

# Economic background of the collapse of the Soviet Union

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Historians tell that the 20th century ended on 25 December 1991. On that cold winter day, Mikhail Gorbachev left the presidency of the Union of Soviet Socialist Republics (USSR), and in Kremlin the Soviet flag was replaced by the Russian flag. This was the end point of the most important socialist construction experience so far. While revolutionary movements and leftist currents went into depression all over the world, there was an enthusiasm of victory on the right: according to the spokesmen of the bourgeoisie, people oppressed by “communism” for decades were at last free. Henceforth, there would be only democracy, human rights and free market.

Twenty-five years passed and now we have a country of oligarchs, the mafia, and Putin. We have the ex-Yugoslavia broken up by a brutal civil war; and Hungary, Poland and Ukraine suffering from ultra right-wing regimes. There are the Central Asian republics moaning under dictatorships for twenty five years. The triumph of capitalism opened the way for repressive, reactionary and bigoted regimes, not democracy and liberties. That’s an undisputable fact.

Everything looks like destiny in retrospect, but at any moment, there are always many possibilities. Things could develop in different ways and the Soviet Union could still be standing. Thus, the “collapse” was certainly not inevitable. Yet it didn’t

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happen by chance or at an unexpected moment. In fact, just before this, in the second half of 1989 the “people’s democracies” of East Europe had fell like dominoes. When it was understood that the Soviet Union would not intervene, communist parties fell from power in Poland in August (by election), in Hungary in October (after opening the borders to East Germans wishing to go west), in East Germany in November (with the fall of the Berlin Wall), and then in Bulgaria, Czechoslovakia, and finally in Romania (by a bloody uprising that overthrew Ceausescu). The Warsaw Pact and the CMEA (Council of Mutual Economic Assistance) that had become practically nonfunctional as a result of all these developments were also closed by mid-1991.

It was not hard to estimate that the Soviet Union was next. As a matter of fact, within the USSR, nationalist currents and separatist tendencies had gotten stronger in many republics (Baltic countries, Ukraine, Georgia, Azerbaijan), and especially in Russia. It was obvious that the system had hit a wall and could no longer function as before. After the failed coup attempt of August 1991, the days of the Soviet state were numbered.

A “superpower” that was founded by the most magnificent revolution in history, that had survived for more than seventy years, that had challenged imperialism, and that looked robust from the outside, dissolved almost bloodlessly in front of the puzzled gaze of the whole world.

Why did the Soviet Union collapse? There is no simple, shortcut answer to this question. As in all great events, many different dynamics interacted in the closing off of the curtain opened by the October Revolution, and led to such a result. In retrospect, it can be said that the system was actually blocked since the late 1960s. But “blockage” or depression is not necessarily a signal of collapse. In fact, world capitalism survived despite a serious crisis in the same period. The Soviet Union did not collapse because of economic crisis. Every system experiences crises, but thanks to its internal mechanisms, it overcomes them and continues on its way. So the main question is why the Soviet Union has become fragile against crises in the mid-1980s.

If we want to learn something from the experience of the USSR, we first need to distinguish the factors that triggered the collapse and the more basic structural elements. The Soviet Union may have collapsed as a result of external influences or outright betrayal, as many faithful socialists believe. The actions of Gorbachev and his team were indeed “erroneous, heretical, even treacherous”. But even if there was a conspiracy, it was only the trigger of the event; just like the touch that sends a person standing on the edge down from the cliff. Such triggering (or efficient) causes will not be discussed in this paper. I will rather try to look at structural dynamics, and discuss what was not going well in the Soviet Union experience. I will focus primarily on the economic background.

It is worth mentioning from the outset that political and social factors were more important than narrowly defined economic reasons in the collapse of the USSR.

Nevertheless, political acts depend on an economic basis, and are effective on the ground of certain relations of production. As Marx said, what turns upside down the “whole immense superstructure” is the change in the economic foundation.<sup>1</sup>

I emphasize this principle of historical materialism, because too many Marxists are falling into idealism while trying to avoid “economic reductionism”. They are attributing decisive importance to ideas. There is no doubt that the cadres who had adopted bourgeois ideology had a certain influence in the collapse of the Soviet Union. Yet, how such ideologies existed among the leadership of a so-called “socialist” country, or why they showed their destructive effects in the 1980s but not before, can be explained only on the basis of material relations of production.

On the other hand, many Marxists who have no problem with reductionism also put the historical materialist approach aside when the Soviet Union is concerned. They dream that socialism can be established by revolutionary will alone. Hence, they attribute the failure to a lack of faith, ideological tiredness, or simple misconceptions. In this way, they also take an idealist position by crediting determinacy to ideas.

We can say without hesitation that politics and ideology gains an enormous (even central) significance in any socialist construction attempt (“transition to socialism”). But this occurs on the ground of relations of production, the economic basis. Marx once wrote that it is the mode of gaining their livelihood that explains why politics in the ancient world, and Catholicism in the Middle Ages, “played the chief part.”<sup>2</sup> There is no reason to reject that the same principle will also apply for the case of the transition society, **mutatis mutandis**.

Obviously, it is impossible to cover all the lessons of the Soviet experience in an article. Below, I just point out to some basic dynamics. Apart from this short introduction, the article consists of two main parts and a conclusion. In the first part, two common views among Marxists are criticised. In the next part, I make an attempt to establish an alternative explanatory framework. This alternative explanation is not original or new, but it is an effort to stay in strict adherence to historical materialism.

## 1) How not to look at the Soviet Union experience?

The explanations about the collapse of the Soviet Union naturally involve an implicit or explicit evaluation of the USSR. This evaluation usually determines whether the collapse will be explained by internal or external factors. Those who accept the “socialist USSR” thesis tend to explain the collapse in terms of accidental or external conditions, and those who do not see the Soviet Union as a socialist

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1 Karl Marx, *A Contribution to the Critique of Political Economy*, in Karl Marx, Frederick Engels, *Collected Works*, vol 29, Lawrence & Wishart, 2010, p. 263.

2 Karl Marx, *Capital*, vol I, in Karl Marx, Frederick Engels, *Collected Works*, vol 35, Lawrence & Wishart, 2010, p. 93.

country often emphasize internal-structural factors.

There is a huge literature on this great event that ended the 20th century. It is undoubtedly not an easy task to evaluate the literature adequately, and such a task well exceeds the limits of this paper (and the writer too). Below, as an introduction to the ideas I will later address, I will only criticize two particular views that I see as including problems. It is possible to call the first one as the “bad management thesis” and the second the “capitalist USSR thesis”.

### **Did the Soviet Union collapse because of bad management?**

According to an argument that is widespread among “sovietic” circles, the Soviet Union collapsed because of the ideological incompetences and inadequacies of the leaders after Stalin. This argument accepts that there were some socio-economic problems in the USSR, but does not regard the system as inherently unsuccessful. According to this approach, the main problem was the moving away of the CPSU leadership from the correct line. In short, the problem was not the car, but the driver.

In Turkey, this idea is most clearly defended by Yalçın Küçük. In the new edition of his 1991 book, he claims that “the Soviet Union collapsed because the Soviet elite had lost belief in communism.” He goes on to say that, “Communism had no economic or technological problem; the only issue was disbelief.”<sup>3</sup>

Many Marxists, who do not use striking expressions like Yalçın Küçük, resort to a similar argument. For example, Kemal Okuyan also emphasizes the ideological inadequacies and imprudent politics of the CPSU leadership. Okuyan defends that in the post-World War II era (including the last years of Stalin), the party did not lead the society correctly, and in fact lagged behind it. In his preface to the third edition of his book, he writes, “Economic problems and etc. could have been overcome,” if a leadership “could be created that would energize the Soviet peoples who increasingly became urbanized, forgot hunger, unemployment, ignorance and backwardness.”<sup>4</sup> In other words, the Soviet Union could continue on its path with an enlightened leadership. Okuyan points to Cuba and Venezuela as examples.

Why such a leadership could not be created in the Soviet Union? Okuyan answers this question by pointing out that the Soviet people and leaders were exhausted by the Second World War. He claims that the ideological struggle was easier during the “open fight” between 1917-1945; but after 1945 the struggle changed shape, and the party was caught unprepared. He suggests that, despite rapid urbanization, the country was still ruled by provincial mentality, and centers such as Moscow and Leningrad were completely left to bourgeois ideology.<sup>5</sup>

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3 Yalçın Küçük, *Sovyetler Birliği'nde Sosyalizmin Çözülüşü* [*The Dissolution of Socialism in the Soviet Union*], İstanbul: Mızrak Yayınları, 2010, p. 7.

4 Kemal Okuyan, *Sovyetler Birliği'nin Çözülüşü Üzerine Anti-Tezler* [*Anti-Theses on the Dissolution of the Soviet Union*], İstanbul: Yazılama Yayınevi, 2014, p. 10.

5 Okuyan, pp. 8-9.

If the leadership of the CPSU has exhibited ideological weakness for a very long time, this must have a material basis other than exhaustion. By stepping on the correct thesis that politics and ideology will gain great importance in the socialist construction process, Okuyan seriously weakens the link between the superstructural elements and relations of production in the “transitional society”. Instead, he constantly puts forward the force element necessary in the socialist construction process. As a result, no objective criteria are left for a leadership that is expected to follow the correct line, and political-ideological mistakes turn into accidental events. Okuyan asks, for example, “how can be explained other than foolishness that the USSR, which tumbled fifty times to keep Egypt away from the imperialists, was so indifferent to China’s shift out from its orbit?”<sup>6</sup> He obviously does not see any problem in the structure that gave birth to such a leadership.

In Okuyan’s perspective, it is not an issue that socialist construction efforts were organized as separate national formations in each individual country. The making of the Communist International dysfunctional also does not matter much, because internationalism means “to determine the point that will advance the world revolution in reference to your position, and then concentrating on it.”<sup>7</sup> The bureaucracy is already unimportant because in the USSR “the number of bureaucrats is less than the number in developed capitalist countries, by every definition and in all periods.”<sup>8</sup> In short, there were no serious problems, but, unfortunately, foolish mistakes and incompetent staff.

Kemal Okuyan’s anti-theses, Yalçın Küçük’s “disbelief” diagnosis etc. can of course be criticized from various angles. In the following parts of the essay, I will try to present a different picture of the Soviet Union. However, in this section, I just want to remind a “sociological” phenomenon, one of the causes of bureaucratic deformation.

Competitors for any political or bureaucratic position (office, seat) often represent certain social forces and tendencies, whether they are aware or not. But a representative is also an individual and enters the competition with her individual qualifications. If those positions include some privileges, as is often the case in hierarchically structured systems, a natural selection process starts: those that better maneuver and adapt the environment survive. The more shrewd, pitiless, and tricky people become successful. So, at the higher levels of the hierarchy, those with the worst personal traits are left. As a rule, the top ones are the most craftiest. In such a mechanism, which well suits to the functioning of capitalism, those who adhere to communist ideals don’t have much chance, and the survivors often do not have

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6 Okuyan, p. 157. In fact, there are many similar claims in the book.

7 Okuyan, p. 129.

8 Okuyan, p. 97. I will deal with the problem of bureaucracy below, hence I don’t feel the need to consider it here. However, it must be emphasized that the size of the bureaucracy has secondary importance. The problem is not even “bureaucratization”, red tape, or slowness. It is that the social power has concentrated in the hands of a privileged section.

