

Preobrazhensky and the Problem of the Soviet Transition



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It is surprising that Preobrazhensky has received so little attention from Marxists. His major theoretical work, *The New Economics*, is cited by most secondary sources as providing the conceptual underpinning for the economic ideas of the Trotskyist Opposition. He also played a leading role in the 1923 Opposition that grew up around the "Platform of the 46" and in the Opposition of 1926-27.¹ The scope of his theoretical interests was considerable. Apart from his writings on the problems of Soviet industrialisation, he wrote extensively on the theory of money (both under capitalism and in the Soviet economy), capitalist crises, and culture and class consciousness. This is not to mention numerous books, pamphlets, articles, and speeches about diverse questions of socialist development and Marxist theory which he published in the 15 years following the Bolshevik revolution.² Even after 1928, when he had broken with Trotsky and made his uneasy peace with Stalin, his writings continued to display an originality and freshness that contrasted sharply with the paltry intellectual and political atmosphere of the age of the "red professors." Though, politically, he was amongst the first of the leading oppositionists to concede in the fight

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1. For the background of the 1923 Opposition and Preobrazhensky's role, see Isaac Deutscher, *The Prophet Unarmed* (London, 1959), pp. 113-34; E. H. Carr, *The Interregnum* (Pelican edition, London, 1969), chapters 13 & 14, plus the "Note," pp. 374-80, giving the text of the "Platform of the 46," as well as the various reservations expressed by its signatories; and David S. Law, "The Left Opposition in 1923," in *Critique* 2, pp. 37-52. For the Opposition of 1926-27, see Carr, *Socialism In One Country* (Pelican, 1970), Vol. I, Part II, and Vol. II, Ch. 19; and Deutscher, *op. cit.*, Chs. iv & v.

2. The most important of Preobrazhensky's writings on money and finance are: *Paper Money in the Epoch of the Proletarian Dictatorship* (*Bumazhnye Den'gi v Epokhu Proletarskoi Diktatury*, Tiflis, 1921); *Finance in the Epoch of the Dictatorship of the Proletariat* (*Finansy v Epokhu Diktatury Proletariata*, Moscow, 1921); *The Reasons for the Fall in the Exchange Rate of Our Ruble* (*Prichiny Padeniya Kursa Nashego Rublya*, Moscow, 1922); the article, "On Two Contentious Questions in Marx's Theory of Money" ("O Dvukh Spornykh Voprosakh Marksovoi Teorii Deneg"), in *Arkhiv K. Marksa i F. Engel'sa* (Moscow, 1930), pp. 132-59; and *The Theory of Depreciating Currency* (*Teoriya Padiushchei Valiuty*, Moscow, 1930). The latter is also one of Preobrazhensky's major works on capitalist crises. Others are the article, "Economic Equilibrium Under Concrete Capitalism and in the System of the USSR" ("Khozyaystvennoe Ravnovesie pri Konkretnom Kapitalizme i v Sisteme SSSR"), *Vestnik Kommunisticheskoi Akademii*, No. 18, 1926, pp. 63-84, which deals with the process of declining production in post-war Europe, and *The Decline of Capitalism* (*Zakat Kapitalizma*, Moscow, 1931). His most important writings on culture and class consciousness are the books, *On Morality and Class Norms* (*O Morali i Klassovykh Normakh*, Moscow, 1923) and *On the Material Basis of Culture in Socialist Society* (*O Material'noi Baze Kultury v Sotsialisticheskoy Obshchestve*, Moscow, 1923).

against the bureaucracy, his views from the '20's remained largely unmodified. His writings openly continued the work he had undertaken earlier as a Trotskyist, and since official "theoreticians" noted this, he was once more expelled from the party.³

Only two of Preobrazhensky's works are currently available in English translation (*The New Economics* and *From NEP to Socialism*); in addition, a critically important article is available in an anthology that is now out of print.⁴ As a result, studies of Preobrazhensky's work have been the almost exclusive province of non-Marxists, mainly bourgeois economists.⁵ From these have arisen the most wildly divergent interpretations of his views, varying from the belief that his call for revolution in the West was a tacit admission of defeat for the USSR's attempt to build socialism, to the accusation that he implicitly accommodated to the "theory" of socialism in one country.⁶ Yet despite their variety and even contradictory nature, these interpretations share one thing in common: they all divorce Preobrazhensky's economic theories both from his

3. Preobrazhensky expressly declared in a number of passages in *The Decline of Capitalism* (pp. 54, 61-62, 70-71, 82-83) that this book was part of the general analysis of the Soviet and world capitalist economies that he had undertaken in the '20's. We also know of a draft article, "On the Methodology of Drawing Up the General Plan and Second Five-Year Plan" (*O Metodologii Sostavleniya Genplana i Vtoroi Pyatiletki*), which Preobrazhensky submitted to the journal *Problemy Ekonomiki* in 1932, but which was never published. This article was based on the argument in *The Decline of Capitalism*, and attempted to show that the industrialisation drive, then underway, would lead to vast overproduction of means of production — a prediction that was amply borne out and continues to be the case in the Soviet economy. The implications of Preobrazhensky's theoretical works of these years were sufficiently clear to the bureaucracy, for 1932 saw no fewer than three major attacks upon him in Soviet books and journals. An entire volume was devoted to denouncing *The Decline of Capitalism*, including a chapter attacking the unpublished article, "On the Methodology . . ." (see G. K. Roginsky, ed., *The Decline of Capitalism in the Trotskyist Mirror — (Zakat Kapitalizma v Trotskistskom Zerkale)*, Moscow, 1932; this was the same Roginsky who was chief prosecutor against I. I. Rubin and others at the "Menshevik Trials" of 1931-32). The unpublished article merited its own separate "critique", in K. Butaev, "On the Question of the Material Basis of Socialism" ("K Voprosu o Material'noi Baze Sotsializma"), *Problemy Ekonomiki*, No. 1, 1932. Later that year *Problemy Ekonomiki* (No. 6, 1932) carried a long attack on Preobrazhensky's general theory of economic development, including his works from the 1920's: V. Balkov, "Capitalist Reproduction in a Trotskyist Light" ("Kapitalisticheskoe Vospriizvodstvo v Trotskistskom Osveshchenii"). All these efforts were based on the common accusation that Preobrazhensky had denied the possibility of constructing socialism in the USSR, and had continued to uphold the "Trotskyist" call for revolution in the advanced capitalist world as the only path open to the Soviet economy.

4. *The New Economics* (Oxford, 1965), translated by Brian Pearce. *From NEP To Socialism* (London, 1973), also translated by Pearce. "Economic Equilibrium in the System of the USSR" ("Khozyaystvennoe Ravnovesie v Sisteme SSSR"), *Vestnik Kommunisticheskoi Akademii*, No. 22, 1927, pp. 19-71. This was partially but inadequately translated in Nicolas Spulber, ed., *Foundations of Soviet Strategy for Economic Growth* (Bloomington, Indiana University Press, 1964), pp. 124-73.

