The Myth of Stalin's "Workers Paradise"

How Maoists “Restore Capitalism” in the Soviet Union

PART 1 OF 2

by Joseph Seymour

Auto workers in factory mess hall, 1931.

Excerpt for the Maoists, everybody in the world, it seems, recognizes the essential continuity of the Soviet economic system from Stalin through Khrushchev to Brezhnev. In fact, the Maoist dogma that the USSR became capitalist after Stalin's death is so incredible that no two Maoist groups can agree when, why and how this event of momentous historic proportions occurred. The only clue supplied by the Peking bureaucracy is that Khrushchev's secret speech to the 20th Party congress of the Communist Party of the Soviet Union (CPSU) was a key benchmark.

In the U.S., the Revolutionary Communist Party (RCP—formerly the Revolutionary Union), wrote in its Red Papers 7 (1975) that capitalism was restored in the USSR with Khrushchev's accession to power. Soviet “capitalism,” they go on, underwent a two-stage evolution: Khrushchev restored “private, competitive capitalism,” while Brezhnev established “state monopoly capitalism.” (For a Marxist analysis of this curious version of the “restoration” thesis, see "Revolutionary Union’s ‘United Front’ with NATO," Young Spartacus No. 32, May 1975.)

The RCP’s main rival, the more slavishly Peking-loyal October League (OL), has preferred the wisdom of silence. To date the OL has not presented any but the most cursory “explanation” of “capitalist restoration” in the USSR, no doubt out of fear that it would later be contradicted by official Peking propaganda. But the Klonsky gang did paddle a bit in these uncharted waters. Under the pressure of domestic demands, the OL along with the RCP and FRCI (the "critical Maoists" grouped around the New Leftist Guardian, the OL’s Libera­

The Call goes on to assert that the book “covered over the threat of restoration of capitalism and mystified its causes.”

Not only is Nicolaus’ work denounced by every American Maoist group, but it certainly would not be well-received in Peking today, either. Its Chapter 7 is devoted to lengthy excerpts from "On the Social Basis of the Lin Piao Clique" by Yao Wen-yuan. Yao is one of the "Gang of Four," now imprisoned and denounced by China’s new rulers as a "double-dealing capitalist roader.

We have no particular concern for the political travails of this shameless, arrogant intellectual dilettante. However, a discussion of this book is useful as an object lesson in the utter bankruptcy of Khrushchev’s theories of a “capitalist restoration” in the Soviet Union. Despite its theoretical shallowness and thoroughly self-deceiving dishonesty, Nicolaus’ work has the virtue of giving an empirically verifiable economic content to the “capitalism” purported to exist in the USSR.

He distinguishes between the “bourgeoisie” of state power” by Khrushchev in 1956-57 and the later “restoration” of capitalist economic relations through the Koygyn or so-called Liberman reforms in 1965. Unlike some Maoist ideologues—for example, Charles Bettelheim—Nicolaus does not maintain that the Soviet Union represents a new, historically unique form of “state capitalism.” Rather, he maintains that new-fangled “Soviet capitalism” is little different from the old-time capitalism of the West.

Nicolaus’ effort to prove that capitalism has been restored in the USSR actually succeeds in proving just the opposite: that the Soviet Union is not capitalist as this term has been understood by Marxists or in the experience of the working masses. Moreover, most of Nicolaus’ arguments and criteria for why the present-day USSR is capitalist are far more applicable to Stalin’s Russia and Maoist China!

**Factory Managers as an Embryonic Bourgeoisie?**

One of the most obvious difficulties for any ostensible Marxist who claims that capitalism was restored in the Soviet Union is to explain how a new bourgeois class was generated under Stalin’s regime, how it organized itself and captured state power. The overthrow of the feudal order by the European bourgeoisie involved centuries of civil wars, revolutions and counter-revolutions; likewise, the struggle of the proletariat against the capitalist class has wrecked bourgeois society for over a century. Yet the Maoists would have us believe that a
development of world-historic significance—the restoration of capitalism in the USSR. But such a phrase through a bloodless palace coup, and was not even noticed as such by anyone, not even Mao himself, until several years later!