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any ideological affiliation. As a result, less faithful staff comes on the scene with each new generation.

This can be observed in many mass organizations. Such a selection mechanism operated within the CPSU in the 1920s. The leadership problem, that is, the subjective factor, depended on a very objective factor. Even worse, this problem deepened over time. In the Soviet Union, the bourgeois ideology was able to live comfortably for many years between the layers of the party and the state bureaucracy because it had such an objective ground. In the 1980s, there was a “communist party” in which the Central Committee bureaucrats were regarding Marxism as “bullshit” and Lenin as a criminal.<sup>9</sup>

Being a leader in a small party requires some personal traits. Being a leader in a large organization or state requires very different traits. Lenin and, to some extent, Castro took power while they were leading small parties, so they were not effected by this deformation. However, all of the subsequent leaders in the Soviet Union, including Stalin, succeeded as a result of the intra-party struggles (including, of course, many tricks). Stalin might be the “last Bolshevik” as Kemal Okuyan claims (perhaps because he killed all the rest), but he was also the first defective leader.

There is no need to look far for the solution to the deformations we are talking about. The Paris Commune example is clear. The bureaucracy is a social segment that emerges as a result of an objective need, and in any socialist construction attempt, power will be seriously centralized at the hands of the bureaucracy. That is precisely why, from the very beginning, it will always be necessary to approach the issues from the perspective of the working class, to ground the organization of the relations of production and general processes on participation and egalitarianism, and to take measures to systematically eliminate privileges. The creative solutions of the Parisian communards (such as the right to call back the representatives, or equal wages to representatives and workers) are practices that have emerged from life, from the class itself. Political or administrative duties should bring burden, not privilege. If people have started fighting each other for the material advantages of a duty, then there is a problem. In addition, the leadership has to depend on an as wide as possible collective mind, and for this, developing the mechanisms for political participation at all levels is extremely important. “Soviet democracy” in the exact meaning of the term is not a luxury but a basic need that will provide the functioning of the planning process and will be a permanent political engine of socialist construction.<sup>10</sup> If it is said that this is impossible, and such political

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<sup>9</sup> Philip Hanson, *The Rise and Fall of the Soviet Economy: An Economic History of the USSR from 1945*, London: Routledge, 2014, p. 199.

<sup>10</sup> According to Trotsky, the “political lever” for the regulation and application of plans is “unthinkable” without Soviet democracy. However, Trotsky does not expand this claim, just proposes it. Leon Trotsky, *The Revolution Betrayed: What Is the Soviet Union and Where Is It Going?*, trans: Max Eastman, New York: Pathfinder Press, 1983, p. 67. See also Özgür Öztürk, “Trotsky ve Sovyetler Birliği” [“Trotsky and the Soviet Union”], *Devrimci Marksizm*, no 24, 2015.

participation will not work in a big country, then this means that we will continue to complain about the “foolishnesses” in the future.

The Soviet Union was managed badly, but it did not collapse because of this. Just as the collapse of the Ottoman Empire stemmed not from incompetent sultans, but largely from the structural problems of the economic organization of the empire. Yes, the driver was not a master; but the car was already aged, its tires were worn out, and the gasoline was finished.

### **Was the USSR capitalist?**

Before the collapse, many revolutionaries in Turkey were defining the Soviet Union as a socialist country, implying that socialist construction was essentially completed in a part of the world. And some of them were defending that the Soviet Union was “advancing to communism”.

The revolutionary generations of Turkey, who have carried out great struggles by paying a heavy price, have not sought to critically evaluate the Soviet Union experience. Rather, the official statements of the CPSU were tried to fit in the theoretical bag. The emergence of socialist movements outside the general pattern was mainly a result of the Sino-Soviet split in the 1960s. The “USSR evaluation” of the Chinese and pro-Albanian currents were “monopoly state capitalism, social imperialism”.<sup>11</sup>

Which one is right? Was the Soviet Union a socialist country advancing towards communism, or was it capitalist? In fact, from the very first day of its seventy-four year history, the Soviet Union experience created both great excitement and admiration, and some question marks among Marxists. Even Rosa Luxemburg, who supported the October revolution to the end, expressed some criticisms of the Bolshevik Party at that time.<sup>12</sup> Over time, as the revolutionary hopes faded in the west, and the social structure of the Soviet Union which had started the construction of “socialism in one country” became increasingly clearer, the opposing views, which did not recognize this as socialism, also became clear.<sup>13</sup> Both in the Western countries and in the East (China), one of the most common theses of the Marxists that were critical of the Soviet Union experience was that the USSR was a capitalist country. There is a wide literature about this topic.

According to one opinion, the Soviet Union can be defined as “state capitalism”. With this concept, Lenin had characterized the situations in which a bourgeois state

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11 For a comparative compilation of the views of Turkish socialist movements on the Soviet Union: *İkibin'e Doğru*, no 27, September 1991, pp. 15-21. This source can be found on the internet by searching.

12 Rosa Luxemburg, *The Russian Revolution and Leninism or Marxism?*, Ann Arbor: The University of Michigan Press, 1961.

13 For a detailed study on the opposing Western views: Marcel van der Linden, *Western Marxism and the Soviet Union: A Survey of Critical Theories and Debates Since 1917*, trans: Jurriaan Bendien, Leiden: Brill, 2007.



takes control of the economy. According to him, state capitalism promotes the further socialization of the means of production and functions as the entrance gate to socialism, hence is not in conflict with the dictatorship of the proletariat. Thus, Lenin used the concept of “state capitalism” to describe the New Economic Policy (NEP) period. However, since the 1920s, the opponents used the concept of “state capitalism” in order to claim that the Soviet Union was a kind of capitalism. After World War II, people like C.L.R. James and Raya Dunayevskaya in the USA, and Tony Cliff in England, who came from within Trotskyism but had moved away from the “bureaucratic/degenerated workers’ state” formulation of that tradition, accepted this thesis.<sup>14</sup> For example, according to Cliff, despite the fact that it was a proletarian revolution, the October revolution had been defeated in the second half of the 1920s, and a state capitalism, in which the bureaucracy was a ruling class, had been established in the USSR.<sup>15</sup> There were not private companies and etc., but the Soviet Union was acting like a collective capital in the capitalist competition (including military dimensions) on a world scale.

In another approach, the USSR is not “state capitalism” but a proper capitalist country. This view was further elaborated and defended by various theoreticians, from Amadeo Bordiga in Italy to Paresh Chattopadhyay in Canada, with some differences in details.<sup>16</sup> The common point is that, they see the October revolution as a bourgeois revolution and claim that the USSR, though it had some specific aspects, moved on a capitalist line from the beginning.

In the Maoist tradition, it is argued that capitalism was restored in the Soviet Union after Stalin.<sup>17</sup> So the USSR was socialist in the beginning, but turned to capitalism when revisionists came to power during the Khrushchev period. Since the Maoist current also adopts the Stalinist legacy, the Maoists defending Stalinism, and Cliff supporters who strongly oppose it, agree on the idea that the USSR is not socialist but capitalist.

The strength of the capitalist USSR thesis is that it tries to explain the domination over direct producers in the Soviet Union on a class basis, and it has no difficulty in explaining the fact that especially the upper layers of the bureaucracy turned into a bourgeoisie after the collapse. In fact, it can be argued that the collapse does not present a special problem for this approach, because power changed hands in a country that was already capitalist. Moreover, since the Soviet bureaucracy continued to rule in disguise, it is debatable whether political power has changed

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14 Marcel van der Linden, pp. 110-115, 119-122; M.C. Howard, J.E. King, “State Capitalism in the Soviet Union”, *History of Economics Review*, no 34, 2001.

15 Tony Cliff, *State Capitalism in Russia*, Pluto Press, 1974.

16 Marcel van der Linden, pp. 122-125, 266-270; Paresh Chattopadhyay, “The Soviet Question and Marx Revisited: A Reply to Mike Haynes”, *Historical Materialism*, vol 12 no 2, 2004.

17 Willi Dickhut, *Sovyetler Birliđi ’nde Kapitalizmin Restorasyonu [The Restoration of Capitalism in the Soviet Union]* trans: A. Sever, İstanbul: Komün Yayınları, Books I and II, 1976, Book III, 1977; Martin Nicolaus, *Restoration of Capitalism in the USSR*, Chicago: Liberator Press, 1975.



hands at all.

The key proposition of this thesis can be expressed as “the USSR is a capitalist country where the bureaucracy is in the position of bourgeoisie.” Two questions are answered positively: Is the bureaucracy a class? Moreover, is it a bourgeoisie? When the first question is answered negatively, the answer to the second question must also be negative. If the bureaucracy is not a class, then it cannot be a bourgeoisie. But there are some who positively respond to the first question (they say “yes, bureaucracy is a class”), but negatively to the second, which means that the bureaucracy is not a bourgeoisie, but a class with specific characteristics (the bureaucratic collectivism thesis). Let us first check if the bureaucracy is a class.

The definition of classes is a matter of intense debate among Marxists. But one basic and undisputed criterion is the position of a social group vis-a-vis the means of production. In the capitalist society there is a clear contrast between the capitalist class which possesses the means of production and the working class without such property. The situation is different in a transitional society like the Soviet Union where the means of production are under public and collective ownership. Every state depends on class domination, and in the Soviet Union the state was organized as the state of the working class, not the state of all people (I will explain this below). Therefore, the working class collectively owned the means of production. The bureaucracy had the power to decide on behalf of this state and therefore on behalf of the working class; it was a social layer that had identified its interests with the state that it was serving. The increasing alienation of this stratum from the class it was representing does not mean that it became a separate class. In short, according to Marxism, the idea that the bureaucracy is a class is very dubious. Moreover, according to the capitalist Soviet Union thesis, the bureaucracy was also the dominant class. But a group cannot suddenly emerge at the dominant class position without developing and strengthening in the previous social structure. The social root of the Soviet bureaucracy, however, is not in the tsarist period, but in the post-revolution era.

The claim that the bureaucracy corresponds to a bourgeois class (the second question) is more suspicious in terms of Marxism. In English, there is a saying like “if it looks like a duck, walks like a duck, swims like a duck, it is a duck.” This may be a wise advice for everyday practices, but points to a scientifically faulty reasoning: a bird that resembles a duck in every respect may still not be a duck anyway. Those who define bureaucracy as a bourgeoisie are saying “this is a bourgeoisie!” by looking at its domination over the working class, its various privileges and its decisive position. In other words, they are relying on external, superficial similarities. However, these are not the defining criteria.<sup>18</sup> In scientific

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<sup>18</sup> In this context, Stephen Resnick and Richard Wolff’s observation that the “state capitalism” thesis depends not on Marx’s concept of surplus labour but on a more vague notion of power, is not only on the mark, but also valid for other versions of the “capitalist USSR” thesis. Stephen Resnick,

classification, it is necessary to rely on theoretical criteria, not similarities. The bureaucrat can not personally own, buy, sell, or inherit the means of production. She cannot appropriate surplus labour for her own. All these qualities make her different from the bourgeois. Using the concept of “bourgeoisie” to express very different historical and social realities, for example putting the US and the USSR in the same “capitalist” bag, may be a political choice, but it does not make much sense in terms of the historical materialistic approach.

