

6 The Soviet experiment with Pure Communism*

Introduction

In 1957, forty years after the Russian revolution, Michael Polanyi summarized the state of Soviet studies by pointing out that despite, or because of the fact that “volume upon volume of excellent scholarship [was] rapidly accumulating on the history of the Russian Revolution ... The Revolution [was] about to be quietly enshrined under a pyramid of monographs.”¹ This condition continues to persist even after seventy years of reflection upon one of the most fateful events in political–economic history. Despite heroic efforts by Paul Craig Roberts² and Laszlo Szamuely³ to lift the Revolution from underneath the debris of wood pulp, confusion still permeates historical discussion of the *meaning* of the Soviet experience with Communism.⁴ “We have forgotten,” as Polyanyi wrote, “what the Russian Revolution was about: that it set out to establish a money-less industrial system, free from the chaotic and sordid automation of the market and directed instead scientifically by one single comprehensive plan.”⁵

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

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Points of agreement

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

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

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

Table 6.1 Russian industrial output

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

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

The standard historiography

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

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

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

Maurice Dobb

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

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

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

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

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

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

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

E. H. Carr

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

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

War Communism consisted of two major policy objectives:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stephen Cohen

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

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

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

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

Criticisms of the standard account

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

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

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

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

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

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

Marx’s political project, on the other hand, required the establishment of “classless” politics. Marx’s political project was one of radical democracy, one

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

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

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

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

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

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

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

The alternative account

Before Dobb and Carr, most historians and political economists understood the failure of War Communism to be a direct demonstration of problems of the Marxian project. Economists such as K. Leites,⁶⁷ Arthur Shadwell,⁶⁸ Leo Pasvol'sky,⁶⁹ and Boris Brutzkus⁷⁰ all understood the Russian experience as an attempt to realize Marx's utopia. This interpretation of events, however, was buried under what became the authoritative account of Dobb and Carr. The original account, though, received strong support in the hands of Michael Polanyi and Paul Craig Roberts.

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

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

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

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

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

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

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

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

Evidence from the old Bolsheviks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Or as Lenin put the matter later in the text:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State capitalism and NEP

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

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

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

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

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

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

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

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

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

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

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

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

My claim is that the major role played by non-ideological factors was in influencing not the policies of “War Communism,” but the manner in which they were implemented. The aspirations expressed in “War Communism” were not born in the crucible of military expediency, but originated instead in the political economy of Karl Marx and were transformed into praxis by Lenin from 1918 to 1921.¹²³

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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the 1930s, maintains a similar use of the assumption of full employment equilibrium to explain the business cycle. In Hayek's critique of Keynes, one of the main arguments (beside a critique of aggregation) was that one cannot explain the phenomena of unemployment unless one begins with the assumption of full employment, and then explains the conditions which give rise to unemployment – in the case of the business cycle "the cluster of errors" which characterize the downturn. In both Knight and Hayek, the purpose of the frictionless model is not description, but to aid the task of isolating the real frictions which affect the economic system. Just as the friction between the sole of my feet and the floor enables me to walk, so the frictions in the economic system enable the system to achieve the degree of order that we witness. When we assume away the frictions, we are able to see how the enabling institutions often logically disappear. Coase's work is in this tradition – we can refer to it as *a political economy of everyday life*.

- 11 See Paul Rubin (1996) for a discussion of the evolution of the legal infrastructure required for post-Communist transformation.
- 12 The transaction costs associated with "buying out" current benefactors of the existing system may be too high, and thus, if included in the political economy cost-benefit analysis, would suggest that the costs to reform may outweigh the benefits (see Tollison and Wagner, 1991). This problem, referred to as "the transitional gains trap," as termed by Tullock, forces the analyst to shift the focus of attention away from past inefficiencies to questions concerning the future of rules which will prevent future economic deformities.

