

**Critical Theories of the Class Nature of the Soviet Union:
A Marxian Survey**

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1. Introduction

The ongoing systemic crisis of world capitalist system and solutions being imposed by the employers and their governments not only generate resistance and struggle but also an active search for a better world, for which a critical study of the Soviet experience is an integral part. This essay is a Marxian survey of three prominent critical theories of the class nature of the Soviet Union. Attention will be focused on the internal logic of these theories, their explanatory power but especially on their potential contribution to the development of a Marxian theory of transition to socialism.

In October 1917, the workers and peasants of Russia inaugurated their own government. The proletarian character of this government based on the Soviets of Workers' and Soldiers' Deputies could be easily discerned from the January 10th 1918 resolution of the Third Congress of the All-Russia Soviets where unprecedented political, economic, social and cultural rights of workers and peasants were recognized and the socialist direction of the new society proclaimed. The new socialist civilization, in keeping with Marx's teachings, was to be built on a scale surpassing the best capitalist world could offer. However, internal and external difficulties soon engulfed the new Soviet regime, workers' and peasants' organizations were undermined, and deep divisions emerged within the leadership of the Bolshevik Party. The character of the new Soviet society and state became a subject of contention.

Marx's theory of communism¹ developed from his radical critique of the class society in general and the capitalist system in particular. Accordingly, in Marx's communism production, allocation and appropriation are planned by the self-governing "associated producers" as the market and the state, and with them alienation and oppression, have withered away. Such society requires a high degree of development of the productive forces (technique and culture) to unfold each person's individuality and support its rounded development as the cooperative wealth flow abundantly to allow "from each according to his ability to each according to his needs."

However, Marx who was hopeful to see the socialist revolution start in France, extend to Germany, and be finally settled in England, was a materialist and a realist. He fully expected the post-revolutionary society that would issue from a successful proletarian revolution "in every respect, economically, morally and intellectually, still [be] stamped with the birthmarks of the old society from whose womb it emerges (Marx 1875:85)." Thus, the theory of transition from capitalism to communism remained the central issue for which no ready made prescriptions were available.

In September of 1917 in preparation for this transitional phase, Lenin wrote the *State and Revolution*. Contrary to the anarchists, Lenin argued that the working people need their own state to advance the revolutionary transformation of the society. Still, Lenin stressed

¹ In Marx, socialism was the lower stage of communism. They were both terms for a new mode of production of "associated producers."

that “The working people need the state only to suppress the resistance of the exploiters, and only the proletariat can direct this suppression (Lenin 1917: 408).” Against Social Democratic theories that advocated state socialism, he emphasized that “the proletariat needs only a state which is withering away, i.e., a state so constituted that it begins to wither away immediately (Lenin 1917:407).” Using Marx and Engels’ guidelines generalized from the experience of the Paris Commune, Lenin proposed political and administrative measures to guard against the growth of a bureaucracy in the workers state. The workers state was to be built on the basis of class struggle mass organizations of the working people formed during the revolution in place of the shattered capitalist state machinery, including its bureaucracy.

This brief background is sufficient to exclude the “really existing socialism” claim as a Marxian theory of the Soviet Union. This self-serving characterization of the Soviet Union as socialist or communist was prominent among both the Stalinists and anti-communist bourgeois ideologues. In April 4, 1936 issue of Pravda, for example, Stalinists boasted that: “In the Soviet Union the parasitical classes of capitalists, landlords and kulaks are completely liquidated, and thus is forever ended the exploitation of man by man. The whole national economy has become socialistic, and the growing Stakhanov movement is preparing the conditions for a transition from socialism to communism (cited in Trotsky 1937A:107-08).” From the perspectives of Marx and Lenin, the reality was the opposite of the Stalinist totalitarian regime that was being built through successive waves of purges, imprisonment and murder of tens of thousands of communist cadres, including the bulk of the central leadership of the Bolshevik Party, and, millions of workers and peasants. Thus, I limit this essay to critical theories of the Soviet Union.

2. Trotsky: a degenerated workers state

Trotsky’s critical assessment of the class nature of Soviet Union evolved over two decades. Here, I focus attention on his later writings, in particular *The Revolution Betrayed: What is the Soviet Union and Where Is It Going?* (1937A). As most Marxist writings, this book is written in a polemical form, principally in response to the Stalinist claim that the Soviet Union has already achieve socialism (the lower stage of communism) and is heading for its final stage of development. It is important to recognize that the book is also partly written as a defense of the Russian revolution and its achievements still present in the Soviet Union, in the face of what Trotsky (correctly) predicated as the next imperialist world war. Of necessity, my account reflects a certain degree of simplification without, I hope, misrepresenting the main logic of his position.