5. Of these the most important are by Alexander Erlich, "Preobrazhensky and the Theory of Soviet Industrialization," *Quarterly Journal of Economics*, Feb. 1950, pp. 57-88, and his book *The Soviet Industrialization Debate* (Cambridge, Mass., 1960). See also Spulber, *Soviet Strategy for Economic Growth* (Bloomington, 1964); Alec Nove, *An Economic History of the USSR* (Pelican, London, 1972) and his Introduction to *The New Economics*; and Richard Day, *Leon Trotsky and the Politics of Economic Isolation* (Cambridge, 1973), and "Preobrazhensky and the Theory of the Transition Period," *Soviet Studies*, April 1975, pp. 196-219.

general methodology and from the goals to which he applied them. Even Marxists such as Deutscher have accepted the terms of reference established by non-Marxists and have created a *de facto* separation of Preobrazhensky's economic theories from the political struggle in which he was engaged. This economic approach to Preobrazhensky fails to see that his economic theories and his statements about inner party democracy, class consciousness and culture are all aspects of a unified theory of the transition period in the USSR.

What bourgeois scholars have done to Preobrazhensky is politically far less significant than the falsifications and misconceptions that exist within the workers' movement about Trotsky, Trotskyism, and the history of the struggle between the Left and Stalin in the Soviet Union. The harm done by the Stalinisation of the world workers' movement from the 1930's onwards is, of course, incalculable. It has meant that the ruling class has been able to find a real, visible referent as a basis for its anti-communism. The working class has, in a global sense, had to develop in the absence of any knowledge that, within the communist movement, there was a tendency that was internationalist, non-elitist, democratic, and *revolutionary*. This problem is as acute today as it was when Stalin was alive. Furthermore, in recent years a small but significant number of left-wing oppositionists have emerged in the USSR and other Eastern European countries, who are in a central position to bolster the non-Stalinist left in the West and to help re-introduce revolutionary traditions into their own countries. Yet almost unanimously they are hostile to Trotsky, and to what they conceive as Trotskyism, precisely because their "knowledge" of the movement, and the personalities who built it, is derived from falsified official sources. Thus the distortions and misconceptions of the Left's position in the 1920's have affected the evolution of class struggle in both capitalist and post-capitalist countries. Moreover, the modern admirers of Mao and China are only able to break with the current Soviet regime and still maintain their loyalty to Stalin by dismissing the Left Opposition's position as "economistic," and by denying that it fought (and in far more democratic and concrete terms than they can) for the goals of democratisation and mass participation. In challenging the existing economic interpretation of Preobrazhensky that prevails within the socialist movement we are, therefore, trying to bring to light the general theory of how socialism can and cannot be built which informed the struggle of the Left Opposition. This is something that goes beyond the specific actions of given individuals or the movements that claim to look to them for their traditions.

Preobrazhensky's View of the Transition

Marxists have always held that socialism entails the conscious control by

6. The former position is taken by Erlich, *Debate*, p. 59; the latter is held by Day, both in *Leon Trotsky*, pp. 145-48, and in his article. The untenability of Day's view will become clear in the course of this article. The few pages of his book cited here contain no fewer than five instances where he attributes to Preobrazhensky positions on the world market, industrial prices, and the relationship between industry and the peasantry, that Preobrazhensky did not hold and which are easily refuted by checking the original sources. Despite the fact that his later article corrects all of these textual distortions Day does not change his assertion that Preobrazhensky's theory had adapted to the premises of socialism in one country.

society over the distribution and utilisation of both its means of production and labour power. This presupposes that in the process of transition to socialism society is working out qualitatively new social relations and the socialist consciousness appropriate to them. Unless these social relations and this embryonic socialist consciousness are already in the process of formation, the post-revolutionary transition to socialism will of necessity be abortive. A society in which the division of labour, commodity fetishism or reified production and social relations exist cannot be called socialist. Moreover, the capitalist legacies that every post-capitalist society must overcome can either be deprived of their basis in the specific production relations of the society (in which case they will wither away), or they can become more fundamentally embedded in those production relations and thus persist and reproduce themselves (as was the case with the Soviet Union). Only a detailed examination of the concrete production relations of the society in question can tell us which way these manifestations of capitalism — which we must also view as analytical categories expressing particular social relations — are tending. Preobrazhensky's insistence on this latter point constitutes one of his important methodological contributions to Marxism. Because of this, in my opinion, his method must form the starting point of any study of the Soviet Union today in spite of the fundamental changes that have occurred since he analysed it.

Preobrazhensky considered that this process of transformation — from the point where the Soviet Union's capitalist survivals posed a real threat to the proletarian dictatorship, to the point where their disappearance was more or less assured — was in no way automatic, but expressed merely the developmental *tendencies* of the society which had not yet worked themselves out. It is in this context that we have to situate the controversy over industrialisation. Marxists have never claimed that economic development, pure and simple, guaranteed either the abolition of the vestiges of capitalism during the transition period or the smooth path to socialism. It was Stalin's "contribution" to the "theory" of the workers' movement that progress towards socialism could be assessed independently of the nature of the production relations that were being created. Preobrazhensky, like all revolutionary communists, held the view that economic wealth and highly developed techniques make the transition to socialism possible but nothing more. Those who describe Preobrazhensky, Trotsky, or other members of the Left as "super industrialisers" are themselves victims of the most banal Stalinist propaganda. Industrialisation offered only the prerequisite for building socialism. It made the development of socialist education and the acquisition of socialist culture, which were equally important in the transition process, possible but not inevitable.

Preobrazhensky's analysis of the Soviet Union showed that it was a deeply contradictory society. From the economic point of view, if industrialisation was the precondition for socialism, he demonstrated that industrialisation was impossible within a country that was isolated from other socialist regimes. On the other hand, the numerical weakness of the proletariat, its low level of culture, and its rudimentary working class consciousness were themselves impediments to industrial development and to the transformation of production

relations in a socialist direction. Yet without industrialisation there was little hope that this situation would change.

The Problem of Accumulation

A pivotal concept in Preobrazhensky's theory of the transition was his recognition that the USSR's development was governed by the conflict of two historically antagonistic types of regulation of economic life: the law of value and the principle of planning. From this he derived his famous law of primitive socialist accumulation, which he termed the historically specific form that the planning principle took in the initial phase of the Soviet Union's transition to socialism. The law of value and the law of primitive socialist accumulation each represented distinct modes of organising human labour power and each, therefore, would give rise to qualitatively different types of production relations. The production relations corresponding to a society organised on the basis of the law of value (simply commodity and capitalist production) have nothing in common with, and are indeed incompatible with, those that arise out of planning and socialism. Thus expanded reproduction within either the state sector of the economy (based on the law of primitive socialist accumulation) or the private sector (based on the law of value) meant the expanded reproduction of particular kinds of production relations.

Preobrazhensky presented the kernel of this argument in 1921, in the article "The Outlook for the New Economic Policy",⁷ where he observed that the state and private economies were governed by different laws of development and that, as the process of recovery from the Civil War began, the two sectors would inevitably come into conflict. The kulaks and private merchants would press for a widening of market relations, abandonment of the monopoly of foreign trade, the employment of wage labour, etc., while the state would have to "make deductions" from the private sector, i.e., it would have to accumulate from the latter's resources as well as from its own.