Can the bureaucracy be a “collective” bourgeoisie? When Marx started his critique of political economy, he argued that the capitalist was the being of capital “for-itself”; capital as a social relation was represented by a concrete social agent. Capital emerged as embodied in the shape of a capitalist; so the capitalist was the personification of capital.<sup>19</sup> Later, in the third volume of *Capital*, he wrote that forms such as corporations meant “the abolition of the capitalist mode of production within the capitalist mode of production itself.” According to Marx, this was “a necessary transitional phase” towards a more advanced mode of production. Capital would be “property of associated producers ... direct social property.”<sup>20</sup>

Marx’s observations include the possibility of collective forms of ownership in advanced capitalism. Today, many large companies do not have any specific owner. For example, in Turkey, a part of İşbank’s shares (32 percent) are traded in the stock market, and the largest share (40 percent) is held by the İşbank Pension Foundation. Examples can be multiplied.<sup>21</sup> Depending on such examples, American researchers Adolf Berle and Gardiner Means put forward the “managerial capitalism” thesis in 1932, which claimed that the bourgeoisie was now replaced by managers. According to Berle and Means, most large companies have no owners, and the actual control is in the hands of managers, not stock owners. The capitalist class is disappearing.<sup>22</sup> The views of Berle and Means also laid the ground for the “bureaucratic collectivism” thesis, which is related to the “capitalist USSR” thesis.

There are two problems with these types of theses that are not well known in Turkey. First, Marx regards the emergence of “collective capitalist” forms as a sign that capitalism is already on the way to annihilation. Secondly, the bourgeoisie has

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Richard Wolff, “State Capitalism in the USSR? A High-Stakes Debate”, *Rethinking Marxism*, vol 6 no 2, 1993. However, despite this observation, Resnick and Wolff still try to develop an explanation based on power, and this is perhaps related to their post-modern philosophical tendencies.

19 Karl Marx, *Grundrisse*, trans: Martin Nicolaus, London: Peunguin Books, 1993, pp. 303, 452.

20 Karl Marx, *Capital*, vol III, in Karl Marx, Frederick Engels, *Collected Works*, vol 37, Lawrence & Wishart, 2010, pp. 434, 436.

21 In the US, there was no dominant shareholder in about one quarter of large companies in 1900. The ratio of this kind of companies rose to 40 percent in 1929, and to more than 85 percent in 1975. John Scott, *Corporate Business and Capitalist Classes*, Oxford: Oxford University Press, 1997, p. 59.

22 Adolf A. Berle, Gardiner C. Means, *The Modern Corporation and Private Property*, New Brunswick, Londra: Transaction Publishers, 1991.

not completed its role on the scene and left its place to managers. Indeed, in other empirical studies of the same period (1930s) as the work of Berle and Means, it has been shown that a small number of families dominate banks, large industrial plants, and many important businesses in the United States.<sup>23</sup> As capitalism develops, more and more impersonal forms emerge and become widespread; yet it will be realistic to accept that there will be capitalists as long as capitalist production continues.

As a result, to describe the Soviet Union as a capitalist society is very questionable in Marxist terms. But that does not mean that it was socialist (or communist). At least the following are clear: advancing towards communism requires taking steps to abolish the state and put an end to the existence of classes. The state refers primarily to the repressive apparatuses (army, police, etc.), the bureaucracy and the ideological apparatuses. During the history of the USSR, no attempt has been made to remove these institutions altogether. On the contrary, the bureaucratic rule continued to strengthen the state apparatus, arguing that class struggle would become more intense as stages of socialism are passed. Therefore, to claim that the Soviet Union established socialism and passed on to the next stage and approached communism is to force both the theory and the facts quite a bit.

Many Marxists who will not defend the communism claim for the Soviet Union will still insist on its “socialist” character. We need to be very clear at this point: socialist construction can only be completed on the world scale, on a geographical area so large that the capitalist countries can no longer be a threat. Before this, socialist construction continues. Saying that is not disrespect for the people who gave their lives to “defend socialism”. Theory and practice cannot be separated; but theoretical concepts do not have to coincide with the language of politics. In Marxist terms the Soviet Union was a “transitional society” in the socialist construction process; and fell back to capitalism before completing, or rather because it couldn’t complete, this transition.

Transition society is the dictatorship of the proletariat, a workers’ state. The bureaucracy is not a class, it is not a bourgeoisie at all, but a social group that (mis)represents the working class; it has even established domination on that class.

The specific aspects of the Soviet Union experience do not lie in that it is a capitalist society or that the bureaucracy has become a bourgeoisie. The specific aspects of this experience lie in the contradictory dynamics between the productive forces and the relations of production.

## **2) Economic structure and its problems in the Soviet Union**

### **Relations of production and productive forces**

Marxism acknowledges a coherence, a rationality in human history. This is not a belief reached through philosophical speculation, but a result of the scientific

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<sup>23</sup> Maurice Zeitlin, “Corporate Ownership and Control: The Large Corporation and the Capitalist Class”, *The American Journal of Sociology*, vol 79 no 5, 1974.

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examination of material facts. The relations of production between people become objectified in various means of production, machines, buildings, as well as in the state, the law, other institutions, and thus acquire permanence. At the same time, human labour force, regarded as a productive force in itself, is also shaped by these relations. People are shaped by their relations. Hence, social relations of production shape both the means of production and people. On the other hand, the productive forces, once formed, react back and influence the relations of production. Establishing and operating a factory does not only mean to produce goods, but also to produce and reproduce certain relations of production.

All the industrial plants in a country can be destroyed because of a great war or earthquake. But if the relations of production are unchanged (or have not returned to backward forms), then all the means of production of that country, the same factories, the same buildings, and even better ones, can be rebuilt in a short time. Despite the huge destruction of World War II, both Germany and Japan and the Soviet Union became industrial giants again within five to ten years. This was possible because, in these societies, relations of production had remained largely unchanged. Their means of production were destroyed, and they suffered considerable losses in terms of labour power also, but the relations of production had not changed. By contrast, countries like Turkey and Brazil, which did not suffer a similar destruction, and even though they had started a certain industrialization experience before the war, couldn't reach the same level.

Just from this example alone, we can say that the **relations** of production have priority in the relation between the productive forces and the relations of production. It is of course difficult to build factories and large industrial plants, but it is much more difficult to separate the direct producers from land. Once this is accomplished, those flashy industrial plants can soon be built one after the other.

Different societies and historical periods are distinguished from each other by the way in which the relations of production are organized, or rather, the way in which they appropriate the economic surplus. A particular set of **relations of production** coincides with certain **productive forces**, which include the nature as object of production, the means of production, and the direct producers that provide the labour force that must be considered as the most important productive force. The productive forces and the relations of production are two sides of a unity. They form a mode of production that is in the final analysis a contradictory, dialectical totality.

At any given moment, there is a certain “conformity” between the productive forces and the relations of production in a society. As Marx wrote, “The hand-mill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist.”<sup>24</sup> By the use of steam as an energy source in industry, production was

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24 Karl Marx, *The Poverty of Philosophy*, in Karl Marx, Frederick Engels, *Collected Works*, vol 6, Lawrence & Wishart, 2010, p. 166.

liberated from the whims of weather conditions, human beings took a big step towards controlling nature, productivity increased dramatically. It is no coincidence that the Industrial Revolution took place within the context of capitalist relations of production.

But this “conformity” between the productive forces and the relations of production, or in other words the element of coherence in history, is in no way a barrier to change. On the contrary, change takes place within this framework. Together with the change and development of the productive forces, the relations of production change gradually. At one point, an inevitable break occurs.

In dialectics, it is said that quantitative changes lead to qualitative transformations. This is a general law, and can be observed in various cases, from the boiling of water to great social revolutions. As Hegel wrote poetically,

just as the first breath drawn by a child after its long, quiet nourishment breaks the gradualness of merely quantitative growth -there is a qualitative leap, and the child is born- so likewise the Spirit in its formation matures slowly and quietly into its new shape, dissolving bit by bit the structure of its previous world, whose tottering state is only hinted at by isolated symptoms. The frivolity and boredom which unsettle the established order, the vague foreboding of something unknown, these are the heralds of approaching change. The gradual crumbling that left unaltered the face of the whole is cut short by a sunburst which, in one flash, illuminates the features of the new world.<sup>25</sup>

Hegel wrote these sentences in the first years of the nineteenth century, probably during the period when he saw Napoleon passing on a white horse in Jena (1807). His representation immediately evokes the French Revolution (the continuous feeling of boredom of the 18th century French aristocrats is famous!). This passage almost certainly affected young Marx. Marx also says that the revolution is a qualitative leap, but not a random one; a leap which, although at first seems crazy, is in line with the rationality of history, since its conditions mature slowly within the pre-revolutionary society.

### **Transition society**

During the “transition” from one mode of production to another, elements specific to two different modes of production coexist. For example, in the transition from feudalism to capitalism, which lasted roughly from the 16th to the 18th centuries in Western Europe, there were feudal forms like serfdom or lordship, as well as forms such as manufactures specific to capitalist production. The process of capitalist development lasted for centuries. Marx writes that capitalist production becomes

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<sup>25</sup> G.W.F. Hegel, *Phenomenology of Spirit*, trans: A.V. Miller, Oxford: Oxford University Press, 1977, pp. 6-7.

dominant only by the large-scale and systematic use of machines in factories. “The full development of capital, therefore, takes place - or capital has posited the mode of production corresponding to it – only when the means of labour has not only taken the economic form of fixed capital, but has also been suspended in its immediate form, and when fixed capital appears as a machine within the production process, opposite labour.”<sup>26</sup> Furthermore, capitalist production takes its specific form only with machine-producing machines. Because, capitalist production thus becomes a system and begins to produce its own inputs. But this is just the “technical” side of the event. The most important social process is the separation of large masses from the means of production, so they become workers. When labour-power becomes a commodity, all the inputs and outputs of the capitalist production process gains the character of commodity. By standing on its own feet, capitalist production makes a sudden breakthrough.

How should transition from capitalism to socialism be evaluated in this perspective? First, this will be a change in the mode of production, hence grasping society from the roots. Marx called the the transformation period as the “dictatorship of the proletariat”. In this period, the private property of the means of production will come to an end, social forms of property will develop, the withering away of the state will start and steps will be taken to eliminate classes. However, it is unlikely that the state will be abolished in a transitional society as long as the main central countries are not included in the socialist construction process, since a country (or a group of countries) attempting to build socialism will always be exposed to military and economic oppression of capitalist states. The result is that the transition to socialism can only be completed on the whole of the world, or on a large enough part of it (enough to defeat the threats of capitalist countries). The internationalist character of the socialist revolution is a necessity, not a question of choice. It is meaningless to open up a debate in this regard, to claim that “we can go to the end, even in one country,” and to accuse those who disagree with it by disbelief, or not trusting the Soviet Union.

In the transition society, elements of both modes of production coexist. This includes both relations of production and productive forces. The productive forces in the transitional society will be taken over from the previous capitalist production. The decisive move here is to change the relations of production, to end the labour-capital relationship. The most important steps are putting the means of production under public and collective ownership forms, the abolition of the commodity character of labour-power, and the initiation of planned production as the new type of production relation. However, in order for socialism (communism) to stand on its own feet, it seems that there must be a transformation in the productive forces and in the labour force itself, the most revolutionary productive force. In the Marxist tradition this is expressed with the formula that “work will become a primary

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26 Karl Marx, *Grundrisse*, p. 699. Also see Marx, *Capital vol I*, pp. 385-388.



necessity”, at the same time a great increase in labour productivity that is beyond capitalist production is expected. In the last fifty years, the level reached by the information technology, automation, and communication provide some indications about how productive forces in socialism will be. But there is no prescription, and the “techno-socialist” approach which claims that socialism became possible only with modern information technology, remains quite naive.<sup>27</sup>

According to Marx, communism is not the design of an intellectual, but a new form of society that will mature within capitalist relations of production and will necessarily emerge when the time comes. In this society there will be no capital, exploitation, classes; the ownership of the means of production will be social, and production and consumption will be planned, not left to the mercy of the market. All these characteristics stem from the operation of capitalism. However, the development will not be evolutionary, but revolutionary.