The invisibility of the Soviet “bourgeois counterrevolution” obviously freed the “Marx-Leninists” Nicolaus, as it should:

“...there is some sketchy data available to indicate the common economic situation, the material foundation, by which the Soviet state reduces the laborer to no power was engendered. But the process by which a group of leaders such as a class, shaped its own associations and acquired collective self-consciousness prior to its bid for power are almost entirely unknown ....”

“...behind this solid exterior [of Stalin’s Russia], however, there were processes in motion that allowed this basin of socialism... to be taken over rather painlessly [i.e., historical changes go] by a group of leaders with an anti-Marxist, anti-Leninist counterrevolutionary program.”

Nicolaus’ Maoist view of bourgeois counterrevolution in the Soviet Union strangely parallels the late J. Edgar Hoover’s view of communist revolution: nothing more than a posteriori conviction, an attempt to justify the subversion of the existing government.

Restoration of Capitalism in the USSR attempts to locate the embryo of the “new bourgeois” managers in the managers of Stalin’s time. According to Nicolaus’ mythology, the managers’ position was a powerful one. The laborers had great responsibility while lacking the power to discipline the workers, whose interests were scrupulously defended by Stalin! This, believe it or not, is Nicolaus’ sociological explanation for the growth of bourgeois counterrevolutionary forces in Stalin’s Russia:

“At the same time as they were charged with heavy and strict responsibilities, the Soviet managers as a rule had considerably less power than their capitalist counterparts over the workers.... They had the right to fire a worker at will. They could not, however, discipline a worker with unemployment and hunger....

“...except during wartime, workers were free to quit, but managers could not fire them except by proving some criminal offense against them. Thus, lacking the whip hand, the managers were weak.”

So, according to Nicolaus, the Soviet managers sought to overcorrect the “weakness” by restoring capitalism:

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“But during wartime, workers were free to quit, but managers could not fire them except by proving some criminal offense against them. Thus, lacking the whip hand, the managers were weak.”

And so, according to Nicolaus, the Soviet managers sought to overcorrect the “weakness” by restoring capitalism:

“One hand [the managers] arrogated to themselves most of the powers possessed by the workers, and at the same time clipped away at the responsibilities imposed on them by the plan. Both these tendencies on the one hand, stemming from an identical capitalist impulse, were kept in check and suppressed during Stalin’s lifetime.

“We shall confront the unbelievable assertion that Stalin’s managers ‘lacked the whip hand’ over the workers. However, even if one knows very little about the history of Soviet economic policy, Nicolaus’ thesis is obviously contrary to elementary Marxist sociology. Soviet enterprise managers are not a distinct, organic social group with a basis for unity against the higher administrative strata. Enterprise management is simply a division of labor within the administrative bureaucracy. Real success for an enterprise manager is not the expansion of this factor and suppressed during Stalin’s lifetime.

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“Soviet enterprise managers are not a distinct, organic social group with a basis for unity against the higher administrative strata. Enterprise management is simply a division of labor within the administrative bureaucracy. Real success for an enterprise manager is not the expansion of this factor but the creation of the conditions for unity among managers against their superiors. The laborer’s economic power is the product of the growth of the workers’ collective power. The immediate and visible results of this process are the workers’ collective self-consciousness and the creation of collective self-consciousness in the management of enterprises. In short, power did not remain in the hands of those who possessed the power of the workers’ movement. A new factor emerged: the collective power of the workers’ movement. This factor, created by the workers, was the power of the workers’ movement. The workers’ movement was the power of the workers. The workers’ movement was the power of the workers.”

“...the conflict between managers and higher planning authorities could no more generate a new capitalist class than could the conflicts between lieutenants and generals in the Soviet army.