6 The Soviet experiment with pure Communism

- 1 Michael Polanyi (1953) "The Foolishness of History: November, 1917–November 1957, *Encounter* IX(5) (April): p. 33.
- 2 Paul Craig Roberts (1971) *Alienation and the Soviet Economy*, Albuquerque: University of New Mexico Press.
- 3 Laszlo Szamuely (1974) *First Models of the Socialist Economic Systems*, Budapest: Akademiai Kiado.
- 4 This is not a point of mere antiquarian interest, but plagues commentators today when they try to understand the meaning or assess the possibility of perestroika. In this essay, however, I will limit my discussion to the three-year period when Lenin, Trotsky, Bukharin, *et al.*, attempted to implement their socialist project, leaving aside current Soviet policy. For a discussion of how a proper historical understanding is fundamental to understanding the current reform movement, see Paul Craig Roberts (1988) "The Soviet Economy: A Hopeless Cause?" *Reason* July: 57, where he argues that: "The Soviet story is one of the interaction of speculative excess or utopian aspirations with refractory reality. But scholars cannot see this as long as they believe that Soviet central planning originated not in an effort to eliminate the market but in a decision to squeeze agriculture in order to rapidly industrialize." Unless commentators understand the "grand tale" of the Soviet experience with Communism, they will be paralyzed in their attempt to understand the meaning of the Gorbachev phenomenon.
- 5 Polanyi, p. 36.
- 6 For example, Thomas Remington (1984) *Building Socialism in Bolshevik Russia: Ideology and Industrial Organization, 1917–1921*, Pittsburgh: University of Pittsburgh Press, and Silvana Malle (1985) *The Economic Organization of War Communism, 1918–1921*, New York: Cambridge University Press, 1985.
- 7 William Chamberlin (1935/1987) *The Russian Revolution, 1917–1921*, two volumes, Princeton: Princeton University Press, vol. 2, p. 105.
- 8 H. G. Wells (1921) *Russia in the Shadows*, New York: George H. Doran, p. 137.
- 9 This economic collapse was also depicted in such literature as Boris Pasternak's *Doctor Zhivago* and Ayn Rand's *We the Living*. As Alain Besançon has pointed out, those scholars who approach Soviet society through the study of literature, travel or émigré reports

- “find that they cannot recognize what the economists describe” (Besançon (1980) “Anatomy of a Spectre,” *Survey* 25(4) (Autumn): 143.
- 10 Moshe Lewin (1985) *The Making of the Soviet System*, New York: Pantheon Books, 211.
 - 11 Stephen Cohen (1971/1980) *Bukharin and the Bolshevik Revolution*, New York: Oxford University Press, p. 123.
 - 12 See Alec Nove (1969/1984) *An Economic History of the U.S.S.R.* New York: Penguin Books, pp. 46–187, and G. Warren Nutter (1962) *The Growth of Industrial Production in the Soviet Union*, Princeton: Princeton University Press, pp. 3–10.
 - 13 Tom Bortomore (1986/1987) “Is Rivalry Rational?” *Critical Review* 1(1) (Winter): p. 45.
 - 14 Maurice Dobb (1948) *Soviet Economic Development Since 1917*, New York: International Publishers, p. 122.
 - 15 Ibid.
 - 16 Ibid., p. 101.
 - 17 Ibid.
 - 18 Ibid., p. 100.
 - 19 Although it is not my purpose here to outline a Marxian theory of alienation and exploitation, it is necessary to realize that the decision-making cadre of the Soviet government were revolutionary Marxists who sought to rid Russian society of the evils of capitalism. The Marxian theory of alienation is intimately connected to commodity production, exchange and, in particular, the monetary economy. Alienation to Marx was an objective condition coexistent with commodity production, i.e. the separation of production from use. It is *not* a psychological or subjective condition felt by frustrated man. The transcendence of alienation means to Marx the transcendence of market relations. Viewing Marx as an organizational theorist enables the student of Marx to see a tremendous unity in Marx’s life-work that is denied by those who wish to split Marx into a young Marx and a mature Marx. The young Marx, just like the mature Marx, was concerned with transcending the organizational form of alienation, i.e. the commodity production of capitalist social relations, as Marx argued himself in the *Economic and Philosophical Manuscripts of 1844* (Moscow: Progress Press, 1977, pp. 78–9): “Just as we have derived the concept of private property from the concept of estranged, alienated labor by analysis, so we can develop every category of political economy with the help of these two factors; and we shall find again in each category, e.g. trade, competition, capital, money, only a particular and developed expression of these first elements.” See also Marx’s discussion, in the *Manuscripts*, of money as the “alienated ability of mankind” (pp. 127–32). On Marx’s theory of alienation and central planning, see Roberts; Roberts and Matthew Stephenson, *Marx’s Theory of Exchange, Alienation and Crisis* (New York: Praeger, 1973/1983); David Reese (1980) *Alienation, Exchange and economic Calculation*, unpublished PhD thesis, Virginia Polytechnic Institute, Blacksburg, VA (revised manuscript, 1985); and Don Lavoie, *Rivalry and Central Planning* (New York: Cambridge University Press, pp. 28–47).
 - 20 Dobb, pp. 102–3.
 - 21 For an excellent discussion of these events see Paul Avrich (1974) *Kronstadt 1921*, New York: W. W. Norton.
 - 22 Dobb, p. 123. However, see Richard Sakwa (1987) “The Commune State in Moscow in 1918,” *Slavic Review* Fall–Winter: 431. Sakwa argues that:

In the chaotic conditions of late 1917, however, the development of direct democracy and decentralization in both political and economic spheres, was not so much a policy implemented by the Bolshevik party as one that emerged largely regardless of its wishes and out of circumstances. The institutions of the dictatorship of the proletariat were only consolidated by June 1918. The practical implementation of commune ideas before then has given rise to a highly idealized if barely credible vision of a golden age of Bolshevism that came to end in spring 1918.

- 23 Dobb, p. 120.
- 24 E. H. Carr (1952/1980) *The Bolshevik Revolution*, three volumes, New York: Norton, vol. II, p. 270.
- 25 Ironically, many other commentators point out the same connection between War Communism and war socialism as evidencing the theoretical nature of War Communism as an experiment with Marxian central planning. See Szamuely; see also Vladimir Treml (1969) "Interaction of Economic Thought and Economic Policy in the Soviet Union," *History of Political Economy* 1(1) (Spring): 187–216. For a discussion of the German ideas of planning that had a direct influence upon the Bolsheviks, see Judith Merkle (1980) *Management and Ideology*, Berkeley: University of California Press, pp. 172–207; Walter Rathenau (1921) *In Days to Come*, New York: Alfred A. Knopf, pp. 63–128; Nicholas Balabkins (1978) "Der Zukunftsstaat: Carl Ballod's vision of a leisure-oriented socialism," *History of Political Economy* 10(2) (Summer): 213–32. Also see Mises' (1919/1983) discussion of war socialism in *Nation, State and Economy*, translated by L. B. Yeager, New York: New York University Press, pp. 141–7.
- 26 Carr, p. 271.
- 27 *Ibid.*, p. 273.
- 28 *Ibid.*
- 29 *Ibid.*, p. 207.
- 30 *Ibid.*, p. 162.
- 31 *Ibid.*, p. 175.
- 32 *Ibid.*, p. 157.
- 33 *Ibid.*, p. 151.
- 34 *Ibid.*, p. 157.
- 35 *Ibid.*, p. 172.
- 36 Carr, p. 172. Carr may have a point here, in that policies tend to take on a life of their own after they are instituted, especially when survival of the party is at stake. As Robert Higgs has demonstrated within the American context, institutions that are initiated to conduct policy within a crisis situation tend to outlive the crisis and become counterproductive to economic prosperity. See Higgs (1987) *Crisis and Leviathan*, New York: Oxford University Press. Despite these unintended results, the original plans and purposes of the actors who initiated the policies should not be discounted too heavily. And, as will be discussed later, the Bolsheviks themselves saw a connection between models of war planning and positive socialist construction.
- 37 Carr, p. 198.
- 38 *Ibid.*, p. 197. But see Carr's discussion of the beginnings of planning on 36 ff., which implies that both ideology and emergency played a role. Carr is particularly confusing in this part of his discussion. He argues that planning was not possible until 1920, because of the civil war. The institutions of planning, i.e. the Supreme Economic Council, the State bank, nationalization of industry, etc., were established in 1918 and 1919, but they took on an *ad hoc* character because of civil war. Real, centralized planning, therefore, could not be instituted until 1920. Thus, here he admits that central planning was instituted in 1920, not 1928. The economic collapse of 1921 thus occurs during the regime of economic planning and not civil war.
- 39 Carr, pp. 205–6.
- 40 *Ibid.*, p. 205.
- 41 *Ibid.*, p. 216.
- 42 *Ibid.*, p. 228.
- 43 *Ibid.*, p. 271.
- 44 *Ibid.*, p. 246.
- 45 *Ibid.*, p. 260–1.
- 46 *Ibid.*, p. 275.
- 47 See Szamuely, pp. 84–91, for a discussion of the debate among Bolshevik decision-makers over the introduction of NEP and the defense of War Communism by Larin, Kristman, *et al.*

48 Carr, p. 275.

49 Ibid., p. 276. Here again Carr does not maintain a consistent position. The confusion over War Communism was even represented within official Soviet publications. Consider the following statement from an article in *Bol'shaya Sovetskaya Entsiklopediya* vol. XII (1928):

It would be a great error not to see, behind the obvious economic utopianism of the attempt of war communism to *realize an immediate marketless-centralized reorganization of our economy*, the fact that fundamentally the economic policy of the period of war communism was imposed by the embittered struggle for victory ... The historical sense of war communism consisted in the need to take possession of the economic base by relying on military and political force. But it would be *incorrect* to see in war communism only measures of mobilization imposed by war conditions. In working to adapt the whole economy to the needs of the civil war, in building a consistent system of war communism, the working class was at the same time laying the foundation for further socialist reconstruction.

