

## 1. THE POLITICAL COUNTERREVOLUTION

Looking back on the changes created in the USSR during the 1930's, one is struck by two remarkable and unforeseen developments. The first is the transformation of a backward country into an industrial power capable of defeating Hitler's armies. The other is the emergence of a totalitarian state that slaughtered more communists than Hitler could dream of. The counter-revolution carried out by the Stalinist ruling party created the "existing socialism" that still exists. The route it took and the problems of analysis it engendered are the topics of this chapter.

Whereas the founders of Marxism had laid the basis for analyzing the progress of a workers' state toward socialism, there had never before been any consideration of the *degeneration* of working-class rule. The Left Oppositionists were compelled to come to grips theoretically with the transformation of the Soviet system. Not surprisingly, their positions shifted over time — because of both a changing reality and their growing understanding.

In this first section we take up the development of Left and in particular Trotsky's analyses of the Soviet state and the Stalinist party, through three stages: on the eve of Stalin's dramatic break with the Bukharinists; just after the "revolution from above"; after the crisis of Stalinism caused by economic disaster in the USSR and the triumph of fascism in Germany. Then the central part of the chapter presents our own analysis of the completion of the counterrevolution. Finally, we criticize Trotsky's last positions.

### SOCIAL VS. POLITICAL COUNTERREVOLUTION

In the late 1920's the Left Opposition included several theoretical tendencies. One held that the workers' state had already been smashed; another, that the bureaucracy, despite everything, was building socialism. Trotsky was among the few to hold to the position that the counterrevolution was taking place but was not yet triumphant.

Oppositionists who believed that the workers' state no longer existed reasoned that the soviets, the organs of the workers' class power, had become moribund. Trotsky did not challenge the fact; he pointed instead to the centrality of the Communist Party, the working-class institution which still held the reins of power.

"The socialist character of our state industry — considerably atomized as it is: with the competition between the various trusts and factories; with the onerous material position of the working masses; with the inadequate cultural level of important circles of the toilers — the socialist character of industry is determined and secured in a decisive measure by the role of the party, the voluntary internal cohesion of the proletarian vanguard, the conscious discipline of the administrators, trade union functionaries, members of the shop nuclei, etc.

"If we allow that this web is weakening, disintegrating and ripping, then it becomes absolutely self-evident that within a brief period nothing will remain of the socialist character of state

industry, transport, etc. The trusts and individual factories will begin living an independent life. Not a trace will be left of the planned beginnings, so weak at the present time. The economic struggle of the workers will acquire a scope unrestricted save by the relation of forces. The state ownership of the means of production will be first transformed into a juridical fiction, and later on, even the latter will be swept away.”<sup>1</sup>

The recognition that state ownership could become a legal fiction masking an alien power over the workers was insightful. But Trotsky held that all was not lost, since the socialist character of the productive forces and therefore of the state (socialist in direction, not yet in content) depended on the proletarian nature of the ruling party. The situation stood on the edge, however: Trotsky saw “a strongly advanced process of dual power” between the working class and the NEP bourgeoisie, parallel to the months between February and October 1917 when the soviets competed for power with the bourgeois Provisional Government. In 1928 unlike in 1917, a workers’ revolution was not yet called for:

“Is the proletarian core of the party, assisted by the working class, capable of triumphing over the autocracy of the party apparatus, which is fusing with the state apparatus? Whoever replies in advance that it is *incapable* thereby speaks not only of the necessity of a new party on a new foundation but also of the necessity of a second and new proletarian revolution. It goes without saying that it can no way be stated that such a perspective is out of the question under all circumstances. ...

“A condition of dual power is unstable, by its very essence. Sooner or later it must go one way or the other. But as the situation is now, the bourgeoisie could seize power only by *the road of counterrevolutionary upheaval*. As for the proletariat, it can regain full power, overhaul the bureaucracy, and put it under its control by *the road of reform of the party and the soviets*. These are the fundamental characteristics of the situation.”<sup>2</sup>

Trotsky resisted surrendering any achievement of the working class that was not yet irretrievably lost. He placed the burden of proof on those who considered the workers’ state defeated; he demanded evidence that the party and soviets could not be regained by the workers through reforms. Throughout the decade he battled against cynics who gave up on conquests of the working class in Russia and abroad.

In fact, it was undoubtedly true that the Left Opposition could have gained control of the party by means of a workers’ reform movement, even as late as 1928 — but only on condition of a re-assertion of proletarian revolution abroad. That would have made it possible to force out Stalin, who had declared in 1927 that only a civil war could oust the bureaucracy from power.<sup>3</sup>

But Trotsky’s position was not yet developed theoretically. To see why, we first cite his later

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1. Trotsky, *The Third International After Lenin* (1928), p. 300.

2. Trotsky, “Our Differences with the Democratic Centralists,” *The Challenge of the Left Opposition* (1928-29), pp. 293-5.

3. See Trotsky, “The Class Nature of the Soviet State,” *Writings* (1933-34), p. 117.

distinction between political and social revolutions (and counterrevolutions). In a **social revolution** the class character of the state changes; the new state serves a different class, its economic relations and forms of property. Whereas in a **political revolution** the class character of the state remains unchanged but a different section of the ruling class takes over the government and the state apparatus.

Trotsky's argument that the bourgeoisie needed a violent overthrow to destroy the workers' state meant that a social counterrevolution had not taken place, despite the bureaucracy's capitulations to capitalist interests. But he was later to understand that a counterrevolution *by the bureaucracy* was already under way, within the framework of the workers' state — a political counterrevolution. He did not fully understand the degree of degeneration of the party until the mid-1930's, when external events proved that peaceful reform was impossible (see below).

If a political counterrevolution had occurred, a new political revolution would be needed for the working class to regain political power.<sup>4</sup> Thus building a new revolutionary party, in 1928 not on Trotsky's agenda, would become a necessity. Trotsky's later shift in perspective also demonstrated that the reformability criterion of 1928 was insufficient as a basis for determining whether the USSR was a workers' state: the *political* counterrevolution could occur (and make party reform impossible) without overturning the workers' state.

The failure to differentiate between the political counterrevolution already taking place and the threatened social counterrevolution was understandable. The Bolsheviks had long been aware of the danger of a (social) counterrevolution from outside; that had been the fate of the Paris Commune and the aborted workers' governments in Hungary and Bavaria after World War I. In Russia likewise, the danger seen by the Oppositionists was the restoration of traditional capitalism by way of the entrepreneurs and kulaks, leading to a bourgeois state subordinate to imperialism.

Although the Left was aware of both the degeneration and the strengthening of the bureaucracy, the possibility of a counterrevolution from within was entirely new. The Opposition interpreted the bureaucracy's triumph over the workers not as a political counterrevolution but as a weakening of the proletarian state which, together with the creation of an internal "fifth column," would make it easy prey for *social* overthrow from outside. After all, the bourgeoisie was already a class with the capacity to rule a state; the bureaucracy, powerful and pervasive as it was, had as yet no basis for establishing a new class rule.

But if the bureaucracy was capable of seizing the reins of power for itself, then it did not have to depend for its strength on the small-scale capitalism of the NEP: it could instead feed off the centralized power of the workers' state. Indeed, its continuing suppression of the working class was setting the stage for a transformation of its base of power. Trotsky misjudged the balance of forces in 1928 because he underestimated the degree of consolidation of the bureaucracy for its independent interests.

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4. It is widely believed that Trotsky called for a political revolution to overthrow the bureaucracy from 1933 on; even Trotsky recollected as much at the end of the decade. In fact he does not seem to have used the term until 1936. In the interim he made clear that force would be needed, but he avoided the call for revolution.

It was natural (and correct) that in the face of imperialist pressure, the Left Opposition would see the market-oriented Bukharinist Right (resting on the NEPmen and kulaks), rather than the bureaucracy-based Stalinist Center, as the main political source of counterrevolution. Nevertheless, it was already possible to conceive of the destruction of the workers' state from within, with the bureaucracy congealing from a privileged working-class layer to a hardened ruling class. This would require major changes in the bureaucracy's mode of operation and its relations with the workers. But these had already begun: Christian Rakovsky, a prominent Left Oppositionist, called attention to them in 1928.

“When a class seizes power, a certain part ... is transformed into agents of the power itself. In this way the bureaucracy arises. In the proletarian state, where capitalistic accumulation is not permitted for members of the ruling party, this differentiation is at first functional, but then it becomes social. I do not say class, but social. I mean that the social position of the Communist who has an automobile at his disposal, a good apartment, regular leaves, and earns the party maximum, is distinct from the position of that same Communist if he works in the coal mines ...”<sup>5</sup>

Less than two years later, the differentiation that Rakovsky warned against had progressed further. The campaign of slander and violence accelerated; Trotsky was expelled from the country. The suppression of the Left Opposition was an enormous defeat for the working class, reducing the potential for reconstituting workers' power. The ruling bloc then underwent a decisive change.

## REVOLUTION FROM ABOVE

We observed in Chapter 2 that one aspect of the theory of permanent revolution was the joining together of disparate property owners (landlords and bourgeois) against the threat from the rising proletariat. The Soviet situation was parallel: even though neither Center nor Right of the party were property owners, Bukharin reflected small bourgeois property and Stalin stood for bureaucratic control over state property. Fear of the proletariat united them. Once the workers' threat was stifled, the Stalinists had the leeway to turn against their partners in order to establish unchallenged control over the national capital. The bureaucratic methods that the Right had helped wield against the Left were now turned against them.

In 1928-29 the ruling bureaucracy under Stalin's leadership turned sharply away from its conservatism. Responding to an intensification of the economic crisis and a rise in working-class militancy, as well as to the exacerbation of international tensions, it moved to industrialize the country at breakneck speed. Under the first Five-Year Plan it forcibly collectivized the peasantry, established mass slave-labor camps and ended the private NEP economy. Stalin called this turn the “great break.”

Reflecting the changes at home, the Comintern also hardened its line abroad. In its adventurist

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5. “Letter on the Causes of the Party and Governmental Apparatus,” 1928; in R.V. Daniels, ed., *A Documentary History of Communism*, Vol. 2, pp. 9-10. Also in Rakovsky, *Selected Writings on Opposition in the USSR 1923-30*, p. 126.

“third period” it expelled the oppositionists, Left and Right, and rejected alliances with the “social-fascist” Social Democracy — thereby undermining the possibility of compelling the class-collaborationist reformists to join in united working-class struggles against real fascism and other capitalist attacks. The German Communist Party, following this line, bears a great responsibility for the triumph of Nazism.

The Stalinist “revolution from above” was a violent departure from previous practice. Forced collectivization shattered the policy of persuasion and example for winning the peasantry to a socialist agricultural program. It was, moreover, a collectivization of backwardness: the state took over farms working under pre-capitalist conditions. Driving millions of peasants off the land and into the cities created a new industrial labor force, but while industrialization accelerated from its snail’s pace to an insane gallop overnight, the workers were stripped of union and other rights so that they could not defend themselves against the managers and bureaucrats. The population of the infamous Gulag concentration camps increased from 30,000 in 1928 to 600,000 in 1930 and nearly two million in the middle of the decade;<sup>6</sup> slave labor was used for major construction projects like the White Sea-Baltic Sea canal, where thousands died.

