

In 1957, forty years after the Russian revolution, Michael Polanyi summarized the state of Soviet studies by pointing out that despite, or because of the fact that "volume upon volume of excellent scholarship [was] rapidly accumulating on the history of the Russian Revolution … The Revolution [was] about to be quietly enshrined under a pyramid of monographs."[1] This condition continues to persist even after seventy years of reflection upon one of the most fateful events in political–economic history. Despite heroic efforts by Paul Craig Roberts[2] and Laszlo Szamuely[3] to lift the Revolution from underneath the debris of wood pulp, confusion still permeates historical discussion of the *meaning* of the Soviet experience with Communism.[4] "We have forgotten," as Polyanyi wrote, "what the Russian Revolution was about: that it set out to establish a money-less industrial system, free from the chaotic and sordid automation of the market and directed instead scientifically by one single comprehensive plan."[5]

The grand debate over the Soviet experience from 1918 to 1921 revolves around whether the Bolsheviks followed policies that were ideological in origin or were forced upon them by the necessity of civil war. If Bolshevik economics was ideological, then Marxian socialism must confront the failure of its utopia to achieve results that are even humane, let alone superior to capitalism. If it was spawned by an emergency, then the Soviet experience from 1918 to 1921 does not provide any lesson for the economic assessment of socialism. (Some recent authors wish to argue that the policies now known as "War Communism" were produced by both ideology and emergency, and, as a result, they fundamentally misunderstand the meaning of the Soviet experience with socialism.)[6] In order to evaluate these opposing interpretations, let me first lay out points of agreement and conflict among those interpreters of the Soviet experience with socialism who have established the two poles of the grand debate.

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Points of agreement

Concerning the time period from 1917 to 1921, there really is no dispute over the chronology of events or the economic conditions as they existed after three years of Bolshevik rule. (The famous disputes over Soviet economic statistics do not refer to this time period.) In particular, there exists no controversy whatsoever regarding the economic condition the Russian people found themselves in after only three years of Soviet rule. William Chamberlin, for example, stated that the Russian economy of 1921 was "one of the greatest and most overwhelming failures in history."[7] "Never in all history," H. G. Wells declared, "has there been so great a debacle before."[8] The industrial collapse can be represented in statistical terms as in Table 6.1.

By 1921, all areas of economic output had fallen far below pre-war levels.[9] Industrial life and the cities, in particular, suffered a serious setback during this time, as is evidenced in population figures. "By 1920, the number of city dwellers had fallen from 19 percent of the population in 1917 to 15 percent. Moscow lost half its population, Petrograd two-thirds."[10] In 1921 the Soviet Union, as Stephen Cohen has pointed out, lay "in ruins, its national income one-third of the 1913 level, industrial production a fifth (output in some branches being virtually zero), its transportation system shattered, and agricultural production so meager that a majority of the population barely subsisted and millions of others failed even that."[11]

There is no dispute over these facts. But what the facts mean is another story. While for Polanyi or Roberts these facts depict the failure of Soviet socialism, in the eyes of Maurice Dobb, E. H. Carr, or Cohen the same facts represent the cost of civil war. The debate over the Soviet experience with socialism from 1918 to 1921 is one of intellectual history and political economy, not economic history. It is fundamentally a debate over which theoretical framework provides the best background with which to interpret the facts.

Table 6.1 Russian industrial output

Datum	*1913*	*1921*
Gross output of all industry (index)	100.00	31.00
Large-scale industry (index)	100.00	21.00
Coal (million tons)	29.00	9.00
Oil (million tons)	9.20	3.80
Electricity (million kWh)	2,039.00	520.00
Pig iron (million tons)	4.20	0.10
Steel (million tons)	4.30	0.20
Bricks (millions)	2.10	0.01
Sugar (million tons)	1.30	0.05
Railway tonnage carried (millions)	132.40	39.40
Agricultural production (index)	100.00	60.00
Imports ("1913" roubles)	1,374.00	208.00
Exports ("1913" roubles)	1,520.00	20.00

Source: Alec Nove (1984) (first published 1969) *An Economic History of the USSR*, New York: Penguin Books, p. 68.

The standard historiography

Despite an apparent dichotomy in the ethical assessment of socialism, most scholars agree with the following rough narrative of events surrounding the origins of the Soviet system. In October of 1917 (November on the Western calendar) the Bolsheviks assumed power because the provisional government was no longer able to rule. As a result of the civil war and foreign intervention, the Bolsheviks were forced to engage in emergency policies (later referred to as "War Communism") from June 1918 to April 1921. From 1921 to 1928, after the detour necessitated by war, the Bolsheviks returned to the proper economic policies of the victorious proletariat in an economically backward country (the "New Economic Policy"). In 1928, owing to the threat of military intervention and a growing economic crisis, the Stalinist regime began its "revolution from above." Policies of collectivization and industrialization were followed as the Soviet Union established the first advanced centrally planned economy. Economic historians as diverse in their appreciation of the moral ideal of socialism as Alec Nove and the late G. Warren Nutter have endorsed this view.[12]

The standard interpretation is reiterated even by some of the most important proponents of Marxian social theory. Tom Bottomore, for example, wrote that "it is a considerable exaggeration to argue … that the period of 'War Communism' in the USSR reflected a deliberate policy to abolish the market and the price system, rather than being in large an avoidable practical response to the conditions produced by the war, the civil war and foreign intervention."[13] Bottomore defends his position by relying upon the "more balanced view" of Alec Nove.

Economists and social theorists who stress the emergency interpretation of War Communism rely considerably upon the research of Maurice Dobb, E. H. Carr, and Alec Nove. In particular, it is Dobb and Carr who turned the scholarly literature away from the once standard view that War Communism represented an attempt to implement the Marxian project of Communism to the now prevalent emergency interpretation.

Maurice Dobb

Maurice Dobb argues that while there was some ideological justification for the policies of 1918–1921, notions of establishing an immediate socialist economic order were "no more than flights of leftist fancy."[14] We must consider the policies of War Communism within the context in which they were introduced, Dobb argues. If we remember that these centralization policies fall between the more decentralized periods of the first eight months of Bolshevik rule and the New Economic Policy (NEP), then War Communism "emerges clearly as an empirical creation, not as the a priori product of theory: as an improvisation in face of economic scarcity and military urgency in conditions of exhausting civil war."[15]

The Bolsheviks had to increase centralized direction and the use of coercive measures in order to obtain and manage the resources necessary for the war

effort. Lenin's regime originally tried to obtain the necessary resources for the civil war by following inflationary policies, according to Dobb. By issuing new currency the Bolsheviks were temporarily able to procure command over the necessary resources. Inflation "acts as a forced levy or tax upon the community, forcing other people to go without, in order that the government as consumer may command a larger share of the available resources."[16] In keeping with socialist principles, however, this tax was levied upon the "moneyed class, who were extensively expropriated by the fall in the value of money, and the peasantry," not the industrial worker, who was the backbone of the revolution, since it became the practice for workers to receive an increasingly large part of their wages in kind.[17]

But these inflationary policies so devalued the currency that it was impossible for the Bolsheviks to procure enough grain from the peasants. While the issuance of new roubles only increased 119% in 1918, 1919 and 1920 saw increases of 300% and 400% respectively. By October 1920, "the purchasing power of the rouble was no more than 1 per cent of what it had been in October 1917."[18] But Dobb argues that this was all in the name of raising funds for the war effort, and had nothing to do with the Marxian desire to eliminate the monetary economy and substitute for it a comprehensive central plan.[19]

Since the Soviet government could no longer obtain resources through the normal process of market exchange, even with the aid of the printing press, it became necessary to "obtain these resources only by measures of coercion, and by centralized control and distribution of supplies." Peasants were required to forfeit any surplus beyond "essential needs of subsistence and seed corn" to the Commissariat of Supplies for allocation among the army and industrial workers. The centralization of the collection and distribution of supplies was the keystone of the system."[20]

These policies of compulsory requisitioning and centralized economic control could only have been intended as expedient measures, Dobb argues, because they threatened the alliance between the peasantry and the industrial working class which was the basis of the revolution. The Kronstadt rebellion of March 1921 brought home this point with urgency.[21] The three-year reign of War Communism had left the economy in ruins and threatened the Bolsheviks' ability to maintain political power. The decision to abandon the policies of War Communism in April 1921 is seen by Dobb, however, as a "reversion to the road which was being travelled during the early months, before the onset of the civil war." "NEP," Dobb argues, "is the normal economic policy of the proletariat after the revolution."[22]

Dobb points out that his historical interpretation of War Communism and NEP directly contrasts with the predominant Western view in the 1940s that War Communism "was a product of an attempt to realise an ideal Communism, which, coming into inevitable conflict with realities, had to be scrapped in favour of a retreat in the direction of Capitalism, as represented by the New Economic Policy."[23] In a twist of scholarly fashion, Dobb's interpretation conquered the mainstream within a matter of years.

E. H. Carr

The famous historian of the Soviet Union, E. H. Carr, reiterated Dobb's interpretation of the war emergency nature of War Communism, and is probably more responsible than anyone else for promoting the "War Communism as expedient" point of view. The Bolsheviks found themselves in a theoretical and practical paradox, Carr argues. They rose to political power smoothly because of the economic backwardness of Russia; opposition came solely from the remnants of feudalism and from elements of underdeveloped capitalism. This backwardness, however, also made the task of socialist construction that much more difficult. The Bolsheviks wished to construct a socialist economic order without the advanced political (bourgeois democratic) or economic (capitalistic) development that Marxian theory had treated as essential for social change. The situation dictated slow and cautious going. The revolutionary cadre, according to Carr, knew it was necessary in theory and in practice to complete the bourgeois revolution before moving forward to the socialist revolution.

The outbreak of civil war in the summer of 1918, however, no longer afforded the Bolsheviks the luxury of slow and cautious policies. It "removed all hesitations by driving the regime forward willy-nilly at break-neck speed along the socialist road."[24] But Carr argues that the policies of War Communism were "artificial and unstable," similar to the period known as "war socialism" in Germany.[25] "It was the product of a special emergency and lacked a sufficiently solid social and economic basis to ensure its full survival (even though some of its legacies were likely to remain) when the emergency was over."[26]

War Communism consisted of two major policy objectives:

1 centralization of economic decision-making and concentration of industry; and
2 the substitution of a "natural" economy for the market economy.

Carr argues that the objective of centralization and concentration can be clearly traced to the first period of the revolution. "Lenin had long ago insisted," Carr points out, "that socialism was the logical next step forward from state capitalism, and that forms of organization inherent in the one were equally indispensable for the other." "Here war Communism" Carr continues, "was building on a foundation of what had gone before, and many of its achievements stood the test; only in their detailed application, and in the extended scope given to them were its policies afterwards subject to criticism and reversal."[27]

Policies intended to eliminate market relations, however, are not seen as products of theory by Carr. "The second element of War Communism, the substitution of a 'natural' for a 'market' economy, had no such foundations." According to Carr, this policy objective, far from following the original path of the victorious proletariat, was the exact opposite. The attempt to substitute "production for direct use rather than for a hypothetical market … was a direct abandonment" of the policies of the first eight months, an "unprepared plunge into the unknown."[28]

But at other places in his narrative, Carr seems to suggest that the policies of War Communism were not just emergency measures, but also seemed to be "an authentic advance into socialist order."[29] At one point he even refers to War Communism as "the attempt to implant socialism by shock tactics."[30] And in another instance, Carr states that "the real issue in the period of war communism was not the nationalization of industry … but the attempt of the state to administer industry on socialist lines."[31] "But the civil war," he is always quick to add, "dwarfed every other issue."[32]

Forced requisitioning was introduced because the "needs of the Red Army and the urban population could not be met in a devastated, mutilated and disorganized country by anything short of the total surplus of agricultural population."[33] War emergency, in the final analysis, not adherence to any socialist principles, dictated policy objectives.

The crisis situation demonstrated the need to militarize the economy. Small-scale peasant agriculture was inconsistent with the objective of feeding the industrial workers. Large-scale, collective farming was necessary. Arguments in favor of "collective cultivation" are described by Carr as irrefutable "from the standpoint of theoretical socialism or of practical efficiency."[34] Unfortunately, collective farming was not implemented; only grain requisitioning occurred. The mistake committed during War Communism, with regard to agriculture, was treating the food shortage as a problem of "collection and distribution" and "not of production."[35]

Industry also needed to be mobilized for the war effort. All major industry had to be transformed into "a supply organization for the Red Army." Industrial policy became "an item of military strategy" where "every decision was dictated by emergency and taken without regard to long-term prospects and principles." The civil war drove home the necessity, according to Carr, for industry to come under "centralized control, direction, and planning."[36] Mobilization of labor was necessary to insure that "every man and every machine" was allocated in the "interests of military victory over the 'white' armies." Labor policy "became a matter of recruiting workers for the war effort and of sending them where they were most urgently required."[37]

Carr argues that declarations of anti-market principles and theoretical references to overcoming the "anarchy of production" by such leading theoreticians as Bukharin or Kritsman were "ex post facto justifications of something which had not been expected but which it had not been possible to prevent."[38] Carr even ascribes war expediency to passages that seem to suggest the socialist aspirations of the decision-makers. A passage from the party program at the Eighth Party Congress in March 1919, for example, states that the "maximum utilization" of the labor force for the purpose of the "planned development of the national economy" must be the "immediate task of the economic policy of the Soviet power." The program further states that the "socialist method of production" can only be made possible by such mobilization efforts.[39] But Carr argues that these passages demonstrate merely the key function of the trade unions in the civil war emergency.[40] Furthermore, he

claims that "the argument for the permanent and unlimited conscription of labor by the state, like the contemporary argument for the abolition of money, reads like an attempt to provide theoretical justification for a harsh necessity which it had been impossible to avoid."[41]

So while the exigencies of War Communism, which demanded securing resources for the Red Army and the urban population, could be described by Carr at one point as "a foretaste of the future communist society" where "methods of exchange" were substituted for by "the principles of taking from each according to his capacity and giving to each according to his need," Carr opts to interpret the policy of forced requisitioning as being "rendered imperative by the civil war" and justifies it "on grounds of military necessity."[42] It is clear that War Communism was brought on by military emergency, Carr argues, because such "hand-to-mouth policies" could only be tolerated so long as the war lasted. Grain requisitioning, in particular, "whose raison d'être lay in the continuous and inexorable need to meet today's emergency," could not last beyond the emergency situation. The peasants' loyalty to the Bolshevik regime, and "reluctant submission to the requisitions" was based on the "fear of a 'white' restoration," and once that fear passed, continued adherence to "oppressive exactions" produced peasant resentment and unrest. This culminated in peasant uprising beginning in 1920 and continuing through the spring of 1921.

The financial burden of the civil war and industrialization, moreover, called for the nationalization of the banks, and the subsequent devaluing of the currency. "The printing of notes," Carr argues, "remained the sole serious available source of funds to meet current public expenditure and to make advances to industry." So although the financial policies of War Communism produced the "virtual elimination of money from the economy," it would be quite mistaken to view this result as the product of any anti-market intention. The destruction of the rouble, according to Carr, was "in no sense the produce either of doctrine or of deliberate design."[44] The collapse of the currency had originally "been treated by every responsible Soviet leader as an unmixed evil against which all possible remedies should be invoked." It was only after no remedy could be found that Soviet leaders began to make a virtue out of the elimination of money, and "the view became popular that the destruction of the currency had been a deliberate act of policy."[45]

The crisis atmosphere of March 1921 led to the substitution of the NEP for the "more extreme policies of war communism." Carr acknowledges that Lenin and the other Bolshevik leaders gave mixed accounts of the significance of the decision to change course, but claims that it was "unanimously accepted as a welcome and necessary relief."[46] This contention simply ignores the subsequent debate over NEP within the Bolshevik cadre.[47] Carr, however, finds it convenient to view NEP as an uncontroversial move away from the pragmatic, emergency-induced but problem-plagued policies of War Communism. The policies of grain requisitioning, mobilization of labor, centralization of economic decision-making, and the destruction of the currency that were followed from 1918 to 1921 are seen by Carr as predominantly the result of emergency circumstances, not adherence to Marxian principles. "NEP was a retracing of steps from a

regrettable, though no doubt enforced, digression and a return to the safe path which was being followed before June 1919."[48]

While pointing out those traces of both the emergency interpretation and the ideological interpretation can be found in Lenin's writings in the post-war Communist era, Carr relies upon Lenin's description of NEP "As a resumption of the true line laid down by him in the spring of 1918 and interrupted only by the civil war emergency."[49] It was military concerns, not economic theory, that dictated the policies of War Communism. NEP was the path to the road of economic development on the way to socialism.