These ideas were further developed in *From NEP To Socialism* (1923), in which he argued that accumulation on the basis of modern technology must necessarily proceed faster than in petty production. This type of accumulation would lead to increased demand for raw materials and plant and machinery. The state had to draw the former directly from peasant agriculture, while the latter could either come from the state's own production (which was already inadequate) or from abroad in exchange for exports of peasant grain. In either case, it was clear that the peasantry could not sustain the same rate of growth as state industry and that the backwardness and underdevelopment of agriculture would throttle the process of industrial growth before it could get off the ground. "Here the development of Russia's productive forces necessarily depended on a proletarian revolution in the West and a re-grouping of productive forces on the European scale".⁸ Over the next four years, as Preobrazhensky composed

7. "Perspektivy Novoi Ekonomicheskoi Politiki", *Krasnaya Nov'*, No. 3, Sept.-Oct. 1921, pp. 201-14.

8. *From NEP To Socialism*, pp. 84-87.

successive chapters of *The New Economics*, this analysis underwent a marked shift of emphasis.⁹

In his 1927 article, "Economic Equilibrium in the System of the USSR", Preobrazhensky demonstrated that the Soviet economy was bound by strict conditions of proportionality, and that if any of these conditions were relaxed, exchange with the private sector would break down and the state would not be able to continue accumulation and expansion. Even if the state sector followed the policies dictated to it by the law of primitive socialist accumulation, this would engender economic and social contradictions which themselves made the Soviet Union's development impossible so long as the country remained isolated.

In the first years after the consolidation of the Soviet regime, state industry could expand by pulling previously idle factories into operation. As soon as all existing capacity was employed, however, serious problems arose. In order to maintain production and satisfy the growing demands of the state and private sectors new investment was needed. The size of this new investment was massive, far greater proportionately than a modern capitalist economy would have to make in a corresponding period. But new investments take time before they are completed and can add values to the economy. In the interim they withdrew means of production and labour power from current production without placing any compensating values into circulation. Thus, expanded reproduction demands a delicate balance between those investments newly undertaken and those started earlier and just beginning to produce new values; what is more the economy can only sustain such new investments if it has on hand adequate reserves, not simply to fill the gaps created by the withdrawal of existing resources, but sources of unused means of production and labour power that can be devoted to this new production. Without such reserves the state would find that the shortage of industrial goods, especially those available to the countryside, would intensify.

9. What we have in English as *The New Economics* is only the first part of Volume One of that work, and the only part to be published in book form. In 1925 Preobrazhensky published two articles on the history of socialist and communist theories of socialism ("Sotsialisticheskie i Kommunisticheskie Predstavleniya Sotsializma" — "Socialist and Communist Conceptions of Socialism" — *Vestnik Kommunisticheskoi Akademii*, Nos. 12 & 13, 1925), which were to make up most of Part Two of that Volume. He followed these in 1926 and 1927 with a series of three articles under the general heading "Economic Equilibrium Under Concrete Capitalism and in the System of the USSR". The first of these was "The Problem of Economic Equilibrium Under Concrete Capitalism and in the Soviet System" ("Problema Khozyaystvennogo Ravnovesiya pri Konkretnom Kapitalizme i v Sovetskoi Sisteme"), VKA, No. 17, 1926, pp. 35-76. The second and third have been cited in Notes 2 and 4 above. The three of these articles were together to serve as Part One of Volume Two of *The New Economics*, being an attempt to adapt Marx's reproduction schemes to Soviet conditions. There was to be a final part to this Volume which was to apply Preobrazhensky's theoretical constructions to concrete Soviet economic data, but this was never written. Thus what was published under the title *The New Economics* is far from a finished work, but is rather Preobrazhensky's most abstract theoretical statement on the laws of development of the Soviet system. To treat it as a complete and self-contained theoretical position and to argue, as many commentators both in and out of the socialist movement have done, that it in some way "proves" that Preobrazhensky was proposing a national solution to the problem of industrialisation is analogous to taking Volume One of *Capital* as an actual description of the day-to-day workings of capitalism. In both instances this would be to confuse an analysis made at a very high level of abstraction with a more concrete analysis based on that abstraction.

Furthermore, if the state had to acquire raw materials and foodstuffs from the countryside, it had to set the prices paid for agricultural products and those paid for state-produced (industrial) goods in such a way that the state received more value from these transactions than it gave. If such "non-equivalent" exchange was relaxed, the state would find that peasant demand for state (industrial) goods would increase at a time when there was already a shortage. More seriously, the state, by charging the peasantry lower prices for its own goods and paying more for peasant products, would face a drastic cut in revenues which would mean not only a cutback in accumulation but an inability to reproduce its constant and variable capital at previous levels. Yet the process of accumulating from the private (in this case, peasant) sector meant that the progress of agriculture, upon which industrial development depended, would be slowed down.

The USSR could satisfy none of these conditions. Not only did it have no reserves, but for years during the war and Civil War the economy had run down its plant and equipment. It followed from the rest of the argument that the Soviet Union suffered not only from current shortages of physical resources but also from a *temporal dislocation between its future needs and its present capacities*. This temporal disproportion was the product of the country's poverty and the fact that the attempt to build socialism was taking place in a backward, peasant country¹⁰

Whereas in *From NEP To Socialism* Preobrazhensky identified agriculture as the stumbling block to future progress, in his later works he saw the contradiction residing within state industry itself. Expanded reproduction took place in time as well as space and had a definite temporal sequence. The expansion of agriculture

10. The argument he used here was developed most fully by Preobrazhensky only in the early '30's, in *The Decline of Capitalism* and the unpublished article cited in Note 3. Fixed capital wears out only over a period of years, transferring but a small part of its value to the value of the annual product. Thus any new investment involves the purchase of fixed capital stock many times the value of the commodities this stock will annually help produce, be they means of production or means of consumption. Here the addition of new fixed capital represents a special problem. For the production of new fixed capital requires the prior existence of the fixed capital needed to produce it, also substantially greater in value than the value of its eventual output. What is more, there is a lag between the time these investments can be undertaken and the moment when they will reach completion and assist in the production of commodities. For these reasons new orders for fixed capital can only be covered if society has on hand adequate reserves of plant and equipment, as well as raw materials and means of subsistence, for only then can the problems, both physical and temporal, of the previous existence of the fixed capital stock needed to meet this demand be circumvented. Although Preobrazhensky used this to construct a theory of the business cycle (based on the temporal discontinuity between the demand for fixed capital during periods of boom and the time this demand can actually be fulfilled), its implications for the Soviet Union were clear: the Soviet Union's demand for fixed capital to function in the present was immense, and yet it had on hand none of the reserve stocks of fixed capital required to produce it — these, too, had still to be constructed or acquired from abroad. On the basis of this same argument Preobrazhensky could show (in the unpublished article) that the rapid drive for industrialisation would lead to large-scale overproduction of fixed capital as soon as the new construction initiated in the early '30's came to completion — it would have neither primary goods nor a sufficient mass of labour power to be able to fully function. He thus called for shifts towards the increased production of means of consumption, while noting that this would engender further contradictions for a backward peasant country — already pointed to in his works of the 1920's — which could only be relieved by an end to the Soviet Union's isolation.

had to keep pace with the growth of light industry together with the demand for imported means of production. But the development of agriculture demanded the prior growth of state industry and the production of means of production — something that was impossible under Soviet conditions. The economy was caught in a vicious circle. Because the industrial infrastructure was so weak and depleted, the state could not satisfy present needs, either for itself or for agriculture. To be able to do so would require large-scale investments which the economy could not support and which, by yielding new use values only some time in the future, would in the short run retard the development of agriculture. Thus Preobrazhensky concluded: “The sum of these contradictions shows how closely our development toward socialism is connected with the necessity — not only for political, but for economic reasons — to make a breach in our socialist solitude, and to rely in the future on the material resources of other socialist countries”.¹¹

These same contradictions were reproduced in another aspect of the productive forces, the acquisition of the “human material” that was as critical to the building of socialism as was industrial development.