The flow of history has led to the emergence of forms different from what Marx expected. Unequal and combined development of capitalism throughout the world resulted in the concentration of revolutionary potentials not in the west, but in a backward country like the tsarist Russia. At the beginning of the 20th century, the feudal superstructure of tsarism was easily torn away like a shell in Russia, which had entered the capitalist process. Thus history brought both a huge task and a unique opportunity to the Russian revolutionary movement: permanent revolution, or in other words, to integrate the democratic (bourgeois) revolution with the socialist revolution.<sup>28</sup>

The economic aspect of this historical task was to find and implement a method of resource allocation that is not based on the law of value, to abandon market relations and establish a planned system, but without falling behind the possibilities that capitalist production offers to humanity while doing so. It is of course very difficult to accomplish such a task in a backward peasant society. Nevertheless, after a while the Soviet Union tried to accomplish this.

The Soviet Union experience is an attempt at socialist construction, and in this sense, it obviously has a “socialist” character. The October revolution is the moment when humanity was nearest to socialism throughout history. However, in the process, a structure that did not match this target emerged, and the result was failure. The main reason for this is not the “disbelief of the Soviet elite in communism” but the organization of the relations of production in Soviet society, which is also the cause of this loss of belief. This is also what prevented an internationalist orientation in the final analysis.

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27 An example of this approach is: Daniel E. Saros, *Information Technology and Socialist Construction: The End of Capital and the Transition to Socialism*, Londra, New York: Routledge, 2014.

28 About permanent revolution, see Leon Trotsky, *The Permanent Revolution & Results and Prospects*, New York: Pathfinder Press, 1978; Michael Löwy, *The Politics of Combined and Uneven Development: The Theory of Permanent Revolution*, London: NLB, 1981.



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Success and failure are two sides of the same coin: existing relations of production provided a rapid development of the productive forces for a period, but then they became obstacles in front of them. At a certain stage, the huge superstructure turned upside down in a short time, and collapsed. Below, I will try to trace the economic background of the collapse on two lines. The first line will focus on the developmental dynamics of the productive forces, the specific problems of Soviet industrialization. The second one will look at the relations of production and in particular the problem of bureaucracy. These two lines are not separate but are intertwined like the branches of an ivy.

### Before the “revolution from above”

The planned economic system (called by some “the command economy”) that comes to mind when speaking about the Soviet Union, was established in the 1930s. From this date until the collapse, the economic structure was constantly “reformed”, especially in the period following World War II, but the basic configuration was not changed. Therefore, it is necessary to ask why this basic configuration failed.

The “USSR model” was formed between roughly 1930 and 1965. In outline, during the periods of Stalin (1924-1953) and Khrushchev (1953-1964), the economic system was established and experienced its classical expansion phase. During the Brezhnev years (1964-1982), the blockages in the system became apparent. The 1980s are the period of dissolution, that is, efforts to overcome the crisis and then sudden collapse.

It must be remembered that when the revolution took place in 1917, there was no ready-made formula and there were many uncertainties. It was expected that production would be planned, everyone would get according to her labour and money relations would eventually end. But it was not clear how all these would be done. Moreover, hopes were largely tied to a European revolution.

The civil war that began in mid-1918 marked the first few years after the October revolution. At that time, the tax system collapsed, and because of the continuous issuing of money, inflation continued to rise at an unbelievable rate and the rouble depreciated considerably. In October 1920, the value of the rouble was one percent of its 1917 level. Due to very high inflation, the use of money came to an end and direct barter became widespread in many regions. In fact, in 1918 almost half of the wages were paid in kind. This ratio increased to three fourths in 1919 and nine tenths in 1920.<sup>29</sup> At the time, by the gradual decline in the use of money, some communist economists, such as Yevgeniy Preobrazhensky, even suggested that the money system could be destroyed by printing money in abundance (thus artificially creating inflation)!<sup>30</sup>

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<sup>29</sup> Maurice Dobb, *1917'den Bu Yana Sovyet Ekonomisinin Gelişimi* [*The Development of the Soviet Economy Since 1917*], trans: Metin Aktan, İstanbul: Özdemir Basımevi, 1968, pp. 98, 99; Alec Nove, *An Economic History of the USSR 1917-1991*, London: Penguin Books, 1992, p. 58.

<sup>30</sup> Nikolay Bukharin, Yevgeniy Preobrazhenskiy, *Komünizmin Abecesi* [*The ABC of Communism*],

Although the money economy was eroded seriously, War Communism was less a consciously planned communist economic organization, than “the systematic regimentation of consumption in a besieged fortress” as Trotsky says.<sup>31</sup> Perhaps the most basic economic practice of this period was the forced collection of grain from the villages. In this method, which was taken over from the tsarist regime, the state was determining a subsistence level for the villagers (in the village communes called **mir** or **obshchina**) as food and seed, and seizing the rest.<sup>32</sup>

When the civil war ended in early 1921, the economy had collapsed, the population had decreased, and especially the industrial proletariat had suffered tremendous losses. It is estimated that fifteen to twenty million people died in World War I, civil war and the subsequent 1921-22 famine. For eight or nine years, on average, two million people died from unnatural causes each year!<sup>33</sup> By 1921, large-scale industrial production was one seventh, while iron and steel production was only four percent, of the 1913 level. Even small-scale (atelier) handicraft production was less than half the prewar level. Grain production was only two-thirds of the average of 1909-1913.<sup>34</sup>

Rebellions among the peasants became widespread, as a result of both the economic downturn and the continuing forced acquisition of grain during the civil war. In 1920-21, the Tambov revolt including tens of thousands of villagers was suppressed with difficulty by the Red Army. The alliance of workers and peasants which brought the revolution to success began to dissolve, and even the physically torn working class became increasingly dissatisfied. The Kronstadt uprising of early 1921 shook the Bolshevik power from below. But most importantly, in the meantime, it gradually became evident that a revolution would not take place in Europe.

Under such circumstances, it became clear that War Communism could not be sustained, let alone be the ground of a socialist regime. In 1921, New Economic Policy (NEP) was introduced that made important concessions to the peasantry, by legalizing market relations, employment of workers, and land renting. A new agricultural tax was introduced. Now, the state would not determine the subsistence level of the peasant, but the amount of tax she would pay (again in kind). Thus, the peasant could bring to market the surplus exceeding the subsistence portion of production. After a while, this tax was also converted to a monetary one. The results

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trans: Yavuz Alogan, İstanbul: Belge Yayınları, 1992, p. 421.

31 Trotsky, *The Revolution Betrayed*, p. 21.

32 R.W. Davies, *Soviet Economic Development from Lenin to Khrushchev*, Cambridge: Cambridge University Press, 1998, pp. 18, 19; Lars T. Lih, “Bolshevik Razverstka and War Communism”, *Slavic Review*, vol 45 no. 4, 1986.

33 Jean-Marie Chauvier, *Sovyetler Birliği: Ekonomik ve Siyasi Gelişmeler (1917/1988)* [*The Soviet Union: Economic and Political Developments (1917/1988)*], trans: Temel Keşoğlu, BDS Yayınları, 1990, p. 21.

34 Davies, p. 23.

of all these practices came to be seen towards 1923. As the agricultural production increased and the food supply to the cities was regulated, the new regime managed to take a breath and survive.

### **The need for industrialization**

Since the revolution took place in a backward country, socialist construction overlapped to a great extent with problems of capitalist development. If, for example, the revolution had been accomplished in England at the time, the problems to be faced would probably be somewhat similar, but the primary objective would not be “industrialization”.

In a capitalist society, industrialization takes place, as a rule, in a historical process in which the industrial bourgeoisie emerges, gains strength and defeats the agricultural and commercial interests. As the share of industry increases in total production, the means of production gradually concentrate in the hands of the industrial bourgeoisie. The industrial bourgeoisie is formed by the entrance of some merchants, artisan-based capitalists and a part of the land-owning class into industrial sectors. In parallel to this, proletarianization also accelerates. A large section part of the peasantry migrates to the cities as a result of, on the one hand the “repulsion of the village”, and on the other hand the “attraction of the city” (in Turkey this was once expressed with the saying “The streets of Istanbul are paved with gold.”)

Industrialization is a tremendous leap forward in the productive forces of society, and at the same time the city’s victory over the countryside. One of the most important indicators of this is the increase in the number of urban population, primarily urban workers, depending on the transformation in class relations.

Before the revolution, industrial workers were only 2-3 per cent of the population in Russia. 40 percent of them were employed in facilities with at least one thousand workers, most of which were foreign-owned. Large-scale industry was concentrated in Moscow, St. Petersburg and the Urals region. There were some large enterprises also in Ukraine and in the South Caucasus region. Apart from these, the vast majority of the country did not have any industry at all. The overwhelming majority of the population were peasants. The general rate of the urban population doubled between 1926 and 1939, from 16 percent to 33 percent; and continued to increase to 48 percent in 1959, 56 percent in 1970, and 65 percent in the 1980s. Non-agricultural workers and civil servants (roughly, there was one civil servant for two workers) accounted for less than 20 percent of the total workforce in 1928, but more than half in 1940. In general, between 1928 and 1965, the number of workers employed in industry, construction and transport increased six times, from 6.5 million to 39 million.<sup>35</sup>

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35 Moshe Lewin, *Sovyet Yüzyılı [The Soviet Century]*, trans: Renan Akman, İstanbul: İletişim Yayınları, 2009, pp. 75, 76, 84-87; Davies, pp. 14, 38; Chauvier, pp. 23, 37.

When we refer to Soviet industrialization, we are talking about an enormously large geographical area and a tremendous social transformation in a very short period of about ten years. The USSR covers 15 percent of the world's land, a land hundred times larger than the size of the United Kingdom. Two thirds of the land is roughly in alignment with Canada, north of the 50th parallel. Weather conditions are severe and only about 30 percent of all land is arable (this ratio is 60 percent in France). And the amount of land that can be planted is only one third of that. However, the main advantage of Russian geography is that its natural resources are abundant and diverse.<sup>36</sup>

The Soviet regime's need for industrialization was a negative legacy of the tsarist era. In the first half of the 20th century many countries, including Turkey, felt this need. But since the Soviet Union was an attempt at socialist construction, this was felt much more intensely. Because the capitalist world showed hostility from the first day. Military competition also included a challenge in economic, political and social spheres.

Though it could be postponed to a certain extent during the NEP years, the need to rapidly develop the productive forces came to be increasingly apparent in the 1930s. The signal came with the 1928 crisis. Since the end of 1927 a serious threat of hunger emerged, as the villagers had a tendency to avoid bringing agricultural products to the market because of low prices. In 1928, the Soviet country once again suffered mass hunger. After the relatively peaceful atmosphere of the NEP period, the first coercive practices on the peasantry started in the same year. Then came a quick collectivization campaign. The regime gained its own character with the Stalinist "revolution from above" from 1929 onwards.