Stephen Cohen

The Dobb–Carr interpretation receives perhaps its strongest support from the pen of political historian Stephen Cohen. Cohen, the biographer of Nikolai Bukharin (the economic architect of both War Communism and NEP), has defended War Communism as an emergency measure in all his writings. Intimately connected to Cohen's defense of War Communism as an expedient is his commitment to NEP as a model of decentralized socialism.

The policies of War Communism, Cohen argues, "originated not in the party's ideology, but in response to the perilous military situation that suddenly confronted the Bolsheviks with the outbreak of civil war in the summer of 1918." These policies were "born and took shape in the crucible of military expediency and the Bolsheviks' desperate efforts to survive as the government of Soviet Russia."[50]

It is indeed ironic that the biographer of Bukharin would hold such a position. Bukharin himself was very explicit in his understanding of War Communism and the meaning of NEP. "We conceived War Communism" Bukharin admits, "as the universal, so to say 'normal' form of the economic policy of the victorious proletariat and not as being related to the war, that is, conforming to a definite state of the civil war."[51] Bukharin understood NEP to be an admission of, and a retreat from, the failure of War Communism. It was "not only a strategic retreat, but the solution to a large social, organizational problem." The Bolsheviks had tried to take on the organization of the entire economy, and by 1922 Bukharin readily admitted that "from the viewpoint of economic rationality this was madness."[52]

A rethinking of the principles of socialism was called for on the part of Bukharin and other Bolsheviks. As Bukharin put it, "the transition to the new economic policy represented the collapse of our illusions."[53] Socialism, in its Marxian sense, had been tried and had failed. The search began for a "feasible socialism." The search continues today. But we cannot hide from the historical lesson, and its theoretical significance: the search for "socialism with a human face" may well be inconsistent with the socialist dream of overcoming the "anarchy of production."[54] Perhaps Bukharin understood this. Perhaps he even understood the nature of the problem and its significance better than all but a few have since.

Criticisms of the standard account

The standard account is deficient for two reasons. First, economic historians and political economists have failed to take seriously the policy prescriptions of early twentieth-century European and Russian Marxism.[55] Leading economic historians, such as Alexander Gerschenkron, argue that little or nothing in the Soviet experience needs to be explained or understood in terms of Marxism. Gerschenkron summarizes his position by arguing that "the economic order (or disorder) as was developed in Soviet Russia was created not in obedience to any theoretical tenets, but as a pragmatic response to the exigencies of the practice with power mechanics of the dictatorship well in mind … Hardly anything in the momentous story of Soviet economic policies needs, or suffers, explanation in terms of its derivation from Marx's economic theories."[56] Alec Nove, similarly, argues with regard to the early policies of the Bolsheviks that Marxian ideology was used only as an *ex post* rationalization for policies introduced as practical responses to emergency situations.[57] I contend that the standard account of historians, like Gerschenkron or Nove, misunderstands the policy prescriptions suggested by Marxian political economy and underestimates the ideological commitment of the "old" Bolshevik cadre.[58]

While Marx did not wish to write "recipes for the cookshops of the future" there is no doubt about the broad outline of Marx's project. His project entailed the rationalization of politics and economics. Rationalization of the economy required the substitution of a "settled plan," which achieved *ex ante* coordination, for the "anarchy of the market": the substitution of production for direct use for production for exchange. As Marx argued in *Capital*:

> The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan.[59]

Furthermore, consider the following position taken by the young Marx in the Paris manuscripts:

> The positive transcendence of private property as the appropriation of human life, is therefore the positive transcendence of all estrangement – that is to say, the return of man from religion, family, state, etc., to his human, i.e. social, existence.[60]

The abolition of private property in the means of production and the substitution of a settled plan for the market has the consequence of rationalizing economic life and transcending man's alienated social existence. This is Marx's "economic" project.

Marx's political project, on the other hand, required the establishment of "classless" politics. Marx's political project was one of radical democracy, one

which included universal suffrage and ensured full participation. Since to Marx the state was an instrument of class conflict, the disappearance of class meant the disappearance of the state and political power. But this did not mean the disappearance of social or "classless" politics.[61]

The Marxian rationalization project demanded a reconciliation of the conflict between the public and the private spheres of life. Marx's vision required the broadening of the public sphere to all areas of human existence.[62] As Don Lavoie has argued:

> Karl Marx conceived of central planning as an attempt to resolve this inherent contradiction between the private and public spheres of society. As in any genuinely radical perspective, his particular diagnosis of the problem is inextricably bound up with his utopia, his notion of the cure. Marx saw the problem as being located in the competitive private sphere, the market system, where separate, divided, or "alienated" interests contend with one another for resources. He argued that, so long as democratic institutions tried to merge themselves with this competitive sphere, they would invariably succumb to it. The solution, then, was to eradicate competitive market relations and to replace them with a broadening of the democratically based public sphere to encompass all of social life … Social problems would henceforth be resolved not by meekly interfering with a competitive market order but by taking over the whole process of social production from beginning to end.[63]

The task of eradicating market relations and "taking over the whole process of social production from beginning to end" constitutes the economic policy followed by the Bolsheviks from 1918 to 1921. War Communism represents the conscious and deliberate attempt to realize Marx's utopia. As Alexander Rustow argued, "There can be no doubt that Lenin acted as a Marxist during this seizure of power and viewed his mission as one of carrying out the Marxist program under his regime."[64]

The second reason that standard accounts fail is that they do not account for the economic coordination problems that the Bolsheviks faced in implementing their policies. The theoretical debate over the feasibility of economic calculation under socialism (which first took place among German-speaking economists and sociologists during the 1920s and later among the technical economists in English-speaking countries during the 1930s and 1940s) seems to be irrelevant to the standard economic historian. The typical attitude appears to be that while the theoretical debate might be interesting in itself, it has nothing to add to our analysis of the practice of socialism. This kind of theory–practice split suggests an unhealthy state – either implying that theory has gone off in an esoteric direction and become irrelevant for understanding practical problems, or that economic historians are failing to use theoretical developments to aid them in interpreting reality. While both historical research on the Soviet experience and theoretical discussion about possible socialist worlds

continues to accumulate, there does not appear to be a healthy cross-fertilization. As a result, both the historical interpretation of the Soviet economy and the theoretical discussion of socialist economics seem to misunderstand the significance of the historical lesson of the Soviet system.

But, as F. A. von Hayek has argued, "Even the most careful study of the Russian facts cannot lead very far if it is not guided by a clear conception of what the problem is; i.e. if it is not undertaken by a person who, before he embarks on the investigation of the special problems of Russia, has arrived at a clear idea of the fundamental task that economic planning involves."[66] Socialism, in its original intent, faces the problem of substituting for the "blind forces of the market" a conscious and deliberate plan that can maintain advanced material standards of living and promote the flourishing of human potential. The Russian experience provides important insights into the feasibility of that quest.

The alternative account

Before Dobb and Carr, most historians and political economists understood the failure of War Communism to be a direct demonstration of problems of the Marxian project. Economists such as K. Leites,[67] Arthur Shadwell,[68] Leo Pasvolsky,[69] and Boris Brutzkus[70] all understood the Russian experience as an attempt to realize Marx's utopia. This interpretation of events, however, was buried under what became the authoritative account of Dobb and Carr. The original account, though, received strong support in the hands of Michael Polanyi and Paul Craig Roberts.

Polanyi argued that the Soviet experience confirms Mises' original contention that socialism, in its original Marxian sense, is technically impossible. "The only full-scale attempt to {direct all resources of an industrial system from one center} was the one undertaken in Soviet Russia during the last six or eight months of 1920; and the results were disastrous."[71] Mises was proven right.

The program of Marxian central planning died in March 1921 with the introduction of NEP, but the ideology of socialism did not. The Soviet economy, Polanyi argues, was turned into a military state-capitalist system. "The Five-Year Plans with all their sound and fury are but the parading of a dummy dressed up in the likeness of the original purpose of socialism."[72] We have forgotten what the Revolution was all about when we view it otherwise.

Roberts, following on Polanyi, demonstrates that War Communism was not conceived as a set of emergency measures by the Bolshevik leaders at the time. Rather, it was an outright attempt to abolish market relations. He points out that in the standard account, such as that of Dobbs, Lenin is quoted only after the establishment of NEP. In addition, while several accounts allow for some ideological influence, they blend ideology and emergency in such a way such that ideology quickly falls into the background, and the conditions of the time become the motive force behind Soviet economic policy.[73]

In order to combat the emergency interpretation, Roberts turns to evidence from Marx and the "early" Lenin. He demonstrates that Lenin understood that

in Marx's critique of capitalism there existed a positive vision of socialism. The Marxian theory of alienation and its relation to commodity production play a crucial role in understanding the motivation behind the attempt to abolish all market relations during War Communism. Lenin *et al.* sought to abolish the anarchy of capitalist production and substitute for it a comprehensive planning system. For in an economy where market forces were allowed to continue to operate, alienation would persist, and the Marxian dream would be unfulfilled.

The utter collapse that occurred due to the attempt to implement Marxian socialism forced Lenin to put an end to ideological aspirations, at least for the time being, in order to avoid losing control of the government. He chose to maintain political power at the expense of strict adherence to ideological principles.[74] "Lenin thought," argues Roberts, "That the reintroduction of market exchange was necessary to retain power"; he "understood the practical need to sacrifice doctrine to power rather than the other way around." Thus, "it is clear that the program of eliminating commodity production was abandoned not because it was a wartime measure unsuited to peacetime but because it had caused economic disruption and dissatisfaction that were threats to the political power of the bolsheviks."[75]

Roberts concludes by issuing a challenge to those who interpret War Communism as a set of expedient measures:

> Those who maintain that the policies of War Communism were temporary measures to cope with war and inflation rather than an effort to establish a socialist organization should explain why Lenin repeatedly described the policies as efforts to establish socialism. If they were wartime policies, why should Lenin not have said so? If in fact the measures were meant to be temporary and were a response to war and inflation, Lenin's admission that he and the R.C.P.(B.) had made mistakes in their efforts to introduce socialism was not only needless and erroneous but also a fabrication.[76]

Evidence from the old Bolsheviks

Lenin argued that the imperialist World War I had ripened the conditions for the revolution. Politically, the war had intensified the exploitation of the working class. Economically, the necessities of war planning had created a greater concentration of capital and had brought production under the conscious control of society. Lenin did not intend to abolish war planning but to transform it into a model of socialist organization. As he wrote in December 1916:

> The war has reaffirmed clearly enough and in a very practical way … that modern capitalist society, particularly in the advanced capitalist countries, has fully matured for the transition to socialism. If, for instance, Germany can direct the economic life of 66 million people from a single, central institution … then the same can be done, in the interests of nine-tenths of the population, but the non-properties masses if their struggle is directed

> by the class-conscious workers… All propaganda for socialism must be refashioned from abstract and general to concrete and directly practical; expropriate the banks and, relying on the masses, carry out in their interests the very same thing the W.U.M.B.A. [i.e. the Weapons and Ammunition Supply Department] is carrying out in Germany.[77]

With elimination of private ownership of the means of production, and political power passing directly to the proletariat, Lenin believed that "these very conditions are a pledge of success for society's transformation that will do away with the exploitation of man by man and ensure the well-being of everyone."[78] Lenin argued that it was an utter mistake to suggest, because of some preconceived notion that conditions were not ripe, that the working class should support the bourgeois government, or that the proletariat should renounce its leading role in convincing the people of the urgency of taking practical steps toward the establishment of socialism.[79]

"We [Bolsheviks]," Lenin wrote, "put the issue of socialism not as a jump, but as a practical way out of the present debacle."[80] The steps Lenin advocated were nationalization of land, state control over banks and the establishment of a single state bank, control over the big capitalist syndicates and a progressive income tax. "Economically," Lenin argued, "these measures are timely; technically, they can be carried out immediately; politically they are likely to receive the support of the overwhelming majority of the peasants, who have everything to gain by these reforms."[81]

Only by implementing socialist policies could Russia avert catastrophe. This theme of Lenin's was reiterated in "The Impending Catastrophe and How to Combat It."[82] What was needed, according to Lenin, was for the government, a real revolutionary government, to take steps toward introducing the socialization of production; only by such steps would Russia escape disaster. The chief and principal measure for averting catastrophe was to increase control of the production and distribution of goods, i.e. to rationalize the economic process. Lenin's program of control, which he argued could be established by a workers' state "in the first weeks of its existence," consisted of:

1 nationalization of all banks and the creation of a central bank;
2 nationalization of syndicates;
3 abolition of commercial secrecy;
4 compulsory syndication; and
5 compulsory organization of the population.

The creation of a central bank, in particular, was essential to Lenin, because the principal nerve center of modern economic life was the bank. One cannot regulate economic life without taking over the banks – control over the banks allowed the unification of accountancy.[83]

"We cannot be revolutionary democrats in the twentieth century and in a capitalist country," Lenin wrote, "if we fear to advance toward socialism."[84]

There "can be no advance except towards socialism." Capitalism in Russia had become monopoly capitalism due to the imperialist war. Monopoly capitalism develops into state monopoly capitalism. Yet the state is nothing but the organization of the ruling class. If you substitute a revolutionary democratic state for a capitalist state, Lenin argued, "you will find that, given a really revolutionary-democratic state, state-monopoly capitalism inevitably and unavoidably implies a step, and more than one step, toward socialism!" "For socialism," Lenin continued, "is merely the next step forward from state-capitalist monopoly which is made to serve the interests of the whole people."[85]

These themes are perhaps best articulated in Lenin's two most important works, *Imperialism, The Highest State of Capitalism* and *The State and Revolution.*[86] *Imperialism* set out to explain how the world economic system had changed, and how the war was the inevitable outcome of this change. *State and Revolution* concerned itself with the nature of the state, its use in the revolution and subsequent dictatorship of the proletariat, and its inevitable "withering away" in the post-revolutionary world. The unifying theme in both works, from an economic perspective, is the necessity of control mechanisms for rationalizing social production.