In the ideological sphere the Stalinists declared the laws of capitalism abolished. The economist Strumilin declared, “We are bound by no economic laws. There are no fortresses which Bolsheviks cannot conquer by assault. The question of tempo is subject to the will of human beings.” Stalin himself denounced “decreasing Trotskyist curves” of economic growth as counterposed to “increasing Bolshevik curves.”<sup>7</sup>

The new “revolution” mobilized enthusiastic party cadres eager to break out of the stagnation of the late NEP period and lead the country down the road to socialism by any means necessary. But the Five-Year Plan contained less economic planning than bureaucratic exhortation. That industry at every level was characteristically commanded to “overfulfill” its targets shows that the “planning” was anything but scientific. Despite the revolutionary fanfare and rhetoric reminiscent of the war communism period, the “great break” widened inequalities within the working class and between workers and managers, rather than narrowing them.

The period also witnessed what has been termed the first socialist “cultural revolution,” in which young Communists from proletarian or peasant backgrounds were hastily given a minimal technical education and trained in “class-war” methods to build a new world for the “new Soviet man.” This misguided revolutionary energy was used, however, first to purge the party of Left and Right opponents of the bureaucratic Center and then to smash every vestige of working-class power in the state.

Despite its brutality and counterrevolutionary implications, however, the industrialization drive of the 1930's was an unprecedented achievement. It made possible the Soviet Union’s advance from a backward country to the world’s second economic power by the end of World War II — in a period, moreover, when most capitalist countries were mired in the Great Depression and

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6. D. Dallin and B. Nicolaevski, *Forced Labor in Soviet Russia* (1948).

7. Strumilin is cited in Bettelheim, *Les Luttes de Classes en URSS, 1923-1930*, p. 366; Stalin, *Political Report to the 16th Party Congress* (1930).

could not expand at all. The key was the centralized state power achieved by the soviet revolution. It enabled the party to mobilize the cadres' devotion to socialism, focus resources on selected heavy industrial projects and utilize the masses of labor thrown into production during the decade. But as under capitalism, the workers' achievements were turned against them. The paradox is that only a workers' state could have accomplished this contradictory achievement.<sup>8</sup>

Trotsky noted another irony. "The conclusion is clear," he wrote: "even apart from the socialist perspective it opens up, the Soviet regime is for Russia in present world conditions the only thinkable regime of *national independence*."<sup>9</sup> He did not think that proletarian internationalism and nationalism were identical; simply that socialism and national independence from imperialism took the same road for a time. Thus a state monopoly of foreign trade was necessary both for an workers' state and Stalinist nationalism: strong measures were required to develop the economy and keep backward Russia out of the imperialist grip.

Stalin understood this in a distorted fashion; hence his break from Bukharin and his attempt to build "socialism in one country" by force. Against the Left's perspective of developing the Soviet state in connection with the world division of labor, Stalin sought to build a self-reliant bastion against encirclement. Just as capitalism had developed in Western Europe by consolidating national states in order to control home markets and protect nascent industries, Stalin too sought to build the independent power of the USSR to survive in a world of imperialist depredation.

But the cost was enormous. State power was used to enforce starvation on the rural poor and drive down workers' living standards to abysmal levels. Stalinist industrialization was based on a unique combination of super-centralization and intensification of capitalist relations, an unstable combination that could not last. That masses of workers and peasants were enslaved for the creation of dead labor showed that the law of value had the workers' state by the throat.

## LEFT INTERPRETATIONS

Many leftists share with the Stalinists the view that the first Five-Year Plan was a decisive turning point in Soviet history, as profound in its effects as 1917. Tony Cliff, for example, takes the "great break" to be *the* counterrevolution:

"A quick accumulation of capital on the basis of a low level of production ... must put a burdensome pressure on the consumption of the masses ... . The bureaucracy, transformed into personification of capital, for whom the accumulation of capital is the be-all and the end-all, must get rid of all elements of workers' control, must substitute conviction in the labor process by coercion, must atomize the working class, must force all social-political life into a totalitarian

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8. As Trotsky commented, the bourgeois economists "who confine themselves to remarks about an 'extreme exploitation of the peasantry' ... are missing a wonderful opportunity to explain why the brutal exploitation of the peasants in China, for instance, or Japan, or India, never produced an industrial tempo remotely approaching that of the Soviet Union." (*The Revolution Betrayed*, p. 1.)

9. "Toward Capitalism or Socialism?", *Writings (1930)*, p. 196. "Soviet regime" means the workers' state in general, not just Stalin's regime.

mold. ... [This] transforms the bureaucracy from a layer which is under the direct and indirect pressure and control of the proletariat into a ruling class ...”<sup>10</sup>

Cliff’s approach has inescapable difficulties. All workers’ control and much “conviction in the labor process” had long since passed away under the NEP, even though labor discipline became qualitatively more repressive when it ended. Nor was the bureaucracy under the “control” of the working class before 1929, even indirectly; for that matter, “indirect pressure” applied even after the 1929 turn.

Most importantly, Stalin’s worsening of the material conditions of the workers was not an imperative result of capital accumulation. We argued in Chapter 3 that accumulation is a necessary, bourgeois, task of the workers’ state: carrying it out cannot in itself signify the restoration of capitalist rule. As Marx said in the *Communist Manifesto*, “The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie. to centralize 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.*” Fixing on Stalinist accumulation as the *cause* of the counterrevolution suggests that Bukharin’s “snail’s pace” strategy would have been correct. The Left’s counterposed proposal, planned industrialization in coherence with the world market, can be dismissed as a utopian impossibility only if the continuation of a dominant, swollen bureaucracy is taken as given.

On another level, Cliff’s dating of the counterrevolution at 1928-29 credits the great Soviet industrial buildup to a capitalist state. To say that capitalism broke through its own barriers against advancing the productive forces and expanded as rapidly as did the USSR marks capitalism as still progressive and challenges the Marxist assessment of the epoch of decay. Against this implication we note that none of the post-World War II Stalinist states could accomplish similar feats of industrialization, since they were never workers’ states. Nor could the postwar (and post-counterrevolution) Soviet Union surpass capitalist rates of economic expansion.

In contrast to Cliff, the former Trotskyist Isaac Deutscher saw Stalin carrying out a perverted variant of permanent revolution: a brutal and irrational but necessary and progressive one which would ultimately work to the benefit of mankind.

“However ‘illegitimate’ from the classical Marxist viewpoint, Stalin’s revolution from above effected a lasting and as to scale unprecedented change in property relations, and ultimately in the nation’s way of life.”<sup>11</sup>

Many leaders of the Left Opposition similarly interpreted Stalin’s new policy as an adoption, however distorted, of the Trotskyists’ program. (The idea of “permanent revolution from above” also became a staple of “orthodox Trotskyism” after World War II.) If the only alternatives were the NEP bourgeoisie and the proletariat, they reasoned, and if the Stalinists were waging an all-

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10. Cliff, *Russia, a Marxist Analysis*, p.107; *State Capitalism in Russia*, p.165.

11. Deutscher, *The Prophet Outcast*, p. 112.

out fight against the bourgeoisie, we must join them — whatever crimes they may commit against the workers along the way. These capitulators made their peace with Stalin and agreed to serve the party in the lower echelons of the bureaucracy. Even so almost all of them perished in the purges to come.

## THE BUREAUCRATIC DANGER

The bureaucracy's dramatic about-face has also been the focus of theories of a new form of class society in the USSR. Writing for Left Oppositionists inside the USSR, Rakovsky posed the question this way:

“Secretaries, chairmen of executive committees, procurement officials, heads of cooperatives, heads of state farms, party and non-party directors of enterprises, specialists, foremen, who, following the line of least resistance, install in our industry the sweatshop system and factory despotism — here is the real power in the period of proletarian dictatorship which we are now experiencing. This stage can be characterized as domination by the corporative interests of the various categories of the bureaucracy, and internecine struggle between them.

*“From the workers’ state with bureaucratic perversions — as Lenin defined our form of government — we have developed into a bureaucratic state with proletarian-Communist survivals. Before our eyes a great class of rulers has been taking shape and is continuing to develop. It has its own internal subdivisions, and grows by way of calculated co-optation, through the direct or indirect appointment system (by way of bureaucratic promotion or the system of fictitious elections). The unifying factor of this unique class is that unique form of private property, governmental power. ‘The bureaucracy has the state in its possession,’ wrote Marx, ‘as rights of private property.’”<sup>12</sup>*

The developing “class of rulers” in this document is analyzed ambiguously. On the one hand it is a “unique class” of a bureaucratic state based on governmental power as a new form of private property. On the other hand, the methods of domination described are those of capitalism: the sweatshop system and factory despotism over what is still a working class. The Oppositionists’ document did not combine the two elements of its analysis to suggest that the new ruling class would be based on capitalist relations operating through the state. Indeed, it continued to warn of the “bourgeois counterrevolution,” clearly still working from Trotsky’s 1928 picture of bourgeois restoration.<sup>13</sup> This assessment meshed with Trotsky’s political analysis: although Bukharin had been crushed, the actual danger of counterrevolution still came from traditional bourgeois elements.

Unlike his comrades, Trotsky did not consider the bureaucracy to be a new class in the making, although he acknowledged that it looked that way to the workers — for good reason:

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12. “Circular of the Bolshevik-Leninist Opposition to the Central Committee ...,” April 1930; Daniels, Vol. 2, pp. 14-15. The Marx quotation is from his “Critique of Hegel’s Philosophy of Law”; Marx, of course, was speaking of 19th century regimes in Europe.

13. See the version in Rakovsky, *Selected Writings* ..., p. 174.

“Another element of danger is in the apparatus of the dictatorship [of the proletariat]. The bureaucracy has restored many characteristics of a ruling class and that is very much how the working masses consider it. The bureaucracy’s struggle for its own preservation stifles the spiritual life of the masses by constantly forcing on them fresh illusions which are no longer in any way revolutionary, and thereby hinders the replacement of lost illusions by a realistic understanding of what is happening.

“From the Marxist point of view, it is clear that the Soviet bureaucracy cannot change itself into a new ruling class. Its isolation and the increase in its commanding social role lead unfailingly to a crisis in the dictatorship which cannot be resolved except by a rebirth of the revolution on deeper foundations, or by a restoration of bourgeois society. It is precisely the approach of this second alternative, felt by everyone even if few understand it clearly, that gives to the present regime this extreme tension.”<sup>14</sup>

Despite this foreboding of the demise of the workers’ state, Trotsky saw the bureaucracy remaining in limbo between the decisive classes, the proletariat and bourgeoisie. His insistence that the bureaucracy could not become a ruling class rested on its continued dependence on the gains of the workers — the centralized power won by destroying the bourgeoisie. Indeed, we will see that the bureaucracy and this centralization would both have to be transformed for the counterrevolution to be consolidated.

The main change in Trotsky’s position between 1928 and 1930 was that now Stalin rather than Bukharin represented the main danger to the revolution. Not because Stalinism could take an independent course, but because its crushing grip on state power could destroy any proletarian resurgence and pave the way for bourgeois restoration by others. “Stalinism,” he wrote in the same document, is “a preparation for Bonapartism inside the party.”

“Bureaucratic *centrism* begins its career as a current maneuvering between two extreme party currents, one of which reflects the petty-bourgeois line, the other, the proletariat; *Bonapartism* is a state apparatus that has openly broken from all traditional attachments, including party ones, and from now on maneuvers ‘freely’ between the classes as an imperious ‘arbiter.’ Stalinism is preparing Bonapartism, all the more dangerous since it is unaware that it is doing so.”