Trotsky begins with the presumption that the most essential achievement of the October revolution was the establishment of a workers state in Russia. The new state was founded on the basis of the proletarian revolution that nationalized the social means of production, distribution, finance, and international trade. On these bases, the Soviet Union was able to begin experimentation with central planning.

To assess the evolution of the Soviet society Trotsky begins with Marx's emphasis on the material and cultural prerequisites for communism (Trotsky 1937A:45-46). This, he argues "is not exhausted by a consideration of property regardless of the achieved productivity of labor (ibid. 46-47)." The necessary level of labor productivity can only be determined relative to what has been achieved in the advanced capitalist countries. This is so, not only because the workers state needs to defend itself militarily, but more importantly, because of the prevalence of "bourgeois wants" in post-revolutionary society, which is a function of the conditions of the capitalist world economy (ibid. 57).

Basing himself on Marx's view that bourgeois norms of distribution will continue to prevail after the inauguration of the workers state, Lenin had argued that bourgeois norms of distribution of consumer goods inevitably presupposes a bourgeois state to enforce bourgeois law supporting such distribution. It follows that in the transition period "not only will bourgeois law survives for a certain time, but also even a bourgeois state without the bourgeoisie! (Lenin 1917:476)" From this Trotsky concludes the dual nature of the state in the transition period: It is "socialistic, insofar as it defends social property in the means of production; it is "bourgeois, insofar as it defends distribution of life's goods...with a capitalistic measure of value and all the consequences ensuing there from (Trotsky 1937A:54)."

Combining these theoretical considerations with the empirical phenomenon of the malignant growth of the bureaucracy and state and their rapid alienation from workers and peasants Trotsky draws a general conclusion:

The tendencies of bureaucratism, which strangles the workers' movement in capitalist countries, would everywhere show themselves even after a proletarian revolution...[T]he poorer the society which issues from a revolution, the sterner and more naked would be the forms assumed by bureaucratism, and the more dangerous would it become for socialist development (ibid 55).

Thus, Trotsky reviews the Soviet experience:

The transfer of the factories to the state changed the situation of the workers only juridically. In reality, he is compelled to live in want and work a definite number of hours for a definite wage. Those hopes which the worker formerly had placed in the party and the trade union, he transferred after the revolution to the state created by him. But the useful functioning of this implement turned to be limited by the level of technique and culture. In order to raise this level the new state resorted to the old methods of pressure upon muscles and nerves of the worker. There grew up a corps of slave drivers. The management of the factory became super-bureaucratic. The workers lost all influence whatsoever upon the management of the factory. With piecework payment, hard conditions of material existence, lack of free movement, with terrible police repression penetrating the life of every factory...In the bureaucracy he sees the manager, in the state, the employer. Free labor is incompatible with the existence of a bureaucratic state (ibid. 242).

These lines not only offer a perceptive explanation of what transpired during the early Soviet experience but also include implied criticism of the Bolshevik policy, in particular Trotsky's own positions and actions. "Bolshevik Party prepared and insured the October victory. It also created the Soviet state, supplying it with a sturdy skeleton. The degeneration of the party became both the cause and consequence of the bureaucratization of the state (ibid. 94)."

Thus, after 1933 the Soviet Union was characterized by Trotsky as a "degenerated workers state" with the following features:

The Soviet Union is a contradictory society halfway between capitalism and socialism, in which: (a) the productive forces are still far from adequate to give the state property a socialist character; (b) the tendency toward primitive accumulation created by want breaks out through innumerable pores of the planned economy; (c) norms of distribution preserving a bourgeois character lie at the basis of a new differentiation of society; (d) the economic growth, while slowly bettering the situation of the toilers, promotes a swift formation of privileged strata; (e) exploiting the social antagonisms, a bureaucracy has converted itself into an uncontrolled caste alien to socialism; (f) the social revolution, betrayed by the ruling party, still exists in property relations and in the consciousness of the toiling masses; (g) a further development of the accumulating contradictions can as well lead to socialism as back to capitalism; (h) on the road to capitalism the counterrevolution would have to break the resistance of the workers; (i) on the road to socialism the workers would have to overthrow the bureaucracy. In the last analysis, the question will be decided by a struggle of the living social forces, both on the national and the world arena (ibid. 255).