The increasing concentration of capital in the epoch of finance capital had the advantage of bringing economic life under conscious control. The chaotic process of free competition had been overcome, Lenin argued. "Capitalism in its imperialist stage," he wrote, "leads directly to the most comprehensive socialisation of production; it, so to speak drags the capitalists, against their will and consciousness, into some sort of new social order, a transitional one from free competition to complete socialisation."[87]

The era of finance capital had laid the necessary groundwork for complete socialization. The interlocking of business and banking had transformed the world economy, shifting the social relations of production away from capitalism. As Lenin argued:

> When a big enterprise assumes gigantic proportions, and, on the basis of an exact computation of mass data, organizes according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organized manner to the most suitable places of production, sometimes situated hundreds or thousands of miles from each other; when a single centre directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers … then it becomes evident that we have socialisation of production and not mere "interlocking."[88]

In *State and Revolution* Lenin repeated that the epoch of finance capital and the imperialist war had transformed capitalism into monopoly capitalism, providing

the necessary prerequisites for transforming the social relations of production. "The proximity of such capitalism to socialism should serve genuine representatives of the proletariat as an argument proving the proximity, facility, feasibility and urgency of socialist revolution," Lenin wrote.[89] The "mechanism of social management" necessary for social transformation was easily at hand, and was demonstrated in such state-capitalist monopoly business organizations as the postal service. Lenin argued that once the workers overthrew the bourgeoisie then they would inherit a "splendidly-equipped mechanism" that could easily be run by the united workers. This presented the proletariat with a "concrete, practical task which [could] immediately be fulfilled." "To organize the whole economy," Lenin wrote, "on the lines of the postal service so that the technicians, foremen and accountants, as well as all officials, shall receive salaries no higher than 'a workman's wage', all under the control and leadership of the armed proletariat – that is our immediate aim. This is the state and this is the economic foundation we need."[90]

Or as Lenin put the matter later in the text:

> Given these economic preconditions, it is quite possible, after the overthrow of the capitalists and the bureaucrats to proceed immediately, overnight, to replace them in the control over production and distribution, in the work of keeping account of labour and products, by the armed workers, by the whole of the armed proletariat … Accounting and control – that is mainly what is needed for 'smooth working', for the proper functioning, of the first phase of communist society.[91]

With the political and economic task of overthrowing the bourgeoisie and bringing social life under rational control in mind, Lenin broke off from completing *State and Revolution*. The events of the fall of 1917 had transformed Lenin's activity from theorizing about revolution to revolutionary praxis. As Lenin put it on November 30, 1917, "It is more pleasant and useful to go through the 'experience of the revolution' than to write about it."[92]

Overnight the new revolutionary government sought to implement its program by degree. Leon Trotsky, for example, described Lenin's first appearance before the Congress after taking power with the following narrative: "Lenin, gripping the edges of the reading-stand, let little winking eyes travel over the crowd as he stood there waiting, apparently oblivious to the long-rolling ovation, which lasted several minutes. When it finished, he said simply, 'We shall now proceed to construct the socialist order.' "[93] Having wrested political control from the provisional government the Bolsheviks were now "in a position to carry out the great economic revolution to which the political revolution was only a prelude, introduce socialism forthwith and transform the whole order of Society."[94]

The economic transformation of Russian society consisted of implementing five major principles of social organization:

1 Elimination of private property in land and the means of production, and the maximum extension of State ownership. This required that the working class take control of the banks, railways, shipping, mining, large-scale industry, foreign trade, etc.
2 The forced allocation and mobilization of labor. Militarization of labor was necessary in order to allocate labor resources, just like other resources, in the construction of socialism.
3 Centralized management of production and distribution of resources, deemed necessary for rationalizing the economic process.
4 The introduction of class and socialist principles of distribution.
5 The abolition of commodity and money relations and the substitution of a "natural economy" for the market economy. The elimination of the monetary economy and commodity production were deemed necessary for the "defetishization" of economic life and the transcendence of man's alienated social existence.[95]

Taken in combination, these policies constituted the economic program of War Communism, but at the time it was known simply as Communism. As Victor Serge reports in his *Memoirs of a Revolutionary, 1901–1941*, "The social system in these years was later called 'War Communism.' At the time it was called simply 'Communism,' and anyone who, like myself, went so far as to consider it purely temporary was looked upon with disdain."[96] This system attempted to substitute a unified plan of economic life, i.e. rational social relations of production, for the chaotic and exploititive relations of production that existed under capitalism.

Through a series of decrees, resolutions and party platforms, the Bolsheviks set about implementing the socialist project. By December 1917 the Supreme Economic Council was established and the banks had been nationalized. In January 1918, a declaration of the rights of working and exploited people was issued, abolishing the exploitation of man by man. The decree, however, also embodied a call for a universal labor duty. Labor conscription was introduced to ensure socialist victory in eliminating the parasitic strata of society and in rationally organizing the economy. By July 1918, the Soviet Constitution described labor as an obligation of all citizens and declared that whoever does not work shall not eat. And, throughout 1919, labor conscription, i.e. militarization, continued to extend to all categories of labor until it was declared by the State Council on Defense that leaving one's job would be considered desertion.[97]

This militarization plan was extended not only in production but in distribution. Throughout 1918 and 1919 collective exchanges were established, and the trade unions were employed to assure the central distribution of foodstuffs. Trotsky, for example, in a decree of 17 February 1918, called upon all local Soviets, railway committees and patrols to fight unorganized trading. The punishment for illegal trading of food was either confiscation of all foodstuffs or immediate death.[98]

In addition to the above-mentioned policies, the Bolsheviks issued many other decrees in order to initiate their economic program. Inheritance, for example, was abolished in May 1918, and in June 1918 large-scale industry was nationalized. The party program of the Eighth Party Congress, adopted in March 1919, called for increased centralization and for the abolition of money. And as late as November 1920 (*after* the civil war), the Supreme Economic Council nationalized all industry (even small-scale enterprises). Only the Kronstadt Rebellion of March 1921 would steer the Bolsheviks off this track of outright socialist construction.[99]

In his pamphlet, *The Immediate Tasks of the Soviet Government*, Lenin argued that the problem confronting the Bolsheviks was that of organizing social administration. The decisive means of solving this problem was implementing "the strictest and country-wide accounting and control of production and distribution of goods." The successful implementation of accounting and control alongside the amalgamation of all banks into a single state bank would transform the banks into "nodal points of public accounting under socialism" and allow the Soviets to organize "the population into a single cooperative society under proletariat management."[100] The possibility of socialism required, according to Lenin, the subordination of the desires of the many to the unity of the plan. The rhetoric of workers' control and workers' democracy meant something entirely different from the model of decentralized socialism that is promulgated today. To Lenin, as to most Marxists at that time, workers' control was a method by which central planning could be accomplished, and not a decentralized alternative to it. As Silvana Malle points out, "in Lenin's model of power, workers' control would not evolve in any decentralized form, but, on the contrary, would facilitate the flow of information to the centre and the correct implementation of central guidelines."[101]

Centralized planning and control were the essential elements of Leninist socialism. "It must be said," Lenin wrote, "that large-scale machine industry – which is precisely the material source, the productive source, the foundation of socialism – calls for absolute and strict unity of will … The technical, economic and historical necessity of this is obvious and all those who have thought about socialism have always regarded it as one of the conditions of socialism." And how can such strict unity of will be guaranteed" Lenin asked rhetorically. "By thousands subordinating their will to the will of one."[102]

This theme of strict unity of the plan was echoed throughout various speeches and writings, and not just Lenin's. Trotsky, for example, during a speech to the Central Executive Committee on 14 February 1917, repeated the necessity of rationalizing the economic life of Russia through strict conformity to the plan. "Only a systematic organization of production," he said, "that is, one based on a universal plan – only a rational and economic distribution of all products can save the country. And that means socialism."[103] This project entailed the abolition of private ownership and the replacement of production for exchange by production for direct use. The chaotic process of market exchange and production must not merely be tampered with, but abolished. "Socialist organization of production," Trotsky declared in 1920, "begins with the

liquidation of the market … Production shall be geared to society's needs by means of a unified economic plan."[104]

The ubiquitous nature of monetary calculation under capitalist methods of production was to be replaced by the introduction of strict accounting and control. The economic transformation demanded the abolition of the "alienated ability of mankind," i.e. money, and the substitution of moneyless accounting for monetary calculation. Yu Larin, who was commissioned by Lenin to study the operation of the German war economy and ways to implement that model in Russia, argued fervently for the elimination of all market exchange and production. Larin, at the Party Congress in March 1918, argued that a moneyless system of accounting should be pursued post-haste. The nationalization of banks provided the framework to eliminate hand-to-hand currency and to transform the financial institutions of Russia into, as Lenin put it, "nodal points of public accounting." Under the new economic organization of society a circulating medium was rapidly becoming unnecessary. "Money as a circulating medium," Larin declared, "can already be got rid of to a considerable degree."[105] By May of 1918 the party declared that all state enterprises should hand over circulating media to the People's Bank, and in August 1918 the Supreme Economic Council instructed all managers of industry that settlements of deliveries and receipts of commodities should consist of book entries; in no circumstance should money be used in transactions. And Osinskii, who was the manager of the State Bank and the first chairman of the Supreme Economic Council, described the Bolshevik monetary policy in 1920 as having as "its main aim [the creation of] normal conditions of exchange without money between parts of the uniform and mostly socialized national economy."[106]

The Bolshevik program was best articulated in the Program of the Communist Party of Russia adopted at the Eighth Party Congress in March 1919, and in the popular exposition of that program, *The ABC of Communism*, by Bukharin and Preobrazhensky.[107] Bukharin gave a detailed presentation of the economic organization of Communist society in his chapter: "Communism and the Dictatorship of the Proletariat." He argued that "the basis of communist society must be the social ownership of the means of production and exchange." Under these circumstances "society will be transformed into a huge working organization for cooperative production." The anarchy of production will cease as rationality is imposed upon the economic life process. "In such a social order, production will be organized."

> No longer will one enterprise compete with another, the factories, workshops, mines, and other productive institutions will all be subdivisions, as it were, of one vast people's workshop, which will embrace the entire national economy of production. It is obvious that so comprehensive an organization presupposes a general plan of production. If all the factories and workshops together with the whole of agricultural production are combined to form an immense cooperative enterprise, it is obvious that everything must be precisely calculated. We must *know in advance* how

> much labour to assign to the various branches of industry; what products are required and how much of each it is necessary to produce; how and where machines must be provided. These and similar details must be thought out beforehand, with approximate accuracy at least; and the work must be guided in conformity with our calculations. This is how the organization of communist production will be effected.[108]

The planning process was to be entrusted to "various kinds of bookkeeping offices and statistical bureau." Accounts would be kept (day-to-day) of production and its needs. All decisions for the allocation and distribution of resources necessary for social production would be orchestrated by the planning bureau. "Just as in an orchestra the performers watch the conductor's baton and act accordingly." Bukharin wrote, "so here all will consult the statistical reports and will direct their work accordingly."[109]

By achieving *ex ante* coordination of economic activity through the substitution of production for direct use for production for exchange, Bukharin understood that, organizationally, the need for money would disappear. "Money," he simply asserted, "would no longer be required" under these circumstances. The rationalization of economic life under Communism would eliminate the waste of capitalist production and lead to increased productivity. This burst of productivity would free individuals from the "chains imposed upon them by nature." The utopian promise of this project was that "concurrently with the disappearance of man's tyranny over man, the tyranny of nature over man will likewise vanish. Men and women will for the first time be able to lead a life worthy of thinking beings instead of a life worthy of brute beasts."[110]

Only the scientific organization of production under the direction of a unified plan constructed by the dictatorship of the proletariat could put an end to the capitalist anarchy of production and eliminate the tyranny of man over man. With the breakdown of commodity production and its replacement by the "socio-natural system of economic relations, the corresponding ideological categories also burst, and once this is so, the theory of the economic process is confronted with the need for a transition to natural economic thinking, i.e. to the consideration of both society and its parts as systems of fundamental elements in their natural form."[111] Social relations would no longer be veiled by the commodity fetishism of the monetary exchange system.

This project of rationalization and emancipation is spelled out in the party program adopted at the Eighth Congress. In the realm of economic affairs this amounted to expropriating the expropriators, increasing the productive forces of society by eliminating the contradictions of capitalism, mobilizing labor, organizing the trade unions, educating the workers, and basically, securing "the maximum solidarisation of the whole economic apparatus."[112] It was to accomplish this goal that the Bolsheviks seized the banks and merged them into a single State bank. The bank, thus, "became an instrument of the workers' power and a lever to promote economic transformation." The bank would become an apparatus of unified bookkeeping. "In proportion as the organization

of a purposive social economy is achieved, this will lead to the disappearance of banks, and to their conversion into the central bookkeeping establishment of communist society." The immediate elimination of money was not yet possible, but the party was moving in that direction. "Upon the basis of the nationalisation of banking, the Russian Communist Party endeavors to promote a series of measures favouring a moneyless system of account keeping, and paving the way for the abolition of money."[113]

The Bolsheviks did not just accept this program in the heat of civil war as many historians assert. The civil war no doubt affected the way the program was implemented, but the program itself was clearly ideological in origin. It emerged out of the conscious attempt to achieve Marx's utopia. Even after the civil war had ended, the Bolsheviks embarked upon continued efforts to rationalize the economy. For example, the "Outstanding Resolutions on Economic Reconstruction" (adopted by the Ninth Congress of the Russian Communist Party in April 1920) argued that "the basic condition of economic recovery of the country is the undeviating carrying out of a *unified economic plan*."[114] And in November 1920, V. Milyutin, then Assistant President of the Supreme Economic Council, announced the decree of the Council to nationalize even small industrial enterprises and bring them under conscious control.[115] Only the insurgency of the sailors at Kronstadt convinced the Bolsheviks to reconsider their policy.

State capitalism and NEP

Those writers who support the emergency interpretation of War Communism rely upon Lenin's late description of NEP as a return to his 1918 position. But is this really the case? In his defense of the introduction of NEP, *The Tax in Kind (The Significance of the New Policy and Its Conditions)*,[116] Lenin argued that NEP was a return to his 1918 position that state capitalism was the transitional form of social organization between capitalism and socialism. But we must keep in mind Lenin's theory of the state and his theory of social relations of production under imperialism.

In *The Tax in Kind*, Lenin reprints much of the argument contained in his 1918 pamphlet, *Left-Wing Childishness and the Petty-Bourgeois Mentality*, which was a broadside against Bukharin and other left-wing Bolsheviks on the Brest Peace and the issue of "state capitalism." In the 1918 polemic, Lenin argued that history had witnessed an unusual event. The Russian people had successfully introduced the proper political basis for Communism with the dictatorship of the proletariat and the organization of the Soviets. But Russia was not fully developed economically. Germany, on the other hand, Lenin argued, was backward politically but advanced economically. The immediate task of the Russian people was to model their economy after the German war-planning machine. They were to "spare no effort in copying it and not shrink from adopting dictatorial methods to hasten the copying of it."[117]

The German model, Lenin argued, was "the last word" in modern large-

scale capitalism, incorporating advanced engineering and planned organization. But the system was subordinated to a "Junker-bourgeois imperialism." If the system could be made to serve the interest of the proletariat, then socialism was not only possible, but immediate. "Cross out, the words in italics [Junker-bourgeois imperialism], and in place of the militarist, Junker, bourgeois, imperialist state put also a state, but of a different social type, of a different class content – a Soviet state, that is, a proletariat state, and you will have the sum total of the conditions necessary for socialism."[118] Thus, despite accounts that claim that Lenin did not have a model of socialist organization because Marxism was confined to a critique of capitalism, it seems that there was little doubt in Lenin's mind what socialism entailed. And it had nothing to do with the reintroduction of market methods of production, as under NEP.

The characterization of the years before the introduction of NEP as a transition period did not refer to a period of market-based "socialism," but instead to the first phase of Communism, which would last a generation or so – until the people had become so acculturated that the door would swing open for the advancement to full Communism. This was explained by both Lenin and Bukharin in their theoretical works prior to 1921. The market was to be abolished and replaced by a unified plan which would achieve *ex ante* coordination of production and distribution. War Communism was the deliberate attempt to achieve this outcome. But, as Lenin wrote in 1921, this method of economic organization proved to be a mistake. "We made the mistake," Lenin admits, "of deciding to go over directly to communist production and distribution."[119] Always the master of political double-speak, however, Lenin is able to turn this admission into an excuse for why the decision was forced upon them. It is his double-speak that caught up commentators like Dobb and Carr.

Still, Lenin understood the problems the Bolsheviks faced in trying to implement socialism. He went so far as to admit in a secret letter of 19 February 1921, written to G. M. Krzhizhanovsky, a member of the State Planning Commission, that "the greatest danger is that the work of planning the state economy may be bureaucratized. This is a great one. Milyutin does not see it … A complete, integrated, real plan for us at present … 'a bureaucratic utopia' … Don't chase it."[120]

Lenin did not "deviate" from Marxist doctrine in his attempt to abolish market relations. The social ills that accompanied War Communism were consequences of precisely Lenin's faithfulness to Marx. The Marxist project of economic rationalization could not (and cannot) solve the fundamental problem of how to utilize the knowledge in society "which is not given to anyone in its totality."[121]

Lenin's deviation was NEP. The interventionist policies of NEP were an outright denial of Marx's organizational theory. Lenin not only allowed prices and profits to persist, he abandoned the cardinal goal of socialism – the substitution of a settled plan for the anarchy of the market. Even under the most extreme policies of Stalinism, monetary calculation (although highly

interfered with) would serve as the basis of Soviet "planning." It was *after* the abandonment of "war" Communism that Marxism was reduced to a mere mobilizing ideology of the new ruling class.