Culture, Class Consciousness and the Development of Industry

Throughout his writings in the 1920's, Preobrazhensky noted that the development of state industry was limited not just by economic factors, but by the low cultural level of the population in general, and of the working class in particular. As with his treatment of the problem of accumulation, however, there was a significant recasting of the argument over the course of this period. His early writings, while defining the problem, were more or less confined to outlining what would have to be done to overcome this particular aspect of Soviet backwardness. The later works, however, focus on the working class's level of culture and class consciousness as a primary source of tension and contradiction within Soviet society. The need to accumulate conflicted with the need to provide the material resources essential for the expansion of socialist education and culture. Without the latter, however, industrialisation of a socialist type would soon run into a dead end.

In analysing the influence of the law of value upon the state economy it is essential to distinguish between those capitalist forms that the state was compelled to adopt because it was producing for the market and those that were forced upon it because of its own internal weaknesses. The state had to produce means of production for sale to the countryside, to do so it first had to build factories, and as a result it had to accumulate at the expense of the wages of the working class and the general improvement of its standard of living. But this had little directly to do with the fact that the state had to use piece rates (the capitalist wage form *par excellence*) as the only means to get workers to labour at maximum productivity, or that the factories themselves were managed by non-proletarian specialists. It derived rather from the combination of the low level of technology, an unskilled and *historically young* (and hence uncultured)

11. VKA, No. 22, p. 70.

labour force, and the absence of extensive interconnections between the various branches of the state economy — all of which meant that under NEP state enterprises and trusts had to produce according to capitalist methods of accounting and management. The fact that the need to restore industry so rapidly and to such a sweeping extent coincided with tremendous scarcity and a working class that was both numerically weak and politically and culturally unable to manage industry on its own had a special significance. For as a result the state sector had to employ strictly bourgeois labour incentives, at the same time that non-Bolshevik, *non-socialist* specialists dominated managerial ranks and enjoyed bourgeois material privileges.

What Preobrazhensky did not, and probably could not have seen at the time was that within the conflict between the law of value and the law of primitive socialist accumulation there stood not just the class conflict of the proletariat with capitalist social groups, but also the nascent conflict between the proletariat and the bureaucracy. This found expression in the particular relationship between the working class and the stratum of managers, specialists, and party functionaries who came to exercise control over the means of production and the system of distribution. This does not mean that the bureaucracy was a new class of capitalists. Under Stalin the law of value was abolished in the Soviet Union, but only by establishing relations of production which, though capable of a temporary consolidation and consequent reproduction, were (and are) inherently unstable. The bureaucracy was unable to appropriate power and control other than through the property relations that had survived with the revolution and the need to adopt “Marxism” as its legitimating ideology.

There is as a result a certain symmetry to the bourgeois influences upon the state sector which had profound political consequences. The very circumstances that allowed the bureaucracy to nurture itself on the bourgeois tissue within state production, simultaneously undermined the social basis of that sector's socialist element, i.e., the proletariat. For it was precisely the weakness of the proletariat and its cultural backwardness that made the application of bourgeois norms essential. The working class and, even more so, the peasantry could only enter into production relations where there were strong bourgeois elements because they could not be induced to work at any reasonable level of productivity in any other way. Bourgeois norms, which largely arose out of the fact that the working class was not able to manage production in its own interests, became one of the factors that worked to perpetuate this state of affairs. Their persistence effectively deprived the Soviet working class of the internal cohesion and the rudiments of socialist culture and consciousness that would have allowed it to contest with the bureaucracy for power.

Thus, it was not simply the existence of the market nor the internal disarray of the state economy that necessitated the application of bourgeois norms of distribution and labour incentives within the state sector, but primarily the low level of culture of the working class.¹² But the other side of this dilemma was that attempts to rectify the situation came up against the intense poverty of the

12. Trotsky makes this same point throughout *The Revolution Betrayed*.

country. Behind this conclusion stood a theory of consciousness and culture that Preobrazhensky had already developed in *From NEP To Socialism* and, more fully, in another work published in 1923, *On Morality and Class Norms*.

Socialism and Class Consciousness

In *The New Economics* Preobrazhensky elaborated in some detail the structural and historical differences between capitalist primitive accumulation and the period of primitive socialist accumulation. In the former case, capitalism of necessity began its primitive accumulation within "the pores" of feudal society. It could conquer economically simply by building a handful of manufactories, which immediately demonstrated their superiority over craft production and made the latter's eventual destruction inevitable. In the same way the establishment of these manufactories presupposed a prior accumulation of resources which had also been acquired *within* pre-capitalist economy, i.e., the plunder of petty production by merchant capital. In this sense the political revolution under capitalism "is only an episode in the process of bourgeois development, which begins long before the revolution and goes on more rapidly after it." It is both an affirmation of this already-established capitalist superiority and one of the preconditions for generalising it and placing capitalist production relations on a footing where they attain constancy and reproduction.

The proletariat enjoys no such luxury. Its primitive accumulation can begin only after the proletarian revolution, when the forms of property have been completely altered and adapted to the future construction of socialism. It is impossible to socialise the economy piecemeal, within capitalism. Capitalist property relations and political institutions simply do not permit it. It is only after the working class has taken power that it can organise the economic resources into that real infrastructure which will give socialist production relations that reproducible stability which makes it a mode of production. Here again we see the importance of the conscious element in the transition period. A socialist economy, like socialist society as a whole, will not evolve spontaneously. It must be planned, with each step along the way anticipated in advance and consciously put into practice.

It is similar with the question of class consciousness. The proletariat cannot create a genuinely socialist culture until after the revolution, because such a culture can only grow up out of new social relations that have yet to be built and developed. The rudiments of that culture will, of course, be formed under capitalism out of the specific practice of the proletariat in its struggle to overthrow the old regime. Nevertheless, the fact remains that culture is not something abstract that can be willed or "consciously" adopted. It must develop organically out of relations of production whose emergence requires prior planning and control by the working class. The contrast that Preobrazhensky drew between capitalist and socialist primary accumulation applies not simply to economics but to his conception of the transitional society in general. Socialist consciousness presupposes the preliminary "accumulation" of a certain level of culture and certain habits of work and behaviour on the part of the working class

which, though beginning under capitalism, cannot be completed until after its overthrow.