The logic of Trotsky's analysis is that the Russian revolution and with it the workers state degenerated under a specific set of internal and external forces. The Russian proletariat took the road of socialism because the bourgeoisie was unable to clear the feudal relations for further development of the Russian society. Thus, the fight for democracy and socialism was combined under the leadership of the proletariat. The immaturity of forces of production (technique and culture) condemned the young Soviet power to failure without an extension of the socialist revolution to the heartland of Europe. But the European revolution failed and the Russian revolution was isolated. Given the condition of civil and imperialist war, the revolution degenerated resulting in the consolidation of a bureaucratic caste.

Trotsky's theory analysis weaves together political, sociological and economic analysis to inform working class strategy and tactic. Include in his approach is the Marxian belief in the revolutionary potential of the proletariat, a question I will return to in the conclusion to this essay. Thus, citing insufficient basis to conclude that the Soviet bureaucracy is a new ruling class, he designated it as a petty bourgeois caste and the Soviet Union as a degenerated workers state. It is on this basis that Trotsky believed the

world capitalist crisis of the 1930s, and the coming world war might bring about proletarian revolutions, and a new combination of international factors that could give the Russian proletariat an opportunity to reassert itself by carrying out a political revolution.

Insofar as the subject of Trotsky's analysis is a crisis ridden transitional society, the notion of workers state itself exhibits certain tensions. For instance, in Trotsky's summery just quoted he argues that the Soviet Union is a workers state because "the social revolution...still exists in *property relations* and in the *consciousness* of the toiling masses (my emphasis)." However, the long quotation before it, Trotsky also argues that that the change in the *property relations* was merely *juridical*. In fact, the worker is "compelled to live in want and work a definite number of hours for a definite wage." After the October revolution, the hopes that the worker placed "in the party and the trade union" were then place in the state. But the state was compelled "to resort to the old methods of pressure upon muscles and nerves of the worker." Thus grew "a corps of slave drivers." "The workers lost all influence whatsoever upon the management of the factory." This situation grew progressively worse after the consolidation of the Stalinist bureaucratic caste. "With piecework payment, hard conditions of material existence, lack of free movement, with terrible police repression penetrating the life of every factory." Thus, the workers saw the bureaucracy as the manager and the state as the employer.

After the October revolution, it was clear that workers and peasants constituted the two social classes that formed the basis of the new revolutionary government. This was true even though extensive nationalizations were not undertaken until July 1918 (and even then only because of capitalist sabotage and civil war). It is clear that one can have a government of workers and peasants on the basis of capitalist property relations. However, this is a contradictory phenomenon that would not last: either direct producers take over the means of production thereby giving their government (dictatorship of the proletariat) a solid economic basis or the revolutionary power is overthrown by the capitalists and landlords. In Russia, means of production were nationalized by the workers government supported by a network of workers' control through factory councils, trade unions and Soviets. This created a workers state in the sense that the tension between the political form and material base was resolved in favor of the workers. However, soon afterwards workers' control died out as factory councils were dissolved, and unions and the Soviets were brought under the control of the party that was increasing merged with the state. Thus, the process of socialization of the nationalized property was cut short very soon after the conquest of power. In parallel the Soviet basis of the state was undermined as the state became increasing independent of the Russian masses. In this sense, the property relations increasingly reflected not the power and will of the workers but those of the bureaucracy (management) and the state (the employer).

Thus, Trotsky's analysis betrays a tension, which is inherent in the actual experience of the Russian revolution and its aftermath. In an early polemic, he admits that the concept of the dictatorship of the proletariat is "wholly and fully" a political category. However, he argues that "politics is only concentrated economics." Therefore, "the regime which guards the expropriated and nationalized property from the imperialists is, independent of

political form, the dictatorship of the proletariat (Trotsky 1937B:62).” Two years later, in another polemic on the same subject he contends that only vulgar Marxists “who take it that politics is a mere and direct ‘reflection’ of economics, are capable of thinking that leadership reflects the class directly and simply (Trotsky 1939:12).”

Thus, the notion of the “dictatorship of the proletariat” could not be sustained any longer as the workers were driven out of politics in Trotsky’s own account. Similarly, the conception of a “workers state” (referring to property relations) is increasingly undermined by the notion of a bureaucracy that controls the means of production or the notion of a state that acts as the employer. Not surprisingly, these theories of the Soviet Union were proposed as alternative to Trotsky’s theory of a “degenerated workers state.”