(quoted in Carr, p.275, n.l., emphasis added)

While Carr can argue that Marxian language was an *ex post* justification for policies that were unavoidable, it seems just as possible that war emergency language is an *ex post* excuse for a dream that proved unrealizable.

50 Stephen Cohen (1972) "In Praise of War Communism" in *Revolution and Politics in Russia*, A. and J. Rabinowitch (eds.) Bloomington: Indiana University Press, p. 193.

51 Nikolai Bukharin (1924/1967) *The Path to Socialism in Russia*, New York: Omicron Books, p. 178, quoted in Szamuely, pp. 108–57.

52 Bukharin (1922) "R.S.F.S.R." *Prawda*, December 3: p. 3, quoted in Cohen (1972), *Bukharin*, p. 146.

53 Bukharin (1924) *O likvidatorstve nashibk duei*, quoted in Alec Nove (1924/1979) "Bukharin and His Ideas," *Political Economy and Soviet Socialism*, London: George Allen and Unwin, p. 86. See also Cohen "Rethinking Bolshevism," *Bukharin*, pp. 123–59.

54 It seems that Jurgen Habermas, arguably the leading leftist academic in the world today, recognizes this point when he argues that even radical democratic socialism might be impossible:

All modern economies are so complex that a complete shift to participatory decision-making processes, that is to say, a democratic restructuring at every level, would inevitably do damage to some of the sensitive requirements of contemporary organizations. If we wish to maintain such organizations at their present level of complexity, then it is probably that the idea of socialism can no longer (and need no longer) be realized by means of the emancipation from alienated labor. It may be that initiatives to democratize global economic priorities and to create humane working conditions can only come from outside in future, by which I mean that a thoroughgoing internal reorganization of the economy in accordance with the principles of self-administration is neither possible nor necessary.

(Habermas 1986)

"Ideologies and Society in the Post-War World" in P. Dews *Habermas: Autonomy & Solidarity* [interviews with Jurgen Habermas], London: Verso, p. 45. But Habermas, while admitting these problems, holds fast to his criticism of the market – blind to the possibility that the radical solution of the social ills that concern him lies in the radical decentralism of a truly market-based society.