In this respect, as in economic development, the Soviet Union suffered from a chronic lack of correspondence between what it had to do and what it was capable of accomplishing. It was a question not just of physical wealth but of the so-called "human material" that the country had inherited from capitalist Russia. The most class-conscious sections of the proletariat (who had been a minority of the population in any case) had been killed in the Civil War, leaving a working class which was newly recruited from the countryside and which brought with it not a proletarian consciousness formed in the course of the class struggle, but a peasant consciousness which was only on the verge of becoming proletarian. It is important not to underestimate the depth of this "medievalism"¹³ in Soviet society, a problem which Preobrazhensky was not the only one to stress.¹⁴ We could draw an apt analogy with the theory of permanent revolution. It was not the Russian bourgeoisie but the proletariat that would have to lead the masses out of their semi-feudal way of looking at the world and their semi-feudal way of life. In this sphere, as in those of politics and economics, the proletariat and the mass of the population would have to work out during the transition to socialism what they should have acquired under capitalism.

This is perhaps one of the clearest pictures to emerge out of Preobrazhensky's writings of the early '20's. At every turn, where progress might have been made to break down bourgeois or even pre-bourgeois patterns of behaviour, the country's poverty threw up almost insurmountable obstacles. Whether it was the fight to discard bourgeois work incentives, efforts to remold traditional family structures, or the struggle against privilege and the emerging bureaucratisation of the party and state apparatus, endemic scarcity deprived the society of the necessary means to transfer genuine political control into the hands of the maturing proletariat.¹⁵ The state sector, compelled as it was towards greater planning, greater socialisation of production and ultimately towards greater self-consciousness of its own paths of development, was instead forced to organise production and labour by methods which, having been borrowed from its capitalist past or imposed upon it by its encirclement, both internally and abroad, were clearly incompatible with socialism. State industry worked not just

13. This phrase is borrowed from Gramsci, who, like Preobrazhensky was very much pre-occupied with the problem of the dissemination and implantation of socialist culture in a predominantly peasant country. See *Selections From the Prison Notebooks* (London, 1971), pp. 392-93, 395-98.

14. See in particular Lenin's article, "Better Fewer, But Better", *Selected Works* (Three Volumes, Moscow, 1971), Vol. 3, pp. 776-77.

15. For his discussion on new forms of wages and labour incentives see *From NEP To Socialism*, pp. 62-68, part of which had already been incorporated into the article, "The Economic Policy of the Proletariat in a Peasant Country" ("*Ekonomicheskaya Politika Proletariata v Krest'yanskoi Strane*"), *Kommunistichesky Internatsional*, No. 25, Nov. 1922. There is also a passage in *The New Economics* (pp. 193-94) where he complains of the lack of progress made in this area under NEP. Preobrazhensky's discussion of the family appears in *On Morality*, pp. 93-99, as does his treatment of problems of bureaucratisation and the growing acquisition of privileges by the party and state administrative apparatus (pp. 104-08).

for itself, but for the peasant and international markets, and it had to distribute resources accordingly. At the same time, even where it did produce for itself it had to organise labour power largely along capitalist lines. Up until 1924 Preobrazhensky did not really treat this antagonism as an integral contradiction of the Soviet System, although he had both identified its individual aspects and analysed them in some detail. Because he was speaking largely hypothetically, because he was using “descriptive” accounts to advocate a political position inside the party, he assumed, at least on the surface, that these problems would be overcome. His aim, we think, was to defend and fortify within the party the very basic principle that socialist development in the Soviet Union had certain fundamental economic and political prerequisites, specifically the industrialisation of both industry and agriculture and a simultaneous, but dependent, reshaping of the “human material” that had to carry out the task.¹⁶

It is difficult to overemphasise the implications of this argument. There has been a tendency in the Marxist movement (and in the Trotskyist movement in particular) to equate “the productive forces” with the means of production, and to perceive the working class as standing outside and apart from the latter as a so-called “subjective factor.” This introduces into revolutionary politics a specious and politically dangerous dichotomy between the “objective factors” (the productive forces-qua-means of production and the historical presence of the working class) and the “subjective factors” (the consciousness of the working class): being is counterposed, thereby, to consciousness. Such formulations beg the questions of how consciousness is formed in the first place and what relationship it has to the way in which the working class is organised around the means of production. What is more, it excludes the working class as an active agent in defining the stage of development of the productive forces at any given moment in history. Certainly Marx’s famous dictum that the principle contradiction in capitalist society is the conflict between the level of development of the productive forces and the relations of production must be taken in this way. The working class’s degree of socialisation and cohesion, as well as its level of education and culture will have a great deal to do with determining the extent of this contradiction at any particular point in time. The effect of treating the working class as a “subjective factor” has been to assign to it a completely passive role in assessing its own position in society and in acting upon it: the proletariat need only be “convinced” of the necessity of revolution and events will take care of themselves. Trotsky himself made a number of statements along these lines, which has left a rather unfortunate political legacy — although

16. See, for example, the passage in *From NEP To Socialism*, at the end of which Preobrazhensky states: “The moment when collective incentives become dominant in the working class, as compared with individual incentives, is a triumphant moment in the building of socialism, of no less importance for the future than the socialisation of the instruments of production” (p. 68, our emphasis). A similar idea is expressed in *On Morality and Class Norms*: “The construction of socialism in those areas which concern man, his habits, his instincts, class norms — this construction begins here, with the initiation of this revolution in the psychology of the average worker-organiser. The industry of the workers’ state now starts to acquire the worker it deserves, without whom it is not socialist industry” (p. 83, our emphasis).

Trotsky's own politics implicitly contained an altogether different conception of the relation between consciousness and praxis.¹⁷

Preobrazhensky specifically denied this duality between, on the one hand, the activity of the working class and the way it is organised in relation to the means of production, and its consciousness of that activity, on the other. It is impossible to talk about the "development of the productive forces" without including the proletariat and its level of class consciousness. This is not to say, as some Maoists maintain, that class consciousness is itself a "productive force". Quite the contrary: it is the working class as the embodiment of human labour power that is a productive force and its class consciousness is one of its defining characteristics. Under the dictatorship of the proletariat the development of class consciousness must be a consciously articulated aim of the workers' state. Socialism cannot be conceived as consisting of the development of the means of production alone, but only in terms of the development of the productive forces as a whole: that is, the development of human and extra-human resources simultaneously. If the lack of correspondence between the development of the human and technical aspects of the productive forces is too great, if the physical resources do not exist, or if the working class's relation to them is structured in such a way that "the new collective man", as Preobrazhensky termed it, does not emerge, the transition to socialism will be bottled up and will flounder.

The Political Economy of the Soviet Transition

Although Preobrazhensky insisted upon and defended Marx's position on the indissoluble and organic connection between consciousness and the economic and social basis of human existence, it is questionable, at least judging from his writings of 1922-23, that he considered the Soviet Union incapable of solving the specific contradictions engendered by this inter-relationship. His works from these years have an almost strict logicality to them that caused him to pose the Soviet Union's dilemma mainly in economic terms.

Beginning in 1924, the time of publication of the first extracts of *The New Economics*, this analysis began to change — not in detail or even in structure, but in the central role that the problems of culture and class consciousness now occupied among the basic contradictions within Soviet society. It was in *The New Economics* that Preobrazhensky defined what he saw as a conflict between the "automatic, quantitatively-increasing reproduction of socialist production relations" embodied in the law of primitive socialist accumulation, and "the quality of socialist relations", which would be retarded by the demands of accumulation.