While very few modern advocates of socialism would argue for comprehensive central planning, they hold fast to the Marxist critique of the anarchy of the market. But, as Don Lavoie has argued, "the modification from comprehensive planning, which seeks to completely replace market competition as the coordinating process of the economy, to noncomprehensive planning, which seeks to reconcile planning with market institutions, is hardly an alteration of analysis. It is the toppling of the basic pillar of Marxist analysis." Lavoie concludes that "it is by no means evident that the Marxist critique of the market order which modern planners still implicitly employ, can stand up once it is admitted that markets are necessary and that planning is to consist merely of interference in this unplannable system."[122]

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Appendix: the Soviet experiment with Pure Communism: rejoinder to Nove*

Professor Nove contends that I wrongly attributed to him a myopic view of the ideological motives behind Bolshevik economic policy, when in reality it is my view that is distorted because it overemphasizes those motives. I agree with Nove that "no major action in the real world of politics can be attributed *solely* to ideology." (If I suggested that he argues in contrast for *no* ideological role, then I apologize.)

My claim is that the major role played by non-ideological factors was in influencing not the policies of "War Communism," but the manner in which they were implemented. The aspirations expressed in "War Communism" were not born in the crucible of military expediency, but originated instead in the political economy of Karl Marx and were transformed into praxis by Lenin from 1918 to 1921.[123]

Against this claim, Nove raises not only the general issue of the role of ideology in Soviet history, but also the intriguing matter of Trotsky's and Bukharin's policy positions in the period following "War Communism." Nove admits that no serious scholar of Soviet history can deny that there were ideologically inspired excesses during "War Communism," but he points out that "as soon as war communism ended Trotsky never returned to the theme of labor militarization, and Bukharin became almost overnight the principal apostle

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of NEP." He concludes from these facts that labor militarization and opposition to economic markets must have been due primarily (although not exclusively) to "the necessities of war." But unless we are to fall into *post hoc ergo propter hoc* reasoning, more must be done to explain the reason for, and the nature of, the change in Trotsky's and Bukharin's views.

The policy pronouncements of Trotsky and Bukharin are a mixed bag in the 1920s. Although Trotsky did not continue to advocate labor militarization, he did press for planned industrialization and an anti-*kulak* campaign, and he continually referred to NEP as a temporary retreat. "Only the development of industry creates an unshakable foundation for the proletarian dictatorship," he wrote.[124]

Trotsky did not accept (at least in the 1920s) that "War Communism" had produced economic chaos because it necessarily brought too much administrative responsibility on itself. Rather, he claimed that its failure was due to lack of administrative ability. NEP, Trotsky argued, did not differ substantially from "War Communism" with regard to *the planning principle*. The difference lay in the method of planning. Under NEP, "arbitrary administration by bureaucratic agencies is replaced by economic maneuvering," but industrial development must still be guided by the State Planning Commission. The system of "one-man management must be applied in the organization of industry from top to bottom." As Trotsky saw it, the main problem in meeting this goal was "the inadequate selection of business executives."[125]

Better selection of personnel and the establishment of correct incentives for economic planners would ensure a successful extension of the planning principle. This extension would not just lead to the modification of the market, but to its eventual replacement. "In the final analysis," Trotsky said at the Twelfth Party Congress in 1923, "we will spread the planning principle to the entire market, thus swallowing and eliminating it. In other words, our successes on the basis of the New Economic Policy automatically move toward its liquidation, to its replacement by a newer economic policy, which will be a socialist policy."[126]

However, Trotsky's program of industrialization remained fundamentally incoherent throughout the 1920s. He feared concessions to foreign capital, yet he wanted to import capital resources to build up industry. He maintained a siege mentality and argued that foreign capitalists would not deal with Soviet Russia, yet he supported foreign trade. He supported NEPist reforms, yet argued that the market must be liquidated. Despite all the equivocation, however, as Nove has himself pointed out, Trotsky never fully escaped from his fear of the "market devil."[127]

Bukharin's position is even more puzzling. In fact, Bukharin's "swing to the right" is one of the great mysteries in early Soviet history. During the "War Communism" period he represented the extreme left wing of the Bolshevik party. His books: *The ABC of Communism* and *The Economics of the Transition Period* were regarded as the theoretical manifestos of "War Communism." They defended the policies of coercion and extreme centralization that the Bolsheviks had implemented from 1918 to 1921. While many readers are shocked by the

conclusions that Bukharin reached in these works, it is even more amazing to witness his swing to the right under NEP. Not only was Bukharin one of the premier theorists of "War Communism," he was also the premier theorist of NEP.

The failure of "War Communism" deeply affected Bukharin's thinking, representing – along with the adoption of NEP – "a collapse of our illusions." "War communism," Bukharin argued, had been viewed "not as military, i.e. as needed at a given stage of civil war, but as a universal, general, so to speak 'normal' form of economic policy of a victorious proletariat."[128] The tentativeness of the political alliance between the workers and the peasantry and the economic annihilation of industry and agriculture in 1921 conflicted with Bukharin's original expectations of socialist construction. But, unlike the other Bolsheviks, Bukharin had a paradigm with which to interpret these failures: economic theory.

Bukharin was a serious student of bourgeois economics. During his exile from Russia, he studied economics in Vienna and attended Bohm-Bawerk's seminar on economic theory. He later embarked on a serious study of the theories of Walras and Pareto. His book *The Economic Theory of the Leisure Class* (1919) was a product of these studies.[129] Bukharin was well aware of both Bohm-Bawerk's and later Mises' criticisms of Marxian economics and socialist organization. In 1925, for example, he referred to Ludwig von Mises as "one of the most learned critics of Communism" and admitted that Mises was right about the unfeasibility of socialism, at least given the current stage of cultural development in Russia. Bukharin went on to state that, viewed in its economic essence, "War Communism" resembled the command socialism that the learned economists of the bourgeoisie predicted would lead to destruction. And NEP represented the rejection of this system and the "shift to a rational economic policy."[130]

But Bukharin's position, like Trotsky's, remained fundamentally at odds with itself. For while he admitted the necessity of the retreat to the market, but he also maintained that NEP was nevertheless a political victory of socialism. "When we crossed over to the NEP we began to overcome in practice the … bourgeois case against socialism. Why? Because the meaning of the NEP lies in the fact that by using the economic initiative of the peasants, of the small producers, and even of the bourgeoisie, and by allowing private accumulation, we also placed these people objectively in the service of socialist state industry and the economy as a whole.[131]

Through the use of market stimuli, private interest would be mobilized for the good of social production. As long as the Bolsheviks held the "commanding heights" of the economy, the "backward strata of the proletariat (who were motivated by noncommunist ideas and private interests)" would be made to serve the interests of socialism. By means of "socialist" competition and economic struggle, the socialist sphere would eventually come to squeeze out private interests.[132]

The transition period would last a long time and would have to be managed carefully by the political leaders so that political power would remain firmly in

the hands of the Bolsheviks. The creeping socialism that Bukharin advocated was a result of his recognition of the importance of balanced growth in developing the industrial base upon which the future (full) socialist society could be erected. Thus, despite the apparent drastic shift in position, Bukharin's appreciation of market forces in guiding economic development should not be exaggerated.[133]

Bukharin understood, at least to some degree, the problem of matching production plans with consumption demands that must be overcome in the process of economic development. This understanding underlies his demand for capital proportionality within his strategy for economic growth. It served as the basis for his acceptance of an essentially market-oriented model for economic development and industrialization at that stage of Soviet history. But in the ideal Marxian future, where production would be for direct use as opposed to exchange, Bukharin held the view that capital proportionality would be maintained by the planning board's calculation of the appropriate use of capital resources in advance of any economic process. Commodity exchange and production, in such a world, would be abolished – an ancient relic of a capitalist world now surpassed.

To both Trotsky and Bukharin, therefore, NEP represented a pragmatic retreat from the zealous attempt of "War Communism" to introduce socialism immediately. But the basic structural goals of "War Communism" – the liquidation of commodity production and the establishment of complete and comprehensive economic planning – remained their aims. In the future, once the appropriate industrial base was established, the full socialism of "War Communism" could be implemented again. We cannot forget these ideological aspirations if we wish to make sense of Soviet history.

My *Critical Review* paper deliberately refrained from a full treatment of Nove's interpretation of Soviet history because his views are more complex, balanced, and therefore difficult to summarize, than those of either Maurice Dobb or E. H. Carr. However, my book, *The Political Economy of Soviet Socialism*, does treat Nove's ideas at length.[134] Although the book admits that Nove's presentation is very subtle and sophisticated, it contends that his habit of introducing emergency conditions to explain away ideological aspirations produces a misreading of history.

Nove arrives at his conclusions concerning "War Communism," just as Dobb and Carr did before him, by discounting Marxian aspirations to supercede the market by eliminating money and exchange relations. Nove justifies this move by arguing that Marx's economic analysis is confined to capitalism and does not extend to the economic problems of socialism.[135] No doubt Marx did not wish to write "recipes for the cookshops of the future," but this was not in order to avoid the problem of examining socialist society. Rather, it represents a crucial aspect of Marx's particular approach to social theory. In this fashion Marx moved beyond the utopian socialists. As Don Lavoie has argued, Marx

> did not blame the [utopian socialism] so much for discussing socialist society as for the way in which they discussed it and for the contradictions within

> their descriptions. Marx's scientific socialism was not merely an excuse for avoiding any examination of socialist society. It was a recommendation of a particular method for the conduct of such an excuse for avoiding any examination of socialist society. It was a recommendation of a particular method for the conduct of such an examination – that is, that socialism be described through a systematic critique of capitalism. For Marx, studying capitalism and developing a positive theory of socialism are two aspects of the same endeavor. Marx conducted a critique of capitalist society from the standpoint of socialism, intending to reveal by this study the main features of the future socialist society … In many respects, where *Das Kapital* offers us a theoretical "photograph" of capitalism, its "negative" informs us about Marx's view of socialism.[136]

I suggest that it is Marx's implicit view of socialism that informed the Bolsheviks, inspired them, and guided them in their attempt to construct a better world order. Much of the meaning of these events is lost if this is overlooked.

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7 The political economy of utopia

Communism in Soviet Russia, 1918–21*

> It has become a copybook maxim to assert that the policy of "War Communism" was imposed on the Bolsheviks by the Civil War and the foreign intervention. This is completely untrue, if only for the reason that the first decrees on introducing the "socialist ideal" exactly "according to Marx" in Soviet Russia were issued long before the beginning of the Civil War (the decrees of 26 January and 14 February 1918, on the nationalization of the merchant fleet and of all banks), while the last decree on the socialization of all small handicraftsman and artisans was issued on 29 November 1920, i.e. after the end of the Civil War in European Russia. Of course, the conditions of the Civil War and the intervention left an imprint. But the main thing was something else – the immediate implementation of theory in strict accordance with Marx (from "Critique of the Gotha Program") and Engels (from "Anti-During").
>
> (Sirotkin 1989)

> In the failure of War Communism and the retreat to NEP the impossibility of planning as articulated theoretically in the Mises–Hayek critique was directly demonstrated in practice.
>
> (Lavoie 1986–7)

Introduction

The historical understanding of the Russian revolution has traveled a rather strange road. The original interpretations of this event basically agreed that Marxian socialism had been tried by the Bolsheviks and failed to such a degree that by 1921 the Bolsheviks were forced to retreat from their experiment with Marxian socialism and switch back to market institutions in the New Economic Policy (NEP).[1] During the 1940s, however, this standard interpretation was challenged by individuals such as Maurice Dobb and, later, E. H. Carr.[2] Carr's massive study of the history of the Soviet Union, perhaps more than any other source, was responsible for establishing the counterargument that the War Communism period (1918–21) was not an attempt to implement Marx's utopia, but rather was forced upon the Bolsheviks by the conditions of civil war and international intervention.

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Recent decades, however, have seen a growing skepticism toward Carr's and other studies which disregard the ideological motivations of the Bolsheviks. The works of Paul Craig Roberts and Thomas Remington have re-emphasized the point that War Communism was a deliberate policy aimed at the elimination of all market institutions and not merely a matter of desperate emergency measures.[3] Still, the hegemony of the emergency interpretation persists and finds two of its most ardent supporters in Alec Nove and Stephen Cohen, perhaps the most influential Soviet specialists today.

The timing of the Dobb and Carr re-evaluations of Soviet history coincided with a methodological thrust in the human sciences which sought to deny the force of ideas in human history. Statistical studies would prove or disprove the effectiveness of policies, so that endless disputes over intellectual history were not necessary. Such metaphysical concepts as ideology were not important for the scientific study of society. This methodological change was responsible for the success of Dobb's and Carr's work and for the belief that central planning began not as an attempt in 1918 to eliminate the market but as the attempt to mobilize agricultural resources in 1928.

But, the decline of the positivistic model of the human sciences and the establishment of a post-positivistic philosophy of science brings in its wake a renewed appreciation of the force of ideas in human history.[4] This new philosophical thrust of the human sciences leads to a fundamental reassessment of this event and its relevance for the study of comparative political and economic systems.

Today, with full knowledge of the effects of Stalinism and the problems that continue to plague so-called socialist economies throughout the world, we can perhaps come to a better understanding of the true meaning of the War Communism period and its socioeconomic dimension. As philosopher Hans-Georg Gadamer states:[5]

> Time is no longer primarily a gulf to be bridged, because it separates, but it is actually the supportive ground of process in which the present is rooted. Hence temporal distance is not something that must be overcome. This was, rather, the naïve assumption of historicism, namely that we must set ourselves within the spirit of the age, and think with its thoughts, not with our own, and thus advance toward historical objectivity. In fact, the important thing is to recognize the distance in time as a positive and productive possibility of understanding … It lets the true meaning of the object emerge fully … Not only are fresh sources of error constantly excluded, so that the true meaning has filtered out of it all kinds of things that obscure it, but there emerge continually new sources of understanding, which reveal unsuspected elements of meaning … It not only let those prejudices that are of a particular and limited nature die away, but causes those that bring genuine understanding to emerge clearly as such. It is only this temporal distance that can solve the really critical question of hermeneutics, namely of distinguishing the true prejudices, by which we understand, from the false ones by which we misunderstand.

The Soviet experience from 1918 to 1921 represents a utopian experiment with socialism. The Bolshevik revolutionaries attempted to implement a Marxian social order. Examination of the texts of Lenin, Bukharin, Trotsky, and various other party documents of the time demonstrates the intent to build socialism immediately. The Bolshevik cadre possessed a strong faith in the imminent world revolution, and, therefore, believed in the Trotskyite concept of "permanent revolutions."[6] The civil war represents not so much a distraction in the building of socialism, but rather a method by which socialism will be brought to the West.[7] "Reasoning from the premises of permanent revolution," Robert Daniels points out, "the Bolshevik left wing – Lenin now included – envisioned vast but independent possibilities of revolution in Europe as well as in Russia. Europe was ripe for revolution, and Russia would shake the tree."[8]

This faith in sparking the international revolution was demonstrated at the 6th Congress of the Russian Social-Democratic Workers' Party (Bolsheviks) held in August 1917. "History is working for us," Bukharin declared. "History is moving on the path which leads inevitably to the uprising of the proletariat and the triumph of socialism … we will wage a holy war in the name of the interests of all the proletariat, and … by such a revolutionary war we will light the fire of world socialist revolution."[9] And the draft resolution on the Current Movement and the War accepted at the Congress merely reiterated Bukharin's thesis.[10]

The civil war was not a surprise to the Bolsheviks, but rather an expected response from the bourgeoisie. But, while it was expected as part of the transition period, and, in fact, the *raison d'être* of the dictatorship of the proletariat, the civil war did shape the implementation of policy. As Paul Craig Roberts argues, "It was not the policy [of War Communism] but the manner in which it was applied that was determined by civil war."[11] The policies of War Communism, I hope to demonstrate, were not born "in the crucible of military expediency" as Stephen Cohen argues,[12] but originated instead from the political economy of Karl Marx and were transformed into praxis by Vladimir Illich Lenin from 1918 to 1921 in Soviet Russia.