Bonapartism, strong-man rule that balances between the contending classes in order to maintain the social power of the ruling class, was a familiar political phenomenon in capitalist countries when the bourgeoisie proves incapable of ruling in its own name. But it had never before been considered for a workers’ state. In breaking new ground, Trotsky was also extending the political analogies to the great French Revolution that were common coin among the Bolsheviks. Thus he had long called the bureaucracy “Thermidorian,” warning of the danger of another turning point like 1794 when the radical Jacobins led by Robespierre were overthrown and the revolution switched onto a more conservative track. In predicting Bonapartism Trotsky foresaw that the Stalinists would free themselves from the last anchor of their proletarian heritage, the ruling party.

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14. Trotsky, “Toward Capitalism or Socialism?”, *Writings (1930)*, p. 207.

In retrospect, Trotsky's assessment of the Stalinist wing, correct on the political level, proved clearly erroneous on the social level. He never explained how a rudderless apparatus without a firm class base, doomed to perpetual vacillation between classes, could reach the point where it could seize the reins of power and shove aside the pro-bourgeois restorationist forces. He still expected an imminent bourgeois takeover, whereas the bureaucracy had no trouble destroying the NEP bourgeoisie.

Trotsky still thought that the proletariat was gathering steam for an imminent eruption that would pulverize the bureaucracy between the two classes and decide the fate of the USSR. In fact, he tried to account for the Stalinist centrists' seizure of sole power through the pressure of the impending workers' upheaval. Thus his 1930 analysis continued:

“Both in the present objective conditions and in the suppressed feelings of the working class, a deep resistance to the Thermidorian trend is breaking out; going over to this Thermidorian course is still not possible without real counterrevolutionary upheavals. Although it stifles the party, the leadership cannot help pay attention to it, because through its channel — however incomplete and muffled — there come warnings and appeals from the class forces. Discussion of problems, ideological struggle, meetings and congresses have given way to an information agency inside the party, to spying on telephone communications and to censorship of correspondence. But even by these devious ways the class pressure is felt. That means that the sources of [Stalin's] left turn and the reasons for its abruptness are to be found outside the leadership.”<sup>15</sup>

Workers' hostility was plentiful as Stalin's turn deepened and aimed blow after blow against them, but contrary to Trotsky's hope it never came close to eruption. Nor was the working class responsible for the “left turn” in the first place. The Stalinists, rather than tailing pressure from the proletariat in moving left, had done so only after they had decapitated it by smashing the Left Opposition. (This, as we will see when we discuss the post-World War II Stalinist regimes, is again a reflection of permanent revolution, in an extended form.)

Trotsky's error was not to overestimate the working class but to underestimate the inner drive of Stalinism, a historically unprecedented phenomenon. Through their semiconscious shifts and zigzags, the Stalinists became increasingly aware that they had a social mission to create “socialism” as a system of domination over the working class.

Trotsky forcefully analyzed all the new developments but he did not gauge their full impact. He could not see that Stalin, quite unconsciously, was heading toward a restoration of Russian capitalism on an ultra-nationalist basis in order to break out of the imperialist stranglehold. The theory of permanent revolution led Trotsky to believe that any restored capitalism would capitulate almost immediately to imperialism. The flaw in the reasoning was that Stalinism, still resting on the foundations of the Soviet workers' state, was able to build up the nation to the extent that relative independence was possible. (In contrast, the non-proletarian revolutions after

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15. This passage shows another line of continuity with Trotsky's 1928 position: the party, the one organ of the workers' state that remained to give it its proletarian character, was still fulfilling that role through methods even more bureaucratic than before.

World War II could never break free of imperialism to anything approaching the same degree.)

Contrary to the fatalism inherent in Cliff and rampant in Deutscher, it was by no means guaranteed that there would be a new ruling class. A long struggle remained to decide whether the class taking shape would be able to smash the proletarian state — not just dispossess the workers of political rule within it — and establish a new class society.

## STALINISM IN CRISIS

After the first Five-Year Plan, Stalin declared that capitalist economic relations had been destroyed (except for petty-bourgeois remnants). Citing Lenin's five categories of Soviet economy (Chapter 3), he asserted that “the fifth social-economic formation — the socialist formation — now holds unchallenged sway and is the sole commanding force in the whole national economy.”<sup>16</sup>

In reality, however, the Soviet economy was on the road to chaos. Disproportions were rampant: factories lacked materials and workers; inflation skyrocketed through 1933, and in that year there was a precipitous and unplanned decline in investments. The “civil war” against the peasants (Stalin's description) led to mass famine, as peasants resisting collectivization slaughtered their animals. As a result, “1933 was the culmination of the most precipitous peacetime decline in living standards known in recorded history.”<sup>17</sup> Stalinism had entered its first economic crisis.

Unlike the capitulators, Trotsky denounced the forced pace of industrialization and collectivization: the accompanying barbarism, irrationality and disorganization had weakened the foundations of the Soviet state. “The Soviet economy today is neither a monetary nor a planned one. It is an almost purely bureaucratic economy.” Accordingly, he called for a retreat from adventurist expansion and a “year of capital reconstruction.” This meant replacing the Five-Year Plan with a return to the market — in the hope of later regaining the possibility of centralized scientific planning and economic accounting. Trotsky also demanded restoring workers' rights, soviets, trade unions and internal party democracy.<sup>18</sup>

Unlike so many of his modern disciples, Trotsky understood that capitalist drives and institutions still survived in the USSR. That is why he identified the counterrevolutionary danger as a capitalist one, not that of some unexplained new class. His writings and those of the Left Opposition refer often to surplus value commodities and capital accumulation in the Soviet Union. He called for a market and a monetary regulator — not because he admired capitalist methods but because the reality of backwardness had to be recognized if the crisis was to be overcome; accurate measurement of labor time and resources was crucial. The third-period Stalinist claims that Bolsheviks were bound by no objective law value were fantasies, triply so for a society as economically retarded as Russia's.

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16. Stalin, “Report to the 17th Party Congress” (1934).

17. Alec Nove, *An Economic History of the USSR* (1972), p. 207.

18. “The Degeneration of Theory and the Theory of Degeneration,” *Writings (1932-33)*; “The Soviet Economy in Danger,” *Writings (1932)*.

## THE NATURE OF THE COMMUNIST PARTIES

The “revolution from above” did not in itself change Trotsky’s fundamental analysis of the ruling party. The swing from the conservative bloc with Bukharin to the fake leftism of the third period was the kind of centrist zigzag he had expected; now a new rightward vacillation would be in the offing after the adventurism proved futile. As a current within the party, the bureaucratic centrists were incorrigible. But until 1933 Trotsky still regarded the party as a whole to be reformable, although reform would require decapitation of the Stalinists.

The turning point was the smashing defeat of the working class in Germany. The Comintern’s ultra-left policies had permitted Hitler to come to power with no organized proletarian resistance. Trotsky then pronounced the CPs dead as revolutionary organizations when the German Communist Party (and then the whole Comintern) refused to reconsider their gross misleadership. “To speak now of the ‘reform’ of the CPSU would mean to look backward and not forward, to soothe one’s mind with empty formulas.” A new Leninist party would have to be constructed.<sup>19</sup>

But this also meant that Trotsky had to alter his previous position that the rule of the Communist Party in however distorted a form was the key to the survival of the workers’ state. With the party now centrist as a whole and not reformable, the only remaining characteristic that kept the Soviet state proletarian was the “property relations that have been created by the October revolution and that are fundamentally adequate for the dictatorship of the proletariat.”

What was the link between Stalinism and the Soviet state?

“We call the Stalinist apparatus *centrist* precisely because it fulfills a dual role; *today*, when there is *no longer* a Marxist leadership, and none forthcoming *as yet*, it defends the proletarian dictatorship [state] with its own methods; but these methods are such as to facilitate the victory of the enemy *tomorrow*. Whoever fails to understand this dual role of Stalinism in the USSR has learned nothing.”<sup>20</sup>

The attribution of a dual role to the bureaucracy is a reed that today’s pseudo-Trotskyists lean on to account for Stalinism’s supposedly revolutionary aspect after World War II. What is forgotten is, first of all, that Trotsky’s analysis of Stalinism as centrist changed again as a result of later events; his characterizations were concrete and dialectical, not frozen. Furthermore, he already saw the Stalinists’ duality as only partial, specifically *not* applicable to the international scene:

“As regards the USSR, the role of the bureaucracy ... is a dual one: on the one hand, it protects the workers’ state with its own peculiar methods; on the other hand, it disorganizes and checks the development of economic and cultural life by repressing the creative activity of the masses. It is otherwise in the sphere of the international working-class movement, where not a trace remains of this dualism; here the Stalinist bureaucracy plays a disorganizing, demoralizing and

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19. Trotsky, “It is Impossible to Remain in the Same International ...,” *Writings (1933-34)*, p. 20.

20. “The Class Nature of the Soviet State,” *Writings (1933-34)*, pp. 114-16.

fatal role from beginning to end.”<sup>21</sup>

The distinction between the bureaucracy’s reactionary international and mixed internal roles could at best be temporary; the fundamental character of any political apparatus is in the last analysis indivisible. The Stalinists’ reactionary international policy reflected a similar role internally. The methods by which the bureaucracy defends the proletarian dictatorship “are such as to facilitate the victory of the enemy tomorrow,” and there is nothing progressive about methods of defense that set the stage for capitalist restoration.

Trotsky’s sense of the pace of the workers’ state’s decay was distorted because nationalized property forms remained, even though the degenerative processes were accelerating: restoring internal competition and strengthening the impact of the law of value. In retrospect the only thread still tying the bureaucracy to a proletarian base was that it was not yet consolidated behind the counterrevolution. A violent struggle had yet to be waged to destroy its remaining links with the proletarian revolution.

## **SOVIET BONAPARTISM**

Soon Trotsky saw Stalin realizing the Soviet version of Bonapartism that he had predicted, concentrating state power at the top and resting on the military and police machinery:

“Stalin guards the conquests of the October Revolution not only against the feudal-bourgeois counterrevolution but also against the claims of the toilers, their impatience and their dissatisfaction; he crushes the left wing that expresses the ordered historical and progressive tendencies of the unprivileged working masses; he creates a new aristocracy by means of an extreme differentiation in wages, privileges, ranks, etc. Leaning for support upon the topmost layer of the new social hierarchy against the lowest — sometimes vice versa — Stalin has attained the complete concentration of power in his own hands. What else should this regime be called if not Soviet Bonapartism?”<sup>22</sup>

He added, “Bonapartism by its very essence cannot long maintain itself; a sphere balanced on the point of a pyramid must invariably roll down on one side or the other.” The regime was dangerously unstable, and in the absence of a regeneration of the soviet system by the proletariat, “The inevitable collapse of Stalinist Bonapartism would immediately call into question the character of the USSR as a workers’ state.”

Stalinist Bonapartism defended working-class property by propitiating the world bourgeoisie. With its sharp right turn in foreign policy (see below), it balanced not only between class layers in the Soviet Union but between the bourgeoisie and proletariat abroad.

Trotsky began to work out the important theory of the “degenerated workers’ state” — a workers’ state that was not only closer to capitalism than to socialism but was also in retrograde

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21. “The Stalinist Bureaucracy and the Kirov Assassination,” *Writings (1934-35)*, p. 124.

22. “The Workers’ State, Thermidor and Bonapartism,” *Writings (1934-35)*, p. 181.