In this first period, almost all significant moves were responses to specific situations, especially agricultural crises. The 1921-22 crisis was the ultimate stimulus for the transition to NEP, and the 1928 crisis for the start of collectivization. But before that, there was a serious period of intellectual preparation. The "scissors crisis" that emerged in 1923 triggered a major controversy that would last a few years, about the general industrial strategy.<sup>37</sup> The debate on industrialization was, in fact, a reflection of a clash of social forces in the background. It was also important in determining the paths and strategies to be followed in the first large-scale socialist construction experience. Naturally for a large debate that went on for years, some positions changed somewhat over time, some became more clear, and others fell off the agenda. It can be said that there were a few different opinions in conflict with each other. Some (such as Bukharin) demanded the continuation of NEP, while others (Sokolnikov, Chayanov, Kondratiev, etc.) wanted the priority to be given

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<sup>36</sup> Chauvier, p. 22.

<sup>37</sup> "Scissors" expresses the divergence of relative prices between industrial goods and agricultural products, to the advantage to industry. Dobb, p. 148; Nove, Chapter 5. The basic source on the Soviet industrialization debates is the PhD of Alexander Erlich, which is also printed as a book: *The Soviet Industrialization Controversy*, New York: New School for Social Research, 1953.

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to agriculture. Preobrazhensky and Trotsky, who were on the left opposition then, argued that planned industrialization should be initiated urgently.

In the latter part of the NEP period, the economic structure entered a vicious cycle: the productivity of agriculture had to increase in order to transfer resources to industry, and the industry had to be developed for this. Under such circumstances, the Stalin team which succeeded in eliminating both the leftist opposition and the rightist line led by Bukharin, started a forced collectivization in agriculture, and at the same time accelerated the oppressive methods in industry.

### **Forced collectivization: the yoke over the peasantry**

Marx and Engels saw the working class as the power to transform capitalism, and the dictatorship of the proletariat as the first step on the way to communism. They had no sympathy or opposition to the peasantry. However, they pointed out the restrictive aspects of rural life. For the post-revolutionary period, economically they generally argued for large farms and producer cooperatives in agriculture. They thought that agricultural transformation would take place not with forced methods, but partly spontaneously due to the appeal of superior production techniques, and partly due to economic incentives.

The October revolution was accomplished by an alliance of workers and peasants. But the structure that emerged in the Soviet Union during the 1930s took the form of the domination of a bureaucratic state based primarily on the proletariat, over both the peasantry and the working class.

When we look from the perspective of peasantry which constituted the largest part of the population when the revolution took place, it can be said that an industrialist coalition subjugated the peasantry in Soviet industrialization. This coalition included in general the bureaucracy, in particular the army, managers of industrial plants and the urban working class. More precisely, it was formed by the urban working class, and the various wings of the bureaucracy that came from within the working class but ruled over it.

The most important factor that ensured that the Soviet workers' state could rule the peasantry, was the generally isolated character of the rural geography. Against centralized forces, the resistance of the scattered villagers remained limited, although violent. With the forced collectivization campaign, which was launched in 1929 and after a short break in 1930 accelerated again in 1931, by the end of 1932, more than 60 percent of all peasant households and two-thirds of all lands were collected in 200,000 kolkhozes.<sup>38</sup>

The most severe struggles of the war against the peasantry took place in the winter of 1932-33, with the slogan of "destroying the kulaks as a class". Because

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<sup>38</sup> In the USSR, collective farms were called **kolkhoz**, and state farms **sovkhov**. Sovkhoz were generally very large scale farms, formed in newly opened land. Kolkhoz peasants could market the product they obtain from a small land of their own. The revenues and social rights of the sovkhov workers were higher. Davies, p. 53; Dobb, pp. 225, 248, 249.

of the resistance of middle and upper peasant strata against forced acquisition of grain and collectivization (“kulak sabotage”), an estimated 5-7 million people died from hunger in a single winter season. In the same year, a significant portion of the livestock was also destroyed. Between 1929 and 1933, the number of cattle decreased from 67 million to 38 million, while the number of horses decreased from 32 million to 17 million. The same quantities would only be reached towards the end of the 1950s. The number of cattle in 1953 was less than the number in 1916, although the population had increased by 30 million in the meantime. However, in the middle of the 1930s, the domination over the peasantry was indisputably established. By the end of 1939, close to 30 million people were working in the kolkhozes, and 2 million in sovkhoses, and more than 500 thousand in the state-owned plants of means of production, called the Machine-Tractor Stations. By 1940, the prosperity level of the peasantry was probably lower than that of the pre-revolution period.<sup>39</sup>

One of the greatest social inequalities in the USSR was between the city and the countryside. The consumption standards of cities, especially Moscow, were always much higher. In 1932, an internal passport system was introduced, and the freedom of the villagers to travel within the country was restricted for many years, since only residents in the cities were given passports. The villagers could not leave their villages or change jobs without permission from the kolkhoz administration. Until the time of Brezhnev, the elderly kolkhoz members did not even have the right for pensions. The peasantry clearly meant second-class citizenship. A saying popular among the bureaucrats was, “When you go forty kilometers far from Moscow, you return to the Middle Ages.”<sup>40</sup>

A fundamental reason for this pressure on peasants was to guarantee the uninterrupted supply of food to the cities. In addition to this, the need to transfer resources from agriculture to industry has also been one of the main motivations. Resources were transferred (in a few ways) from agriculture. One of the most important mechanisms was that the prices of agricultural products were always determined lower than those of industrial goods. In addition, in the 1930s, agricultural taxes were also increased tremendously. In 1928, 73 million tons of grain were produced and 10.7 million tons were given to the state. In 1938-40, 30 million tons of grain were obtained by the state from an average of 77 million tons production. Another contribution of agriculture to the industrial sector was to prevent the importation from abroad of agricultural inputs used in industry, such as cotton etc., by increasing the cultivation of agricultural inputs. Finally, with forced collectivization in agriculture, the labour force needed by the urban industries was

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39 Robert Conquest, *Sovyet Rusyada Tarım İşçilerinin Elli Yılı [Fifty Years of Agricultural Workers in Soviet Russia]*, Ankara: Kardeş Matbaası, 1971, pp. 8-9; Lewin, p. 90; Chauvier, p. 119.

40 Hanson, pp. 59, 66; Conquest, pp. 34, 116, 117.



also provided.<sup>41</sup> At a time when urban unemployment was almost zero, the new workforce flowing from the countryside became a major resource for a long time for the system to expand.

As long as the weight of the peasantry continues in the population, the workers' state must carry out class relations sensitively. Lenin always took care to ensure that the political alliance with the peasantry did not deteriorate. At the same time, however, it was accepted that a threat could come from the countryside (the "kulak danger"). This was not just a political threat. The development of market relations in the villages was thought to undermine the economy. This is why NEP was clearly regarded as a step backwards. However, as the public and collective ownership of the means of production continues, and large industrial plants, banks, transportation system, foreign trade etc. continue to be in state monopoly, it is not realistic to think that the workers' state will not be able to cope with the capitalist relations of production emerging in the countryside. Collectivization is essentially a correct practice, but the idea that it must be carried out by force, crushing millions of peasants with terrorist methods for years is alien to Marxism.

In terms of class relations, Soviet industrialization means the subjugation of the peasantry once again (after the tsarist period). However, it can not be said that the industrialization was realized only by the resources provided by the peasants. For example, since the trade volume between rural and urban areas was low, despite the fact that internal terms of trade were against agricultural products, there was not much resource transfer in this way. Moreover, the direct and indirect tax burden on the peasantry was lower in 1928 than in 1913.<sup>42</sup> Russian economist Barsov suggests that not the peasantry but the working class undertook the cost of Soviet industrialization.<sup>43</sup> Though this view is misleading because it takes into account only the "financing" dimension of the event, it contains a certain share of truth: though not as much as the peasantry, the working class was also quite torn in the process.

### **Domination over the working class**

Parallel to forced collectivization in the countryside, the control over the working class was also tightened. The domination of the bureaucracy over the workers is naturally different for a workers' state than that of capital over labour. The dual nature of the Soviet Union experience here manifests itself in a clear way: on the one hand, the working class achieved tremendous gains. Unemployment was zero and the most important step was taken to end the commodity character of labour-power. The workday was significantly shortened to initially eight, and

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41 Davies, p. 57.

42 Davies, p. 27.

43 Cited by: Mark Harrison, "Survey: The Soviet Economy in the 1920s and 1930s", *Capital and Class*, vol 2 no 2, 1978.



then to seven hours. The authority of the engineers and foremen on the workers clearly diminished compared to the pre-revolutionary period. The gap between skilled and unskilled workers was also reduced. (In general, wage inequalities rose in later periods, even matching the capitalist countries in the 1950s.) The number of female workers increased, with more than 80 percent of women in urban areas participating in employment, together with the very important achievement of equal pay for equal work.

On the flip side, workers actually lost their right to strike during the mid-1920s. In the Soviet labour law, the right to strike was conditionally recognized and the general policy of the unions was against strike.<sup>44</sup> The material results came out very quickly. Between 1928 and 1940, the real incomes of non-agricultural wage earners fell roughly to a half. However, the increase in the income of the households due to zero unemployment and the increase in the rate of female participation in employment compensated this to a certain extent.

One of the most important problems faced by the new workers who came to cities from rural areas was housing. As a result of rapid proletarianization the average housing per capita in cities was 8.3 square meters in 1926 and 6.7 square meters in 1940. This amount was about 6 square meters even in 1960, at the level of 1913. The housing problem in Soviet cities became a constant source of distress.<sup>45</sup>

The working class was led to overwork by methods such as single-man management in plants, piece wage, the Stakhanov movement, and shock regiments. The piece wage, defined by Marx as the most convenient wage form for the capitalist system was used more in the USSR than in the West and, for example, in 1931, 80 per cent of the workers in the coal mines worked according to this principle. In 1932, at the high time of the forced collectivization campaign, the provisions of the labour law of 1922 were tightened further and a labour book system was introduced. Arousing the jealousy of the most stony hearted capitalists, a worker absent for a single day could immediately be fired in a workers' state! Moreover, in 1938, disciplinary punishments were made even harder. After Stalin this rigid approach was abandoned considerably, and especially in the Brezhnev period, the working environment became relatively relaxed.<sup>46</sup>

From the beginning of the 1930s the unemployment rate in cities was practically zero. This provided a certain range of freedom for workers, for example, change of work was common. Even though workers collectively lost power, they were able to protect their interests individually. In the post-World War II period, the working conditions were relatively better and the working day fell to seven hours. Also, compared to the capitalist world, the tempo of work in the workplace was generally low in the Soviet Union, and plants wanted to employ as many workers as possible

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44 Dobb, pp. 409, 410; Davies, pp. 26, 46.

45 Chauvier, p. 37; Davies, p. 47.

46 Hanson, pp. 18, 19; Dobb, p. 419; Lewin, pp. 221-223.

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because of the lack of labour. In fact, in many plants in the USSR, there was a predictable working tempo, such that a prolonged relaxation period was followed by a short period of hard work (**sturmovschina**) to reach the plan targets.