The economic history of War Communism

There is no real dispute here over the economic facts. As Michael Polanyi wrote with regard to Maurice Dobb, "Mr. Dobb's account of the events does not materially differ from that given in my text."[13] What differs between the standard account and the one offered here is the *meaning* of these facts. It is a problem of intellectual history and not one of better fact-finding or statistical manipulation. Substantial agreement exists concerning the chronology of events following the October uprising and the implementation of certain economic policies.

The Bolsheviks rose to power with the promise of advancing Russia toward socialism. Between October 1917 and May 1918, the Bolsheviks implemented several policies intended to be steps toward the realization of socialism. "Changes

of this sort," Charles Bettelheim points out, "took concrete form in certain decisive measures concerning industry and trade. Of these, the most important were the decree on workers' control, published on 19 November 1917, the decree on the formation of the Supreme Economic Council of National Economy (VSNKh), the decree on the nationalization of the banks (28 December), the decree on consumers' organizations, placing consumers' cooperatives under the control of the Soviets (16 April), and the decree on the monopoly of foreign trade (23 April)."[14]

However, the nationalization drive, which the standard account argues did not begin until after the urgency of civil war became apparent, was already in preparation in March and April of 1918; plans were being made to nationalize both the petroleum and the metal industries.[15] But the sugar industry, with the decree of 2 May 1918, became the first entire industry to be nationalized. Three hundred enterprises were nationalized on 15 May, and by the beginning of June that number exceeded five hundred, half of which represented concerns in heavy industry. This was followed by the general decree nationalizing large-scale industry issued on 28 June 1918.[16] And by 31 August the number of nationalized enterprises reached 3,000. The pace of the nationalization of industry grew throughout the War Communism period to such an extent that, by November 1920, 37,000 enterprises were nationalized: 18,000 of which did not use mechanical power and 5,000 of which employed only one person.[17]

Efforts to nationalize the economy were deemed necessary for the replacement of market methods of allocation by centralized allocation and distribution.[18] A 21 November 1918 decree, for example, forbade internal private trading and a monopoly of trade was granted to the Commissariat of Supply.[19] By March 1919 the consumer cooperatives lost their independent status and were merged with the Commissariat of Supply. And labor mobilization measures, i.e. the militarization of the labor force, were introduced in the attempt to insure the appropriate allocation of the work-force. Stern labor discipline was introduced and "deserters" were penalized accordingly.[20]

Efforts were also undertaken during this period to eliminate monetary circulation. An August 1918 decree of the Supreme Economic Council declared that all transactions had to be carried out by accounting operations without using money. The figures concerning the emission of currency during this period are shocking: 22.4 billion roubles were in circulation on 1 November 1917, 40.3 billion by 1 June 1918, and 60.8 billion by 1 January 1919. And during 1919 the quantity of money tripled, in 1920 it quadrupled, leaving the purchasing power of the rouble in October 1920 at only 1% of what it had been in October 1917.[21]

Perhaps the most ambitious effort of the Bolsheviks during the War Communism period was the attempt to organize the planning apparatus of the national economy. The Supreme Economic Council (VSNKh) was established on 2 December 1917, and three weeks later the Councils of the National Economy (the *Sovnarkozes*) were created by the Supreme Economic Council to coordinate the activities of all economic units within their provinces and districts.

As the nationalization continued to increase, the management of nationalized enterprises called for central administrations. Special departments within the Supreme Economic Council, called *Glavkis*, were formed for this task. Enterprises were integrated vertically through the *glavki* system and horizontally through the *sovarkozes*.[22]

This system of planning attempted to provide *ex ante* coordination of economic activities in place of the chaotic and *ex post* coordination provided by the market system. This planning system, while not provided in a blueprint form from Marx, was nevertheless influenced by him. As Malle writes: "Marxist ideology did not provide concrete guidance about economic organization, but it did provide a general hint about what to be kept and what had to be dropped on the path of economic development. This hint was not irrelevant in the selection of alternatives facing the leadership."[23] It is this connection and its subsequent development that I will proceed to explore.

From Marx to Lenin

While Marx did not wish to write "recipes for the cookshops of the future," there is no doubt about the broad outline of Marx's project.[24] His project entailed the rationalization of politics and the rationalization of economics. Both spheres were interdependent within the Marxian system. The interpreter of Marx cannot merely concentrate on either Marx's economics or his politics if he/she wishes to understand his project. Marx was a political economist in the broadest sense of that term.

Rationalization of the economy required the substitution of a "settled plan," which achieved *ex ante* coordination, for the "anarchy of the market"; the substitution of production for direct use for production for exchange. Consider the following statement of Marx's from *Capital*:[25]

> The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan.

Furthermore, consider the following position taken by Marx in the Economic and Philosophical Manuscripts of 1844:[26]

> The positive transcendence of private property as the appropriation of human life, is therefore the positive transcendence of all estrangement – that is to say, the return of man from religion, family, state, etc. to his human, i.e. social, existence.

The abolition of private property in the means of production and the substitution of a settled plan for the market has the consequence of rationalizing economic life and transcending man's alienated social existence. This is Marx's "economic" project.

Rationalization of politics, on the other hand, required the establishment of "classless" politics. Marx's political vision was one of radical democracy; one which included universal suffrage and insured full participation.[27] Since to Marx the state was an instrument of class conflict, the disappearance of class meant the disappearance of the state and political power. But this did not mean the disappearance of social or "classless" politics. As Marx argued in *The Poverty of Philosophy*:[28]

> The condition for the emancipation of the working class is the abolition of all classes … The working class, in the course of its development, will substitute for the old civil society *an association which will exclude classes and their antagonism, and there will be no more political power properly so-called*, since political power is precisely the official expression of antagonism in civil society … Do not say that social movement excludes political movement. There is never a political movement which is not at the same time social. *It is only in an order of things in which there are no more classes and class antagonisms that social evolutions will cease to be political revolutions.*

Marx, it is also clear, argued that the rationalization process of both politics and economics would be conducted in the transition period by the "dictatorship of the proletariat." Moreover, it is quite clear that Marx believed the transition from capitalism to socialism would not be peaceful, but violent. "The first step in the revolution by the working class," Marx and Engels wrote, "is to raise the proletariat to the position of ruling class, to win the battle of democracy." "The proletariat," they continued, "will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the state, i.e. of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible."[29]

And, though it would be violent, Marx was of the opinion that the transition would be short-lived. Capitalism would negate itself within the process of its development. But within this process of negation, capitalism would develop the material preconditions for the advancement to socialism. As he argued in *Capital*:[30]

> Hand in hand with this centralisation, or this expropriation of many capitalists by few, develop, on an ever extending scale, the cooperative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economising of all means of production by their use as the means of production of combined, socialised labour, the entanglement of all peoples in the net of the world-market, and this, the international character of the capitalist regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery,

> degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated … Capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation … The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialised production, into socialised property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.

There have been many recent attempts to understand Marx's project, and assess its relationship to the Soviet experience with socialism.[31] Many of these attempts, however, focus exclusively upon the relationship between Marx's political vision and Soviet authoritarianism. David Lowell, for example, concludes, after a thorough analysis and comparison of Marx's political project with that of Lenin's, that while "Lenin supplied the theoretical foundations for Soviet authoritarianism, Marx's contribution to them was not decisive. While there are many cogent reasons for rejecting Marx's project as a panacea for society's ills, the project's direct and necessary association with Soviet illiberalism is not one of them."[32]

Others, such as the critical theorists of the Frankfurt School (Horkheimer, Adorno and Marcuse), consider it one of their fundamental tasks as social theorists to explain the relationship between the Marxian promise of emancipation and the Soviet reality of illiberalism. David Held, in his informative history on the development of critical theory, points out that one of the central problems of concern to the members of the Institute of Social Research, i.e. the Frankfurt School, was to address the following questions:[33]

> Given the fate of Marxism in Russia and Western Europe, was Marxism itself nothing other than a stale orthodoxy? Was there a social agent capable of progressive change? What possibilities were there for effective socialist practice?

Positive answers to these questions have not always been forthcoming from the critical theorists or Western Marxism in general. As a result, negativism and a sense of despair burdens Western Marxist discussion of the project of

emancipation. Martin Jay expresses this sense of frustration when he asks, "is it too much to hope that amidst the debris there lurks, silent but still potent, the germ of a truly defensible concept of totality – and even more important, the potential for a liberating totalization that will not turn into its opposite?"[34]

Jay and Western Marxism, in general, find hope in the research program of Jurgen Habermas and the positive alternative that the Habermasian system suggests. Habermas wishes to focus on Marx's project of the rationalization of politics. In this regard, Habermas has developed his idea of "uncoerced discourse" as a model for politics.[35] Habermas, however, does not provide a cogent discussion of Marx's responsibility (if any) for Soviet authoritarianism.

Perhaps the most insightful discussion on the subject of Marx's political project and the Soviet experience, therefore, is to be found within the Praxis group philosophers of Yugoslavia. Svetozar Stojanovic, for example, argues that modern Marxists cannot escape the fact that Marx's fundamental ambiguity toward the concept of the dictatorship of the proletariat is responsible for the perversion of politics under Soviet rule. As Stojanovic argues:[36]

> No matter how we look at it, Marx's idea of the dictatorship of the proletariat was practicable only by having one group rule in the name of the proletariat as a whole. In the best of cases, it would rule in its interest and under its control. In the worst case, it would rule without any kind of supervision and against its vital interests. In conceiving a new state it is no small oversight to set out from the most optimistic assumptions, where no real thought is given to measures and guarantees against the abuse of power.

Thus, modern Marxists need to deal with the terror inflicted upon the proletariat by the dictatorship in its name that occurred during the early years of the Soviet regime.

All these interpretations, however interesting they are, have a fundamental problem; they forget the economic sphere of Marx's project and they ignore unintended consequences in social life. In this regard, the attempt by Radoslav Selucky to understand Marx's project is much more satisfying.[37] Selucky suggests that Marx's project of rationalization of the economy may be inconsistent with the rationalization of politics that Marx envisioned. The concept of a centrally planned unity in economic life is mutually exclusive from the ideal of full democratic participation within political life. This line of reasoning is also consistent with basic Marxian materialist philosophy which argued that the material base (economic life) determines the superstructure (the realm of ideas).

As Selucky argues:[38]

> No Marxist may legitimately construct a social system whose political superstructure would differ structurally from its economic base … If one accepts Marx's concept of base and superstructure, a centralized, hierarchically organized economic subsystem cannot coexist with a pluralistic, horizontally organized self-governed political subsystem.

Selucky seems to understand the institutional requirements of economic rationalization and their unintended consequences.

Those who assert that there is a line of continuity between Marx's project and Lenin's praxis need not argue that either Marx or Lenin was an authoritarian. The argument, rather, is that Marx's project of rationalization has the unintended, and undesirable, consequence of totalitarianism. Neither Marx nor Lenin needs to be viewed as a totalitarian in order to understand how the political utopia they envisioned resulted in such an order. The old Bolsheviks, Lenin, Bukharin, Trotsky, Zinoviev, etc., believed they were faithfully implementing Marx's project of social transformation.[39] In order to accomplish the process of social transformation, it would have to be directed by the dictatorship of the proletariat, i.e. the Bolsheviks, who represented the true interests of the working class. Bolshevik proposals were filled with intentions of radical democracy, both economically as well as politically, for the working man. Lenin was a faithful interpreter of Marx's project.

Don Lavoie, therefore, provides perhaps the most cogent understanding of Marx's political and economic project among recent interpretations. Lavoie presents Marx's project as an attempt to broaden the scope of democracy and public life. He states:[40]

> Karl Marx conceived of central planning as an attempt to resolve this inherent contradiction between the private and public spheres of society. As in any genuinely radical perspective, his particular diagnosis of the problem is inextricably bound up with his utopia, his notion of the cure. Marx saw the problem as being located in the competitive private sphere, the market system, where separate, divided, or "alienated" interests contend with one another for resources. He argued that, so long as democratic institutions tried to merge themselves with this competitive sphere, they would invariably succumb to it. The solution, then, was to eradicate competitive market relations and to replace them with a broadening of the democratically based public sphere to encompass all of social life. No longer would politicians stoop to being tools of special and conflicting interests, since the private sector would cease to exist as a separate component of society. All social production would be carried out by the "associated producers" in conjunction with a common plan. Production would no longer be a private act of war by some market participants against others in a competitive struggle for wealth, but would instead be the main task of the self-coordinated democratic institution … The reason for our pervasive social ills, culminating in the modern threat of total destruction in use, is perceived to be the fact that we have narrowly confined the function of democratic institutions to a tiny part of social life and have left the bulk of economic activity to the unplanned outcome of non-democratic private struggles for wealth in the market. The proposed solution is to widen democracy to the whole sphere of economics and completely abolish private ownership of the means of production, thereby eliminating the competitiveness of market relations as a basis for economic decision-making.

And, although Marx was extremely reluctant to discuss how his utopia would work in practice, Lavoie suggests that we can envision the fundamental components of Marx's political and economic project, and study their operation. So despite Marx's reluctance, Lavoie argues that:[41]

> One can still infer from his [Marx's] many indirect references to the communist society that some sort of democratic procedures would be constructed through which the goals of society could be formulated. After this is done, scientists would devise rational comprehensive planning procedures to implement these goals. Since this planning, to be meaningful and scientific, must obtain control over all the relevant variables, Marx consistently foresaw it as centralized and comprehensive. The commonly owned means of production would be deliberately and scientifically operated by the state in accordance with a single plan. Social problems would henceforth be resolved not by meekly interfering with a competitive market order but by taking over the whole process of social production from beginning to end.

This task of abolishing market relations and "taking over the whole process of social production from beginning to end" constitutes the economic policies followed by the Bolsheviks from 1918 to 1921. The policies of War Communism represent the conscious and deliberate attempt to realize Marx's utopia.

Ripeness and the rise to power

Much has been made of the issue of "ripeness" or whether Russia was sufficiently developed. Marx's model of dialectical materialism and the debate between the Mensheviks and the Bolsheviks is usually invoked to demonstrate Lenin's deviation from "real" Marxism. Russia's backward political and economic traditions, it is argued, precluded the possibility of a successful Marxist revolution. Lenin's political maneuvering was a gamble – the attempt to skip over the important historical stage of the bourgeois revolution – with the pay-off being a net loss to the Russian people.[42] Russia became stuck, as a result of Lenin's hurried attempt to achieve utopia, in the Asiatic mode of production or "oriental despotism."[43]

The tyranny of Soviet oppression under Stalin, from this perspective, is the outcome of the intentional gamble by Lenin to rush the revolution in a backward country. What is noteworthy in this analysis is that Marx's project of rationalization is understood; what is disappointing is that the economic problem this rationalization process would have to confront, no matter what stage of development the country of revolution found itself, is misunderstood. Discussion, instead, focuses upon the proper historical conditions conducive to the world revolution.

Robert Daniels, for example, argues that the key to understanding the development of Communism is to keep in mind the importance of historical

conditions. The Soviet experience – a historical accident – could not possibly have succeeded in establishing socialism, because it lacked the necessary preconditions. What resulted in the Soviet Union was not the unintended outcome of attempting to implement Marx's rationalization project, but rather a different system determined by the historical stage of development. As Daniels argues in *The Conscience of the Revolution*:[44]

> The important concern from the standpoint of understanding the development of Communism is to see how the ideal proved to be unrealizable under the *particular Russian conditions* where it was attempted. The Marxian theory underlying the ideal, whenever applied objectively, actually foretold the failure: proletarian socialism required a strong proletariat and an advanced economy; Russia lacked the strong proletariat and the advanced economy. Therefore, the ideal could not be attained, and any claims to the contrary could only mask the establishment of some other kind of social order.