"The law of primitive socialist accumulation, in so far as it regulates the level of wages in the state economy, conceals within itself an internal contradiction. As the law which expresses all the conscious and elemental

17. See, for example, *First Five Years of the Communist International* (London, 1953), Vol. II, pp. 305-06; "Perspectives For World Development," reprinted in *The Bulletin* (USA), Aug. 17, 1970; and *Writings, 1938-39* (New York, 1969), p. 51. I am grateful to Chris Marshall for calling these references to my attention.

tendencies towards increasing the tempo of expanded reproduction in collective state economy, it is thereby the law of development of socialist production relations generally. But, on the other hand, as the law of the restriction of wages in the interests of socialist accumulation, it restricts the tempo of transformation of wages into the consumers' ration of the worker in socialist economy, a transformation which, ever since the instruments of labour have been socialized, is assisted by a rapid increase in wages, because that leads both to the divorce of wages from the value of labour power and to the material pre-condition for the development of socialist, proletarian culture. This internal contradiction of the law results entirely from its historically transitional character. The tendency to overcome the category of wages, that is, the tendency to intensify the *quality* of production relations, comes into contradiction with the tendency to quantitative extension of the territory of the state economy and its production relations in their present form, that is, production relations at an extremely low stage of development in their socialist character. Already the term 'primitive socialist accumulation' expresses this dual nature of the law: the adjective 'socialist' comes into contradiction with the noun 'accumulation' to which it is bound not only grammatically but also in the real historical process."¹⁸

In "Economic Equilibrium in the System of the USSR", Preobrazhensky went further: "If the growth of socialist culture lags behind the development of the productive forces of the collective sector of the economy, this lag itself can become an obstacle to the further development of the productive forces".¹⁹ Thus, if raising the level of culture of the proletariat was a condition for being able to reconstruct the economy on a modern footing, while the latter was at the same time a prerequisite for the development of socialist culture, then clearly there was no possible way forward. However, it is important to keep in mind that the "cul de sac" had relevance only within the context of the Soviet Union's isolation: it could not break out of the circle *if left to its own resources*. Preobrazhensky's emphasis on the "qualitative" aspect of production relations and his general conception of socialism mirrored his analysis of the industrial contradictions besetting the country: both were inaccessible to solution without the intervention of the western proletariat. The economic and political strands of Preobrazhensky's argument had become inextricably meshed together.

In *The New Economics* Preobrazhensky tried to work out the laws of development of Soviet society and to elaborate the processes whereby production relations of a particular, socialist type would be reproduced. He set out to define the regularities of the economic processes at work and to show how they gave rise to the reproduction of very definite social relations. Thus, while being a tentative step in constructing a theoretical analysis of the Soviet economy, *The New Economics* was at the same time a statement about the politics of the transition. It was a "negative" politics, to be sure, in that it is largely a

18. *The New Economics*, pp. 195-96.

19. *VKA*, No. 22, p. 64.

statement of *what must not be done* if socialism is to be possible. Yet there is an unmistakable theoretical depth to this book not to be found in his earlier writings, a phenomenon at least partially to be explained by the intensification of the political struggle that was at that time coming to a head.

Preobrazhensky was compelled to link explicitly the *purpose* of industrialisation with the means for carrying it out. He did this by tying the question of the development of class consciousness to the abolition of the division of labour and the generalisation of knowledge throughout the working class, and by demonstrating that the failure to effect these two tasks was concurrently the result of continued economic backwardness and a cause of its prolongation. So long as the division of labour persisted, reification and fetishism would continue to characterise the social relations in the USSR, and the progress of the working class towards socialist consciousness would be cut short.

The transcendence of the division of labour was both a political and an economic problem. A certain development of the means of production was required before there could be a general system of proletarian education and before the country could do away with the differentiation between skilled and unskilled workers. Only then would it be possible to rotate jobs and eliminate rigid occupational divisions within the economy and state apparatus and do away with the material privileges that accompanied them. But the persistence of material inequality and the division of labour expressed above all else the "de facto inequality as regards the possession of knowledge, technical information and organising experience". Hence the *primary* task was for *knowledge to be generalised* and made the "property" of the entire working class.

Behind this lay the fundamental assumption that knowledge is *potentially* accessible to every member of the working class. Without this assumption both the proletarian revolution and socialism are unthinkable, and the struggle of the left against Stalin is reduced to a debate over economic policy. Once put in terms of transcending the division of labour however, the argument became immediately political. For along with the augmentation of social wealth there had to be proletarian democracy and a struggle against bureaucratisation. No matter how highly skilled the working class, *without proletarian democracy* it could never generalise the knowledge that each individual or each sector of the class had acquired out of their experience and practice. Knowledge would not be publicly appropriated by the class as a whole; moreover, the class would have no means of acting upon that knowledge in order to control its own destiny. The acquisition of knowledge would be fragmented and haphazard at the precise moment when the major need was to make the process self-conscious and systematic.

The original political and economic problems of his previous works still undeniably preoccupied and guided Preobrazhensky's thinking. But there was now a further problem, the deeper and more abstract one of formulating a theory of the Soviet Economy and of giving that theory *an analytical framework*. In short, it was only in *The New Economics* that Preobrazhensky began to *articulate his method*. Had he not done this, the theory of the Soviet economy that he was

working out could not have developed beyond certain limits. From the political point of view, without making his theory more abstract and his method explicit, the theory could not have been generalised and made accessible to others. His students would not have been able to see where it had come from, nor would they have been able to use it to arrive at similar and consequent conclusions of their own. In addition, unless the method had been articulated in this manner the theory would not have been adaptable and capable of changing to meet new, historically evolving stages in the Soviet Union's development.

Preobrazhensky was aware that *The New Economics* and his theory of the Soviet transition was itself part of the process of educating the working class and of providing it with the tools it would need to construct socialism. Its usefulness resided in the fact that it was capable of generalisation, i.e., that it was communicable and therefore the potential property of others who would use it for political ends. This in turn was conditioned by the fact that the outcome of the transition period was not given in advance but depended on the conscious policies of the proletariat. If the working class in the Soviet Union did not understand how petty production functioned and how it interacted and conflicted with the state economy, the state would not be in a position to control this process. This does not mean that regularities of the economy would not operate simply because the state did not recognise them: the peasant market would still exert its pressure on state industry, and the latter would still have crises of disproportionality which would stifle its growth. But these regularities would make themselves felt blindly, after the fact: the workers' state would always be reacting to events, not anticipating or controlling them. Thus, Preobrazhensky's theory of primitive socialist accumulation both uncovered the need for self-consciousness in the transition period and attempted to introduce that self-consciousness in order to assure the successful passage to socialism.