One thing that should not be missed when talking about the domination over the working class is forced labour, often stressed in the bourgeois literature on the Soviet Union, and silently passed in socialist literature. In the far corners of the vast Soviet geography and in Siberia, mines, factories, railways were built by workers who were essentially forced to work. The fact that there were about 5.5 million people in prisons, camps, labour colonies and private settlements at the time of Stalin's death gives an idea about the dimensions of this practice in Soviet industrialization.<sup>47</sup>

It is not inconsistent to say that the workers' state, or rather the bureaucracy, subjugated the working class. The roots of the domination go back to the civil war, even earlier. For example, immediately after the October Revolution, factory committees were tied to the Labour Control Council, and all economic institutions were tied to the Higher Economic Council (Vesenka).<sup>48</sup> At the First All-Russian Trade Union Congress of January 1918, factory committees were made dependent on unions.<sup>49</sup> Thus, the self-organizations of the working class gradually lost power and were eventually erased. Both Soviets and workers' committees were institutions that gradually became dysfunctional during the civil war, and then the bureaucracy preferred to forget them completely.

In fact, in the course of the revolution, peasants confiscated land and other properties of the nobility, and workers confiscated factories and plants, hence practically invalidating, negating the private ownership of the means of production. These actions were also supported by the Bolshevik Party. With the Land Decree of November 8, 1917, one of the first acts of the new government, the land was left to the peasants. This decision was in fact contrary to the Bolshevik approach, but was in line with the expectations of the peasantry, which constituted 80 percent of the population. In addition, most of the expropriated enterprises were taken over by the workers' committees themselves and started to be employed. Another decision on 14 November granted a number of powers to workers' committees.<sup>50</sup> However, the new government soon opposed such "syndicalist" tendencies.

The Bolshevik Party led by Lenin, succeeded in directing the diffuse energies to a single goal and carried out the greatest revolution of history, but neglected worker's democracy and put it to second place while building the new production relations,

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47 Davies, pp. 50, 68; Lewin, pp. 153-159.

48 Maurice Brinton, *Bolşevikler ve İşçi Denetimi* [*The Bolsheviks and Workers' Control*], trans: Necmi Erdoğan, İstanbul: Ayrıntı Yayınları, 1990, pp. 54, 55.

49 Carmen Siriani, *İşçi Denetimi ve Sosyalist Demokrasi: Sovyet Deneyimi* [*Workers' Control and Socialist Democracy: The Soviet Experience*], trans: Kumru Başoğlu, İstanbul: Belge Yayınları, 1990, pp. 178, 181; Dobb, pp. 87-91.

50 Dobb, p. 81.

partly due to necessity and partly not to lose control. The Stalinist bureaucracy took this opportunity and turned it into an absolute rule.<sup>51</sup> It can be argued that soviets, workers' committees, and so on are spontaneous organizations of the revolutionary process and they are appropriate for extraordinary situations but not normal times. However, in the long run, a workers' state can not create excitement in people only by way of top-down instructions, and economic plans prepared by "experts". The masses expected to embrace socialist construction have to participate in its formation in some way. But a stiff bureaucratic structure emerged in the Soviet Union. This was of course not inevitable; but history continued its course by taking into account the actuality, not the alternatives.

### **Bureaucratic domination**

The first fundamental problem that marked the whole history of the Soviet Union was the need for industrialization, that is, the rapid development of productive forces. In order to solve this problem, the new society organized in a top-down manner since the 1920s, and a bureaucratic system of domination was formed in the rapidly industrializing country. In other words, the problem of bureaucracy emerged along with the industrialization process.

When we say industrialization, we understand first of all a leap in the productive forces. Rapid industrialization means to mobilize all potential resources and to allocate them mostly to industry. Planning as a relation of production to provide this, in fact, can also be observed in the cases of capitalist late industrialization. In the Soviet Union experience, it was obvious that planning was necessary, but the answer to the question of what kind of a planning it would be was not obvious. The answer was to be found by trial and error.

Liberals argue that the USSR model is characterized by a centralization obsession at all levels. But this is not an *idée fixe* or ideological obsession; a model that succeeded for revolution was naturally projected to other fields as well. In 1921, only the first phase of the civil war ended. Both in the country and in the international arena, the struggle continued in different forms. Therefore, everyone behaved as if there was a permanent war. Thus, a hierarchical structure was established and a centralized approach was followed in the industrialization war. The organization of the relations of production provided rapid development of the productive forces, but at the same time brought the concentration of political and social power in the hands of the bureaucracy. In this sense, bureaucracy is a social agent that emerged as a result of asymmetric relations of production in a late industrialization project.

The problem of bureaucracy is different from what is called the "bureaucratization tendency". The problem of bureaucracy has nothing to do with paperwork, or

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<sup>51</sup> Trotsky wrote in 1936 that "Soviet democracy is not the demand of an abstract policy, still less an abstract moral. It has become a life-and-death need of the country." *The Revolution Betrayed*, p. 276.

slow work. The size of the bureaucracy is also a secondary issue. What matters is the decisive position of the bureaucracy in the decision-making process. In a capitalist country, the bureaucracy, no matter how large it is, has a limited power of decision-making and enforcement; this power is in the hands of the capitalists. In the workers' state, in the process of industrialization, bureaucracy emerged as the social agent that centralized power. However, once it emerged, it used every opportunity to defend and develop its own interests.

Trotsky notes that bureaucracy is needed when it is necessary to soften and regulate strong antagonisms in a society. This is generally valid for all class societies. In particular for the USSR, according to Trotsky the basis of bureaucratic power was the inadequacy of consumption goods and social tensions that arose as a result of this. The social backwardness that created the need for industrialization has also created a bureaucracy. In the process, democratic centralism has left its place to bureaucratic centralism! The social base of the bureaucracy was between 10-15 percent of the population.<sup>52</sup>

From a purely economic point of view, the bureaucracy means primarily the plant managers. According to the 1939 census, there were about two million managers (factory managers, their assistants, kolkhoz chiefs, etc.) in the USSR, roughly half of them in the rural areas.<sup>53</sup> What was expected from them was basically to reach plan targets. These targets were determined via a kind of bargaining process carried out with the State Planning Commission; and once this was completed, the inputs (raw materials, land, labour, machinery, etc.) to be used in production were converted into free goods for the plant. For example, since land did not have a cost, it did not make sense for plant managers to economize on the use of land. Therefore, plant managers usually didn't bother with economizing inputs or raising labour productivity. Since they received 20 to 40 percent of their revenues from premiums, they tried to determine low plan targets, usually declared the existing production capacity lower to get more resources, and when the plan was decided, did what they can to reach plan targets. Thus, there were idle (extra) capacities on one side, and shortages of goods on the other.<sup>54</sup> In short, the interests of plant managers, who constituted the most important part of the economic bureaucracy, predominated over social interests. More precisely, the economic structure was shaped like this.

In sum, the emergence of bureaucracy as a powerful social actor is not the result of ideological mistakes and bureaucratization tendencies, but the result of the way relations of production are organized. Since the early 1920s the problem of bureaucracy was discussed intensely within the party, but then it naturally fell off

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<sup>52</sup> Trotsky, *The Revolution Betrayed*.

<sup>53</sup> Lewin, p. 83.

<sup>54</sup> Hanson, p. 19; Wilczynski, pp. 33, 34, 37, 85, 235; Michael Lebowitz, *Reel Sosyalizmin Çelişkileri: Yöneten ve Yönetilen [The Contradictions of Real Socialism]*, trans: Barış Baysal, Ankara: NotaBene Yayınları, 2014, pp. 53, 56, 57.

the agenda, as the bureaucracy itself came to power. After Stalin, with the gradual slowing down of the forced methods and thus the fear of liquidation no longer effective, the hierarchical structure within the bureaucracy relaxed to some extent, the power of lower bureaucrats increased, and bureaucratic bargaining processes began to be valid at all levels.<sup>55</sup> Some researchers argue that as the system began to soften, the pressure on direct producers (workers and peasants), as well as plant managers was lowered, plan discipline was lost, and therefore productivity fell.<sup>56</sup> Especially during the Brezhnev era, plant managers who were in office for too long established close ties with their superiors and found ways to keep their output targets low and their input high, thus achieving success without much effort! Nevertheless, the idea that the Soviet Union collapsed because it left discipline shouldn't be exaggerated, as this so-called "softening" did not in any way mean that the top-down character of production was changed.

### **Extensive growth path**

In the Soviet Union experience, the need for rapid industrialization led to bureaucratic domination, together with all the other social consequences, and these two basic problems developed in connection with each other. The Soviet bureaucracy was born when socialist construction became a problem of development-industrialization. The bureaucracy embraced industrialization, which was the ground of its own legitimate existence. Thus, the USSR model provided a major breakthrough in the development of productive forces for a while. Because, in a backward country, to manage to mobilize social resources brings success in a short time. The problem is not capital deficiency or anything else, it is basically a matter of mobilizing resources and channeling them to industrial sectors.<sup>57</sup>

By 1965, industrial production in the Soviet Union had increased ten, or perhaps fourteen fold, compared to 1928. Since different calculation methods are used in the USSR than from the West, the actual performance of the Soviet economy is a constant topic of debate in the literature. According to relatively realistic estimates, the national income in the USSR increased by 5-6 per cent on average between 1928 and 1940 and 5-7.5 per cent in the 1950s.<sup>58</sup> More concretely, production capacity between 1928 and 1938 increased four times in iron and steel industry, three and a half times in coal, three times in petroleum and seven times in electricity. In the same period aircraft, heavy chemicals, plastics, artificial rubber, aluminum, copper, nickel industries were established. The USSR was the first in the world for tractors

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55 According to the 1970 census, there were about 13 million people in the administration, of which about four million were in "chief" positions. Lewin, pp. 74, 430, 431; Chauvier, p. 55.

56 Hanson, pp. 7, 162; Mark Harrison, "Stabil'ny li komandnyye sistemy? Pochemu poterpela krakh sovet'skaya ekonomika?", 2001, <http://www2.warwick.ac.uk/fac/soc/economics/staff/mharrison/public/kollaps2001.pdf>.

57 Dobb, p. 31.

58 Davies, pp. 38, 42.

and railways, the second for oil, gold and phosphate.<sup>59</sup> All these were important developments that enabled the Soviet Union to pass the test of the Second World War.

However, it must be remembered that these striking achievements were based on an extensive growth strategy. As was the case with most of the late industrialization experiences, industrial growth in the Soviet Union was extensive in the beginning. In other words, the amount of production increased with the continuous increase in the amount of inputs used. Intensive growth, on the other hand, is characterized not by an increase in inputs, but by increases in productivity.<sup>60</sup> More is produced with the same amount of inputs. In a backward country extensive growth provides a significant leap in the short term, achieving great and visible successes. Indeed, the success of World War II and the subsequent expansion of the Soviet model to Eastern Europe was a result of this.

The Soviet Union lost more than 25 million people in World War II. The population of USSR was 197 million in June 1941, and only 171 million at the end of 1945. In general, over the thirty years that cover the two world wars, the human loss (both deaths and birth deficits) of the Soviet society was over 74 million.<sup>61</sup> Almost as many people as the current population of Turkey disappeared within a generation! In addition, a considerable part of the newly formed Soviet industry was destroyed in the second war. In the territories occupied by Germans there were about one-third of the Soviet industrial capacity, two-thirds of coal production, 60 percent of iron production, half of steel production, two-fifths of grain production, almost all of sugar production, two-fifth of livestock, and half of total weapon capacity. In 1941-42, with an an urgent operation some of the major factories and personnel were moved to the east, but one-fifth of the entire industrial capacity was left behind or deliberately blown up. In the occupied territories, according to official estimates 98,000 kolkhozes, 1876 sovkhoses, 2890 Machine-Tractor Stations were partially or totally destroyed by the enemy.<sup>62</sup> Nevertheless, despite all the difficulties, the USSR managed to pass this test.