While Daniels sees this focus upon historical preconditions as the key to understanding this episode, I contend that it turns into the key problem to understanding, and, actually leads to misunderstanding the meaning of the Soviet experience with socialism.[45] What is disappointing about much of the analysis of the Bolshevik rise to power is the almost exclusive emphasis upon historical preconditions for successful socialist practice and the differences in *political strategy* that existed between the Mensheviks and Socialist-Revolutionaries, on the one hand, and the Bolsheviks, on the other.[46]

The Mensheviks and Socialist-Revolutionaries, after the February revolution, originally wanted to work with the Kadet government, as a critic of policy, in the belief that Russia needed to go through the bourgeois revolution before the possibility of the workers' revolution could be discussed.[47] The April days and the July demonstrations, however, brought a closer coalition between the Mensheviks, the Socialist-Revolutionaries, and the provisional government.[48] The Bolsheviks, on the other hand, wanted no part of the compromise with the government, and grew more anxious throughout 1917 to take power and bring relief (and political power) to the suffering masses. This proved to be a tactical *coup d'état*, for, as conditions worsened through the summer of 1917, the Bolsheviks were the only political group to remain untainted by association with the government. Lenin and the party took full advantage of this "higher moral ground."[49]

Lenin, for example, in his essay "Political Parties in Russia and the Task of the Proletariat," written in April 1917, set out to answer questions about the political positions of the four major political factions.[50] There existed, according to Lenin:

1 a group to the right of the Constitutional Democrats;
2 the Constitutional Democrats;

3 the Social Democrats and the Socialist Revolutionaries; and
4 the Bolsheviks.

The Constitutional Democrats, and the group to their right, represented the interests of the bourgeoisie, while the Social Democrats and the Socialist-Revolutionaries represented the interests of the petty bourgeoisie. The Bolsheviks, however, represented the interests of the proletariat and demanded all power to the Soviets, "undivided power to the Soviets from the bottom up all over the country" (1977, vol. 24, p. 99). The major difference between the political platform of the Social Democrats and the Socialist-Revolutionaries and the Bolsheviks was *pace*; the Bolsheviks demanded power to the Soviets *now*, while the Social Democrats argued that it was not time – Russia must wait until the bourgeois revolution was completed.

"The masses must be made to see," Lenin argued upon his arrival in Russia in April 1917, "that the Soviets of Workers' Deputies are the only possible form of revolutionary government, and that therefore our task is, as long as this government yields to the influence of the bourgeoisie, to present a patient, systematic, and persistent explanation of the errors of their tactics, an explanation especially adapted to the practical needs of the masses" (1977, vol. 24, p. 23). This is where he set out his famous "April Theses."[51]

As long as the Bolsheviks remained in the minority[52] their primary task was that of "criticising and exposing" the errors of the government, and to "preach the necessity of transferring the entire state power to the Soviets of Workers' Deputies" (Ibid.). It was not the task of the proletariat at that time (April 1917) to introduce socialism immediately, according to Lenin, but rather to bring social production and distribution under the control of the Soviets.[53] The Bolsheviks were urged by Lenin to take the initiative in creating the international revolution. "It must be made clear that the people can stop the war or change its character," Lenin wrote "*only* by changing the class character of the government."[54]

Lenin believed that the workers could, and should, take state power immediately. His belief was justified, he argued, because of the existence of two governments; the existence of "dual power" within Russia.[55] There existed the provisional government – which was the government of the bourgeoisie – but at the same time another government had arisen: the government of the proletariat – the Soviets of Workers' and Soldiers' Deputies. "This power is of the same type," Lenin argued, "as the Paris Commune of 1871" (1977, vol. 24, p. 38). The workers' state must assume power.

It is not a problem of ripeness, asserted Lenin.[56] The problem with the Paris Commune was not that it introduced socialism immediately (a bourgeois prejudice). "The Commune, unfortunately," Lenin asserted, "was too slow in introducing socialism. The *real* essence of the Commune is not where the bourgeois usually looks for it, but in the creation of a state of a special type. *Such a state has already arisen in Russia, it is the Soviets of Workers' and Soldiers' Deputies!*"[57]

The existence of dual power and the circumstances of the time led Lenin to declare at the 7th (April) All-Russia Conference that the whole crux of the matter can be summed up as follows: "We [Bolsheviks] put the issue of socialism not as a jump, but as a practical way out of the present debacle" (1977, vol. 24, p. 308). World War I had ripened the conditions for the revolution. Economically, the necessities of war planning had created greater concentration of capital and brought production under the conscious control of society.[58] Politically, the war had intensified the exploitation of the working class in the name of the capitalist war.[59] "But with private ownership of the means of production abolished and state power passing completely to the proletariat," Lenin argued, "these very conditions are a pledge of success for society's transformation that will do away with the exploitation of man by man and ensure the well-being of everyone" (1977, vol. 24, p. 310). Lenin argued that it was an utter mistake to suggest, because of some preconceived notion that conditions were not ripe, that the working class should support the bourgeois government, or that the proletariat should renounce its leading role in convincing the people of the urgency of taking practical steps toward the establishment of socialism. The time was ripe.

The steps Lenin advocated were nationalization of land, state control over banks and the establishment of a single state bank, control over the big capitalist syndicates and a progressive income tax. "Economically," Lenin argued, "these measures are timely; technically, they can be carried out immediately; politically they are likely to receive the support of the overwhelming majority of the peasants, who have everything to gain by these reforms" (1977, vol. 24, p. 311).

Praxis and catastrophe

Concentration upon questions of historical ripeness results in a failure to discuss, within the usual analysis of these conflicts among the different political groups, the economic content of their respective platforms, and what they hoped to accomplish by implementing their programs. As Lenin pointed out, though, in the "Impending Debacle" (1977, vol. 24, pp. 395–7), there were no substantial differences between the Narodniks and Mensheviks, on the one side, and the Bolsheviks, on the other, over the economic platform. What Lenin's complaint amounted to, therefore, was that the other groups were only socialists in word, being bourgeois when judged by their deeds. The Declaration of the "new" Provisional Government (issued on 6 May 1917 by the first coalition provisional government), for example, states that the "Provisional Government will redouble its determined efforts to combat economic disorganization by developing planned state and public control of production, transport, commerce and distribution of products, and where necessary will resort also to the organization of production."[60] Moreover, Lenin quotes at length from a resolution of the provisional government concerning economic policy (Lenin, 1977, vol. 24, p. 396):

> Many branches of industry are ripe for a state trade monopoly (grain, meat, salt, leather), others are ripe for the organization of state-controlled trusts (coal, oil, metallurgy, sugar, paper); and, finally, present conditions demand in the case of nearly all branches of industry state control of the distribution of raw materials and manufactures, as well as price fixing … Simultaneously, it is necessary to place all banking institutions under state and public control in order to combat speculation in goods subject to state control … At the same time, the most energetic measures should be taken against the work-shy, even if labour conscription has to be introduced for that purpose … The country is already in a state of catastrophe, and the only thing that can save it is the creative effort of the whole nation headed by a government which has consciously shouldered the stupendous task of rescuing a country ruined by war and the tsarist regime.

"We have here," Lenin commented, "state-controlled trusts, the combating of speculation, labour conscription – in what way does this differ from *terrible* Bolshevism, what more could these *terrible* Bolsheviks want?" Lenin answers his rhetorical question by simply stating that the provisional government has been "forced to accept the programme of '*terrible*' Bolshevism because no other programme offers a way out of the really calamitous debacle that is impending" (Lenin, 1977, vol. 24, p. 396). But Lenin charged the provisional government (the capitalists) with only accepting the programme "in order not to carry it out." Even though "all this can be introduced by decree which can be drafted in a single day" the new provisional government possessed no intention of taking the correct action. Disaster was imminent, Lenin warned, and action should have been immediate.[61]

Lenin summarized his argument in "Lessons of the Revolution" (1977, vol. 25, pp. 229–43). He argues that Russia was ruled as a "free" country for about four months after the overthrow of the tsarist regime on 27 February 1917. Even though the bourgeoisie were able to "capture" the government (Kadet Party), Soviets were elected in an absolutely free way – genuine organizations of the people, of the workers and peasants. Thus, there arose a situation of dual power. The Soviets should have taken state power in order to:

1 stop the war, and
2 stop the capitalists who were getting rich on the war.

But only the Bolshevik social democrats demanded that state power be transferred to the Soviets. The Menshevik social democrats and the Socialist-Revolutionaries opposed the transfer of power. "Instead of removing the bourgeois government and replacing it by a government of the Soviets," Lenin argued, "these parties insisted on supporting the bourgeois government, compromising with it and forming a coalition government with it. This policy of compromise with the bourgeoisie pursued by the Socialist-Revolutionary and the Menshevik parties, who enjoyed the confidence of the majority of the

people, is the main content of the entire course of the development of the revolution during the first five months since it began" (1977, vol. 25, p. 234).

This policy of compromise represented the complete betrayal of the revolution. By April a spontaneous workers' movement was ready to assume power, but the Socialist-Revolutionaries and Mensheviks, instead, compromised with the capitalist's government, betraying the trust of the people, and allowing the capitalists to maintain state power.[62] The events of 1917, Lenin argued, merely confirmed old Marxist truths about the petty bourgeoisie and prepared the way for a true workers' revolution. The lesson was all too clear.

> The lesson of the Russian revolution is that there can be no escape for the working people from the iron grip of war, famine, and enslavement by the landowners and capitalists unless they completely break with the Socialist-Revolutionary and Menshevik parties and clearly understand the latter's treacherous role, unless they renounce all compromises with the bourgeoisie and resolutely side with the revolutionary workers. Only the revolutionary workers, if supported by peasant poor, are capable of smashing the resistance of the capitalists and leading the people in gaining land without compensation, complete liberty, victory over famine and the war, and a just and lasting peace
>
> (Lenin 1977, vol. 25, pp. 242–3).

This theme is reiterated in "The Impending Catastrophe and How to Combat It" (1977, vol. 25, pp. 327–69). There Lenin argues that six months had passed since the revolution, and, despite promises to the contrary, the catastrophe was closer than ever before. Unemployment had increased, shortages of food and other goods persisted, and yet, the "revolutionary" government did nothing to avert the catastrophe. Russia could wait no longer. The imperialist war was driving the country nearer to ruin at an ever-increasing speed. Yet the government did not implement the measures necessary to combat catastrophe and famine. The only reason, Lenin argued, that no movement was made to avert catastrophe was exclusively because their [i.e. the proper measures] realisation would affect the fabulous profits of a handful of landowners and capitalists" (1977, p. 328).

What was needed, according to Lenin, was for the government (a real revolutionary government) to take steps toward introducing the socialization of production; only such steps would avert catastrophe.[63] The chief and principal measure of combating, of averting, catastrophe and famine was to increase control of the production and distribution of goods, i.e. rationalize the economic process. "Control, supervision, accounting, regulation by the state, introduction of a proper distribution of labour-power in the production and distribution of goods, husbanding of the people's forces, the elimination of all wasteful effort, economy of effort" these are the measures necessary, Lenin argued. "Control, supervision and accounting are the prime requisites for combating catastrophe and famine." That this is so, Lenin stated, was "indisputable and universally recognized" (1977, vol. 25, p. 328).

The Mensheviks and the Socialist-Revolutionaries did nothing in the face of catastrophe. Their coalition with the government, and the government's sabotage of all attempts at control, made the Mensheviks and the Socialist-Revolutionaries "politically responsible to the Russian workers and peasants for winking at the capitalists and allowing them to frustrate all control" (1977, vol. 25, p. 330).[64] It is no wonder, given the increased suffering of the masses, that such energetic condemnations swung support from the provisional government toward the Bolsheviks.

The crux of the matter, to Lenin, was the need for a revolutionary dictatorship. "We cannot be revolutionary democrats in the twentieth century and in a capitalist country," he wrote, "if we fear to advance toward socialism" (Lenin, 1977, vol. 25, p. 360). Those who argued that Russia was not ripe for socialism, and, therefore, that the current revolution was a bourgeois revolution, had failed to "understand (as an examination of the theoretical basis of their opinion shows) what imperialism is, what capitalist monopoly is, what the state is, and what revolutionary democracy is. For anyone who understands this is bound to admit that there can be no advance except toward socialism" (Lenin, 1977, vol. 25, p. 361).

Capitalism in Russia, Lenin argued, had become monopoly capitalism due to the imperialist war. This was evidenced by the development of the syndicates, such as in sugar. Monopoly capitalism develops into state monopoly capitalism. The state, on the other hand, is nothing but the organization of the ruling class. If you substitute a revolutionary democratic state for a capitalist state "you will find that, given a really revolutionary-democratic state, state-monopoly capitalism inevitably and unavoidably implies a step, and more than one step, toward socialism!" Lenin continued by arguing:

> For socialism, is merely the next step forward from state-capitalist monopoly. Or, in other words, socialism is merely state-capitalist monopoly *which is made to serve the interests of the whole people and has to that extent ceased* to be capitalist monopoly … The objective process of development is such that it is impossible to advance from *monopolies* (and the war has magnified their number, role and importance tenfold) without advancing toward socialism (Lenin, 1977, vol. 25, pp. 361–2, emphasis in original).

From imperialism to socialism

Lenin's political position can be understood more clearly if one considers his two theoretical works which basically bookend the revolutionary activity of 1917, *Imperialism, The Highest Stage of Capitalism*, and *The State and Revolution*.[65] *Imperialism* set out to explain how the world economic system had changed, and how the war was the inevitable outcome of this change. *The State and Revolution* concerned itself with the discussion of the nature of the state, its use in the revolution and subsequent dictatorship of the proletariat, and its inevitable "withering away" in the post-revolutionary world.

"Competition," Lenin argued in *Imperialism*, "becomes transformed into monopoly." "The result [of this increased monopolization of the economy]," Lenin continued, "is immense progress in the socialisation of production. In particular, the process of technical invention and improvement becomes socialised" (1977, vol. 22, p. 205). The natural operation of the capitalist mode of production leads to increased concentration of industry because of the profit advantage inherent in economies of scale.[66] The monopolization of the economy, to Lenin, is not just the result of a state-granted privilege, but inherent to the capitalist process of production.[67] The state can only affect the form the monopoly takes.

The increased concentration of industry that occurs in the highest stage of capitalism has the advantage of bringing economic life under conscious control. The chaotic process of free competition is overcome. "Capitalism in its imperialist stage," Lenin argued, "leads directly to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation" (1977, vol. 22, p. 205).

The system no longer relied upon the businessman's ability to satisfy consumer demand. The concentration of banking had made business more and more dependent upon pleasing finance capital to stay in operation.[68] Economic success was not measured by profits gathered from satisfying consumers, but by the connections one had to finance capital. Advantageous business connections and not free competition dominated economic life. "At the basis of these manipulations and swindles," Lenin observed, "lies socialised production; but the immense progress of mankind, which achieved this socialisation, goes to benefit … the speculators" and not the people (1977, vol. 22, p. 207). The system must be made to serve the interest of the people instead.

One of the key factors in the socialization of the economic process under imperialism was the increased role of banks in economic life. "We see the rapid expansion of a close network of channels which cover the whole country," Lenin commented, "centralising all capital and all revenues, transforming thousands and thousands of scattered economic enterprises into a single national capitalist, and then into a world capitalist economy" (1977, vol. 22, p. 213). This "banking network," which under imperialism increases the power of the monopolistic giants, will provide the technical precondition for full socialization of the economy.[69]

All of industry has become interconnected (not scattered as under free competition) and dependent upon the central nerve of economic life: the bank. "As regards the close connection between banks and industry," Lenin stated, "it is precisely in this sphere that the new role of banks is, perhaps, most strikingly felt." The result of this new role "is that the industrial capitalist becomes more completely dependent on the bank" (1977, vol. 22, p. 220).

Lenin sees this, economically, as a good and natural development. It enables control over the economic life process.[70] "Finance capital," Lenin argued, "has created the epoch of monopolies, and monopolies introduce everywhere

monopolist principles: the utilization of connections for profitable transactions takes the place of competition on the open market" (Lenin, 1977, vol. 22, p. 244). The era of finance capital had laid the necessary economic ground work for socialization.