*motion* back to capitalism:

“While the bourgeois state, after the revolution, confines itself to a police role, leaving the market to its own laws, the workers’ state assumes the direct role of economist and organizer. The replacement of one political regime by another exerts only an indirect and superficial influence upon market economy. On the contrary, the replacement of a workers’ government [in a workers’ state] by a bourgeois or petty-bourgeois government would inevitably lead to the liquidation of the planned beginnings and, subsequently, to the restoration of private property. *In contradistinction to capitalism, socialism is built not automatically but consciously.* Progress towards socialism is inseparable from that state power that is desirous of socialism or that is constrained to desire it.”<sup>23</sup>

In the bureaucratized Soviet case, not only was the state exceptionally powerful, but the workers’ initiative and institutions had been so crushed that the only active elements of consciousness rested in the state. Was this state power “desirous of socialism”? Certainly Stalin wanted to eliminate private capitalism and expand the state-owned economy. But the Stalinists also saw it necessary to crush the workers in the process, whatever proletarian verbiage they might continue to spout. So Stalin’s regime was *already* a petty-bourgeois government within the worker’s state. As Trotsky saw, it was heading towards the liquidation of the workers’ state.

There were limits, Trotsky noted, to the Bonapartism analogy. After Napoleon fell, “in its essence the social pyramid of France retained its bourgeois character.” Capitalism was a mode of production in itself; once the French revolution had wiped out the feudal barriers to its advance, even Napoleon’s corruptions, even the restoration of the monarchy, could not erase it. A workers’ state, however, is a transitional regime, and the socialist mode of production was far from established. Stalinist Bonapartism was the last stage on the bureaucracy’s road to independence from the working class; that is why its collapse “would immediately call into question the character of the USSR as a workers’ state.”

Trotsky’s summed up his analysis in this period as follows:

“Despite its economic successes ... determined by the nationalization of the means of production, *Soviet society* completely preserves a contradictory transitional character, and, measured by the inequality of living conditions and the privileges of the bureaucracy, it still stands much closer to the regime of capitalism than to future communism.

“At the same time, ... despite monstrous bureaucratic degeneration, the *Soviet state* still remains the historical instrument of the working class insofar as it assures the development of economy and culture on the basis of nationalized means of production, and, by virtue of this, prepares the conditions for a genuine emancipation of the toilers through the liquidation of the bureaucracy and of social inequality.”<sup>24</sup>

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23. “The Workers’ State, Thermidor and Bonapartism,” p. 179.

24. “The Workers’ State, Thermidor and Bonapartism,” pp. 170-1.

In contrast to “orthodox” interpretations of Trotsky’s position, note that here he does not treat nationalized property as a formal criterion for a workers’ state. State property characterizes a workers’ state for a material reason: it assures the development of economy and culture and thereby paves the way for the transition to socialism. Whether Soviet property would continue to accomplish this, however, was to be determined by the response to the economic crisis of the early Five-Year Plans.

Trotsky distinguishes between Soviet society — the system of production, class structure, etc. — and the state. This summarizes his most precise definition of a workers’ state, one that enable us to take its degeneration into account and determine when that state has ended. Soviet *society* was still in transition between capitalism and socialism, far closer to the former. The *state* remained a workers’ institution so long as it was capable, despite its degeneration, of leading the transitional society towards socialism. In its founding years the Soviet state had led, or had tried to lead, in that direction. But Stalinism had turned the rudder around.

Trotsky now corrected his Thermidor analogy. Thermidor was not in the future but in the past. The Thermidorian period had begun in 1923 with Lenin’s removal from political activity, and was now ended; Bonapartism had replaced it, signifying the completion of the *political* counter-revolution. From then on the USSR was a degenerated workers’ state, moving backwards towards capitalist restoration. The remaining question was whether its direction could be reversed — if not, the outcome would be *social* counterrevolution.

The answer was not long in coming. Stalinist Bonapartism was transformed, but not through its collapse and the restoration of private property tied to imperialism, as Trotsky expected. Its drive for independence was deeper. Through a new campaign against the workers and its own proletarian vestiges, the bureaucracy established itself as a new ruling class based on the institutionalization of the law of value within the confines of state property. The workers’ state was destroyed in the name of socialism and replaced by an unprecedented form of capitalism built on its carcass.

## **2. THE COUNTERREVOLUTION COMPLETED**

Faced with the two-sided crisis of the mid-1930's — economic disaster at home and the rise of fascism in Europe — the ruling bureaucracy embarked on another turn. In foreign policy Stalin reversed every Leninist principle as well as his own left adventurism, searching for bourgeois allies instead of proletarian internationalism. Less well understood are the decisive events that took place inside the USSR.

Whereas the early Bolsheviks had tried to steer a safe course among the divided Western powers — seeking transitory and practical political, military and economic agreements — Stalin now tried to consolidate long-term alliances. Support for the Kuomintang in the 1920's had been only a foretaste. As Germany under the Nazis began to challenge the division of the world dictated by the postwar treaties, the Stalinists concluded military blocs for the preservation of imperialist states, joined the League of Nations (hitherto the “den of thieves”), and ordered the Comintern

parties to collaborate not only with the social democrats (ex-“social fascists”) but with the bourgeois parties as well.

Stalin tried to prove his true worth to imperialism by crushing the proletarian forces in the Spanish Republic; he thereby halted the Spanish revolution at a capitalist stage and ensuring the fascist victory.<sup>25</sup> From this period on, the USSR has always played a conservative role on the world stage, safeguarding its own interests both in collaboration and in conflict with Western imperialism.

The Soviet Stalinists’ turn from isolationism to popular-frontism abroad marked a deepening of their Russian nationalist course. The CPs abroad likewise hardened their nationalism. They had been purged and toughened in the “third period” — only to emerge as agents of blatant class collaboration, bent on convincing their bourgeois rulers to ally with Moscow against Berlin. While on the surface they reflected Soviet national interests, underneath they were digging their roots ever deeper in domestic nationalism as well: the American CP’s change of slogans, from “Towards a Soviet America” to “Communism is 20th Century Americanism,” was symbolic. The popular-front strategy has gone through many changes over the years; for example, in France in the late 1930’s the Stalinists’ “National Front” embraced homegrown anti-German fascists. But in contrast to Stalinism’s previous zigzags, it has remained a constant since that time.<sup>26</sup>

## **DOMESTIC RIGHT TURN**

The international right turn in the mid-1930’s reflected the domestic needs of Stalinism, and a similar turn was made at home. It is a curious fact that few observers — Marxist or bourgeois — recognize Stalinism’s conservative shift inside the USSR; they are seemingly blinded by the violence of the “left turn” of 1929-30 and the great purge of the Communist Party at the end of the decade.

Tremendous pressure for a right turn came from the international situation: the rise of the menacingly anti-Communist Nazi regime, whose very existence can be credited to Comintern policies of the early 1930’s. Hitler’s threats intensified the bureaucrats’ very real fears. The Soviet Union was now in acute danger from imperialism. One result was the intensification of Russian (as opposed to Soviet) nationalism; it reached its peak during World War II in Stalin’s grotesque appeals to the memories of Czarist generals and their imperial conquests.

Another consequence was the tightening of political control. The party, army and industrial bureaucracies had to be subjected to an even more stringent discipline than before to eliminate all risk of internal subversion. This need led to the great purges, which had the effect of disrupting Soviet production instead of expanding it. But this is all well known. What needs to be brought to light is the consolidation of a panoply of capitalist methods from the mid-1930’s on, revisions of Soviet theory and practice which have survived to the present unchanged in their essentials.

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25. See Felix Morrow, *Revolution and Counterrevolution in Spain* (1938) and Fernando Claudin, *The Communist Movement* (1969).

26. The Hitler-Stalin pact appears to belie this assessment, but see Chapter 6.

To start with, the rulers clearly had to build up the Soviet arms industry. Arms production advanced rapidly with the general industrial growth of the first Five-Year Plan, stagnated in the middle 1930's when the economy was in crisis, and then sped up again after 1936 — at a time when Soviet industrial production was otherwise decelerating. It is noteworthy that under the Hitler-Stalin pact Russia was able to supply arms to Germany. The arms build-up both drained civilian industry of resources and compelled wide sections of it to produce inputs for arms factories.<sup>27</sup>

In the postwar USSR the military sector is the most technologically advanced in industry. To achieve the quality necessary for reliability (notoriously lacking in general), Soviet firms supplying the military are required to compete for contracts. Quality and precision were even greater problems in the pre-war economy, when industry was built up by throwing masses of unskilled laborers into the factories under dictatorial discipline. Under such conditions, constructing a “state of the art” military sector also have required intensified competition as an executor of the law of value. Thus the threat of war, through its nationalist and militarist effects, was a major source for the institutionalization of capitalist relations.

But these were by no means restricted to the military sphere. All kinds of traditional institutions were restored, bringing back into Soviet respectability old ruling class professionals like clergymen and lawyers. The depth of the transformation was obscured by the violence of the mass arrests and purges that accompanied it, but these, as we will see, were designed to eliminate all opponents of the new conception of socialism. The Soviet and bourgeois myth of a “Marxist-Leninist continuity” from 1917 on is entirely at variance with reality.

An\* notably counterrevolutionary change was Stalinism’s revival of national oppression, in contrast to the early Soviet support for the rights of minority nations (including self-determination). Whole populations (Koreans, the Volga Germans, Tatars, etc.) were deported from their homelands. Several national republics were dissolved and their peoples “resettled.” Russian settlers in the minority republics were granted favoritism, and non-Russian languages were Russified. The nationalist resentment thus encouraged has boiled over bloodily today.

## **COMPETITION AND INEQUALITY IN LABOR**

The Stalinists adopted competitive techniques across the board. In agriculture, collectivization was not a socialist but a managerial project. Competition was used to break down collective labor by encouraging the peasantry’s traditional petty-bourgeois outlook.

“In one important respect ... collectivization turned out to be a less radical change in the mode of agricultural production than appeared at first glance. The peasant became a collective producer, but the land which the kolkhoz [collective farm] collectively cultivated was mainly devoted to grain, and grain ... was also the main item of state procurement. In other respects the kolkhoz peasant was able to remain a private producer, cultivating his private plot ... and entitled to raise a limited number of animals outside the collective framework. Although the private plots were small, they were of great importance to the peasants, and indeed to the national economy as a

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27. Mark Harrison, *Soviet Planning in Peace and War 1938-1945* (1985), p. 8.

whole. Produce from the private plots could be sold in kolkhoz markets in the towns, and the proceeds went directly to the individual peasant, not to the kolkhoz. From 50 to 70 percent of total production of vegetables, fruit, milk and meat came from the private plots in 1937, and a substantial proportion of this was sold on the kolkhoz market rather than to state procurement agencies.”<sup>28</sup>

In labor the slogan of the day was “socialist emulation”:

“Incentives were made much more effective, by the recasting of the wage scales and widening monetary differentials, then by the gradual abolition of rationing and the greater availability of goods to buy. The very high prices of basic necessities, in and after 1934, stimulated harder work on piece-rates, so as to be able to make ends meet.”<sup>29</sup>

A boost to such incentive policies was added with the Stakhanovist campaign that started in 1935, whereby “star” skilled workers were given human and material aid to bust work norms and establish more demanding rates for the workers as a whole. The intent was to break the Soviet workers commitment to equality as well as to create a new labor aristocracy with a deep stake in the bureaucrats’ state power. The new system was an intensification of capitalist methods. Trotsky quoted the president of the State Planning Commission: “The ruble is becoming the sole real means for the realization of a socialist (!) principle of payment for labor.”<sup>30</sup>

Under glasnost in the USSR it was revealed that the miraculous feats of productivity achieved by the original hero, Stakhanov, were actually the work of three men, not one. Stakhanovism, moreover, contributed to an increase of mining accidents and, consequently, a campaign of persecutions against “saboteurs.”<sup>31</sup> There was also working-class opposition, often violent, to the state’s imposition of inequality and speed-up.