3. Rizzi: Bureaucratic Collectivism

Bruno Rizzi’s *La Bureaucratization du Monde* (1939) contribution to the debate on the question of the class nature of the Soviet Union is exaggerated (e.g., Howard and King 1992:58-61). Adam Westoby (1985), who translated the first and main part of the book into English and wrote a very informed “Introduction” to it, suggests that its importance lay in the fact that it captures a certain “mood” of its day more boldly than others: “Based more on experience and common sense than on scholarly immersion in theoretical literature, it has no fear of speculative leaps (Westoby, 1985:11).” The fact that Trotsky got a hold of a copy of the book in September 1939 and took up its central argument in his polemic regarding the class character of the Soviet Union (Trotsky 1939) certainly has accorded the book a wider audience.

There were in fact others who referred to the Soviet Union as a new bureaucratic type of state before Rizzi or independent of him (Labriola 1936:332; Hilferding 138; Burnham 1941). Max Shachtman, a leader of the American Trotskyist organization the Socialist Workers Party, who split from it in 1940, was most effective in organizing a political movement based on this view. Still, Rizzi’s work influenced Milovan Djilas’ *The New Class* (1957) and Daniel Bell’s *The Coming Post-Industrial Society* (1974) and others.

Rizzi argued that the proletariat has failed to produce socialism in its struggle against the bourgeoisie. In fact, Rizzi’s position is that the proletariat lacks any revolutionary capacity for social change (e.g., Rizzi 1939:46, 47, 52). Therefore, in the Soviet Union, a “new social synthesis,” the bureaucracy, appeared as the ruling class.

In our sense, the USSR represents a new type of society, ruled by a new social class: that is our conclusion. Property collectivized, effectively belonged to this class which has installed a new—and superior—system of production. Exploitation passes from the level of the individual to that of the class (Rizzi 1939:54).

But how does this new class differ from the bourgeoisie? Rizzi is unsure. Sometimes, he talks about creation of surplus value and profits (e.g., *ibid.* 64). In fact, there are a number of passages where he sounds like he is arguing for a state capitalist definition of

the Soviet Union (e.g., *ibid.* 86). But he does explicitly suggest that the Soviet Union was a new slave society.

Exploitation takes place exactly as in a slave society. The subject of the state works for the master who has bought him, he becomes a capital good, he is livestock which has to be cared for, housed, and whose reproduction is of great concern to the master. Even the payment of so-called wage effected in part through state services and in kind, should not deceive us into imagining it is some kind of socialist payment: it is, in effect, for maintenance, for keeping the slave in good condition (*ibid.* 80).

Rizzi goes on to argue that fascist Italy and Germany and the United States under Roosevelt represent different manifestation of bureaucratic collectivism.

His policy conclusion is as stark: “The laws of historical progress dictate that workers should cooperate with the new rulers—fascists or Stalinists—for long years; in due course the new society leads directly to socialism because of the very high level of production reached (Rizzi 1939:282-83, cited in Westoby 1985:16).”

[The top bureaucrats] having satisfied their material, intellectual and moral needs, may of courses find a pleasurable occupation in the constant material, intellectual and moral elevation of the working class... The totalitarian state will more and more lose its political characteristics and retain only its administrative characteristics. At the end this process we will have a classless society and socialism (cited in Cliff 1948:7).

Rizzi’s “bureaucratic collectivism” argument is hardly a theory and it rejects fundamental percepts of Marx’s theory. Thus, it does not contribute to the Marxian theory of transition to socialism. However, it does raise important questions for Trotsky’s assessment of the Soviet Union that aims to contribute to the Marxian theory. Rizzi contends (as Burnham before him) that the dictatorship of the proletariat is first and foremost a political category. He disagrees with Trotsky claim that “the source of the oppression of the Russian proletariat is world imperialism; the mechanism of transmission of the oppression—the bureaucracy (Trotsky 1937A).” He questions the validity of using nationalized property as a criterion in characterizing the Soviet Union a workers state. In fact, he suggests that the bureaucracy as a new social class requires nationalized property and central planning. He recalls that Trotsky himself uses the practice of piece work in the Soviet Union as an example of intensification of exploitation organized by the bureaucracy. Rizzi argues that the bureaucracy is no longer simply skimming surplus in the process of distribution (it is no longer a parasitic caste) but that like a class it organizes exploitation in the process of production. Thus, Rizzi holds that the degeneration that Trotsky documents so well had spread from the sphere on distribution to the sphere of production and a historically new social class rules the Soviet Union.