On the other hand, the increased monopolization generated war as capitalists fought over economic territory and the division of the world market. "The capitalists divide the world, not out of any particular malice," Lenin stated, "but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits" (Lenin, 1977, vol. 22, p. 253). The inevitable striving of finance capital to expand its influence leads directly to colonialism and colonial conquest.[71] This increases the misery individuals suffer under capitalist rule, and brings to consciousness the antagonism of the classes. The imperialist war had laid the necessary ground work for political revolution.

Lenin argued that imperialism was capitalism in transition. As he stated (1977, vol. 22, pp. 265–6):

> Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into, their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist-free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry; replacing large-scale by still larger scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate thousands of millions. At the same time the monopolies, which have grown out of free competition, do not eliminate the latter, but exist above it and alongside it, and thereby give rise to a number of very acute, intense antagonisms, factions and conflicts. Monopoly is the transition from capitalism to a higher system.

The epoch of imperialism had, according to Lenin, confirmed Marx's theory of the increased socialization of production under capitalism. Socialism was to be born in the womb of capitalism, and the transition phase would have all the pains associated with birth.[72] Imperialism signaled the advent of transition.

The interlocking of business and banking interests, and the world economy signified to Lenin the changing of social relations of production. As he wrote (Lenin, 1977, vol. 22, pp. 302–3, emphasis added):

> When a big enterprise assumes gigantic proportions, and, *on the basis of an exact computation of mass data, organizes according to plan* the supply of raw materials to the extent of two thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organized manner to the *most suitable places of production*, sometimes situated hundreds or thousands of miles from each other; when a single centre directs all the consecutive stages of processing the materials right up to the manufacture of numerous varieties of finished articles; when these products are distributed *according to a single plan* among tens and hundreds of millions of consumers … then it becomes evident that *we have socialisation of production* and not mere "interlocking."

The shell of private ownership and private enterprise no longer fits the content of the socialized mode of production; it must either decay (if its removal is artificially delayed) or be removed, but nevertheless it will inevitably fall away opening the door for people to exist in social relation with one another.

The process of removing the shell preparing for post-revolutionary social relations constitutes the subject of Lenin's *The State and Revolution*. This essay is perhaps one of the most fateful political tracts for the human condition written in the twentieth century. "The Soviet state," A. J. Polan writes, "that emerged after 1917 bore the stamp of *The State and Revolution* in all its subsequent phases, before and after the Bolsheviks secured the monopoly of power, before and after the decline of the Soviets as significant institutions, before and after the rise of Stalin."[73]

Yet there is some controversy surrounding Lenin's essay and its place within Lenin's political thinking. Robert Daniels, for example, has argued that *The State and Revolution* represents a utopian aberration in Lenin's political career – a product of revolutionary fervor – and, therefore, views it as a mistake to treat the text as representative of Lenin's political philosophy. "To consider *State and Revolution* as the basic statement of Lenin's political philosophy," Daniels states, "is a serious error." Daniels' argument amounts to pointing out that the essay's "argument for a utopian anarchism never actually became official policy after the revolution," and that the text only served as "the point of departure for the Left Opposition." It was the Leninism of 1902, the "What is to be Done" Lenin, "which prevailed as the basis for the political development of the USSR."[74]

Rodney Barfield, however, in challenging Daniels' interpretation has pointed out that Lenin's essay cannot be viewed as a product of revolutionary fervor because at the time he was researching it Lenin had no idea that revolution was looming on the horizon for Russia. "If *State and Revolution* is divorced from the revolutionary period and viewed as a theoretical work written for the future, a work intended to be Lenin's 'last will and testament,' consisting of ideas which were formulated not in the heat of revolution but in the cool detachment of the Zurich Library," Barfield argued, "then there is sufficient reason to interpret it as representing an integral part of the whole of Lenin's revolutionary thought and personal make-up. *The book may then be viewed as a serious revelation of the end to which Lenin had devoted his life*."[75]

Alfred Evans has recently argued that "*State and Revolution* has been misinterpreted in most of the scholarly literature on Lenin's thought."[76] Lenin is simply not the utopian or quasi-anarchist, Evans argues, that people make him out to be in *State and Revolution*. Lenin did not possess a blind faith in the masses, nor did he reject authority from above. Evans contends that:[77]

> In 1917 he did not in theory or practice throw all caution to the winds and stake everything on the unskilled wisdom of the masses. Lenin's essay was vulnerable to the charge of being unrealistic, not because he failed to allow for authority from above, but because he expected centralized planning and guidance to be easily compatible with enthusiastic initiative from below.

Thus, *State and Revolution* is neither the crazy utopian tract depicted by Daniels nor the humanistic utopian tract depicted by Barfield, but a polemic in defense of the Marxian utopia of a politically and economically rationalized society. Lenin saw his "prime task" as that of re-establishing "what Marx really taught" (1977, vol. 25, p. 391). Once Lenin established, to his own satisfaction, what Marx really taught on the subject of the state, he turned his attention to clarifying the role of the state in the transition from capitalism to Communism and the tasks that the proletariat vanguard must confront in socioeconomic transformation.

Lenin defends the thesis of the withering away of the state against both the opportunists (Kautsky, etc.), who argue that the proletariat needs the state, and the anarchists, who argue that the state must be abolished without first transforming the economic system. The state – that special apparatus of coercion – is necessary during the transition, but it is a state that is withering away. Lenin asserted that (1977, vol. 25, p. 441):

> The proletariat needs the state only temporarily. We do not at all differ with the anarchists on the question of the abolition of the state as the aim. We maintain that, to achieve this aim, we must temporarily make use of instruments, resources and methods of state power against the exploiters, just as the temporary dictatorship of the oppressed class is necessary for the abolition of classes.

The proletariat state would be modeled upon the Paris Commune, Lenin argued, which could not be properly labeled a state in the sense that it no longer operated as an instrument for the suppression of the majority, but the minority (see 1977, vol. 25, pp. 441–7). The proletariat state must conduct the process of social transformation along the lines of democratic centralism.

From this point of reference, Lenin argued, following Marx, that the proletariat must win the battle of democracy in order to overcome mere bourgeois democracy. "Fully consistent democracy," Lenin wrote, "is impossible under capitalism, and under socialism all democracy will wither away."[78] But, "to develop democracy to the utmost, to find the forms for this development,

to test them by practice, and so forth, all this is one of the component tasks of the struggle for the social revolution" (1977, vol. 25, p. 457). Democracy, though, is merely "a state which recognizes the subordination of the minority to the majority, i.e. an organization for the systematic use of force by one class against another, by one section of the population against another" (1977, vol. 25, p. 461). And, as Lenin pointed out, the goal of the social revolution was to transcend such a social existence (Ibid.):

> We set ourselves the ultimate aim of abolishing the state, i.e. all organized and systematic violence, all use of violence against people in general. We do not expect the advent of a system of society in which the principle of subordination of the minority to the majority will not be observed. In striving for socialism, however, we are convinced what it will develop into communism and, therefore, that the need for violence against people in general, for the subordination of one man to another, and of one section of the population to another, will vanish altogether since people will become accustomed to observing the elementary conditions of social life without violence and without subordination.

However, during the special historical stage of development, where the revolutionary dictatorship of the proletariat assumes state power, capitalist democracy (democracy for the few) will be transformed into democracy for the majority of the people. The vanguard of the oppressed ruling class must suppress the oppressors. "Simultaneously," Lenin wrote, "with an immense expansion of democracy, which for the first time becomes democracy for the poor, democracy for the people, and not democracy for the money-bags, the dictatorship of the proletariat imposes a series of restrictions on the freedom of the oppressors, the exploiters, the capitalists." "We must," Lenin emphasized, "suppress them in order to free humanity from wage slavery, their resistance must be crushed by force." And thus, Lenin concluded (1977, vol. 25, pp. 466–7)

> Democracy for the vast majority of the people, and suppression by force, i.e. exclusion from democracy, of the exploiters and oppressors of the people – this is the change democracy undergoes during the transition from capitalism to communism. Only in the communist society, when the resistance of the capitalists has been completely crushed, when the capitalists have disappeared, when there are no classes (i.e. when there is no distinction between the members of society as regards their relation to the social means of production), only then "the state … ceases to exist," and "it becomes possible to speak of freedom." Only then will a truly complete democracy become possible and be realised, a democracy without exceptions whatever. And only then will democracy begin to wither away…

The extension of democracy under the dictatorship of the proletariat will not be without economic consequences. The political development in the transition

period "will exert its influence on economic life" and "stimulate its transformation; and in its turn it will be influenced by economic development … this is the dialectics of living history" (Lenin, 1977, vol. 25, p. 458).

The epoch of finance capital and the imperialist war had transformed capitalism into monopoly capitalism and provided the necessary prerequisites for transforming the social relations of production. "The proximity of such capitalism," Lenin wrote, "to socialism should serve genuine representatives of the proletariat as an argument proving the proximity, facility, feasibility and urgency of socialist revolution …" (1977, vol. 25, p. 448). The "mechanism of social management" necessary for social transformation was at hand and demonstrated in such state-capitalist monopoly business organizations as the postal service. Lenin argued that once the workers overthrew the bourgeoisie they would inherit a "splendidly-equipped mechanism" that could easily be run by the united workers. This presented the proletariat with a "concrete, practical task which [could] immediately be fulfilled." "To organize the whole economy," Lenin wrote, "on the lines of the postal service so that the technicians, foremen, and accountants, as well as *all* officials, shall receive salaries no higher than "a workman's wage," all under the control and leadership of the armed proletariat – that is our immediate aim. This is the state and this is the economic foundation we need" (1977, vol. 25, pp. 431–2, emphasis in original).[79]

Or as Lenin put the matter of economic readiness later in the text (1977, vol. 25, p. 478, emphasis in original):

> Given these economic preconditions, it is quite possible, after the overthrow of the capitalists and the bureaucrats to proceed immediately, overnight, to replace them in the control over production and distribution, in the work of keeping account of labour and products, by the armed workers, by the whole of the armed population … Accounting and control – that is mainly what is needed for the "smooth working," for the proper functioning, of the first phase of communist society.

Once all have learned to administer and control social production, then "the door will be thrown wide open for the transition from the first phase of communist society to its higher phase, and with it the complete withering away of the state" (1977, vol. 25, p. 479).

With the political and economic task of overthrowing the bourgeoisie and bringing social life under rational control in mind, Lenin broke off from completing *The State and Revolution*. The events of the fall of 1917 had transformed Lenin's activity from theorizing about revolution to revolutionary praxis. As Lenin put it on 30 November 1917: "It is more pleasant and useful to go through the experience of the revolution than to write about it" (1977, vol. 25, p. 497). Utopia had come to power.[80]

Utopia in power

The revolutionary midwife – the Party – had proceeded in assisting a successful

delivery.[81] The socialist child was born and Lenin and the others were faced with the task of insuring its development and maturation. Overnight the new revolutionary government sought to implement its program by decree.[82] Referring to the Bolsheviks' economic program, K. Leites stated that: "It [was] safe to say that from the beginning of history humanity [had] never witnessed so complicated an experiment in government."[83] Having wrested political control from the provisional government the Bolsheviks were now "in a position to carry out the great economic revolution to which the political revolution was only a prelude, introduce socialism forthwith and transform the whole order of society."[84]

The economic transformation of Russian society consisted of implementing five major principles of social organization.[85] First, the elimination of private property in land and the means of production and the maximum extension of ownership. This included the working class taking control of the banks, railways, shipping, mining, large-scale industry, foreign trade, etc. Second, the forced allocation and mobilization of labor. The strictest militarization of labor was necessary to successfully construct socialism. Third, centralized management of economic production. Centralized planning of production and distribution of resources was deemed necessary for rationalizing the economic life process. Fourth, introduction of class and socialist principles of distribution. Rationing according to class was considered necessary for the achievement of an equitable distribution of resources. Fifth, the abolition of commodity and money relations and the substitution of a "natural economy" for the market economy. The elimination of the monetary economy and commodity production were deemed necessary for the "defetishization" of economic life and the transcendence of man's alienated social existence.[86]

Taken in combination, these policies constituted the economic program of the Bolsheviks from 1917 to 1921, although for purposes of exposition it is perhaps more accurate to place the beginning of this program as December 1917 or January 1918, when the Supreme Economic Council was formed and the nationalization of industry increased in pace. This period is known to economists and historians today as "War Communism," but at the time it was known simply as Communism.[87]

This system attempted to substitute a unified plan of economic life, i.e. rational social relations of production, for the chaotic and exploitative relations of production that existed under monopoly capitalism. As Leo Pasvolsky stated in 1921: "the plan, underlying the whole Soviet economic mechanism, is made up, primarily, of two elements, viz., unity and hierarchy. The first of these elements calls for an effective coordination of the various phases of the whole country's economic life and a concentration of the control over these various factors. The second makes it imperative that these various factors be classified and then subordinated one to another in an ascending order."[88] The task the Bolsheviks took upon themselves consisted not of "rebuilding the economic apparatus and organizing productive effort, but in placing both upon an entirely new basis. The Bolshevik[s] set out to purge the economic organization of Russia of its capitalist spirit and to breathe into it their version of the Socialist spirit."[89]

This program of socialist construction was presented in the Party platforms and other writings of the leading Bolsheviks during this time. Various decrees were announced and resolutions passed with the intention of building socialism in Russia (see Table 7.1). Theoretical works, socialist polemics and Party propaganda were issued to clarify and explain the Bolshevik program to the masses.

Lenin, for example, in his pamphlet *The Immediate Tasks of the Soviet Government* (1977, vol. 27, pp. 235–77), argued that "For the first time in history a socialist party has managed to complete in the main the conquest of power and the suppression of the exploiters, and has managed to *approach directly* the task of *administration*" (1977, vol. 27, p. 242, emphasis in original). Having successfully convinced the majority of the people that its program and tactics were correct, and having successfully captured political power, the Bolsheviks were faced with the immediate task of organizing social administration. The decisive aspect in accomplishing this task was organizing "the strictest and country-wide accounting and control of production and distribution of goods" (1977, vol. 27, p. 245).

The successful implementation of accounting and control, alongside the amalgamation of all banks into a single state bank, would transform the banking system into "nodal points of public accounting under socialism"[90] and allow the Soviets to organize "the population into a single cooperative society under proletariat management" (1977, vol. 27, pp. 252, 256). But because the introduction of accounting and control had lagged behind the expropriation of the expropriators, Lenin argued, socialist construction would be slower than was originally expected. "The possibility of building socialism," Lenin wrote, "depends exactly upon our success in combining the Soviet power and the Soviet organization of administration with the up-to-date achievements of capitalism."[91]

The possibility of socialism also required, according to Lenin, the subordination of the desires of the many to the unity of the plan. The rhetoric of workers'control and workers'democracy meant something entirely different from the model of decentralization that is promulgated today. To Lenin, as to most Marxists at that time, workers'control was a method by which central planning could be accomplished and not a decentralized alternative. As Silvana Malle points out: "In Lenin's model of power, workers' control would not evolve in any decentralized form, but, on the contrary, would facilitate the flow of information to the centre and the correct implementation of central guidelines."[92]

Centralized planning and control were considered the essential elements of socialist construction. "It must be said," Lenin wrote, "that large-scale machine industry – which is precisely the material source, the productive source, the foundation of socialism – calls for absolute and strict *unity of will*, which directs the joint labours of hundreds, thousands and tens of thousands of people." "The technical, economic and historical necessity of this is obvious," Lenin continued, "and all those who have thought about socialism have always

Table 7.1 Major economic decrees and resolutions passed by the Bolsheviks

Dates (Western calendar)	*Decrees and resolutions*
8 November 1917	The Council of People's Commissars is formed
8 November 1917	Decree on Land; abolished the landlords' right of property and called for the confiscation of landed estates
27 November 1917	Decree on Workers' Control over Production
15 December 1917	Supreme Economic Council is established
27 December 1917	Declaration of the Nationalization of Banks
15 January 1918	Dividend and interest payments and all dealings in stocks and bonds are declared illegal
16 January 1918	Declaration of the Rights of the Working and Exploited People abolished the exploitation of man by man
10 February 1918	Repudiation of all foreign debt
22 April 1918	Nationalization of foreign trade
1 May 1918	Abolition of inheritance
9 May 1918	Decree giving the Food Commissariat extraordinary powers to combat village bourgeoisie who were concealing and speculating on grain reserves
9 June 1918	Labor mobilization for the Red Army
28 June 1918	Nationalization of large-scale industry and railway transportation
2 November 1918	Decree on the Extraordinary Revolutionary Tax to support the Red Army and the International Socialist Revolution
22 March 1919	The Party Programme of the Eighth Party Congress; called for increased centralization of economic administration
29 March to 4 April 1920	The Outstanding Resolution on Economic Reconstruction is passed; called for increased centralization of economic administration to insure the unity of the plan necessary for the economic reconstruction after the civil war and foreign intervention
29 November 1920	Decree of the Supreme Economic Council on the nationalization of small industrial enterprises; all enterprises with mechanical power who employed five or more workers, and all enterprises without mechanical power who employed ten or more workers, were nationalized
March 1921	The Kronstadt Rebellion
8–16 March 1921	Resolution on Party Unity abolishing factionalism within the Party is accepted
23 March 1921	The Tax in Kind is established and the New Economic Policy is introduced

regarded it as one of the conditions of socialism." "But how can strict unity of will be ensured?" Lenin asked rhetorically. "By thousands subordinating their will to the will of one" he answered (1977, vol. 27, pp. 268–9, emphasis in original).