The regime made sure that women would bear the double burden of housework and child rearing as well as wage-labor, as under capitalism. Alarmed by the growing labor shortage, the state abolished the right of abortion, one of the leading conquests of working-class women established by the 1917 revolution. Conservative propaganda extolling the nuclear family and the “sacredness” of motherhood has been a constant in the Soviet press since then. In the same spirit, homosexuality was outlawed.

From the point of view of workers and peasants, therefore, the mid-1930's brought back traditional capitalist methods of competition aimed at stimulating production. But traditional methods were not enough: to carry out a genuine counterrevolution, increasing repression of the workers was needed, forms that led Trotsky to name the regime “totalitarian.” Literature and art became monolithic and stifling. Not only was the party Stalinized and the soviets eroded; all

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28. Sheila Fitzpatrick, *The Russian Revolution* (1982), p. 146.

29. Nove, *Economic History ...* p. 231.

30. *The Revolution Betrayed*, p. 81. The “!” is Trotsky’s.

31. *Le Monde*, October 18, 1988.

workers' organizations from unions to sports clubs were encrusted with a bureaucratic hierarchy.

Labor laws were drastically toughened. First the labor workbook was reintroduced, in effect creating an internal passport for the working class. Then the penalties of automatic dismissal and loss of housing for a single case of absenteeism were restored. Such measures, originally legislated in the early thirties, had lost force because individual managers did their best to ignore them; and even in the repressive climate of 1938 they fell into disuse. Finally, in 1940 job-changing and absenteeism (arriving twenty minutes late for work counted as a day's absence!) were made criminal offenses to be punished by jail terms.<sup>32</sup> As one observer summed up, "It took only a little over twenty years to devolve from the October Revolution, which declared factories to be the property of the workers, to Stalin's decree, which reduced workers to property of the factories."<sup>33</sup>

The Stalinist attack on the workers was accompanied by a counterrevolution in Marxist theory. Some of Stalin's theoretical contributions have already been mentioned. To illustrate further the new policy of open opposition to equality within the working class, his aide Voznesensky wrote in 1931 a defense of piecework (payment not according to hours worked but for tasks completed):

"In the period of socialism there will still be piecework wages, since this corresponds best to the principle of remuneration according to the quantity and quality of labor furnished, and since it raises the productivity of labor and guarantees socialist accumulation."<sup>34</sup>

Marx, however, had characterized piecework as "the form of wages most suitable for capitalist production," for just these reasons. Under the NEP some piecework norms had been introduced as a necessary but temporary measure. Stalin's innovation was to justify the growing inequality, in part by citing Marx. Whatever the justification, the trend became dominant. By the time of Stalin's death three-fourths of Soviet industrial workers were under the piece-rate system. Trotsky commented aptly:

"When the rhythm of labor is determined by the chase after the ruble, then people do not expend themselves 'according to ability' — that is, according to the condition of their nerves and muscles — but in violation of themselves. This method can only be justified conditionally and by reference to stern necessity. To declare it 'the fundamental principle of socialism' means cynically to trample the idea of a new and higher culture in the familiar filth of capitalism."<sup>35</sup>

## STALINIST PLANNING

The escalation of repressive labor policies shows that the bureaucracy was increasingly

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32. See Donald Filtzer, *Soviet Workers and Stalinist Industrialization* (1986), Chapters 5 and 6.

33. Victor Zaslavsky, *The Neo-Stalinist State* (1982), p. 47.

34. Cited in Bernard Chavance, *Le Capital Socialiste* (1980), p. 234.

35. *The Revolution Betrayed*, p. 82.

conscious of its separate existence as the exploiter of the working class. Yet its own internal divisions, above all the needs of individual managers to run their plants successfully and competitively, made problematical the enforcement of central decrees that limited bosses' ability to bargain with the work force. These separate management interests were obviously not the result of individual ownership of enterprises, or of shares in separate corporations, as under traditional capitalism. To understand their development, we look at the methods of decentralization that Stalinism introduced.

The planning system is supposedly the heart of Stalinist centralism. Administration of the economy was divided into several layers: the State Planning Commission (Gosplan) on top; the various economic ministries (these multiplied from four in 1934 to twelve in 1936, then twenty-four in 1939), and more since; production or territorial sub-ministries (glavki); and the enterprises themselves. Despite the formal hierarchy of planning, where in theory all goods produced were transferred from one firm to another not through a random market but by administrative decision, the reality was that competition flourished at every level in the planning system. The more elaborate the Stalinist economy became, the more competitive the different interests became: if not over sales, then over resources, labor, funds and assignments.

“In respect to Soviet economy. there was ... a fundamental revision of theory and practice beginning in the mid-1930's, based upon a breakdown of the older theory and practice. The First and Second Five-Year Plans had succeeded in industrializing Russia to a remarkable extent; by 1936, however, it was apparent that production in itself is no solution to the basic economic problems. ... In response to such problems and because of the apparent inadequacy of earlier doctrine, ... the emphasis since the mid-1930's has been on competition ('socialist emulation'), on reward for incentive, on profits, on prices that reflect more adequately market conditions, on 'economic accountability,' on 'economic laws.' This was a return to the economic and legal institutions of the NEP, but within the framework of a planned economy.”<sup>36</sup>

Such policies are normally associated with the reformists of the present day USSR, but it all began with Stalin. The author of a major study of Soviet planning summed up:

“Within each ministry, enterprises competed fiercely for a privileged status, for reasonable quotas, and for easy orders. The same sort of competition existed on a lower level within each enterprise and on a higher level among ministries. The jungle of liberal capitalism of the past looks like a fencing tournament in comparison with this sordid infighting for influence interspersed with negotiations, shady deals and blackmail.”<sup>37</sup>

Obviously “planning” under the conditions of the struggle for survival in the Stalinist jungle is hardly the scientific mechanism that the founders of the workers' state envisaged. It is in reality administration by fiat. The very concept of “socialist competition” as a means for subordinating all units of production to the drive for maximizing accumulation makes genuine planning impossible: to calculate and foresee the output of any enterprise, shop or individual worker

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36. Harold Berman, *Justice in the USSR* (revised edition, 1963), p. 50.

37. E. Zaleski, *Planning for Economic Growth in the Soviet Union* (1962), p. 296.

require regular, cooperative and predictable work practices. Stalinist methods of incentives — Stakhanovism, shock work, etc. — rule this out.

Likewise, the market for commodities was replaced by a system of mandates issued from above, based not on scientific planning that meshed resources with needs but on a system of priorities. Heavy industrial and military sectors were favored, and agriculture and light industry subordinated to them. As a result, “planned” production in the disfavored spheres was often well under the anticipated figures in the 1930's; these sectors were deprived of resources and left to scramble for what they could find. This meant that, aside from the most privileged sectors, the Soviet economy was subjected to a plan that in effect accelerated its decentralization. We will say more about Stalinist planning in the next chapter.

The decentralist tendencies in the economy emerging in the midst of political centralization and national planning have been overlooked by Marxists of every stripe. They see only the external shape of institutions without penetrating to the contradictions between form and content. The heart of the matter was the intensification of the struggle over surplus value and accumulation. That is the essence of all the competitive forms that asserted themselves as the new ruling class prepared its takeover.

## SOVIET LAW

The structure of Soviet law was likewise revised in the mid-1930's. Stalin's new Soviet Constitution of 1936 (apparently drafted by Bukharin) removed the special electoral advantages granted to workers by the original constitution adopted shortly after the revolution. In their place, it offered a model bourgeois parliamentary system based on the votes of isolated individuals. Of course, by 1936 the workers had lost their democratic rights in the soviets anyway; and by the same token the bourgeois-type elections that were promised were never carried out.<sup>38</sup> Nevertheless, the symbolic turn from a proletarian to a bourgeois model had great significance. In Trotsky's words, it amounted to “juridically liquidating the dictatorship of the proletariat.”<sup>39</sup> For Stalin it was an indication that the Soviet revolution had achieved its main political objectives and that the period of upheaval was officially ended.

The Stalin Constitution for all practical purposes defined the developing ruling class in the USSR:

“The most active and politically conscious citizens among the working class, working peasants and working intelligentsia voluntarily united in the Communist Party of the Soviet Union, which is the vanguard of the working people in their struggle to build communist society *and is the leading core of all organizations of the working people, both social and governmental.*”<sup>40</sup>

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38. Not until Gorbachev, that is. See Chapter 8 below.

39. *The Revolution Betrayed*, p. 261.

40. *Constitution (Fundamental Law) of the Union of Soviet Socialist Republics*, (1937), Article 126; emphasis added. The translation is adapted to conform with Trotsky's commentary following.

The Communist Party included not just the top bureaucracy but a whole range of people at every level, including low-echelon working-class members. But the Constitution gave the CP hierarchy the right to appoint the entire body of leading officials in every sphere of life. (Thus was created the so-called nomenklatura.) Trotsky observed: “This astoundingly candid formula ... reveals the whole fictitiousness of the political role of those ‘social organizations’ — subordinate branches of the bureaucratic firm.”<sup>41</sup> The bureaucracy’s assertion of its right to lead all social organizations signified its growing self-consciousness as a separate layer in the process of becoming a separate class.

In 1936 Stalin also extended his dogma that capitalist relations had been expunged from the Soviet Union by declaring that “the complete victory of the socialist system in all spheres of the national economy is now a fact.” While the emerging ruling class could not present an open legal justification for its rule, it could deny the legitimacy of working-class rule.

Stalin reasoned that the proletariat is a class exploited by the capitalists and there are no more capitalists; therefore there can be no more proletariat, and hence no dictatorship of the proletariat. As a syllogistic argument this is flawless. But there remained a slight problem. If the proletariat no longer existed, who had replaced it at the head of the state? Stalin proposed, somewhat unconvincingly, that Soviet socialism now embodied the “dictatorship of the working class,” adding that “our working class, far from being bereft of the instruments and means of production, on the contrary, possesses them jointly with the whole people.”<sup>42</sup> So much for the Maoist claim that the “state of the whole people” was a counterrevolutionary Khrushchevite invention that overturned everything Stalin stood for.

Stalin’s lying and convoluted theory aside, the changes in Soviet law accompanying the new Constitution were real enough. The specifics are given by Harold Berman, a noted authority on the Soviet legal system; we cite some especially remarkable sections. First Berman quotes from a book by a Soviet financial expert of the thirties, M.I. Bogolepov, explaining how and why Soviet firms were made economically independent in law:

“Logically, [capital accumulation] could be entirely contributed to the Exchequer, for the State is the owner of industry. In actual fact, however, the process is much more complicated. This is necessitated by the following considerations: the State seeks to create among the managers and workers of its establishments a direct interest in the results of their efforts. State-owned establishments are run as juridically independent economic units. Each establishment, having received from the State for its exclusive use both equipment and capital, proceeds to operate on its own, with its own financial accounting, bank account, credit facilities, and, finally, with the right to make a profit. In the distribution of this profit the establishment considers its own requirements, contributes a definite sum to the workers’ welfare, and provides bonuses for good workers.”

Berman then summarizes how this system developed in Soviet history:

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41. *The Revolution Betrayed*, p. 269.