4. Resnick and Wolff: state capitalism

Following on hints from Marx and Engels, some theoreticians of the Second International believed that what they characterized as finance capital or monopoly capitalism was turning into state monopoly capitalism. It was Martov, the prominent Menshevik theoretician, who first used this label for the newly established Soviet regime. However, the theoretical development of the state capitalist characterization of the Soviet Union had to wait until the 1940s. In this case again, it was the followers of Trotsky—Raya Dunayveskaya (1992) and C.L.R. James (1986)—who criticized his notion of “degenerated workers state” to develop theories of state capitalism (for a review of state capitalist literature, see Jerome and Buick 1967; Bettelheim 1976:464-476; Bellis 1979; Buick and Crump 1986:102-125). Tony Cliff (1955), of the British Socialist Workers Party, was most successful in building a political movement committed to this characterization of the Soviet Union.

Resnick and Wolff’s (2002) theory of state capitalism differs in significant ways from these earlier views because they adopt a different epistemological position and employ a distinct methodology, which requires their own definitions of state capitalism and of communism.

Key to Resnick and Wolff’s argument is their definition of class as “a process in society where individuals perform labor above and beyond that which society deems necessary for their reproduction as laborers...A class analysis in this sense *classifies* individuals in a society in terms of their relationship to this surplus (ibid. 8).

From this follows their definition of a *communist fundamental class process* as one in which the same individuals who perform the surplus labor collectively also receive it collectively. A *communist subsumed class process* is one in which these collective receivers of the surplus labor also collectively distribute it: “They do so to pay for the performance of non-class processes (political, cultural, and so on) deemed necessary for the existence of the communist fundamental class process (ibid. 14).” Examples include: payments to lawyers, teachers, entertainers, and security personnel.

A number of conclusions follow. Such “communist class structures” seem feasible at any point in history, in any production location regardless of the type of production (factory production, petty commodity production, household production) and they don’t need to be connected to a self-conscious struggle of workers for communism. In fact, in chapter 9 the authors argue that Stalin’s forced collectivization in agriculture formed a communist class structure in the Soviet Union. The authors hold that communism can take centralized, decentralized or any other form in between, and it can coincide with private property and markets, and with democratic or dictatorial regimes. In fact, it would seem that communism for them can coexist with just about any economic, social, political or cultural forms. This is because Resnick and Wolff’s analysis is exclusively focused on micro-processes even as they hold a state capitalist position (which presumably entails the highest possible degree of concentration of capital and socialization of both capital and labor given the capitalist mode of production).

From this definition of class follows their conception of state capitalism:

What defines state as opposed to private forms of capitalism is the social *location* of surplus appropriating enterprises and the *connection* of appropriating individuals to the state....In state capitalism, individuals with a necessary connection to the state—employed and selected by the state—exploit labor in enterprises that occupy locations *within* the state apparatus (ibid. 87, emphases in the original).

However, as Trotsky (1937A:245-52) noted (and supporters of bureaucratic collectivist theory would agree) these two features certainly affect the condition of exploitation and therefore the character of the state.

Resnick and Wolff do not confront these objections; instead they argue that *given the exploitation of direct producers*, the Soviet Union should be characterized as capitalist because its mode of production was neither slavery nor feudalism. State capitalism was established in the Soviet Union because Russian workers never arrived at Resnick and Wolff's definition of communist class consciousness: "Their class consciousness did not grasp the difference between capitalist and communist structures of surplus production, appropriation, and distribution and their actions reflected that lack (ibid. 97)." Accordingly, the Bolsheviks (or any other major political tendencies in the workers' movement at the time) were not communists. In fact, the Bolsheviks appear more like benevolent bourgeois reformers (e.g., ibid. 156-57).

Furthermore, Resnick and Wolff maintain that Stalinism was the continuation of Bolshevism. In fact, they hold that the same continuity runs through the Soviet/Russian leadership all the way to Gorbachev, Yeltsin, and Putin, who are "like the Bolsheviks from whom they descended and absorbed class-blind theory (ibid. 323)."

Finally, they argue that just as the 1917 revolution resulted in a state capitalist transformation of the crisis-ridden private capitalism, the events since the end of the 1980s represent a reversal from the crisis-ridden state capitalism to private capitalism. "Beginning in the 1970s, postwar non-class changes altered the balance among contradictory Soviet class structures: mutual support gave way to mutual weakening. Dissatisfaction, resentment, corruption, and conflict deepened (ibid. 285)." As Soviet reforms failed, "there arose...a society-wide sense of a need for some more fundamental, sweeping reorganization of the entire system. This set the stage for the collapse of the late 1980s (ibid. 285)."

