

Glasnost and 'Market Socialism' Whither Gorbachev's USSR?

Fifty years after Stalin decreed the advent of "complete socialism" in the USSR, Mikhail Gorbachev proposes to open the economy to the world market and replace centralized planning with market competition. In his speech to the plenum of the Central Committee last June, Gorbachev announced that prices for some 200,000 commodities currently set by the state planning bureau are to be determined at the local and factory levels. Wages and investment funds are to be derived from the revenues generated by each individual enterprise. Those that do not show a net profit are subject to closure. Subsidies are to be cut dramatically and plant managers now have the right to lay off redundant workers.

The Western media have enjoyed the spectacle of the leader of "actually existing socialism" trying to prop up an economy predicated on the superiority of the planning principle with the operation of the laws of supply and demand. But the failures of the Soviet economy are not the result of collectivized property. They originate in the monopoly of political decision-making jealously guarded by the Soviet bureaucracy. The prerogatives of Gorbachev and his caste are antithetical to the imperatives of working-class democracy—the indispensable requirement for the proper operation of a system based on collectivized property.

At bottom the Gorbachev "reforms" are an attempt to reverse the deceleration of the Soviet economy and the dangers of losing ground to the West. While still comparing favorably with the overall average of the imperialist economies, growth rates in the Soviet Union have slowed dramatically in the last two decades. In a recent article which was translated in *The Soviet Review* (Summer 1987), G. Sorokin, of the USSR Academy of Sciences, noted that:

"higher economic growth rates are needed to counteract adverse trends in the dynamics of the national economy and to compensate losses associated therewith. They are also needed to maintain the required balance of power between the two opposing socioeconomic systems and to speed the full victory of socialism in its economic competition with capitalism."

Sorokin also noted that, "In a certain sense, the rates are set by this competition, i.e., they must outstrip the economic growth rates of the principal capitalist countries" for the purpose of "maintaining approximate military parity between the USSR and the United States." Standing still could be fatal.

For decades the advantages of centralized planning, even profoundly distorted by the parasitic bureaucracy which administered it, allowed the USSR to narrow the gap significantly between itself and the advanced capitalist economies. Trotsky compared the growth of the Soviet economy under Stalinist dictatorship with the development of capitalism under feudal absolutism:

"We have more than once spoken of the fact that 'enlight-

ened absolutism' has played a progressive role in the development of the bourgeoisie only afterward to become a brake upon this development; the conflict resolved itself, as is known, in revolution. In laying the groundwork for socialist economy, we wrote, 'enlightened absolutism' can play a progressive role only during an incomparably shorter period. This prognosis is clearly confirmed before our very eyes."

—"Not a Workers' and Not a Bourgeois State?," 1937

As the Soviet economy grows more sophisticated, the traditional methods of the Soviet bureaucracy become progressively less effective. Mature industrial economies require inputs of a different character than do less developed ones. The old quantitative methods of measuring production no longer suffice.

Poor quality steel can still be used for railroad tracks; the tracks just wear out faster. But only the highest quality metal alloy can be used to make modern machine tools. Technologically advanced societies require a more cultured, more skilled work force. Stalin may have used work-camp labor to build T-34 tanks; his successors can't rely on it to manufacture sophisticated electronic components for modern missiles. The bureaucratic monopoly on information and decision-making creates more problems than it solves.

Gorbachev admits that the system of top-down commandism which he inherited has become a fetter on the further development of the collectivized economy. His proposed market "reform" package should be seen as an implicit admission by Stalin's heirs of the *impossibility* of establishing "Socialism in One Country," and of the fundamental irrationality of rule by the bureaucratic caste which justified its existence with this reactionary dogma.

The inherent limits of development of the Soviet economy under the oligarchic Stalinist dictatorship were brilliantly sketched by Leon Trotsky, in *The Revolution Betrayed*, a book published in 1936 and still banned in the USSR:

"...bureaucratism destroys the creative initiative and the feeling of responsibility without which there is not, and cannot be, qualitative progress..."