55 My concern is not so much with what Marx meant by socialism, although this is obviously

- a point of importance, but rather what leading European and Russian Marxist thinkers thought Marx's project entailed. In particular, with regard to the Russian experience, what did Lenin, Trotsky, Bukharin, *et al.*, think a Marxian world should look like?
- 56 Alexander Gerschenkron (1969) "History of Economic Doctrines and Economic History," *American Economic Review* LIX(2) (May): p. 16. Also see Joseph Berliner (1964) "Marxism and the Soviet Economy," *Problems of Communism* XII(5) (September–October): 1–10, who argues that Marxism has had little impact on Soviet socialism, and that economists writing about Soviet economic policy and institutions should not find it necessary to consider Marxist theory.
- 57 See Nove, p. 47.
- 58 This misunderstanding of Marx's project is because many believe that Marx's analysis is limited to a critique of capitalism and suggests nothing for the implementation of socialism. But, as Don Lavoie has argued in depth, Marx's negative view of capitalism implies a positive view of socialism. See Lavoie (1985, pp. 28–47); Don Lavoie, *National Economic Planning: What is Left?* Cambridge: Ballinger, pp. 11–24, 211–45.
- 59 Karl Marx (1906) *Capital: A Critique of Political Economy*, New York: Modern Library, p. 92.
- 60 Marx, *Economic and Philosophical Manuscripts*, p. 97.
- 61 See Karl Marx and Friedrich Engels (1969) "Manifesto of the Communist Party," *Selected Works*, three volumes, Moscow: Progress Publishers, vol. I, pp. 98–137; vol. I, "The Class Struggles in France," pp. 186–299; vol. I, "The Eighteenth Brumaire of Louis Bonapart," pp. 394–487; vol. II, "The Civil War in France," pp. 178–244.
- 62 Radoslav Selucky (1979) *Marxism, Socialism, Freedom*, New York: St Martin's Press, has argued that Marx's project of the rationalization of the economy may be inconsistent with the rationalization of politics that Marx envisioned. The concept of a centrally planned unity in economic life is mutually exclusive from the ideal of full democratic participation within political life. The line of reasoning is consistent with basic Marxian materialist philosophy, which argued that the material base (economic life) determines the superstructure (the realm of ideas). Selucky argues that: "No Marxist may legitimately construct a social system whose political superstructure would differ structurally from its economic base. If one accepts Marx's concept of base and superstructure, a centralized, hierarchically organized economic subsystem cannot coexist with a pluralistic, horizontally organized self-governed political subsystem" (Selucky 1979, p. 78).
- 63 Lavoie, *National Economic Planning*, pp. 18–19.
- 64 Alexander Rustow (1950–7/1980) *Freedom and Domination: A Historical Critique of Civilization*, Princeton: Princeton University Press, p. 571.
- 65 Ludwig von Mises sparked the debate in 1920 with his challenging article, "Economic Calculation in the Socialist Commonwealth," which was later translated and reprinted in the 1935/1975 volume: *Collectivist Economic Planning*, F. A. von Hayek (ed.), New York: Augustus M. Kelley. Mises (1922/1981) refined his argument in *Socialism: An Economic and Sociological Analysis*, Indianapolis: Liberty Press. Mises' conclusion that rational economic calculation was (is) impossible under socialism was endorsed by Max Weber (1922/1978) *Economy and Society*, two volumes, G. Roth and C. Wittich (eds.), Berkeley: University of California Press, vol. I, pp. 63–211, especially pp. 100–13. This triggered responses from German socialist writers such as Karl Polanyi and Eduard Heimann; see Mises, *Socialism*, pp. 473–8. Also see William Keizer (1987) "Two Forgotten Articles by Ludwig von Mises on the Rationality of Socialist Economic Calculation," *Review of Austrian Economics*, 1: 109–22, for a more extensive discussion of the Central European debate of the 1920s.

Mises' contention was later challenged in the English-language journals during the 1930s and 1940s. The counterargument was made by Oskar Lange (1939/1970) *On the Economic Theory of Socialism*, Benjamin Lippincott (ed.) New York: Augustus M. Kelley; and Abba P. Lerner (1944) *The Economics of Control*, New York: Macmillan, among others. Mises' student and associate, F. A. von Hayek, was an active participant in the debate with the market socialist writers; see Hayek's 1948/1980 essays in *Collective Economic Planning and Individualism and Economic Order*, Chicago: University of Chicago Press.

The debate has been a subject of growing interest among economists, and useful

- summaries can be found in Hoff (1949/1981) *Economic Calculation in the Socialist Society*, Indianapolis: Liberty Press; Murray N. Rothbard, "Ludwig von Mises and Economic Calculation Under Socialism," in L. Moss (ed.) *The Economics of Ludwig von Mises*, Kansas City: Sheed and Ward, pp. 67–77; Karen Vaughn (1980) "Economic Calculation Under Socialism: The Austrian Contribution," *Economic Inquiry* 18 (October): 535–54; Peter Murrel (1983) "Did the Theory of Market Socialism Answer the Challenge of Ludwig von Mises?" *History of Political Economy* 15(1) (Spring): 92–105. The most extensive treatment of the debate, however, is provided by Lavoie's *Rivalry and Central Planning*.
- 66 Hayek, "Foreword" in Boris Brutzkus (1935/1981) *Economic Planning in Soviet Russia*, Westport: Hyperion Press, p. ix.
- 67 K. Leites (1922) *Recent Economic Developments in Russia*, New York: Oxford University Press.
- 68 Arthur Shadwell (1927) *The Breakdown of Socialism*, Boston: Little, Brown & Co.
- 69 Leo Pasvol'sky (1921) *The Economics of Communism: With Special Reference to Russia's Experiment*, New York: Macmillan.
- 70 Boris Brutzkus, *Economic Planning in Soviet Russia*, for which the original essay was written in 1920.
- 71 Polanyi, "The Foolishness of History," p. 35.
- 72 Ibid.
- 73 This policy of introducing ideological justifications only to discount them is perhaps the greatest fault I find with both the Remington and Malle books.
- 74 As will be suggested later, the move to NEP, and not taking power prematurely, constituted Lenin's real deviation from Marx.
- 75 Roberts, *Alienation and the Soviet Economy*, p. 37.
- 76 Ibid., p. 39.
- 77 "Chernovoi proekt tezisov obrashchenia k internatsional'noi sotsialisticheskoi komissii i ko vsem sotsialisticheskim partiiam," *Polnoe sobranie sochineii* 30: 278–9, quoted in Alfred Evans (1987) "Rereading Lenin's *State and Revolution*," *Slavic Review* 46(1) (Spring): 18–79.
- 78 Lenin (1977) "Resolution on the Current Situation," *Collected Works*, 45 vols., Moscow: Progress Publishers, vol. 24, p. 310.
- 79 This ripeness issue, which many commentators get stuck on, is actually a weak reed upon which to rest one's interpretation of the events. One would be hard-pressed to argue that Marx, who throughout his lifetime kept close watch for any and all possible chances for revolution, would have behaved differently from Lenin, given the same situation. Marx, we should remember, did not hesitate to propose a proletarian revolution in France in 1848. Moreover, from a Marxist perspective, an analysis that finds an easy way out from the ripeness issue is not sufficiently critical. Regardless of Marx's own revolutionary activity, or whether or not he would have agreed with Lenin's use of his doctrines to come to power, concentration on the ripeness issue leads to a fundamental misunderstanding of the Soviet experience, and of socialism in general. As Lavoie points out:

The reasons for Lenin's failure to achieve either democratic political goals or a prosperous economy are seldom traced to intrinsic elements of socialist aspirations. Russia, it is pointed out, began without democratic political traditions and with a backward economy. These special difficulties and not flaws within socialism itself, it is widely believed, brought Lenin's dream to its rude awakening. This interpretation of Soviet history in effect lets socialism off the hook for whatever political crimes or economic irrationalities the USSR is shown guilty of.

(Lavoie 1986–7, pp. 1–2)

- 80 "Speech in Favour of the Resolution on the Current Situation, April 29 (May 12), 1917," *Collected Works*, vol. 24, p. 308.

- 81 Ibid., p. 311.
- 82 *Collected Works*, vol. 25, pp. 327–69.
- 83 Ibid., pp. 333 ff.
- 84 Ibid., pp. 360–61.
- 85 Ibid., pp. 61–2.
- 86 *Imperialism*, in Lenin's *Collected Works*, vol. 22, pp. 185–304, was written from January to June 1916 and was published in Petrograd in late April 1917. *The State and Revolution*, in *Collected Works*, vol. 25, 384–497, was written in August and September 1917.
- 87 Lenin, *Collected Works*, vol. 25, p. 448.
- 88 Ibid., pp. 302–3.
- 89 Lenin, *Collected Works*, vol. 25, p. 448.
- 90 Ibid., pp. 431–2.
- 91 Ibid., p. 478.
- 92 Ibid., p. 497.
- 93 Trotsky (1932/1987) *The History of the Russian Revolution*, three volumes, New York: Pathfinder Books, vol. 3, pp. 323–4. Also see John Reed (1919/1985) *Ten Days That Shook the World*, New York: Penguin Books, pp. 117 ff.
- 94 Shadwell, p. 23.
- 95 See Szamuely, *First Models*, 10ff., and Chamberlin, *The Russian Revolution* vol. 2, 96 ff., for a discussion of these policies. Also notice that prominence is not given to grain requisitioning in this outline of the socialist program of the Bolsheviks from 1918 to 1921. While undoubtedly grain requisitioning was a major policy, it was not the major element in the program of socialist transformation. Concentration upon the food procurement policy of requisitioning, while ignoring the various other competents of the Bolsheviks' economic and social policy (such as banking policy) leads one to emphasize the emergency requirement of gathering food for the Red Army. Cf. Lars Lih (1986) "Bolshevik *Razverstka* and War Communism," *Slavic Review* 45(4) (Winter): 673–88.
- 96 Victor Serge, *Memoirs of a Revolutionary 1901–1941* (1963) New York: Oxford University Press, p. 115. Also see Vasil Selyunim (1988) "The Origins" [English title], *Novy Mir* May: 162–89.
- 97 See Remington, 78ff., for an extended discussion of the labor mobilization initiatives of the Bolsheviks. In particular, see his discussion of Trotsky's military organization of labor and Trotsky's desire for the full implementation of the principle of one-man management.
- 98 See Malle, p. 322, for a general discussion of the theory and practice of food procurement in Bolshevik Russia.
- 99 As Trotsky would later (1922) describe their efforts toward socialist construction during War Communism:

How did we start? We began ... in economic policy by breaking with the bourgeois past firmly and without compromise. Earlier there was a market – we liquidate it, free trade – liquidate it, competition – we abolish it, commercial calculation – we abolish it. What to have instead? The central, solemn, sacred, Supreme Economic Council for National Economy that allocates everything, organizes everything, cares for everything: where should machines go to, where raw materials, where the finished product – this all will be decided and allocated from a single center, through its authorized organs. This plan of ours has failed.