Let us consider three reservations regarding Resnick and Wolff's overall argument. The first is epistemological and methodological.

We hold that all theoreticians of communism so far have lacked two key qualities. First, no systematically non-determinist (i.e., anti-essentialist) perspective has been applied to define and elaborate a concept of communism. Secondly, no class

perspective has been applied where class refers to the social organization of surplus: how it is produced, appropriate, and distributed in a distinctly communist way (ibid. 3).

Key here is their notion of “overdetermination” to stress that social reality is highly complex, interdependent and in perpetual state of change, but not in the commonly understood dialectical sense:

No process in society can be understood as the effect of merely one or a subset of other social processes. No one process in society, nor any subset, can be understood as *the* cause of one or more other social processes. In other words, no process can be the essence of another; no subset of social processes can determine another subset (Resnick and Wolff 1987:25, emphasis in the original).

This is an extreme anti-essentialist and anti-reductionist position that leads to epistemological and methodological indeterminism. For instance, the authors’ claim that the Soviet Union has never before been analyzed properly in class terms and that the “The history of the USSR exemplifies the disastrous consequences of such exclusions [of Resnick and Wolff’s class analysis] for the project of moving beyond capitalism (Resnick and Wolff 2002:8).”

This assertion seems to be their main reason for writing the present book. But on the next page they write “...our analysis...is distinguished by *not* asserting that class is what determined the rise and fall of the USSR (p. 9, emphasis in the original).”

Thus, it remains unclear how the strong conclusions the authors have derived regarding the nature of the Russian revolution, the Bolshevik party, and the Soviet Union and its history could be justified. In fact, true to their epistemological standpoint, the authors seem to distance themselves from many of their own conclusions, including some of those noted above.

Second, while it is clear from the outset that the authors take a different epistemological and methodological position than Marx and Engels, it is unclear why they present their theoretical development as Marxian. In fact, using a different epistemology and methodology Resnick and Wolff’s theorizing differs substantially from that of Marx, including on such key concepts such as classes (in particular the proletariat), exploitation and alienation, state, and socialist revolution all crucial to their concern with the Soviet experience (for elaboration, see, Nayeri 2004).

Finally, Resnick and Wolff’s argument leads to a highly insufficient and contentious interpretation of the history of Soviet Union. While attention to the labor process is crucial for any proletarian theory of socialism and the Bolsheviks theory, program and strategy (together with all other prominent tendencies in the Second and Third Internationals) were deficient in this regard, Resnick and Wolff’s own treatment often displays an amazing indifference to the actual development of the Russian and Soviet working class movements. There is no discussion of the development of workers’

organizations such as unions, strike committees, factory committees, workers' control and management movements, and soviets.

Because Resnick and Wolff are singularly focused on their definition of communist class structure as an outcome measure, they fail to capture the rich dynamics of the working class movement. Not focusing on the dynamics of the Russian revolution, they privilege continuity rather than change. As a result, their historical judgments are at odds with those of the most prominent historians of the Russian revolution. In their hands, the Russian revolution of 1917 becomes a bourgeois reform but Stalin's forced collectivization is coined as revolutionary. Like the Stalinist and some bourgeois historians, Resnick and Wolff view Stalin's anti-labor and anti-communist policies not as a counter-revolutionary break with the Bolshevik program and strategy but in continuation with them. They provide no explanation for the unceasing world capitalist hostility to the Russian revolution, the Soviet state, working class gains preserved despite the Stalinist counter-revolution, and the imperialist drive to destroy the Soviet Union during World War II and the Cold War.

5. The test of history

Barry Sheppard (2001) has examined the broad claims of these three types of theories (but not any specific ones, except Trotsky's) and persuasively has argued for the superiority of Trotsky's characterization. Only Trotsky's transitional society, ruled by a petty bourgeois bureaucratic caste, "a regime of permanent crisis" would seem to explain in broad outlines what actually developed: In the concluding section of his *The Revolution Betrayed* Trotsky warned: "The longer the Soviet Union remains in a capitalist environment, the deeper runs the degeneration of the social fabric. A prolonged isolation would inevitably end not in national communism, but in a restoration of capitalism (Trotsky 1937A:301)." He predicted that the Soviet Union will stagnate after an initial period of rapid growth and extensive development. The potential for the progressive initial phase was the ability to copy Western technologies on the bases of nationalized property and central planning. The diagnosis for its demise came from an assessment of how the bureaucracy undermined incentives and innovations necessary for an intensive development of the Soviet Union.