"The progressive role of the Soviet bureaucracy coincides with the period devoted to introducing into the Soviet Union the most important elements of capitalist technique... It is possible to build gigantic factories according to a ready-made Western pattern by bureaucratic command—although, to be sure, at triple the normal cost. But the farther you go, the more the economy runs into the problem of quality, which slips out of the hands of a bureaucracy like a shadow. The Soviet products are as though branded with the gray label of indifference. Under a nationalized economy, *quality* demands a democracy of producers and consumers, freedom of criticism and initiative..."

Unconsciously confirming Trotsky's prognosis, Gorbachev in his February 1986 report to the Twenty Sev-

enth Congress of the CPSU stated that: “The substance of the changes [in structural and investment policy] lies in shifting the centre of attention from quantitative indices to quality and efficiency.” Gorbachev also recognized that, “The prime condition for accelerating the country’s socio-economic development is to turn society towards new tasks and draw upon the creative potential of the people...” But here there is a problem. It seems, “A person’s attitude towards property is shaped, first and foremost, by the actual conditions in which he has been put, by his possibilities of influencing the organization of production, and the distribution and use of the results of work.”

Sixty years of Stalinist repression have taught the Soviet workers that they can not expect to exert any “influence the organization of production.” The result is a severe problem of morale and labor discipline. Alcoholism is widespread; workplace absenteeism, poor quality control and a general lack of concern for production are all deeply-rooted problems which inevitably result in huge losses during the production process.

Now the parasitic social caste which Gorbachev heads laments the indifference and cynicism which its rule has bred and looks for ways to motivate the workers. There are only two possibilities. There is the discipline of the marketplace which impartially rewards those whose commodities sell, and punishes those whose products sit on the shelf. That is what Gorbachev is opting for. The other way the Soviet proletariat could be motivated is politically—through taking control of the organization of production into its own hands and restoring the genuine workers democracy of the early years of the Soviet state. But this can only be achieved by smashing the rule of the bureaucracy, for as Trotsky noted, “No devil ever yet voluntarily cut off his own claws.”

International Revolution vs. National Autarky

The standard charge of every anti-communist ideologue is that Stalinism is the logical and inevitable consequence of Leninism. This is fundamentally false. Stalinism, a nationalist and profoundly anti-revolutionary ideology, is the antithesis of Bolshevism. The Bolsheviks never expected that backward and isolated Russia would be able to make a successful transition to socialism on its own.

“In the eyes of its originators the October Revolution had neither meaning nor future independent of its international function as a catalyst and detonator: it was to be the first spark that would lead to the establishment of socialist regimes in countries which, unlike Russia, possessed an adequate economic infrastructure and cultural basis.”

—Moshe Lewin, *Lenin’s Last Struggle*

Neither Lenin nor any of his co-thinkers in 1917 considered the Russian Revolution an event primarily of significance for Russia. They saw it as a lever for the international working class struggle for world revolution. The current problems of the Soviet economy can all be traced, in the last analysis, to its isolation from the other industrially advanced economies of the globe. They can only be finally overcome by reintegration into the world division of labor. Thus the preservation of the

gains of October is indissolubly linked with the extension of the world revolution. The reactionary and autarkic fantasy of “Socialism in One Country” was the program of the political counterrevolution within the workers state.

It is no accident that Gorbachev’s market-orientation domestically is complemented by an overtly *anti*-revolutionary policy internationally. A Reuter article in the 11 July issue of the Toronto *Globe and Mail* was headlined: “World revolution idea outdated, Soviet says.” It quotes Yevgeny Primakov (“an official linked to Soviet leader Mikhail Gorbachev”) as saying in *Pravda*, “The exclusion of the export of revolution is an imperative of the nuclear century.” The corollary of this is the bureaucrats’ dangerous illusion that if the Soviets just give up enough in disarmament negotiations, they can secure permanent peaceful coexistence with imperialism. The attempt to mollify Reagan, Thatcher et al is rooted in the same reformist impulse that facilitated Hitler’s 1941 blitzkrieg. In the real world, lions don’t lie down with lambs. Every bourgeois “statesman” understands that any peace treaty is a temporary arrangement to be honored only as long as it seems advantageous; after that it is simply a scrap of paper. Far from diminishing the risk of attack, the pacifist bleating from the Kremlin only emboldens the capitalist warmongers who have not, and will not, abandon their dream of reversing the social overturn of 1917.