42. Stalin, “On the Draft Constitution of the USSR,” *Problems of Leninism*, pp. 382-3 and 395.

“Although economic accountability (*khozraschet*) is a concept which dates from the NEP period, when state enterprises were competing with private business, it lost its reality in the period of the First and Second Five-Year Plans, when the drive was for production almost regardless of cost. ... The critical change here, as in so many other aspects of Soviet institutional development, was in 1936, when it was ordered that an end be put to state subsidies of enterprises. Although there were numerous exceptions to this rule, the principle it established has prevailed: first, that each economic enterprise should be profitable in the sense that the monetary value of its operations should exceed that of its expenditures, and second, that each enterprise must be financially responsible for its obligations.”<sup>43</sup>

A consequence of treating Soviet firms as juridically independent was that they could sign contracts with one another, sue if these were not fulfilled, and win damages in court. Each firm operated like a governmental corporation (or “authority”) in the U.S.; although state-owned, it had financial autonomy and legal independence. Berman notes that “the director of the enterprise is in one sense like a Western civil servant, but in another sense he is like a Western business executive. He measures his success not by the welfare of the economy as a whole, but by the economic achievement of this enterprise.”<sup>44</sup>

This last point is crucial. Marx’s principle that “capital exists and can only exist as many capitals” was unknowingly rediscovered and verified by Stalinism.

The disorders of the first Five-Year Plan made clear that the state’s agents of capital accumulation had to be compelled to produce “rationally.” The statified economy allowed violations of the law of value even greater than under traditional monopoly capitalism. To correct the excesses, surrogates for market competition had to be created — but without removing the central power of allocation made possible by nationalization. That was accomplished by making the various enterprises relatively autonomous. By arranging that each capital had to confront others in the course of production for exchange, the rulers hoped to impose the discipline of value.

Managers whose economic stake was in their own firms’ success, not that of society, became agents of the economic laws of capital. They sought to discipline their workers and to accumulate, centralize and modernize capital — not according to the needs of the nation and certainly not according to the needs and rights of the workers — but in order to maximize the value and surplus value at their disposal. The central bureaucracy, representing the interests of the rulers as a whole, had to balance its demands against the specific interests of its local agents. We will spell out the consequences in the next chapter.

## **THE GREAT PURGE**

The mass purge of the late 1930's destroyed all ties to Bolshevism within the party and gave the new ruling upper bureaucracy its organized structure and formal recognition.

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43. Berman, pp. 110-11.

44. Berman, p. 114.

The purge wiped out hundreds of thousands of advanced workers and party officials. The party was totally transformed in its top levels: by the time of the 18th Party Congress in 1939, 70 to 90 percent of those who held office in 1934 (at the previous Congress) were removed, imprisoned or killed. Almost the entire layer of “red directors,” the communists who had managed industry from the 1920's on, was eradicated. They were replaced by the “new intelligentsia,” the Brezhnev/Kosygin/Andropov generation of the party who had been trained under Stalin, elevated precipitously into responsible positions and committed to the rule of the party over the masses. The purges cemented the decentralized structures and social relations established in the mid-thirties. Thus was produced the bureaucratic capitalist class and the statified capitalist system that defines Stalinism today.

The extent of the purge at the peak levels is astounding. By the end, 100 out of 139 Central Committee members were executed; likewise 90 percent of Central Committee leaders in the Soviet republics; all of the central committee of the Young Communists; six of the seven presidents of the Soviet Executive Committee; 90 percent of People’s Commissars of the republics; nearly all of the Control Commission, of the Council of War and of leaders of the secret police and former Chekists; 60 percent of Comintern functionaries. In the Soviet Armed Forces, 86 percent of all superior officers and 50 percent of all officers (including noncommissioned) were shot, specifically: 14 of 16 generals of the army, 66 of 199 generals of divisions, 221 of 377 brigade generals, 8 admirals of 8, 11 of 11 commissars.<sup>45</sup>

The purge decapitated and transformed the party and shattered the state apparatus and the army, the armed power of the workers’ state. Trotsky categorized the events as a “preventive civil war” by the bureaucracy against the unarmed and demoralized workers.<sup>46</sup>

No ruling class can afford to exterminate the class it exploits, a fact that sets limits to its viciousness in the class struggle. But Stalinism, faced with the need to wipe out every remnant of proletarian power and all independent class movement and consciousness, did something else: it eliminated the revolutionary and potentially revolutionary leaders of the workers. Not only Left Oppositionists but also former Rightists and even the Stalinist core of the early 1930's were destroyed: every vestige of the heritage of October was regarded as a threat.

The purges were not confined to the party tops but extended deep into the proletariat. Any worker who stood out in defense of workers’ rights or the tradition of Lenin was denounced as a Trotskyist and deported to labor camps. Accurate figures of the numbers of workers or party members slaughtered are unknown; only estimates are possible. “At the beginning of 1918 the party had numbered 260,000 to 270,000 members, mostly young people. Even taking into account the high mortality during the Civil War [of 1918-21] it can be assumed that hardly fewer than 200,000 of these people were alive at the beginning of 1939. But only 10 percent of them

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45. Figures taken from Khrushchev’s reports in 1956, cited in David Rousset, *La Societe Eclatee* (1973), p. 355.

46. Trotsky, *Writings (1937-38)*, pp. 40, 58. The number of purge deaths is variously estimated to be in the hundreds of thousands or millions. Either way it shows that Trotsky’s term was no literary excess.

had remained in the party.”<sup>47</sup> The others were liquidated or simply purged; in either case the party was no longer theirs.

As Trotsky summarized, “In order to establish the regime that is justly called Stalinist, what was necessary was not a Bolshevik Party, but the extermination of the Bolshevik Party.”<sup>48</sup>

## THE NEW BUREAUCRACY

The purge created numerous administrative vacancies, and the rising layer of bureaucrats was waiting in the wings to take over: “The Party was rapidly transformed into a managerial and technical elite under the ministerial system. In 1927, there had been only 9 thousand Party members with higher education and 751 with higher technical education. In ten years, 105 thousand members had higher education and 47 thousand higher technical education. The influx into the industrial economy of young technical specialists and their promotion to leading technical and administrative posts was accelerated by the purge of administrative and economic officials in 1936 and 1937. The Old Bolshevik *glavki* heads were liquidated, and the composition of plant managerial personnel altered significantly with the purge of the Red directors...”<sup>49</sup>

That the new upper bureaucracy was indeed a separate class above the proletariat is shown by the social relations that were introduced in this period. We provide several descriptions, again because the conservatizing effects of the counterrevolutionary period are not commonly understood.

“The creation of a hierarchical scaffolding of dedicated bosses, held together by discipline, privilege, and power, was a deliberate strategy of social engineering to help stabilize the flux. It was born, therefore, in conditions of stress, mass disorganization, and social warfare, and the bosses were actually asked to see themselves as commanders in a battle. The Party wanted the bosses to be efficient, powerful, harsh, impetuous, and capable of exerting pressures crudely and ruthlessly and getting results ‘whatever the cost.’ ... The formation of the despotic manager was actually a process in which not leaders but *rulers* were made.”<sup>50</sup>

The newly formed ruling class organized itself through the nomenklatura, the hierarchical list of official assignments and party members eligible for them, combined with the privileges attached to each post. The old communist spirit that had fired the party even during the “revolution from above” was driven out by corruption. The classical “party maximum” that limited officials’ salaries to workers’ wages was now a joke; conspicuous consumption became the rule, and the special shops dispensing luxuries appropriate to rank were established as a norm that still enrages working people today. The new rulers also had to behave like a proper elite. This is

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47. Solomon M. Schwarz, “Heads of Russian Factories,” *Social Research*, 1942.

48. Trotsky, *Stalin*, volume 2, p. 229.

49. William Conyngham, *Industrial Management in the Soviet Union*, p. 51.

50. Moshe Lewin, “Society, State and Ideology during the First Five-Year Plan”, in Sheila Fitzpatrick, ed., *Cultural Revolution in Russia, 1928-1931*, p. 74.

described in an account that quotes several interviews with Soviet technical specialists after World War II:

“The tightening of labor discipline during the 1930's was accompanied, after 1937, by the introduction of formal, hierarchical relations. ‘There were no open declarations and nothing was said at meetings or in newspapers. But privately we were told to behave differently.’ Oral instructions encouraged a more rigid set of relations: ‘familiarity between superiors and subordinates’ was discouraged; subordinates were not allowed to sit down when reporting to a superior; reports were to be short and given only after an appointment had been scheduled; when the director or chief engineer passed through a shop, the workers had to stand up to show their respect. Hierarchical relations were also encouraged outside work. ‘Hints were dropped that we should select our friends from among the personnel approximately equal in rank.’ ...”<sup>51</sup>

The new social relations transformed not only the personnel of the ruling party but also its class character. Its original proletarian base had been eroded in the early 1920's, but in the 1930's recruitment from the intelligentsia became a positive policy. Anti-Stalinist “Leninists” who believe that “socialism” must be brought to the workers from outside the class (overlooking Lenin’s theoretical change described in Chapter 2) ought to take a look at their reflection in the Stalinist CP.

To consolidate their position, the new bureaucrats then made sure that the rapid social mobility out of the working class and peasantry that has started them on their road to rule was no longer operative. The chasm between bureaucracy and proletariat widened; the bureaucracy became a self-perpetuating ruling class.

“The influx of workers and workers’ children into the institutions of higher education fell off markedly after 1933. Also, the promotion of workers into administrative positions was almost stopped in the second half of the 30's. The outstanding workers were now protected by higher wages, bonuses and the like, and in their social and material position they were elevated high above the majority of the workers, almost to the level of the higher ranks of plant employees and engineers. But they were no longer ‘promoted’; they remained manual workers. Moreover, by this time it was for only a few of these favored workers that the way was open to a higher education, with the prospect of rising later to industrial leadership. The idea of putting the direction of industry into the hands of people rising from the working class and bound up with labor, as it had been formulated at the end of the 20's, was now lost, and the order to assure a workers’ nucleus in the colleges and technical schools had been tacitly forgotten. At the end of 1940 obstacles were even put in the way of workers’ children attaining a higher education.”<sup>52</sup>

That is, skilled workers were now recruited into the labor aristocracy but no longer into the bureaucracy. The new bureaucracy was trying to build up a mass base of support, yet at the same time it was closing the doors to class mobility behind itself. It was guaranteeing the rigorous delineation of class lines signified by the nomenklatura.

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51. Kendall Bailes, *Technology and Society under Lenin and Stalin*, p. 322.

52. Schwarz, p. 326.

## COUNTERREVOLUTION TRIUMPHANT

The formal culmination of the counterrevolution came at the 18th Party Congress in March 1939. Here the triumphant CP sanctified the new social relations and openly dedicated itself to the bureaucratic intelligentsia. Beyond this point it was impossible to say that the state was ruled in the interest of the working class, in however distorted a form. The working class was deprived of even its surrogates in power, and the economic transformation already under way for much of the decade guaranteed that the state embodied no “objective” interests of the proletariat.