Rizzi's bureaucratic collectivism theory actually accorded the Soviet regime a progressive status compared to the capitalist economies—while the latter were believed to be exhausted and in crisis, the bureaucratic regime was imagined to have tremendous potential for progress. This view of the progressive potential of the bureaucracy, which in fact coincides with the Weber's belief in the rationality and efficiency of the bureaucracies (1921-2: part 3, chap. 6), proved to be false in this case.

Resnick and Wolff's study does not qualify for consideration because it was written after the collapse, and in part, to explain it. But more importantly, it seems to me that their methodology would be in part averse to making a prognosis. While we cannot pass judgment on any specific state capitalist theory not examined here, it would be useful to consider an underlying issue regarding those that are based on a Marxian basis. Marx's

conception of capital allows for its historical development: money capital, merchant capital and industrial capital. As Paresh Chattopadhyay (1994: 21-28) shows, Marx's conception also allow for the development of share capital (where ownership and control functions are separated) and "state capital" (where concentration of capital and socialization of capital and labor attain their highest level). In a footnote, Chattopadhyay (ibid. p. 31), a learned disciple of Bettelheim, admits that "Though Marx specifically speaks of 'state capital'...he does not ...go into any length on the question." He proceeds: "However, once given the concept itself, the essential elements for constructing the basis of the relevant analysis could easily be gathered from his discussion of the first form [share capital]."

Three considerations follow. Marx probably did not place much likelihood for the development of the "state capital" form into a "state capitalism." Typically, Marx refers to "state capital" in passing and in the sense of ownership and control of productive assets of industries that require large amount of fixed capital and long turn over time. For example, in *Capital*, volume 2 he refers to "state capital as far as governments employ productive wage-labour in mines, railways, etc., and function as industrial capitalists (Marx 1885:177)." It is clear that this notion of "state capital" is entirely different from that of state capitalist theories. In this case, Marx is referring to what Trotsky (1937A: 245-48) calls "stat-ism." It requires a stretch of imagination to suggest that Marx or Engels were precursors of state capitalist theories.

Second, as Trotsky pointed out, the character of property relations is not impartial to the historical process: property held by the state is not "state capitalism" if it is under workers control or management or if it is, in fact, a workers state. Thus, state capitalist theories are interesting to the extent that they include the historical context of how state property was introduced and evolved in the Soviet Union.

Finally, if we grant the claim of the more orthodox and internally consistent state capitalist theories, it follows that Soviet economy had achieved the highest possible concentration of capital, and socialization of capital and labor. Therefore, the Soviet mode of production must have been superior to the mode of production existing Western capitalist countries. But, the demise of the Soviet Union and similar economies in Eastern Europe and the current process of transition to a private capitalist economy (a lower stage of development according to the state capitalist view) disprove the anticipated superiority of the state capitalist model. Either the Soviet Union was not state capitalist after all or major revisions to the theory are called for.

Taken together, both bureaucratic collectivist and state capitalist arguments still need to explain in what sense the Stalinist ruling group was a class? This is especially an important question for those who argue these positions from a Marxian stand point. As Trotsky argued, "The historical justification for every ruling class consisted in this—that the system of exploitation it headed raised the development of the productive forces to a new level (Trotsky 1939:6)." While the Soviet economy did experience a period of rapid economic growth, there is no dispute today that "...bureaucratism, as a system, became the worse brake on the technical and cultural development of the country (ibid.)." It

seems like Trotsky was right when he insisted that “the bureaucracy is not the bearer of a new system of economy peculiar to itself and impossible without itself, but a parasitic growth on a workers’ state (ibid. 7).”

6. Towards a theory of socialist transition

Finally, we should ask: how these conceptions of Soviet experience inform the Marxian theory of transition to socialism? As noted earlier, Rizzi’s notion of bureaucratic collectivism was motivated by a belief that the proletariat lacked the capacity to affect a socialist transition. Socialism was left for the Stalinist and fascist bureaucracies to bring about.