(See Szamuely, p. 94, where he discusses Trotsky's speech at the Eleventh Party Congress in March 1922)

- 100 Lenin, *Collected Works*
- 101 Malle, pp. 32–3.
- 102 Lenin, *Collected Works*, vol. 27, 268–69.
- 103 Quoted in Shadwell, p. 24.

- 104 Quoted in Leon Smolinsky (1967) "Planning without Theory, 1917–1967," *Survey* 64 (July): 113.
- 105 Quoted in Lancelot Lawton (1932) *An Economic History of Soviet Russia*, two volumes, New York: Macmillan, vol. I, p. 108.
- 106 Quoted in Szamuely, p. 34.
- 107 Nikolai Bukharin and Eugene Preobrazhensky (1919/1966) *The ABC of Communism* Ann Arbor: University of Michigan Press. The appendix of this book contains the adopted Party program, pp. 373 ff. Bukharin wrote all of Part One, the theoretical exposition on the decay of capitalism. He also wrote the introduction to Part Two, which concerns itself with the dictatorship of the proletariat and the building of Communism. In addition, Bukharin wrote the chapters on the organization of industry, the protection of labor and public hygiene. Preobrazhensky wrote the remaining chapters.
- 108 Bukharin and Preobrazhensky, p. 70, emphasis added. It is the accomplishment of this program of rationalization that Milyutin announced with pride in June 1920. "All enterprises and all industrial branches," he stated, "are considered like a single enterprise. Instead of competition, instead of struggle, Soviet Power with determination implements the principle of unity of the national economy in the economic field." See *Narodnoe khoziaistvo Sovetskoi Rossii* (1920), p. 8, quoted in Malle, pp. 320–7). It is this very project of achieving *ex ante* coordination that Mises directly challenged; while Bukharin stated that the planner would know in advance how, to what and for whom to allocate resources, Mises merely asked the planners how, in the absence of monetary calculation, they would know which projects were economically feasible and which ones were not. It is this disregard on the part of the Bolsheviks for economic calculation that finally led to the collapse and retreat to NEP.
- 109 Bukharin and Preobrazhensky, p. 74. Bukharin does, however, admit that this program is not fully realizable at the moment. Two or three generations would have to grow up under the new conditions before the project was fully realizable; then "the bureaucracy, the permanent officialdom, will disappear" and the state would wither away. Bukharin, at least here, did not seem to understand the threat of the growing bureaucracy associated with the Communist scheme. For a discussion of the bureaucratization of social life under Soviet rule, see Bruno Rizzi (1930/1985) *The Bureaucratization of the World*, New York: Free Press; Milovan Djilas (1957) *The New Class*, New York: Praeger; and George Konrad and Ivan Szelenyi (1979) *The Intellectuals on the Road to Class Power*, New York: Harcourt Brace Jovanovich.
- 110 Bukharin and Preobrazhensky, pp. 72, 77. See also Bukharin (1920/1979) "The Economics of the Transition Period," in *The Politics and Economics of the Transition Period*, ed. K. J. Tarback (ed.) Boston: Routledge & Kegan Paul, p. 155, where Bukharin argues that "Money represents the material social ligament, the knot which ties up the whole highly developed commodity system of production. It is clear that during the transition period, in the process of abolishing the commodity system as such, a process of 'self-negation' of money takes place. It is manifested in the first place in the so-called devaluation of money and in the second place, in the fact that the distribution of paper money is divorced from the distribution of products, and vice versa. Money ceases to be the universal equivalent and becomes a conventional – and moreover extremely imperfect – symbol of the circulation of products."
- 111 Bukharin, "The Economics of the Transition Period," p. 155.
- 112 "Program of the Communist Party of Russia (adopted at the Eighth Party Congress Held March 18 to 23, 1919)," in Bukharin and Preobrazhensky, p. 390.
- 113 Bukharin and Preobrazhensky, p. 396. Also see Lenin, "Draft Programme of the R.C.P. (B.)," *Collected Works*, vol. 29, pp. 98–140. Lenin proposed that "the R.C.P. will strive as speedily as possible to introduce the most radical measures to pave the way for the abolition of money, first and foremost to replace it by savings-bank books, cheques, short-term notes entitling the holders to receive goods from the public stores and so