Whereas the 1936 Constitution had symbolically deposed the proletariat in favor of the “whole people,” now the Party Congress handed power to the new bureaucracy. Party recruitment had been closed down during the purges; when it was reopened the intelligentsia categories provided over 40 percent, as compared to under 2 percent in 1929. (Worker recruitment declined from 81 to 41 percent; the remainder of about 15 percent at both times is classified as peasants.) From 1939 to 1941, workers made up less than 20 percent of new members while functionaries, employees and intellectuals constituted over 70 percent.<sup>53</sup>

Addressing the Congress, Stalin’s henchman Zhdanov declared that the preference hitherto given to working-class party entrants was over: “The existing system, as prescribed in the Party Rules, of admitting new members into the Party in accordance with four different categories, depending on the social status [i.e., class] of the applicant, is obviously incompatible with the changes in the class structure of Soviet society resulting from the victory of socialism in the USSR.”<sup>54</sup>

By “changes in the class structure of Soviet society,” Zhdanov meant the liquidation of the old bourgeoisie and the newly prominent role of the intellectuals. Stalin himself gave backhanded recognition to the masses’ lack of trust in their “friendly” layer of “non-class” intellectuals, demanding proper deference to the new class: “Our new intelligentsia demands a new theory, a theory teaching the necessity for a cordial attitude towards it, solicitude and respect for it, and cooperation with it in the interests of the working class and the peasantry. That is clear, I should think.”<sup>55</sup>

Respected or not, the new ruling class soon emerged victorious from its first trial by fire: the German invasion of World War II. During the war, the new managerial elite in industry, state and army was consolidated. Although whole layers of the Soviet population initially sided with the invading forces out of hatred for the privations and repression they had suffered for a decade, Nazi attitudes proved no more gentle to “subhuman” nations. By the end of the war, the Stalinist rulers had established sovereignty over the reluctant masses. They have since made that heroic period, rather than the nightmare of the 1930's or even the revolution, the defining legend of the Soviet state.

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53. T.H. Rigby, *Communist Party Membership in the USSR*, pp. 223-5.

54. *The Land of Socialism Today and Tomorrow (Reports and Speeches at the Eighteenth Congress of the Communist Party of the Soviet Union (1939))*, pp. 180-1.

55. *The Land of Socialism...*, pp. 52-3.

The Stalinists owed their social base of support not to socialism and international revolution but to their arousal of sentiments for “defense of the motherland.” They emerged from the war a confident ruling class, solidified in power within the USSR and able to expand Stalinism abroad when conditions demanded it.

### 3. TROTSKY’S LAST ANALYSIS

We have seen Trotsky’s position on the nature of the USSR develop through several phases. In the early stages of degeneration, he still considered the USSR to be a workers’ state because the ruling party was reformable by the workers. He designated the party as centrist in 1933; still, part of the bureaucracy’s dual character was to defend the degenerated workers’ state in its own interest and in its own way. By the end of the decade he changed this assessment as well. But even though he recognized that the great purges represented a “civil war” by the bureaucracy against the working class, and that the political counterrevolution had already taken place, he failed to draw the conclusion that the workers’ state had been overthrown.

### COUNTERREVOLUTIONARY STALINISM

Trotsky continued to develop his analysis of what he already considered to be the counter-revolutionary international role of Stalinism. In 1935 he noted that “Nothing now distinguishes the Communists from the Social Democrats except the traditional phraseology which is not difficult to unlearn.” He thought the merger of the two tendencies to be quite possible.<sup>56</sup> And with the betrayal of the Spanish Revolution in 1937, he abandoned all vestiges of his previous assessment of Stalinism as bureaucratic (or any kind of) centrism. In Spain, allied with the extreme right wing of the Socialists, the Stalinists led the repression against the working-class left and joined the side of counterrevolution.

“The interests of the Bonapartist bureaucracy can no longer be reconciled with centrist hesitation and vacillation. In search of reconciliation with the bourgeoisie, the Stalinist clique is capable of entering into alliance only with the most conservative groupings among the international labor aristocracy. This has acted to definitively fix the counterrevolutionary character of Stalinism on the international arena.”<sup>57</sup>

The bureaucracy no longer vacillated between its base in the workers’ state and world capitalist pressures. It had now become an active counterrevolutionary agent of imperialism, as Spain had decisively proved, and therefore even its defense of the Soviet state for its own aims was compromised. The purges were proof as well. “The Moscow trials had already revealed that the totalitarian oligarchy had become an absolute obstacle in the path of the country’s development.”<sup>58</sup> In the Transitional Program of 1938 he drew the conclusion:

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56. Trotsky, “The Comintern’s Liquidation Congress,” *Writings (1935-36)*.

57. Trotsky, “The Lessons of Spain: The Last Warning” (1937); in *The Spanish Revolution*, p. 311.

58. “Manifesto of the Fourth International ...”, *Writings (1939-40)*, p. 200.

“The political prognosis [for the USSR] has an alternative character. Either the bureaucracy, becoming ever more the organ of the world bourgeoisie in the workers’ state, will overthrow the new forms of property and plunge the country back to capitalism; or the working class will crush the bureaucracy and open the way to socialism.”

The Stalinists’ role in Spain represented the working-out of tendencies set in motion after Hitler’s victory, notably the class-collaborationist pact with the French bourgeoisie of 1934. Spain was simply the first revolution that Stalin had the opportunity to destroy from within. Likewise, the “civil war” in the Soviet Union was the culmination of deep-seated tendencies that had previously been established: the rise of the new bureaucracy, the suppression of working-class gains, the subordination of the economy to value. Once the basis for the new ruling class had been laid, all that remained was to remove the obstacles to its power.

Trotsky understood this very well. Take his analysis of the bureaucracy (before he classified it as counterrevolutionary):

“In its intermediary and regulating function, its concern to maintain social ranks, and its exploitation of the state apparatus for personal goals, the Soviet bureaucracy is similar to every other bureaucracy, especially the fascist. But it is also in a vast way different. In no other regime has a bureaucracy ever achieved such a degree of independence from the dominating class [the proletariat]. ... In this sense we cannot deny that it is something more than a bureaucracy. It is in the full sense of the word the sole privileged and commanding stratum in the Soviet society.

“Another difference is no less important. The Soviet bureaucracy has expropriated the proletariat politically in order by methods of *its own* to defend the social conquests. But the very fact of its appropriation of political power in a country where the principal means of production are in the hands of the state creates a new and hitherto unknown relation between the bureaucracy and the riches of the nation. The means of production belong to the state. But the state, so to speak, ‘belongs’ to the bureaucracy. If these as yet wholly new relations should solidify, become the norm and be legalized, whether with or without resistance from the workers, they would, in the long run, lead to a complete liquidation of the social conquests of the proletarian revolution. But to speak of that now is at least premature.”<sup>59</sup>

So conjunctural an assessment of “new and hitherto unknown” relations should have warned Trotsky’s followers that re-examining the role of the bureaucracy might be called for. Fifty years later the new relations have not only solidified but calcified. In any case, the legalization of the new relations was already taking place: we have already cited Trotsky’s view that the 1936 Constitution amounted to “juridically liquidating the dictatorship of the proletariat,” even though it did not enshrine the bureaucracy as ruling class. Trotsky understood that the bureaucracy, as “something more than a bureaucracy,” was on the road to destroying the workers’ state.

His theory at this stage was perched like the Stalinist state itself on the point of a pyramid: the two-pronged prognosis just cited was on the verge of being tested as the counterrevolution came to a head. Any overall characterization of Stalinism had to be above all temporary. Thus he

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59. *The Revolution Betrayed*, pp. 248-9.

labeled the bureaucracy a “caste” because he needed a term and “the old sociological terminology did not and could not prepare a name for a new social event which is in the process of evolution (degeneration) and which has not assumed stable forms.”<sup>60</sup> The degenerated workers’ state had precisely such an ephemeral quality; it could only exist for a moment in historical time on the road to counterrevolution.

Trotsky regarded the purge trials as a sign of the weakness and imminent breakup of the Stalinist regime. But in fact the transformation of the party and bureaucracy showed not weakness but the strength the Stalinists now had as a stabilized class. Having erased the last vestiges of workers’ power in the state apparatus, party and army, the regime did not collapse in World War II, as Trotsky expected, but rather consolidated its power. Nevertheless, Trotsky’s position looks insightful today, and it is in no way understood by his epigones: the Stalinist system, after a delay of several decades, is proving to be as weak as Trotsky foresaw — for different but related reasons.

Trotsky’s life was murderously ended by Stalin just as the bureaucracy settled into the mold which it would inhabit for the next half century. His theory, which should have continued to develop, was embalmed by his followers. It is as if Lenin had died on the eve of the First World War; he then would be remembered for an increasingly erroneous theory. Only the concrete events of the February 1917 revolution proved that the “democratic dictatorship of the proletariat and peasantry” was obsolete.

## THE STALINIST ECONOMY

There were important elements in Trotsky’s theory of the Soviet Union that could have allowed for the necessary changes as events ripened. The bureaucracy’s counterrevolutionary character was proved once again by its suppression of working-class revolts after the Second World War. As well, Trotsky’s insistence on the material impact, not just the form, of nationalized property pointed to an altered conclusion. As the Transitional Program said, “the apparatus of the workers’ state” had been “transformed from a weapon of the working class into a weapon of bureaucratic violence against the working class, and more and more a weapon for the sabotage of the country’s economy.” A workers’ state incapable of advancing the productive forces is a workers’ state on the verge of extinction.

In the same vein Trotsky observed that “The progressive role of the Soviet bureaucracy coincides with the period devoted to introducing into the Soviet Union the most important elements of capitalist technique.” It could borrow and transplant but not innovate — a farsighted assessment, given today’s crises. Moreover,

“It is possible to build gigantic factories according to a ready-made Western pattern by bureaucratic command — although, to be sure, at triple the normal cost. But the farther you go, the more the economy runs into the problem of quality, which slips out of the hands of a bureaucracy like a shadow. The Soviet products are as though branded with the grey label of indifference. Under a

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60. Trotsky, “The USSR in War” (1939), *In Defense of Marxism*, p. 6. Trotsky noted that the Brahmin caste bore some resemblance to the bureaucracy: “its shut-in character, its arbitrary rule and the haughtiness of the ruling stratum ...” But “it would enter nobody’s mind” to identify the enduring Hindu caste with the unstable Stalinist one.

nationalized economy, *quality* demands a democracy of producers and consumers, freedom of criticism and initiative — conditions incompatible with a totalitarian regime of fear, lies and flattery.”<sup>61</sup>

Trotsky’s deep understanding that the survival of the Soviet Union depended on surpassing the capitalists’ productivity of labor pointed to the need to reassess the degenerated workers’ state theory after it had become obsolete. His own failure to produce a consistent assessment of Stalinism’s capacity to advance the productive forces undoubtedly had material causes. In the first half of the 1930's he produced regular analyses of the state of the Soviet economy, but this output dwindled to nothing in the second half of the decade. The reasons no doubt included the closing off of his sources within the USSR as the purges intensified, along with the necessity to devote maximum effort to refuting the charges against him and his followers in the Moscow trials.

Nevertheless, there was a central theoretical weakness that prevented him from coming to a satisfactory analysis of the counterrevolution. We saw in Chapter 2 that Lenin, as opposed to Kautsky, had understood that the epoch of monopoly capitalism intensified competition among the monopolies. But as monopolism expanded to embrace statified production, others — notably Bukharin — drew the conclusion that competition would not intensify but would wither away *within* the framework of the state monopoly. Now the theoretical gap delivered its consequences: the Bukharinist thesis was being proved false in the case of the Soviet state monopoly, but the Leninists failed to grasp the importance of the decentralizing trend.

An important factor underlying Trotsky’s errors shows through in his last major work on Soviet society, *The Revolution Betrayed*, a seminal dissection of the Stalinist phenomenon. He warns against capitalist aspects in the Soviet economy in the sphere of distribution only:

“Two opposite tendencies are growing up out of the depth of the Soviet regime. To the extent that, in contrast to a decaying capitalism, it develops the productive forces, it is preparing the economic basis of socialism. To the extent that, for the benefit of an upper stratum, it carries to more and more extreme expression bourgeois norms of distribution, it is preparing a capitalist restoration. This contrast between forms of property and norms of distribution must in one form or another spread to the means of production, or the norms of distribution must be brought into correspondence with the socialist property system.”<sup>62</sup>

Marx insisted that the mode of distribution depended on production (Chapter 3), so from this standpoint Trotsky was certainly justified to say that the two could not long remain disparate. But he was wrong to imply that bourgeois norms were expressed only in distribution. We have already seen that Trotsky knew better, for he took pains to counter the Stalinist myth that bourgeois production had been overcome. Here he is explicit:

“The worker in our country is not a wage slave and is not the seller of a commodity called labor

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61. *The Revolution Betrayed*, pp. 275-6.