Resnick and Wolff’s theorizing while clearly inspired by a desire to empower workers, resulted in characterization of the October revolution as state capitalist reform and the Bolsheviks as bourgeois reformers. Given their notion of communism, they could not find any section of the Russian proletariat that could have been called communist; in fact, they explicitly characterize the Russian working class as lacking any communist consciousness even as they forged strike committees, overthrew the monarchy, formed class struggle organizations unions and factory councils and Soviets, and finally were instrumental in making of the October revolution and forming a government of workers and peasants. The same analytical device finds Russian farmers after Stalin’s forced collectivization to possess communist consciousness. This is because Resnick and Wolff define as communist workers who produce, appropriate and distribute surplus. But as pointed out earlier, this form of consciousness represents sectional interest of specific group of workers. In Marx, communist consciousness arise in workers who have gained class consciousness by thinking and acting in the interest of the entire proletarian class that is held to be consistent with the interests of the humanity (see, for example, Marx and Engels 1848, also see, Nayeri 2005). Thus, while Resnick and Wolff’s study is motivated by an all important concern for self-organization and self-activity of workers, their unhistorical and static notion of communist consciousness, are at odds with interpretation of prominent historians of the Russian revolution, is of little value to the Marxian theory of transition to socialism.

Trotsky’s analysis directly aims to contribute to the theory of transition sketched by Marx, Engels and Lenin as well as to develop program, strategy and tactics for advancing this process in the specific case of the Soviet Union. However, his claim for the existence of a dictatorship of the proletariat runs into difficulty once it is admitted, as he argues, that a petty bourgeois bureaucratic caste consolidates its own dictatorship in the Soviet Union. Given this dictatorship, how could one argue that the Soviet Union was a workers’ state, albeit a deformed one? Trotsky’s response was that the Stalinist bureaucracy stands between the Soviet proletariat and imperialism; while oppressing the proletariat it defends by its own methods the socialist gains of the revolution (the nationalized economy, including the monopoly of foreign trade, and central planning) against imperialism.

In this Trotsky is true to the Marxism of the Second International, including the Russian Social Democratic Labor Party, that emphasized the “objective” over the “subjective” factors in its conception of historical materialism; hence in its theory of transition to socialism. However, reformist Social Democratic conception of socialism was much more in line with this notion of historical materialism than Lenin’s and Trotsky’s theories of socialist revolution, in which the proletariat in a backward country was seen as not only capable of but also required to assume the leadership role. This tension is evident in Trotsky’s characterization of the Soviet State and the Stalinist bureaucracy. He gives the existence of the nationalized economy and central planning primacy when he tied the character of the state to it. The tension is evident as Trotsky acknowledges that the change in property relations was merely “juridical;” that workers lost “all influence whatsoever upon the management of the factory;” and that the Soviet Union was ruled not by the proletariat but by a bureaucratic dictatorship.

Like Lenin’s writings on the character of the young Soviet Republic, the strength of Trotsky’s approach is in his dialectical view that the Soviet Union was a transitional society in every sense. The dialectical method focuses on the process of becoming. However, in dialectics the *direction* of social change is paramount. The October Revolution brought to power a government based on the Soviets, a workers’ and peasants’ government. The process of change was in the direction of turning the economic structure and social relations of production consistent with the power of direct producers. In this sense, the revolution was socialist. However, this process was cut short soon after the civil and imperialist wars undermined the Soviet power. The proletariat was diminished as a class in both quantitative and qualitative senses as industries was destroyed, workers pushed into the subsistence economy, or joined the Red Army, and many communist workers lost their life defending their revolutionary power. As Trotsky implicitly admits, the Bolshevik party, which did not always support the independent organs of the working class, was forced to fill in for organs of direct workers’ power as these disintegrated. Contrary to Lenin’s *State and Revolution*, the dictatorship of the proletariat gradually became the dictatorship of the party. By the tenth congress of the party, for all intent and purpose the Bolsheviks, not direct organs of workers’ power, ruled the Soviet Republic. The long process of unraveling of the gains of the October revolution and capitalist restoration had already begun.

Lenin and Trotsky had argued that the proletariat take power and begin the process of socialist revolution. However, they had emphasized that the socialist revolution in Russia cannot proceed with a revolutionary breakthrough in Western Europe. The class nature of the Soviet Union also depended as much on the state of class struggle on the world scale. While defending the Soviet State against imperialism, Trotsky has insisted many times that the interests of the world revolution come before the requirement of the Soviet State. The same logic applies to the interests of the Russian proletariat versus the Soviet State. In the Soviet Union what mattered most for transition to socialism was not the nationalized economy or central planning (as important as these were) but the self-acting and self-organizing movement of working people. Therein lays the continuity with the conquests of October 1917 revolution and with Marx’s theory.

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