From Khrushchev to Gorbachev

While the fundamental features of Soviet political life are the same today as they were a half-century ago, the manner in which the bureaucratic monopoly of power is exercised has undergone considerable evolution since the Stalin era. Nikita Khrushchev’s famed “Secret Speech,” given to the Twentieth Party Congress in 1956, represented, among other things, the rebellion of the party apparatus against the traditional Stalinist method of “resolving” intra-bureaucratic disputes through blood purges. The ruling stratum stabilized and solidified under Khrushchev when the bureaucrats decided to stop shooting each other.

Yet Khrushchev’s capacity for flamboyant and erratic lurches in both domestic and foreign policy created serious discontent within the bureaucracy and ultimately led to his replacement by Leonid Brezhnev. Popular wisdom in the USSR has it that Stalin shot incompetent managers, Khrushchev demoted them, but Brezhnev merely transferred them. Cronyism, cliquism, extravagant corruption and mutual back-scratching characterized the Brezhnev years. The bureaucracy ossified and economic growth slowed dramatically. When Brezhnev finally died there was an attempt to find a replacement who would be capable of getting the economy back on track. This is Gorbachev’s assignment.

The Irrationality of Bureaucratic Planning

The limousines, special currency shops, dachas and other privileges the Soviet administrative elite has awarded itself are well known. Yet the luxury consumption of the *nomenklatura* is only the tip of the iceberg of

bureaucratic mismanagement. Far more consequential are the overheads incurred because economic decisions are made in accordance with the necessity of maintaining bureaucratic privilege. An old Brezhnevite may only have embezzled 10,000 rubles a year, but the decisions made to safeguard the privileged position that made the theft possible could cost the economy millions.

Distortion and falsification of information are necessary and inevitable aspects of economic “planning” under bureaucratic control. Production capacity, stocks of raw materials, and outputs of finished goods are all hidden from the central planning bureaus. The career of each individual bureaucrat is determined not by how well he performs the tasks assigned but by how well he appears to perform them. Fulfilling the quota, not producing use values, is the objective of each individual link in the chain of bureaucratic command. What is “rational” from the perspective of an individual manager may be completely irrational from the standpoint of the requirements of the economy as a whole. Alec Nove gives an example of this from *Pravda*:

“when a plant making pipe produced cheaper, better-quality pipe weighing 25 per cent less, the statistical ‘effect’ was a reduction in both the ‘volume’ of output and in labour productivity. This explains the reluctance of management to adopt more economical variants but also shows the imperfections of measurement.”

—*Socialism, Economics and Development*

Factory managers routinely conceal output figures from the State Planning Authorities in order to divert production to favored associates at other plants. Industrial output is deliberately underestimated in order to fulfill the quotas specified in the plan more easily. Nove reports:

“A Hungarian economist once remarked that, in even the most apparently centralized command system, ‘most commands are written by their recipients’. It is one of the main contradictions of the Soviet economic system that, while on the one hand the task of subordinates is to obey plan instructions which supposedly embody the needs of society and the best means of providing for them, everyone in fact knows that much depends on the initiative, proposals and information (or the withholding of it) by or from management. Quality, punctual deliveries, technical progress, the details of the product mix (and the satisfaction of user needs) depend in practice on management.”

The problem of bureaucratism cannot be solved by a few demotions, jailings or shootings. The only historically progressive answer to the crisis of the Soviet economy is for the producers to participate directly in elaborating the plan and then in checking and controlling its implementation. As Trotsky noted in *The Revolution Betrayed*: “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.” But soviet democracy means an overthrow of the political power of the bureaucracy by the working class—that is, a political revolution.