- forth ... ” (pp. 115–16). Lenin argued for the eventual elimination of hand-to-hand currency and its replacement by a system of cashless accounting, i.e. sophisticated barter.
- 114 “Appendix: Documents of the Revolution” in Chamberlin, *The Russian Revolution*, vol. 2, p. 490.
- 115 “Decree of the Supreme Economic Council on the Nationalization of Small Industrial Enterprises, of November 29, 1920,” in *Ibid.*, p. 494.
- 116 Lenin, *Collected Works*, vol. 32, pp. 329–65.
- 117 *Ibid.*, vol. 27, 340.
- 118 *Ibid.*, 339.
- 119 “The New Economic Policy and the Tasks of the Political Education Departments” (October 17, 1921) in *Collected Works*, vol. 33, p. 62.
- 120 *Ibid.*, vol. 35, p. 475.
- 121 F. A. von Hayek, “The Use of Knowledge in Society” in *Individualism and Economic Order*, p. 78.
- 122 Lavoie, *National Economic Planning*, p. 214.
- 123 I have argued this position in my 1990 book, *The Political Economy of Soviet Socialism: The Formative Years, 1918–1928*, Boston: Kluwer, 1990, pp. 63–111. Also see my 1990 article, “The Political Economy of Utopia,” *Journal des Economistes et des Etudes Humaines* 1(2): 91–138. For classic presentations of this interpretation of Soviet history, see Boris Brutzkus (1935/1981) *Economic Planning in Soviet Russia*, Westport, CT: Hyperion Press; Paul Craig Roberts (1971/1990) *Alienation and the Soviet Economy*, New York: Holmes and Meier; and Laszlo Szamuely (1974) *First Models of the Socialist Economic System*, Budapest: Akademiai Kiado.
- 124 Leon Trotsky (1923/1960) “Theses on Industry” (March), in R. V. Daniels (ed.) *A Documentary History of Communism*, vol. 1, New York: Vintage, p. 235. Also see Trotsky, *The New Course* (1924/1975), in *The Challenge of the Left Opposition (1923–1925)*, New York: Pathfinder, p. 120, where he argued that the development of “state industry [was] the keystone of the dictatorship of the proletariat and the basis of socialism.” The principal concern of Gosplan “must be development of state (socialist) industry.”
- 125 Trotsky, “Theses on Industry,” pp. 236–7.
- 126 Trotsky, quoted in Richard Day (1973) *Leon Trotsky and the Politics of Economic Isolation*, New York: Cambridge University Press, p. 82.
- 127 See Alec Nove (1981) “New Light on Trotskii’s Economic Views,” *Slavic Review* 40(1) (Spring): 84–97.
- 128 Nikolai Bukharin, quoted in Nove (1979) “Some Observations on Bukharin and His Ideas,” in Nove, *Political Economy and Soviet Socialism*, New York: Allen and Unwin, p. 86.
- 129 Nikolai Bukharin (1919/1970) *The Economic Theory of the Leisure Class*, New York: Augustus M. Kelley. In the preface to the book Bukharin wrote that his “selection of an opponent for our criticism probably does not require discussion, for it is well known that the most powerful opponent of Marxism is the Austrian School” (p. 9).
- 130 Nikolai Bukharin (1925/1982) “Concerning the New Economic Policy and Our Tasks,” in Bukharin, *Selected Economic Writings on the Transition to Socialism*, New York: M. E. Sharpe, p. 188.
- 131 *Ibid.*, p. 189.
- 132 *Ibid.*
- 133 For a recent discussion of Bukharin’s views of the market see John Salter (1990) “L. I. Bukharin and the market question,” *History of Political Economy* 22(1) (Spring): 65–79.
- 134 See my *The Political Economy of Soviet Socialism*, pp. 11–61.
- 135 Nove has recently argued this point in his 1983 book, *The Economics of Feasible Socialism*, London: Allen and Unwin.
- 136 Don Lavoie (1985) *Rivalry and Central Planning*, New York: Cambridge University Press, pp. 29–30.