This aspect of Preobrazhensky's theory sheds light on a general dilemma that faced the Left Opposition in the 1920's: it fought for a platform which effectively "presupposed itself", in that its prior implementation was an actual condition for its adoption. For the Left, the rationale behind industrialisation was that, by increasing the size of the proletariat and by preparing it politically to take charge of the party and the state, it would provide the working class with the means to control society. Thus, the struggle against the bureaucracy and over the industrialisation programme was inseparable. But the Left could only win such a struggle within a party that was already democratic and had a class-conscious proletarian base. The Left thereby found itself in an intractable position: the party that could have debated the Left's platform and given it the rational assessment that proletarian democracy presupposes simply did not exist. The Left had to wage its struggle within a party that was already bureaucratised to the point where decisions were not made with the conscious interests of socialism and the international revolution in mind, but on the basis of the self-interest of the bureaucratic strata that comprised Stalin's base of power, and of those who had political positions to protect, old scores to settle, etc. For all practical purposes, the Left could only appeal to the bureaucracy to reform itself and to adopt policies that would eventually have eliminated the latter's authority

and influence. The Left found itself in this position not so much because the Stalin group controlled the party machine but because the proletariat was too small, too immature politically, and too culturally backward to challenge the bureaucracy and defend the gains of October from usurpation.

The very logic of the Left's position inevitably led it beyond the borders of the USSR and to look towards proletarian revolution in the West. That the Left's own victory would have greatly assisted that process is but a further contradiction of the Soviet Union's historical situation. Socialism in one country was impossible not simply because an economy must have access to the world division of labour and be relieved of the political distortions that a hostile encirclement imposes, but also because of the backwardness of the Soviet Union. The "theory" of socialism in one country itself could only have found acceptance in a backward country: it was a product of the revolution's isolation and, as such, was both a symptom of its degeneration and a source of strength for its executioners.

Preobrazhensky vs. Bettelheim on the Nature of the Soviet Transition

This account of Preobrazhensky's conception of the transition period highlights the basic inadequacies of non-Marxist discussions of the Soviet '20's. Even Erlich, who gives what is probably the most sympathetic and faithful account of Preobrazhensky's economic argument, takes the view that it was Preobrazhensky's theory, and not the Soviet economy, that ended in impasse,²⁰ and implies that there could have been a strictly national solution to the crisis facing the USSR. Like other bourgeois economists, he separates the economic disputes of the period from their political context, and, because, of this, considers Preobrazhensky's affirmation of the need for proletarian revolution in the West as simply a deduction from the latter's economic analysis. In fact, for Preobrazhensky and others in the Left Opposition the maintenance of this point was a political statement which rejected the policy of socialism in one country for all of its consequences: consequences which were not just "economic" but which would affect the whole political evolution of the world working class movement.

It is interesting that Charles Bettelheim, in his book *Economic Calculation and Forms of Property*,²¹ treats Preobrazhensky in almost exactly the same way (with the notable exception that, unlike Erlich, Bettelheim seems to have difficulty in basing his argument on what Preobrazhensky actually said). Nevertheless, Bettelheim does raise several points about the quality of production relations and the influence of the law of value during the transition period that are, at least on the surface, very similar to the main arguments presented in this article. For this reason it is important to take up the methodological and political differences that separate Bettelheim and Preobrazhensky.

20. Erlich, *Debate*, pp. 58-59. Erlich is the only one of the non-marxist sources we have mentioned to have recognised the importance which *The Decline of Capitalism* and the unpublished article, "On the Methodology . . .", hold for Preobrazhensky's theory of economic development in the Soviet Union.

21. Charles Bettelheim, *Economic Calculation and Forms of Property* (London, Routledge & Kegan Paul, 1976; originally published in French in 1970).

Bettelheim credits Preobrazhensky with having been the first to pose the question of a conflict between the law of value and planning. But, according to Bettelheim, Preobrazhensky located the contradiction in the sphere of market exchange between different economic formations: the state vs. the private economy. He thus has Preobrazhensky attributing the presence of the law of value and its influences upon the Soviet economy to the realm of *circulation*, as opposed to production (whereas, as we have shown, Preobrazhensky clearly situated the law of value within the latter, both for the private sector, where land was privately owned and production was for the market, and for the state sector, where the law of value permeated much of industrial organisation). Thus; amazingly, Preobrazhensky's position is equated to that of Stalin, who identified the existence of commodity relations in the Soviet Union solely in the fact that collective farms sold their products to the towns. Bettelheim does not challenge the correctness of Stalin on this score, but simply argues that it is inadequate: the presence of commodity relations (the law of value) cannot be located solely in the exchange between distinct sectors of the economy — it is also necessary to look at production relations within industry and the relationship that holds between labour power and the means of production.²² Although bourgeois "social relations of production" may exist at enterprise level, this in itself does not mean that we have the capitalist mode of production. For that to be the case these production relations would have to combine with an "ensemble of 'corresponding' social relations" appropriate to capitalism: If, says Bettelheim, these bourgeois relations are subordinate to other socialist tendencies in the production relations — tendencies which press towards planning — then we do not have capitalism. Furthermore, Bettelheim correctly roots planning in the direct participation of the producers and the generalisation of knowledge, without which planning is impossible and, at best, there can only be administered relations between production units. He also emphasises the non-deterministic aspect of the transition period: socialist tendencies within production relations will not automatically predominate over "capitalist" ones. The successful completion of the transition to socialism can only be ensured if there is a conscious struggle for this goal. If this struggle fails, if the socialist tendencies within production are weak and the proletariat, or its vanguard, are unable to overcome the separation of the producers from control over the means of production and the hierarchical organisation of production this implies, this will lead to the perpetuation of coercive, authoritarian relations, to the political suppression of the proletariat, and to the appropriation of control over the means of production by a ruling stratum.²³

Bettelheim proceeds from these premises to equate this appropriation and control of the means of production with the restoration of capitalism in the Soviet Union and the entrenchment of a new ruling class (the "state bourgeoisie"). He arrives at this conclusion by defining capitalism in terms of (a) the presence of a market and (b) the quality of production relations (i.e., that they are

22. *Ibid.*, pp. 60-61.

23. *Ibid.*, pp. 68-72, 93-95, 98-104.

hierarchical and keep the working class from exercising control over the means of production). On both of these Bettelheim must be challenged.

Bettelheim does not prove the existence of a market in the Soviet Union, but merely posits it on the basis of the alleged existence of independent enterprises. He does not show (and indeed in any concrete analysis could not show) that these enterprises equate the individual products of their labour abstractly, as autonomous producers through the mechanism of a market, out of which activity grows the need for the category of value as a measure for equating these abstract labours. We will not take up this question in any detail, as Ticktin has, at least implicitly, already dealt with the most important aspects in *Critique 6*. It is, however, important to note in this respect that Bettelheim's use of categories is completely at odds with Preobrazhensky's; and although he claims to proceed from the same starting point as Preobrazhensky, their methods here have nothing in common.

For Preobrazhensky the conflict between two regulators meant that the analytical categories developed by Marx for his analysis of capitalism underwent such profound change with the proletarian revolution that they became effectively *new categories*. These categories were neither capitalist nor socialist, but were transitional, and correspond to the radically altered economic and social situation. The content of these categories, and the extent to which they were tending in either a socialist or capitalist direction, could only be determined through a concrete analysis of the specific production relations that pertained to the society being examined. Bettelheim, by contrast, juxtaposes socialism to capitalism in a directly reciprocal fashion.²⁴ The tendencies at work in a given economic formation are either socialist or they are capitalist, and it is then just a question of balancing up the totals in order to determine which tendencies prevail. Rather than abstracting essential categories from a close examination of the subject matter at hand, Bettelheim's categories are *fixed in advance*. Reality is made to conform to the categories, instead of the other way round. This is why there is such a paucity of concrete information and data in Bettelheim's writings on the Soviet Union.