The Soviet masses made enormous sacrifices during World War II when the USSR was invaded by the Nazis. There is no issue in the Soviet Union today capable of producing the same spirit of sacrifice. Gorbachev and the bureaucratic caste he heads can take credit for creat-

ing a “socialist paradise” where the workers are so indifferent that productivity can only be raised by resorting to the mechanisms of the market.

The Soviet workers are not responsive to appeals for more work from the discredited oligarchs. Imagine a Leningrad factory conference where a Gorbachevite bureaucrat arrives to promote self-sacrifice and delivers a speech on the need for improved work discipline. He breakfasted on Crimean orange juice, Danish ham, and white bread; the workers had black bread and yogurt. He travelled in a chauffeured car from his dacha outside the city; the workers awoke in tiny apartments and rode a crowded subway to the factory. He has Party connections to support himself; the workers have children to support.

The Dangers of Capitalist Restoration

The danger posed by the Gorbachev “reforms” is that they will inevitably tend to strengthen the forces of capitalist restoration in Soviet society. Workers who derive their income directly from the profits of their “own” enterprise will tend to see their interests as bound up with their company and not the economy as a whole. Those employed by enterprises that do well will come into conflict with those sectors of the class that work in under-capitalized, or poorly managed factories which cannot compete. The growth of small farmers producing for the market will provide another point of social support for those who wish to see an unrestricted return to the “freedom” of the marketplace. Even more dangerous is the proposal to breach the state monopoly of foreign trade and allow enterprises to establish their own links to foreign corporations. The millions of threads connecting Soviet businessmen to their international counterparts and binding individual enterprises to the fluctuations of the capitalist world economy could only add impetus to the forces of counterrevolution.

Trotsky projected the likely course of capitalist restoration in a planned economy as follows:

“The chief task of the new power would be to restore private property in the means of production. First of all, it would be necessary to create conditions for the development of strong farmers from the weak collective farms, and for converting the strong collectives into producers’ cooperatives of the bourgeois type—into agricultural stock companies. In the sphere of industry, denationalization would begin with the light industries and those producing food. The planning principle would be converted for the transitional period into a series of compromises between state power and individual ‘corporations’—potential proprietors, that is, among the Soviet captains of industry, the emigre former proprietors and foreign capitalists. Notwithstanding that the Soviet bureaucracy has gone far toward preparing a bourgeois restoration, the new regime would have to introduce in the matter of forms of property and methods of industry not a reform, but a social revolution.”

—*The Revolution Betrayed*

The extreme reliance on market mechanisms which Gorbachev proposes and a qualitative reduction in the role of the state planning authorities is not capitalist restoration per se. But the “reforms” threaten to undermine the remaining strength of an economy already

severely weakened by decades of bureaucratic misrule. As such they move Soviet society closer to the danger of a convulsive social counterrevolution performed, perhaps not by Gorbachev's supporters, but by elements in an even more Bukharinist post-Gorbachev regime intent on more sweeping "reforms."

Sophisticated left-apologists for Gorbachev have tried to give his policies a Leninist imprimatur by comparing them to the "New Economic Policy" of 1921. This is illegitimate. The NEP was an extreme tactical concession necessitated by the decimation of the economy as a result of seven years of war, widespread famine, an increasingly restive peasantry and the virtual collapse of industry. Gorbachev's "reforms" are not proposed as short-term expedients, but represent the bureaucracy's "solution" to sixty-odd years of "Socialism in One Country."

Gorbachev's 'Democratization'

Gorbachev's talk about democratizing Soviet society and the Communist Party has received at least as much attention as his economic proposals. Speaking before a plenary meeting of the Central Committee on January 27, Gorbachev stated that, "one conclusion begs of itself: the time has come for change, for democratizing the process of management selection at enterprises on the basis of the all-round application of the electivity principle."

Thus far the "electivity principle" has not been proposed much beyond the enterprise level. In June's elections for some two million local government posts, only five percent featured two candidates, both of whom were pre-approved by the party. "Democracy" can provide a handy tactical ploy to permit a Gorbachev candidate to run, with Moscow's assistance, against the candidate of an entrenched Brezhnevite regional apparatus. Any "democratization" proposed by the CPSU bureaucracy must necessarily be qualitatively insignificant—because a real democratization of Soviet society would sweep the bureaucrats aside.