After the October revolution, European imperialist countries had tried to establish a **cordon sanitaire** around the USSR. After World War II, this time the USSR created a buffer zone between Europe and itself. The Soviet model was exported to new countries, a central planning system was introduced in each country, and about 95 percent of the national income started to be produced in the “socialist sector”. Common economic and political organizations were established. In the late 1960s, the Soviet Union was supplying 55 percent of the raw material purchases

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<sup>59</sup> Dobb, p. 176.

<sup>60</sup> J. Wilczynski, *Socialist Economic Development and Reforms*, Londra: The Macmillan Press, 1972, Chapter 2; Hanson, p. 49.

<sup>61</sup> Chauvier, p. 21; Nove, p. 291.

<sup>62</sup> Dobb, p. 292; Davies, pp 59, 60, 63; Conquest, p. 58.

of other CMEA countries; and 80 to 100 percent of critical raw materials such as crude oil, iron ore, coke, aluminum. The USSR was also the address for two thirds of the exports of these countries.<sup>63</sup> But there has never been a union around a single economic plan. In other words, the “systemic” expansion of the Soviet Union did not bring about the creation of a monolithic economic geography. If Yugoslavia and Albania, which left the Soviet influence early, and China are left aside, the fact that the other eight countries collectively provided about one third of the world’s industrial output, shows the importance of the opportunity that was missed.

From an economic point of view, there are two main dimensions of extensive growth: the growth of the mass of means of production (machines, inputs, agricultural land, etc.) and the increase in the number of workers who will use these. In the post-war period, the industrial capacity of the Soviet Union increased with the re-introduction of the destroyed factories, and industrial plants which were dismantled as war indemnity and transported to Soviet territories from some European countries, mainly Germany. Another source of development in the means of production was the expansion of agricultural land. In the USSR, the arable land is actually not proportionally large. For this reason, it is necessary to use the whole of the existing. The Virgin Lands Project, one of the most important projects of Khrushchev, enabled extensive growth in agriculture to continue for another decade by the opening of a new area close to one quarter of the existing land. Grain production increased from 81 million tons in 1950 to 126 million tons in 1960, with three quarters of the increase coming from new soils.<sup>64</sup> It also brought a rise in the standard of living of the people for the first time since the 1920s. In general, the post-Stalin period was a relative welfare phase in which agriculture and the main consumer sectors were both given relative importance, and mass deaths were no longer present after the 1946-47 hunger.

In extensive growth, another factor accompanying the increase in the mass of means of production is that labour continues to increase and new labour power is constantly involved in the system. In the Soviet Union, skilled labour was always scarce, and unskilled labour was relatively abundant. The need to increase production volume constantly, under conditions of low labour productivity, resulted in the use of too much labour. Accordingly, production increased as long as the labour input increased. In a situation where input cost was not an issue, plants turned to the use of too much unskilled labour. Thus, together with the priority given to heavy industry, a strange combination arose. In the words of Ralph W. Davies, capital-intensive technologies were being used in labour-intensive forms.<sup>65</sup>

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63 Wilczynski, p. 97.

64 Davies, pp. 69-70; Hanson, pp. 54-56; Lewin, p. 270; Conquest, p. 70.

65 Davies, p. 43; Wilczynski, p. 28.



### The blockage of extensive growth and the search for a solution

Like everything else, extensive growth has a limit. Once that level is reached, the known methods no longer work and alternatives are sought. The Soviet Union reached this level in the mid-1960s. When the recession trends in the economy started in this period, low productivity and the lack of general technological dynamism in agriculture were seen as the two most important problems.<sup>66</sup>

When we look at the annual average growth rates of the national income, we see a declining graph. The USSR's national income grew at around 9 percent per year between 1946-50, but in the 1950-70 period this declined to around 5 percent. It fell below 3 percent in the first half of the 1970s, and below 2 percent in the second half. The average annual growth rate was 1.7 percent in the first half of the 1980s and **minus** 2.1 percent in the decline period of 1986-1991.<sup>67</sup>

It would be misleading to take this constant decline of the USSR's national income as the reason for the collapse. In fact, it is not surprising that economic growth has begun to slow down over time. More importantly, it is interesting that this fall has not been stopped at one point. Why couldn't the USSR prevent the recession by passing to a different economic strategy?

Marx tells that a society puts in front of itself the problems it can solve. We can add that, every society puts those problems in front of itself, in a form it can solve them.

It is argued that in the process of industrialization, at least in capitalist examples, an intensive model should be introduced when the limits of extensive growth have been reached. Now the system cannot grow by expanding physically, increasing the amount of input, but by increasing its efficiency. It is not without reason that Trotsky did so much emphasis on labour productivity in the 1930s. For example, although the USSR was at the forefront of wheat production in the world, Soviet efficiency was nine times lower than the US. In general, in the post-World War II period, labour productivity levels of the USSR, as well as Czechoslovakia, Poland, and Hungary converged to the US until the early 1970s, and then the trend reversed and the gap widened.<sup>68</sup>

The organization of relations of production blocked the path of intensive growth in the USSR. There was no rationality in the Soviet system to increase productivity, that is, to get more output with the same amount of input.

The Soviet economy grew extensively during the period from 1930 to 1965. In the 1965-1990 period of stagnation and eventual fall, in spite of all the efforts, it couldn't pass to an intensive model. This quarter century was a period when failures arose in solving problems. As early as the mid-1970s, for the first time since the

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66 Wilczynski, p. 38; Hanson, pp. 214, 215.

67 Hanson, p. 5.

68 Chauvier, p. 27; Hanson, p. 246.

1920s, Soviet national income has grown even slower than in the United States.<sup>69</sup>

Many liberalization experiments were made at the Khrushchev and the beginning of the Brezhnev periods. In 1954-1956, a “decentralization” reform was done, then in 1957, the economy was reorganized on a regional basis. In 1958, it was tried to sell the means of production of the Machine-Tractor Stations to kolkhozes. All of these reform practices failed, which, despite their liberal character, were presented as “communist” practices. In fact, the long-term performance of the Soviet economy was hardly effected by the reform efforts.<sup>70</sup>

At the beginning of the Brezhnev era, in 1965 extensive liberal reforms took place in both the USSR and the other Eastern Bloc countries. In these reforms, the aim was to prepare an intensive growth environment, and neo-classical themes such as decentralization, commercialization of economic relations, profits and specialization were emphasized. It should be noted that “reforms” were prepared in accordance with the liberal approach, with an anti-equalitarian spirit. However, as of 1970, these have also become totally ineffective.<sup>71</sup>

Why these “reforms” prepared by “experts” did not work? An example will explain why. Along with the reforms, “profit” was accepted as a criterion in industry. Because profit is a “synthetic” criterion that contains many different variables. Unfortunately, there is no single method of measuring profitability, and no matter which method is applied, managers easily found ways to show their profitability high.<sup>72</sup>

It is clear from this that it was not possible to include “more market” without undermining the economic system of the Soviet Union, as the internal logic of the bureaucratic system of domination rejected it. On the other hand, a different type of production organization involving a real worker democracy was also rendered unthinkable. Thus, the Soviet Union was locked in a position where it could not continue socialist construction, but also could not make a “soft transition” to capitalism by including markets to its economic body in a controlled fashion.<sup>73</sup>

At this point, it is necessary to ask why the alternatives were always put forward in the market direction. It is easy and straightforward to connect this to the effect of bourgeois ideology, but this is not sufficient. The question is, how bourgeois ideology could be so effective? Why did the Soviet elite lose “belief in communism”?

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69 Davies, p. 79.

70 Conquest, pp. 75, 76; Davies, pp. 77, 78; Hanson, pp. 58, 59.

71 Nove, pp. 383, 384; Wilczynski, pp. 40, 49-53; Hanson, pp. 103-105.

72 Wilczynski, pp. 41, 101.

73 In 1979, two East European dissidents, Ferenc Fehér and Ágnes Heller, were thinking that for the Soviet Union both the passage to an intensive growth model and collapse from within were impossible. According to the writers, the Soviet leaders were day dreaming, trying to “reach the productivity of the American economy by Russian bayonets and the KGB spies everywhere.” *Doğu Avrupa Devrimleri [East European Revolutions]*, trans: Tarık Demirkan, İstanbul: Yapı Kredi Yayınları, 1995, pp. 21, 24, 25.

Alec Nove summarizes the reasoning of the Soviet economy directors (he also thinks the same way): since the plan and the market are in opposition to each other, it is imperative to move towards the market when planning no longer works. In fact, some authorities who are inclined to think dialectically take a step further and talk about the “dialectical unity” of the plan and the market! Thus, reform efforts have always been in the direction of “more market”.<sup>74</sup>

Soviet economists increasingly turned to bourgeois economics, neo-classical economics. Someone who visited any Soviet economic institute in the 1970s could see that Samuelson was very popular. “In several countries of Real Socialism, the preferred economics textbooks became Paul Samuelson’s *Economics* and even those of Milton Friedman and followers. The irony was most marked at the Karl Marx University of Economics in Budapest where the text used was Samuelson.”<sup>75</sup> Where did this addiction to western science come from? In fact, even in the 1930s, important socialist economists like Oskar Lange preferred neo-classical techniques. The reason for this is the (real or assumed) convenience of neo-classical economics in measuring and thus comparing two different systems. Paul Baran and Paul Sweezy, who had never praised neo-classical economics, tried to compare two systems (capitalism and “socialism”) in the 1950s and 60s. This can only be a quantitative comparison of productive forces. Because, the problem has always been defined on the basis of productive forces (industrialization), from the beginning.

The results of the transformation of socialist construction into a development project are seen more clearly here. The reference has always been the productive forces. Comparisons with the capitalist world were always done by economic-quantitative or (as a reflection of it) military criteria. For this reason, especially in the post-World War II period, an ideological gap and a confusion of targets emerged for the Soviet Union. The problem was not the inadequacy of the leaders. The declarations of Khrushchev, such as “We will catch up the US soon” or “We will bury you!”, or “We will reach communism in 1980”; or economic competition with the most advanced capitalist country, were absolutely wrong in ideological terms, but they were the inevitable results of the Soviet model. Space race, arms race, etc., really meant a great deal as concrete targets for the Soviet citizens, for some time.

In the period up to the early 1970s, the USSR actually reached a position beyond its own economic possibilities in a bipolar world. The secret of this hormone-injected growth was the extensive growth model.

Though the Soviet Union had a national income roughly half the size of the United States, it had to spend a much higher rate in order to compete militarily. At the beginning of the 1970s, the Soviet Union fell into a crisis, while world capitalism was entering a major crisis again after a long expansion. The extensive growth path of the Soviet economy clearly got short of breath. Relative decline

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<sup>74</sup> Nove, p. 397; Wilczynski, pp. 56-60.