This theme of strict unity of the plan was echoed throughout various speeches and writings. Lenin, in fact, declared that anyone who challenged this view could not be properly considered a Marxist and was, therefore, not worth talking to. "Socialism," he wrote, "is inconceivable without large-scale capitalist

engineering based on the latest discoveries of modern science. It is inconceivable without planned state organization which keeps tens of millions of people to the strictest observation of a unified standard in production and distribution. We Marxists have always spoken of this, and it is not worth while wasting two seconds talking to people who do not understand even this" (1977, vol. 27, p. 339).[93]

Such policy prescriptions were not limited to Lenin but pronounced by all the leading Bolsheviks. Trotsky, for example, during a speech to the Central Executive Committee on 14 February 1918, repeated the necessity of rationalizing the economic life of Russia through strict conformity to the plan. "Only a systematic organization of production," he said, "that is, one based on a universal plan – only a rational and economical distribution of all products can save the country. And that means socialism."[94] This project of rationalization, as we have seen, entailed the abolition of private ownership in the means of production for exchange. The chaotic process of market exchange and production must not merely be tampered with, but abolished. "Socialist organization of production," Trotsky declared in 1920, "begins with the liquidation of the market … Production shall be geared to society's needs by means of a unified economic plan."[95]

The ubiquitous nature of monetary calculation under capitalist methods of production was to be replaced by the introduction of strict accounting and control within state enterprises. Proposals for the nationalization of the banks and the amalgamation of all banks into a single state bank was not, as Leon Smolinsky argues, a means to maintain money as the "lifeblood of the new planned economy," where "planners were to utilize the price system, making their choices on the basis of monetary values rather than physical terms." The economic transformation did not amount to utilizing "regulated markets" as a "medium through which plans would work themselves out."[96] The economic transformation demanded instead the abolition of "the alienated ability of mankind," i.e. money, and the substitution of moneyless accounting for monetary calculation.[97]

Yuri Larin, who was commissioned by Lenin to study the operation of the German economy and ways to implement that model in Russia, argued fervently for the most extreme centralization of the economy and the elimination of all market exchange and production.[98] Larin declared in the spring of 1919 that the moneyless system of accounting should be pursued post-haste. The nationalization of banks provided the framework to eliminate hand-to-hand currency and to transform the financial institutions of Soviet Russia into, as Lenin put it, "nodal points of public accounting." Under the new economic organization of society, circulating media were rapidly becoming unnecessary. "Money as a circulating media," Larin declared, "can already be got rid of to a considerable degree."[99] And at the plenary session of the Supreme Economic Council in April 1918, Larin said: "We have made up our minds to establish commodity exchange on new bases, as far as possible without paper money, preparing conditions for the time when money will only be an accounting unit."[100]

By May of 1918 the Party had declared that all state enterprises hand over all circulating media to the People's Bank, and in an August 1918 decree of the Supreme Economic Council it instructed the management of industries that, from then on, all settlements of deliveries and receipts of commodities should consist of book entries; on no account should they be used in transactions. The intent of the policy was to establish a cashless clearing system where circulating media would be replaced by bank money.[101] Osinskii, who was the manager of the State Bank and the first chairman of the Supreme Economic Council, described the monetary policy of the Bolsheviks as follows: "Our financial policy has been aimed recently at building up a financial system based on the emission of paper money, the ultimate objective of which is the natural transition to distribution of goods without using money and to transform the money tokens into accounting units … When introducing the system of cashless clearing, our financial policy does not wish thereby to restore the disorder of monetary circulation." On the contrary, "its main aim is to create normal conditions of exchange without money between parts of the uniform and mostly socialized national economy."[102]

This program of the Bolsheviks was perhaps best articulated in the Program of the Communist Party of Russia adopted at the 8th Party Congress in March of 1919, and the popular exposition of that program by Bukharin and Preobrazhensky.[103] Bukharin gave a detailed presentation of the economic organization of Communist society in his chapter "Communism and the Dictatorship of the Proletariat." He argued that "the basis of communist society must be the social ownership of the means of production and exchange"; under these circumstances "society will be transformed into a huge working organization for cooperative production." The anarchy of production will cease as rationality is imposed upon the economic life process. "In such a social order, production will be organized."

> No longer will one enterprise compete with another; the factories, workshops, mines, and other productive institutions will all be subdivisions, as it were, of one vast people's workshop, which will embrace the entire national economy of production. It is obvious that so comprehensive an organisation presupposes a general plan of production. If all the factories and workshops together with the whole of agricultural production are combined to form an immense cooperative enterprise, it is obvious that everything must be precisely calculated. We must know in advance how much labour to assign to the various branches of industry; what products are required and how much of each it is necessary to produce; how and where machines must be provided. These and similar details must be thought out beforehand, with approximate accuracy at least; and the work must be guided in conformity with our calculations. This is how the organization of communist production will be effected.[104]

The planning process was to be entrusted to "various kinds of bookkeeping

offices and statistical bureau." Accounts would be kept (day-to-day) of production and its needs. All decisions for the allocation and distribution of resources necessary for social production would be orchestrated by the planning bureau. "Just as in an orchestra all the performers watch the conductor's baton and act accordingly," Bukharin wrote, "so here all will consult the statistical reports and will direct their work accordingly."[105]

By achieving *ex ante* coordination of economic activity through the substitution of production for direct use for production for exchange, Bukharin understood that, organizationally, the need for money would disappear. "Money," he simply stated, "would no longer be required" under these circumstances.[106]

The rationalization of economic life under Communism would eliminate the waste of capitalist production and lead to increased productivity. This burst of productivity would free individuals from the "chains imposed upon them by nature." The utopian promise of this project was that "concurrently with the disappearance of man's tyranny over man, the tyranny of nature over man will likewise vanish. Men and women will for the first time be able to lead a life worthy of thinking beings instead of a life of brute beasts."[107]

Only the scientific organization of production under the direction of a unified plan constructed by the dictatorship of the proletariat could put an end to the capitalist anarchy of production and eliminate the tyranny of man over man. With the breakdown of commodity production and its replacement by the "socio-natural system of economic relations, the corresponding ideological categories also burst, and once this is so, the theory of the economic process is confronted with the need for a transition to natural economic thinking, i.e. to the consideration of both society and its parts as systems of fundamental elements in their natural form."[108] Social relations would no longer be veiled by the commodity fetishism of the monetary exchange system.

This project of rationalization and emancipation is spelled out in the party program adopted at the 8th Congress. In the realm of economic affairs, this amounted to expropriating the expropriators, increasing the productive forces of society by eliminating the contradictions of capitalism, mobilizing labour, organizing the trade unions, educating the workers, and basically, securing "the maximum solidarisation of the whole economic apparatus."[109] In order to accomplish this goal the Bolsheviks seized the banks and merged them into a sole single state bank. The bank, thus, "became an instrument of the workers' power and a lever to promote economic transformation." The bank would become an apparatus of unified book-keeping. "In proportion as the organization of a purposive social economy is achieved, this will lead to the disappearance of banks, and to their conversion into the central book-keeping establishment of communist society." The immediate elimination of money was not yet possible, but the party was moving in that direction. "Upon the basis of the nationalisation of banking, the Russian Communist Party endeavours to promote a series of measures favouring a moneyless system of account keeping, and paving the way for the abolition of money."[110]

The Bolsheviks did not just accept this program in the heat of civil war as

many historians assert. The civil war no doubt affected the way that the program was implemented, but the program itself was clearly ideological in origin. It emerged out of the conscious attempt to achieve Marx's utopia. Even after the civil war had ended, the Bolsheviks embarked upon continuous efforts of rationalizing the economy. For example, the "Outstanding Resolutions on Economic Reconstruction" (adopted by the 9th Congress of the Russian Communist Party in April 1920) argued that "the basic condition of economic recovery of the country is the undeviating carrying out of a unified economic plan."[111] And in November 1920, V. Milyutin, then Assistant President of the Supreme Economic Council, announced the decree of the Council to nationalize even small industrial enterprises and bring them under conscious control.[112] Only the insurgency of the sailors at Kronstadt convinced the Bolsheviks to reconsider their policy.

Utopia in disarray

The result of this policy of socialist transformation was an economic disaster.[113] "Considered purely as an economic experiment," William Chamberlin commented, "War Communism may fairly be considered one of the greatest and most overwhelming failures in history. Every branch of economic life, industry, agriculture, transportation, experienced conspicuous deterioration and fell far below the pre-War levels of output."[114] Economic life completely fell apart. "Never in all history," declared H. G. Wells, "has there been so great a debacle before."[115] As Moshe Lewin points out: "The whole modern sector of urbanized and industrialized Russia suffered a severe setback, as becomes obvious from the population figures." "By 1920," he reports, "the number of city dwellers had fallen from 19 per cent of the population in 1917 to 15 per cent. Moscow lost half its population, Petrograd two-thirds."[116] After only three years of Bolshevik rule: "The country lay in ruins, its national income one-third of the 1913 level, industrial production a fifth (output in some branches being virtually zero), its transportation system shattered, and agricultural production so meager that a majority of the population barely subsisted and millions of others failed even that."[117] This economic debacle is recorded in various memoirs and novels of the time.[118]

The burst of productivity expected from the rationalization of economic life was not forthcoming. Instead, economic life and social relations under Communist rule merely worsened the condition of the masses of people. If "Lenin was the midwife of socialism," then the "mother's belly had been opened and ransacked, and still there was no baby."[119] The socialist project proved unrealizable; utopia became dystopia within a matter of three years.

The Soviet socialist failure bore full witness to the Mises–Hayek critique of socialist planning. The economic disorganization of Bolshevik Russia was, as Lancelot Lawton pointed out, a result of the "disregard of economic calculation."[120] The attempt to realize a moneyless accounting system to replace the monetary calculation of capitalism proved to be an insurmountable difficulty

in economic coordination.[121] "With moneyless accounting, as with all Bolshevik innovations, the simplicity of theory vanished in the unavoidable complications of practice."[122] The Bolsheviks had attempted to eliminate, by decree, the only means to achieve the economic knowledge necessary for advanced industrial production; the monetary calculation embedded within the dynamic process of exchange and production. The "attempts of the Bolsheviks to establish moneyless accounting ended with no accounting at all." In striving "to make all men wealthy, the Soviet state had made it impossible for any man to be otherwise than poor."[123] What had happened under the rule of Lenin and Trotsky was, as Mises said, "merely destruction and annihilation."[124]

Throughout 1920, Soviet power was threatened as the social order of production was destroyed. The political protests and uprisings culminated in March 1921 with the Kronstadt uprising. The "waves of uprisings of workers and peasants," the Kronstadters declared, "have testified that their patience has come to an end. The uprising of the labourers has drawn near. The time has come to overthrow the commissarocracy … Kronstadt has raised for the first time the banner of the uprising for the Third Revolution of the toilers … The autocracy has fallen. The Constituent Assembly has departed to the region of the damned. The commissarocracy is crumbling."[125]

The Kronstadt rebellion represented an attempt by disillusioned revolutionaries to halt what they perceived to be a perversion of the revolution at the hands of the Bolsheviks. "In its economic content," Paul Avrich points out, "the Kronstadt program was a broadside aimed at the system of War Communism. It reflected the determination of the peasantry and working class to sweep away the coercive policies to which they had been subjected for nearly three years."[126] The Bolshevik government – and the government alone – was responsible for the hardship. Little or no blame was placed upon the civil war or the Allied intervention and blockade. "All the suffering and hardship, rather, was laid at the door of the Bolshevik regime."[127]

The Bolshevik regime must be rejected, the Kronstadters argued. Only by overthrowing the Bolsheviks could the Russian worker and peasant expect to live a humane existence. "Communist rule has reduced all of Russia," they declared, "to unprecedented poverty, hunger, cold, and other privation. The factories and mills are closed, the railways on the verge of breakdown. The countryside has been fleeced to the bone. We have no bread, no cattle, no tools to work the land. We have no clothing, no shoes, no fuel. The workers are hungry and cold. The peasants and townsfolk have lost all hope for an improvement of their lives. Day by day they come closer to death. The communist betrayers have reduced you to this."[128]

The "new serfdom" associated with Bolshevik political power was condemned throughout the land. "Faced with a simultaneous revolt of both the proletariat and the peasants," Leonard Shapiro has pointed out, the Bolsheviks were "prepared for drastic measures aimed at preserving party rule."[129] And it was at this time that Lenin *et al.* decided to shift gears. The New Economic Policy (NEP) was introduced, but at the same time, it is important to remember, the Bolsheviks declared a political monopoly.

"From the standpoint of the development of the experiment in the economics of Communism," Leo Pasvolsky wrote, "these measures [i.e. NEP] are very significant. They represent the first official, generalized acknowledgement of the breaking down of the state monopoly of distribution."[130] Never again did the Soviets dare to implement such a project of economic centralization. Never again did they attempt to realize the Marxian utopia of a completely centrally planned organization superceding market modes of production and eliminating monetary calculation. Even under the most extreme policies of Stalinism, monetary calculation, though highly interfered with, served as the basis of "planning." Marxism, instead, became merely a mobilizing ideology to maintain political power for the party.

Conclusion

The Soviet experience with Communism from 1918 to 1921 bears directly upon the calculation argument advanced by Mises. The Marxian project of economic rationalization proved unrealizable in practice. Today very few advocates of socialism would argue for comprehensive central planning, but they hold fast to the Marxist critique of the anarchy of the market. "But," as Don Lavoie has argued, "the modification from comprehensive planning, which seeks to completely replace market competition as the coordinating process of the economy, to noncomprehensive planning, which seeks to reconcile planning with market institutions, is hardly an alteration of analysis. *It is the toppling of the basic pillar of Marxist analysis … To preserve money, prices, and so on is to abandon Marx's whole system.*"[131]

Besides the point that Marx's critique is only relevant if the point of references from which he made the critique is valid, i.e. the future socialist world, there is another fundamental criticism that must be considered. As Soviet historian and philosopher A. Tsipko has recently argued in a series of essays on "The Roots of Stalinism,"[132] the question of whether a democratic socialism can be built upon a non-commodity, non-market foundation is one of importance not only to those who are thinking about the future but also fundamental to understanding the past. "Why is it," Tsipko asks, "that in all cases without exception and in all countries … efforts to combat the market and commodity–money relations have always led to authoritarianism, to encroachments on the rights and dignity of the individual, and to an all-powerful administration and bureaucratic apparatus?" He concludes by saying that "All this bespeaks an urgent need for a serious and open 'self-audit' of Marx's teachings on the economic bases of the future society, on how the theoretical forecast relates to the real results of its implementation in real life."[133]

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