At the same time, Trotskyists in the Soviet Union should be attentive to any cracks in the bureaucratic monolith and quick to take advantage of openings, however small, which might present themselves as a consequence of Gorbachev's "democratization." We recall Trotsky's observation in *The Revolution Betrayed* that: "it has happened more than once that a bureaucratic dictatorship, seeking salvation in 'liberal' reforms, has only weakened itself... The rivalry of bureaucratic cliques at the elections may become the beginning of a broader political struggle."

Those sections of the bureaucracy that fear that their power and prestige will be undercut by the realization of Gorbachev's program are already making their opposition known. For all his talk of "democratization" Gorbachev's reforms ultimately depend on his control of the bureaucratic apparatus inherited from Stalin. An op-ed writer in the *New York Times* (26 June) recalled a comment by John Stuart Mill in 1859 on the attempts of an earlier Russian autocrat to institute reforms:

"The Czar himself is powerless against the bureaucratic

body: He can send any one of them to Siberia, but he cannot govern without them or against their will. On every decree of his they have a tacit veto, by merely refraining from carrying it into effect."

Thus far the Soviet workers, reflecting a historically well-grounded cynicism about their "leaders," do not seem to have responded in any significant way to Gorbachev's proposals for democratization. They doubtless figure that, "when elephants fight it's the grass that gets trampled." They remember that every post-Stalin leader (and even Stalin himself) periodically gave speeches against bureaucracy and in favor of increased workers democracy.

The Contradictions of 'Glasnost'

Gorbachev's course is fraught with contradictions. The Soviet working class has seen substantial improvements in its standard of living since the Stalin years. This has not been granted out of the beneficence of the rulers, but rather in the attempt to guarantee the quiescence of the proletariat. The proposals to rationalize the economy by eliminating subsidies on food, subway travel, health care, housing, etc., are an attempt to accumulate an additional surplus directly from the living standards of the working class. Gorbachev is being rather circumspect about the prospect of unemployment, but that is what a labor market requires to function properly. Attempts to curtail consumption, reintroduce unemployment and other anti-working class features of the market, could touch off significant resistance from the gigantic Soviet proletariat.

Literate and sophisticated members of the technical and intellectual elite do not leave their critical faculties in the lab or editorial office when they go home. What's more, their access to photocopiers and microcomputers will tend to undercut the bureaucrats' monopoly on information and communication. The totalitarian methods of Stalin's police state have, to a large extent, become irrational even from the point of view of the party hierarchy. Yet it is on the power of the political police that the bureaucracy's authority ultimately rests. While the *perestroika* (restructuring) is a step down the road to capitalist restoration and bloody counterrevolution, the *glasnost* which must necessarily accompany it, opens the possibility for the generation and growth of leftist oppositional currents within the USSR.

In this regard it is significant that Trotsky has undergone a minor "rehabilitation." He is now portrayed as an ultraleftist instead of a British/Hitlerite/Mikado-ite agent. Those in the USSR who look into the roots of the current economic crisis will find in the suppressed history of the Left Opposition the Leninist tradition of struggle against both the imperialists and the Stalinist usurpers within the workers state.

The relationship between the political superstructure and the economic base in a planned economy is much more direct than in a market economy. The solution to the economic problems of the USSR is inextricably linked to reversing the political counterrevolution represented by the victory of the Stalin faction in the 1920's. Only a reborn Bolshevik Party, rooted in the Soviet

working class, and forged on an internationalist program of irreconcilable struggle against the bureaucratic betrayers can defend and extend the gains of the October Revolution:

“The defense of the USSR coincides in principle with the preparation of the world proletarian revolution. We flatly

reject the theory of socialism in one country, that brain child of ignorant and reactionary Stalinism. Only the world revolution can save the USSR for socialism. But the world revolution carries with it the inescapable blotting out of the Kremlin oligarchy.”

—“Manifesto of the Fourth International,” 1940