<sup>75</sup> Lebowitz, p. 156 footnote (209 footnote 71); Hanson, p. 97, footnote.

shook both the public and the bureaucratic trust in the system. In the years 1981-82, at the end of the Brezhnev period, the Soviet rulers had serious concerns about a popular uprising.<sup>76</sup> The imperialist camp undoubtedly had similar observations, and in the late 1970s, while launching neoliberal aggression against labour, also accelerated the arms race against the USSR and ended military equality between the two camps.<sup>77</sup>

The rest of the story really doesn't need much explanation. By the mid-1980s the Soviet Union was exhausted both politically, ideologically and economically. For a moment, everyone had the impression that the system could continue even more strongly with the reforms of Gorbachev. But the Soviet Union collapsed like the toppling of a tree decayed from the inside.

One of the clearest manifestations of inner decay was that no objection was heard when the door was opened to the establishment of outright capitalist enterprises under the name of "cooperative" in 1988. The economist Philip Hanson wrote the following bitter sentences:

If Marxist-Leninist doctrine had mattered deeply to any large part of the population or to any significant elite group, the law on cooperatives would have created an uproar. It did not. Appearances had been preserved. The word 'cooperative' sounded vaguely socialist. Lenin had spoken warmly of cooperatives. So the term was used to cover the new private firms, and all was well.<sup>78</sup>

Incidentally, it must be recalled that "private" small commodity production was not actually excluded in the USSR model. The "shadow economy" such as the black market, illegal secondary markets, home services etc. that developed in the cities was overlooked. In the 1930s, members of the kolkhozes were also permitted to market the products they cultivated on their own soil. Thus, in both cities and the countryside, small producers supplied some of the consumer goods and services. These markets have always been important in providing the basic consumption needs of the Soviet people. In most of the post-World War II period, the kolkhoz member villagers satisfied a substantial portion of their food consumption from, and earned some income by selling in the kolkhoz markets, the produce of their private gardens. It is estimated that the (legal, semi-legal or illegal) private sector in the 1970s and 80s produced one-tenth of the national income of the USSR. According

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76 Hanson, pp. 135, 151; Lewin, p. 403.

77 Georg Fülberth, *Büyük Deneme: Komünist Hareketin ve Sosyalist Devletlerin Tarihi [The Great Experiment]*, trans: Mehmet Okyayuz, Ankara: Doruk Yayınları, 1999, pp. 224, 225.

78 Hanson, p. 204. "Asked in September 1990 what would happen if the state legalized private property, Artem Tarasov, vice-president of the Union of Co-operators, answered: 'Nothing. We would simply get rid of the camouflage and call things by their names [...] My co-operative would become a company with private capital.'" Cited in: David Mandel, "The Struggle for Power in the Soviet Economy", *Socialist Register*, 1991, p. 124, footnote.

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to another estimate, more than one-fifth of the working population (30 million people) in the late 1980s were active in the shadow economy. In some services such as car repair, and construction-maintenance jobs, half of the “sector” was in the shadow economy.<sup>79</sup> The market relations that always existed semi-secretly and became permanent over time, exploded with the reforms of the 1980s. During the period of dissolution, many private businesses were established in the cities under the name of “cooperative”.

### **Internationalist solution**

In the Soviet Union experience, it is clear that the organization of relations of production involved some fundamental problems. The overlapping of socialist construction with capitalism-specific tasks created the first structural problem. This is also the cause of the birth of the bureaucracy. Bureaucratic domination has been able to create a success story by providing extensive growth for some time, but when this path was blocked, existing relations of production became an obstacle.

The becoming obstacle of relations of production is about labour productivity, in other words, the passage from extensive to intensive growth. According to a socialist journalist, two to three times more workers were employed in a Soviet plant than its Western counterpart; but there was a labour deficit of 25 percent in industry and 45 percent in the machinery sector. USSR was the first in the world in steel, metal, tractor, wheat, harvester, shoe production; but all the goods were scarce! 20% of the annual grain production, 60-70% of the vegetable-fruit, 10-15% of the meat was rotting. Legal working time was 7 hours, actual working time was 4.5 hours, but overtime work was also very common.<sup>80</sup>

These objective problems are not only specific to the Soviet Union. The Eastern European countries, China and Cuba, which were later included in the socialist construction process, faced similar problems. Perhaps, except for Czechoslovakia and East Germany, the “socialist bloc” was actually made up of countries that had not undergone capitalist industrialization. Therefore, industrialization emerged as a problem in all of them.

This objective problem could only be overcome with an internationalist

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<sup>79</sup> Hanson, p. 13; Lewin, p. 453; “The services sector employs between 17 and 30 million state employees, depending on the situation; Indeed, it supplies 60% of car repairs, 50% of shoemaking, 80% of rural services”, Chauvier, p. 45. In agriculture, private gardens provided “in 1966, in all country the 63% of potato production, 41% of vegetable production, 54% of fruit and berries, 40% of meat production, 39% of milk production, 67% of egg production and 20% of the wool production ... while they cover only about 3% of the cultivated area, they provide about one thirds of total agricultural production and 40 percent of animal production (...)Most of the production from the gardens is not marketed but is consumed by the villagers ... the kolkhoz villagers supply almost 75-100 percent of the potatoes, vegetables, dairy, meat and eggs from their own gardens (...) The gardens also provide income to the kolkhoz farmers as much as their labor in the collective farms”, Conquest, pp 149, 150.

<sup>80</sup> Chauvier, p. 181, 182.

perspective and common plans. But the Soviet system has never reached the level of integration that the capitalist world has achieved. There was not a union around a single plan, separate countries continued to exist, and the economic relations between them were always below that should be. In the post-World War II period, especially since the 1970s, while productive forces of capitalism have gained a rapid development on an international scale, the Soviet system has been deprived of such possibilities. This is also the reason for the deterioration in informatics technology and etc. Relations of production organized at a national level began to restrict the development of productive forces at a certain stage.

CMEA countries were using world prices in trade among themselves. This is a sad situation, but inevitable under bureaucratic systems of national sovereignty. With the Bucharest Agreement of 1958, it was decided that, the trade between the Eastern Bloc countries would be based on the prices valid for a selected period in major capitalist markets. Moreover, in the years after 1965, steps were taken to link domestic prices to world prices in Yugoslavia, and then in Czechoslovakia, Hungary, Bulgaria, East Germany and Poland. The jokes of Eastern European economists like “when socialism rules the world, we will have to keep at least one capitalist country out!” shows the dead end that socialist thought and practice faced.<sup>81</sup>

The internationalist perspective seems to be the only way to overcome the limitations of national structures inherited from capitalism. It is not only necessary to develop common economic plans, but also to unite in a single political whole. However, this road that was blocked by the system of bureaucratic sovereignty was not even remembered after a while.<sup>82</sup> In this context, the Sino-Soviet split is an expression of parting of the ways for different industrialization projects, limited to national frameworks.

After decades of extensive growth, the reorganization of relations of production to provide intensive growth is in fact the hardest part of the job. Therefore, it can not be said that the USSR passed the ocean but drowned in the river, stumbled in easier steps after taking care of the main issue. Because in a backward country “development” normally progresses fast in the beginning. This is the “easy” phase of development. The hardest part, the advanced stages of development, comes after this. The Soviet model was stuck in this second phase. Because the organization of relations of production and the bureaucracy as the social subject that this organization created, did not have the qualities to lead to intensive growth. The contrast between the military technological development in the USSR and the backwardness in all other areas is striking. However, in the late 1970s, military equilibrium with the United States also ended. During the Reagan era, the US clearly surpassed the

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81 Hanson, pp. 121, 156; Wilczynski, pp. 83, 93, 94.

82 “Ernst Fischer tells in his autobiography: In 1940, in Hotel Lux (the Komintern hotel) the German communists led by Ulbricht were shouting by enthusiasm “We took Paris!” In a short while, such responses became an accepted part of ‘socialist patriotism’.” Fehér, Heller, p. 17 footnote.

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Soviet Union.

The Soviet Union survived as long as it appeared to be able to compete with the West (primarily with the US) militarily. This was costly, and although the USSR had a much smaller economy, it tried to catch up with the United States in nuclear and other weapons. Hence, it spent a larger part of its resources on armament. It collapsed when it gave up in this area. All Soviet leaders distrusted the West; the end of Gorbachev (and of course the USSR) who took trust as the basis was disastrous.<sup>83</sup>

## **Conclusion**

Removal of patriarchal marriage; ending sexual, national, racial discrimination; the right to prevent pregnancy and abortion; the right of the people to self-determination; not doing military service due to beliefs; eight-hour working day; democratization of access to schools; co-education; self-management in terms of education of prisons and psychiatric institutions; free communes in agricultural settlements; cultural revolution with literacy; theater, poetry, plastic arts brought to the public, progressive movements in architecture, etc .; all of which show a true revolution, with great enthusiasm and utopia, and at the same time surprisingly far from the realities of the Russian peasantry.<sup>84</sup>

Zero unemployment, the abolition of hunger and poverty, an extraordinary level of education, the creation of perhaps the most intellectual people of the world, are the undeniable gains of the USSR experience. Contrary to what Western propaganda suggests, it can not be said that the Soviet workers and peasants had a low standard of prosperity. On the contrary, in this respect, the USSR has improved better than not only the developing countries but also many developed capitalist countries. The amount that an urban family paid for house rent and needs such as water, gas, electricity, and telephone was about 3-5 percent of its average income. When compared to today's Turkey, even this itself points to a tremendous improvement.

In general, the level of welfare and consumption of the Soviet peoples increased in the post-Stalin period. In the USSR, main food items (bread, potatoes, vodka) were always in abundance and other food items were scarce. The price of many food items remained unchanged for about 40 years, from the beginning of the 1950s to the end of the 1980s.<sup>85</sup>

Perceiving socialist construction as a development-industrialization process was perhaps inevitable, but at the same time it created problems. In the model of bureaucratic industrialization which was put in place to rapidly develop the productive forces, environmental and human resources were not taken into account

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83 Hanson, pp. 31, 34.

84 Chauvier, p. 25.

85 Hanson, p. 53; Chauvier, p. 37.



carefully. False employment was very common, dissatisfaction from work was high. Resistance of workers took on forms such as slacking and alcoholism. The implicit resistance of the villagers put itself directly in low production. These forms of resistance could be overcome by improving workers' control, providing political participation, by concrete democratic projects that the people would embrace. But in this case the dominance of the bureaucracy could not be sustained.

The collapse of the Soviet system (including Eastern Europe) was the culmination of the process of the expansion of capitalist production to the whole world, that accelerated after World War II. Since then, capitalist relations of production have become dominant all over the world.

There were a handful of capitalist imperialist countries in the period up to World War II, and the rest of the world was integrated into this system through relations of circulation. In the aftermath of World War II, at least until the 1980s, the field of capitalist production expanded, but at the same time there was a large non-capitalist geography. With the collapse of the Soviet Union and China's change of path (which had started earlier, but should not be considered independently), capitalist production became dominant all over the world for the first time in history.

Today there is no new geography for capitalism to conquer. This means that, at once, capitalism-specific tasks and socialism-specific tasks will not intertwine as before, in the socialist construction experiences that will take place in the future. This is a very important advantage and it means that socialist construction will start from an advanced point. We can hope that some of the negative structural problems of the Soviet Union experience, such as the bureaucracy problem, can be more easily overcome.

The establishment of socialism is not simply a political revolution, but a transformation of civilization, an epochal change. Transition from one mode of production to another. There are no shortcuts. If the goal is to change the world, the priority cannot be in the periphery as it was once thought (during the 1960s and 70s), but in the center. Life will always be difficult in the long run for a revolution that can not win the central countries. There are no ready-made formulas except to work with patience, to take lessons from the past, and not to compromise on the internationalist line.