62. *The Revolution Betrayed*, p. 244. We cited a similar passage in Chapter 3.

power. He is a free workman.’ (*Pravda*.) For the present period this unctuous formula is unpermissible bragging. The transfer of the factories to the state changed the situation of the worker only juridically. In reality, he is compelled to live in want and work a definite number of hours for a definite wage.”<sup>63</sup>

That is, in contrast to Stalin, Preobrazhensky and his own modern epigones, Trotsky knew that labor power *is* a commodity, and the workers’ rights in selling it were being increasingly abused. Bourgeois norms were operative and strengthening *in production*, and this meant that the “socialist property system” was ever more becoming a juridical fiction. The proletarian property forms that Trotsky weighed so heavily were already wielded by the Stalinists against the workers for counterrevolutionary purposes; they already had a bourgeois content. When form and content are temporarily at odds, the class content will ultimately win out and produce forms compatible with it. The capitalist class content that appears today in one Stalinist-ruled country after another was already being established under Stalin. But Trotsky had only a partial perception of the problem.

We cannot close a discussion of Trotsky’s assessment of the Stalinist USSR without citing his farsighted description of a hypothetical bourgeois counterrevolution (in contrast to a revived workers’ revolution).

“If — to adopt the second hypothesis — a bourgeois party were to overthrow the ruling Soviet caste, it would find no small number of ready servants among the present bureaucrats, administrators, technicians, directors, party secretaries and privileged upper circles in general. A purgation of the state apparatus would, of course, be necessary in this case too. But a bourgeois restoration would probably have to clean out fewer people than a revolutionary party. The chief task of the new power would be to restore private property in the means of production. First of all, it would be necessary to create conditions for the development of strong farmers from the weak collective farms, and for converting the strong collectives into producers’ cooperatives of the bourgeois type — into agricultural stock companies. In the sphere of industry, denationalization would begin with the light industries and those producing food. The planning principle would be converted for the transitional period into a series of compromises between state power and individual ‘corporations’ — potential proprietors, that is, among the Soviet captains of industry, the emigre former proprietors and foreign capitalists. Notwithstanding that the Soviet bureaucracy has gone far toward preparing a bourgeois restoration, the new regime would have to introduce in the matter of forms of property and methods of industry not a reform, but a social revolution.”<sup>64</sup>

Most of this is recognizable today. Soviet enterprises have long had many similarities with traditional capitalist public corporations, and more differences are being eliminated through Gorbachev-type reforms. The counterrevolutionary purge of the state apparatus took place, shortly after Trotsky wrote. Denationalization is already well under way in the Stalinist states; the planning principle has long contained the series of compromises Trotsky suggested. All that

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63. *The Revolution Betrayed*, p. 241.

64. *The Revolution Betrayed*, p. 253.

remains of the once-proletarian state is the nationalized property form, gutted of its content and therefore losing more of its proletarian shape every day. That this could happen is the one possibility Trotsky overlooked.<sup>65</sup>

## A NEW CLASS SOCIETY?

One of Trotsky's last major articles, written at the peak of Hitler and Stalin's power on the eve of World War II, contains an unnecessarily pessimistic theoretical alternative about the extension of Stalinism on a world scale. We cite it at length:

“If this war provokes, as we firmly believe, a proletarian revolution, it must inevitably lead to the overthrow of the bureaucracy in the USSR and regeneration of Soviet democracy on a far higher economic and cultural basis than in 1918. In that case the question as to whether the Stalinist bureaucracy was a ‘class’ or a growth on the workers’ state will be automatically solved. To every single person it will become clear that in the process of the world revolution the Soviet bureaucracy was only an *episodic* relapse.

“If, however, it is conceded that the present war will provoke not a revolution but a decline of the proletariat, then there remains another alternative: the further decay of monopoly capitalism, its further fusion with the state and the replacement of democracy wherever it still remained by a totalitarian regime. The inability of the proletariat to take into its hands the leadership of society could actually lead under these conditions to the growth of a new exploiting class from the Bonapartist fascist bureaucracy. This would be ... a regime of decline, signalling the eclipse of civilization.

“An analogous result might occur in the event that the proletariat of advanced capitalist countries, having conquered power, should prove incapable of holding it and surrender it, as in the USSR, to a privileged bureaucracy. Then we would be compelled to acknowledge that the reason for the bureaucratic relapse is rooted not in the backwardness of the country and not in the imperialist environment but in the congenital incapacity of the proletariat to become a ruling class. Then it would be necessary in retrospect to establish that in its fundamental traits the USSR was the precursor of a new exploiting regime on an international scale. ...

“The historic alternative, carried to the end, is as follows: either the Stalin regime is an abhorrent relapse in the process of transforming bourgeois society into a socialist society, or the Stalin regime is the first stage of a new exploiting society. If the second prognosis proves to be correct, then, of course, the bureaucracy will become a new exploiting class. However onerous the second perspective may be, if the world proletariat should actually prove incapable of fulfilling the mission placed upon it by the course of development, nothing else would remain except only to recognize that the socialist program, based on the internal contradictions of capitalist society, ended as a Utopia. It is self-evident that a new ‘minimum’ program would be required — for the

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65. But not completely. Trotsky did see that capitalist restoration could occur without ending state property: “Should a bourgeois counterrevolution succeed in the USSR, the new government for a lengthy period would have to base itself upon the nationalized economy.” (“Not a Workers’ and Not a Bourgeois State?”, *Writings (1937-38)*, p. 63.)

defense of the interests of the slaves of the totalitarian bureaucratic society.”<sup>66</sup>

Trotsky’s selection of alternatives was wrong in theory and proved wrong in actuality. The Stalin regime turned out to be more than episodic: it expanded after the war and still exists, half a century later. On the other hand, capitalist imperialism survived without transforming itself into a new totalitarian class society (although in some countries it certainly is totalitarian). Stalinism was a relapse, but a relapse back to capitalism. It survived the war along with imperialism as a necessary prop for the world system and a uniquely deformed part of it.

The reason imperialism survived was neither the world proletariat’s “decline” (inability to rise up in revolution against capitalism), nor its surrender of conquered state power to Stalinist-type bureaucracies. Workers in advanced capitalist countries did revolt but were *defeated* (Chapter 6). That was not because of any congenital incapacity, but because Stalinism had usurped their foremost conquest and turned it against them.

What Trotsky most fundamentally overlooked was the alternative of a massive defeat of the proletariat *by capitalism*, including its Stalinist component. The workers were not historically set back to a form of slavery, and capital still needed to exploit the masses *as workers*. They have risen up again and again against their exploitation by capital, notably in the Stalinist countries themselves — with demands that are socialist in their implicit content if not always in explicit form.

Their movement confirms again Marx’s conclusion that the laws of motion of capitalism drive the workers to struggle for communism. What they have lacked is not proletarian momentum but revolutionary *leadership* (as Trotsky more than anyone else took pains to emphasize) — and that too is a result of Stalinism’s years of unprecedented opportunism, ideological stultification and outright murder. Stalinism’s present-day decay is further reason for renewed revolutionary optimism: it is one enemy the working class will not have to confront again at full strength.

Trotsky’s failure to estimate the outcome of World War II was linked to his wrong assessment of the nature of the USSR. Both resulted from an incomplete understanding of the capitalist aspect of the workers’ state, despite his frequent insights into just this. His error fed into the middle-class-based pessimism of his epigones, both those who took the USSR to be a new form of society, and others who imagine a degenerated workers’ state frozen midway between capitalism and socialism for half a century.

For Marx, capitalism was destined to be the last class society on earth because of its capacity to develop the productive forces to the point where class oppression was no longer progressive; the revolutionary workers’ state and socialism would then be able to achieve genuine abundance. If Trotsky’s alternative of a new slave society were to occur, that would mean that the productive forces had not only stagnated but had been qualitatively destroyed, on a scale of centuries. Given capitalism’s enormous advancement of the forces of destruction, this possibility cannot be absolutely ruled out, but there is nothing inevitable about it.

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66. “The USSR in War” (1939), *In Defense of Marxism*, pp. 8-9.

The reason Trotsky posed the alternative so pessimistically was his certainty about Stalinism's weakness. It was not a new class but a Bonapartist balancing act. He did not think it strong enough to smash the workers; therefore Stalinism's survival could only reflect the proletariat's incapacity for power. Continuing that outlook in the face of Stalinism's postwar triumphs could lead only to cynicism towards the proletariat.

Trotsky did not think this perspective likely; revolutionary optimism and confidence in the workers' gains from 1917 were in his nature. But he felt obliged to consider all theoretical alternatives, and his theory was flawed. His most pessimistic pronouncement of the past, also based on the supposition of working-class passivity, was more accurate than his 1939 outlook, since it did not assume the end of the proletariat:

“If we grant — and let us grant it for the moment — that the working class fails to rise in revolutionary struggle, but allows the bourgeoisie the opportunity to rule the world's destiny for a long number of years, say two or three decades, then assuredly some sort of new equilibrium will be established. Millions of European workers will die from unemployment and malnutrition. The United States will be compelled to reorient itself on the world market, reconvert its industry, and suffer curtailment for a considerable period. Afterwards, after a new world division of labor is thus established in agony for 15 or 20 or 25 years, a new epoch of capitalist upswing might perhaps ensue.”<sup>67</sup>

Most of this in fact happened, and a period of upswing did follow World War II. But it was not a new “epoch”: the productive forces were not set back to the point where capitalism became again a progressive society, despite the decades of prosperity in the imperialist countries.<sup>68</sup> The result was instead the unnecessary prolongation of the imperialist epoch that we live in today.

Despite the incompleteness of his theory, no one can reach a Marxist understanding of the Stalinist counterrevolution and society today without starting with Trotsky's work, notably *The Revolution Betrayed*. Its conclusion that the USSR remained a degenerated workers' state on the edge of counterrevolution was correct at the time it was written. It also laid the basis for a growing understanding as the historic events of World War II unfolded. Moreover, Trotsky is not responsible for the gross absurdities of his epigones; the “deformed workers' states” created to crush the workers, for example, and the idea of a “workers' state” frozen motionless for fifty years, have no foundation in Trotsky. Yet as he and Lenin both pointed out, theoretical errors can leave open the door to political capitulations when conditions are ripe for them. That was the fate of the Trotskyist movement not long after his death.

**“Dialectical thinking analyzes all things and phenomena in their continuous change, while determining in the material conditions of those changes that critical limit beyond which ‘A’**

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67. Trotsky, “Report on the World Economic Crisis” at the Third World Congress of the Communist International (1921); in *The First Five Years of the Comintern*, Vol. 2, p. 211.

68. We will see this in Chapter 6. We have already cited (in Chapter 3) Trotsky's more developed view based on the actual course of events in the 1920's that does not presume a new, post-decay epoch at all.

**ceases to be 'A,' a workers' state ceases to be a workers' state. The fundamental flaw of vulgar thought lies in the fact that it wishes to content itself with motionless imprints of a reality which consists of eternal motion."**<sup>69</sup>

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69. Trotsky, "The ABC of Materialist Dialectics," *In Defense of Marxism*, p. 50.