Bettelheim applies this same method to the quality of production relations. Here he argues by analogy and little more: labour is organised in the same way as in the 1920's or under capitalism. Relations within the enterprise are hierarchical, and the working class is divorced from the means of production and the disposal of the products of its labour: therefore, production within the enterprise is governed by commodity relations and is capitalist. In this way Bettelheim denies the *discontinuity* between the situation under NEP (when market relations were strong even within the sphere of state production) and that established with industrialisation under Stalin: that is, he denies that there was a fundamental break between the period Preobrazhensky analysed and the 1930's. Although it was because of its position within production that the bureaucracy developed as a ruling stratum, it was compelled to solidify its rule not by re-establishing capitalism but by eliminating the private sector, which

24. *Ibid.*, pp. 83-84.

was the sector governed by the law of value. For it was the private sector that posed the real threat to its position. The property relations that Bettelheim dismisses as a legal fiction were crucial, for they meant that the controllers of production had to operate through different structures and with different goals than would exist under capitalism. Under Stalin direct coercion replaced the coercion of the market, not only in the countryside but also in industry. Today a more attenuated system of coercion is combined with the fact that the working class is granted some degree of atomised control over the individual work process.

It is essential for Bettelheim that he deny the existence of such a discontinuity. If he did not, he would have to allow that the present system in the USSR is precisely the one which Stalin rose to power on and perpetuated. He would have to challenge his long-standing allegiance to Stalin and his admiration for present-day China.²⁵ Instead, Bettelheim is left with a completely voluntarist theory of Soviet history. He says that the victory of planning over the market is not automatic, but involves struggle. But in Bettelheim's analysis this struggle takes place outside time and space. Preobrazhensky also emphasised that the conscious element in the transition period differentiated it from capitalism and gave vital importance to the role of political decisions. But in Preobrazhensky's analysis this did not negate the real constraints upon these decisions that economic and social conditions imposed. For Bettelheim these constraints do not exist: he does not see that the problems confronting the Soviet Union in the 1920's were unresolvable within a national context. In fact, Bettelheim goes so far as to say that in a transitional society relations with the world market are positively harmful and praises China for relying on its "autonomous development",²⁶ neglecting that these relations take a myriad of forms, depending on the society in question (its level of productivity, its political cohesion, etc.). This is, of course, nothing more than a defence of socialism in one country.

The consequences of this are important. If we abandon the perspective that socialism in the USSR was impossible without revolution in advanced capitalist countries, the eventual evolution of that country and the failure to establish socialism in the Soviet Union cannot be explained other than by invoking the presence of alien social forces and incorrect decisions by the leadership. Here Bettelheim shows his methodological affinity with all those currents in the workers' movement who, for either legitimate or opportunist reasons, are no

25. Bettelheim's recent resignation from the Franco-Chinese Friendship Association and his attacks on the present Chinese leadership (*Le Monde*, 5 July 1977) serve only to reinforce this assessment. Bettelheim denounces the current leadership for having failed to enunciate any serious political critique of the "Gang of Four" and for having resorted instead to such accusations as they were agents of foreign powers, agents of the Kuomintang, enemies of the Chinese people, intent upon undermining the basis of the state, etc. Yet at no point does Bettelheim draw the obvious analogy between this mode of political conduct and the Stalinist purges, of which the Chinese events are but a twisted caricature. Remarkably enough he continues to take refuge in the purity of the line of Mao, against which in both foreign and domestic policy he sees the present leadership following a new revisionist road.

26. *Economic Calculation*, p. 88.

longer able to accept or condone the Soviet regime, but who question it without challenging either their past loyalties to it or its origins. Some, like Bettelheim and Sweezy, have switched their allegiance to Mao. But the path taken by certain Western Communist Parties in recent years is the same — a criticism of the Soviet Union based on a rewriting of history that has still to be set right. The “Euro-communists” explain away the Soviet Union by saying that Stalin “made mistakes”. They do not question the essential structure that Stalin created, except to say that it is a “different” form of “socialism”. In Bettelheim’s case, the problem arose because Stalin did not put politics “in command” over the economy. This is either double talk or an extremely crude conception of how people take decisions. All actions are public and by this nature they are political. It is not that Stalin failed to put politics “in command” but that Stalin opted for particular political choices *against which other political choices were posed by the Left*. Bettelheim must then take sides. He can only continue to support Stalin by denying that the Left fought for the very goals which he now claims to advocate. This is the significance of Bettelheim’s misrepresentation of Preobrazhensky.

Bettelheim confines Preobrazhensky’s argument on the transition to the realm of economics and economics alone. This is not something peculiar to Bettelheim: it is the common position that those loyal to the USSR or to various Communist Parties take towards the Left Opposition. But, as we have shown, for Preobrazhensky the contradiction between the law of value and planning was not limited to two discrete, competing social forces, but extended throughout Soviet society, and penetrated into the production relations of the state sector. This took Preobrazhensky beyond the sphere of economics and into the issues of the development of socialist consciousness, democratisation of the party, overcoming the division of labour, and so on. Furthermore, Preobrazhensky’s methodology was not confined to himself alone but, being rooted as it was in the understanding that all aspects of the transition formed a unity and that none could be resolved without addressing the others, was common to the approach of Trotsky and others in the Left Opposition. The position of the Left can, therefore, in no way be categorised as one-sidedly “economistic” (a favourite accusation of both traditional Communist Party ideologues and admirers of Mao’s China).

The question can only be approached as Trotsky posed it in *Their Morals and Ours*, namely in terms of the relationship between ends and means. All actions — including those of Stalin — are intended to accomplish definite goals. In the pursuit of the goal of the construction of communism all means are permissible, so long as we recognise that certain methods will preclude its attainment. Industrialisation was but a means to an end; yet in being so it was itself a goal that presupposed other means. As a task to be accomplished it both had prior prerequisites and would form a precondition for the country’s future socialist development.

Bettelheim instead talks in very vague terms about the need for democracy and planning and the abolition of hierarchical, coercive relations within production. He never applies these ideas to the concrete historical situation.

If he were to do so, he would see that opposed to his timeless generalities there *was* a concrete application of these ideas to a real struggle — that of the Left against Stalin during the 1920's and 1930's. It is this struggle he ignores and must ignore. If he did not he would have to concede either that the means adopted by Stalin were incompatible with the construction of socialism or that the latter was not Stalin's goal in the first place. Whichever the case, he could not go on apologising for Stalin or glorifying Mao's China.

We have dealt with Bettelheim here because it is important to clarify the irreconcilable political differences that exist between him and Preobrazhensky. Sooner or later the socialist movement will have to come to terms with what the Left Opposition and Trotsky represented. This goes far beyond the particular policies they advocated or any tactical failings in their fight to change the party's course. Revolutionary socialists must re-appropriate the fact that human actions have consequences and that, if these consequences are unacceptable, then we must either challenge the actions that were taken or explain why they could not lead to the desired results. A reality, that we cannot live with, cannot be dismissed as the product of "mistakes". If the socialist movement is to be successful it can no longer look for its traditions to a history that has been falsified. We must settle accounts with the past if we are to face up to the demands of the future.