“The Leninist Bolshevik party had recognized that there would be immediate conflicts of interest between the workers and economic administrators under the workers state. Therefore the 1922 Soviet Labor Code stipulated that wages and working conditions be negotiated between the trade union and management. But under Stalin the conditions of labor became more oppressive in every conceivable way. Negotiations with the unions over wages and working conditions were abolished in 1931. After that, Russian trade unions became little more than social welfare agencies and propaganda mills for the state.”

“The Bolshevik party of the early 1920’s also understood that a rational allocation of labor involved voluntary job changes, sometimes entailing periods of unemployment. A July 1923 decree established labor exchanges and unemployment insurance to facilitate labor mobility and protect the workers. In 1932 Stalin abolished both. Thereafter unemployed workers were forced to take any job offered, even unskilled and unpaid work at a below minimum pay. Stalin eliminated unemployment ‘by methods not unlike those advocated by bourgeois reactionaries who want to eliminate welfare recipients.’

“Stalin’s claim to have eliminated unemployment in the USSR is totally fraudulent in any case. In Stalin’s Russia, as in today’s China, the peasants were legally bound to the collective farms from birth. Peasants who migrated to the cities but could not find work were rounded up and shipped back to their villages. Those who resisted were sent to Siberian labor camps.”

Nicolaus’ view of bourgeois counterrevolution in the Soviet Union is here that the restoration of capitalism in the USSR—took place at the beginning of the first five-year plan. Khrushchev, who had been a mainstay of the “old guard” during the first five years, was appointed to the post of chairman of the Council of Ministers in 1950. He was a man of strong will and determination, who was determined to bring about a rapid increase in agriculture and industry. In 1953, Khrushchev was named as the leader of the Soviet Union. He was a man of great charisma and determination, who was determined to bring about a rapid increase in agriculture and industry. In 1953, Khrushchev was named as the leader of the Soviet Union. He was a man of great charisma and determination, who was determined to bring about a rapid increase in agriculture and industry. In 1953, Khrushchev was named as the leader of the Soviet Union.

Khrushchev visiting collective farm, 1963.
Stalin’s “Workers Paradise”...

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which could well have been (and possibly was) copied from Nazi Germany. This decree punished violations of labor discipline with naked state terror. Changing jobs without permission of management was punishable by two to four months’ imprisonment. A worker guilty of a single instance of “truancy” (one day’s unexcused absence or 20 minutes’ lateness) had to be punished by a ten-day corrective labor at the workplace, at up to 25 percent reduction in pay. This savage anti-worker law was so unpopular that managers were prosecuted for covering up for errant employees!

The 1940 decree was no mere wartime emergency measure, either. It remained in force until 1956, and its underlying principle clearly declared to be the norm in a “socialist society.” The Stalinist attitude toward labor in this capacity influenced the behavior of workers long after the “war” was over, and it remained in force until 1956, and its underlying principle clearly existed as a form of labor discipline in the Soviet Union.

Stalin’s Extreme Anti-Egalitarianism

In contrast to the Big Lie technique of Nicolson, some apologists for Stalin admit that he eliminated the freedom which Soviet workers enjoyed in the 1920’s, but argue that by eliminating a free labor market Soviet workers achieved economic security and equality of income. Nevertheless, Stalin’s egalitarianism as big as a fraud as Stalin the defender of workers’ rights against management.

During the 1920’s the Soviet government published ample statistics on wages. Again, when real wages rose steadily from the mid-1920’s onward, the statistics failed to reflect this fact. However, no comprehensive official figures for cost-of-living changes and real wages were published during or after Stalin’s reign. This silence in itself indicates a marked deterioration of living standards. The most careful

Western study is Janet Chapman’s Real Wages in Soviet Russia Since 1928 (1965), which estimates that from 1928 to 1932, the average hourly earnings of the urban working class fell by 25 percent, as a result of a seven percent increase in the price level. The explanation of this phenomenon is twofold: (1) changes in the scale of piece rates, and (2) changes in the structure of income. At the same time, workers’ income was going to be increasingly concentrated in the hands of the state...

As to the distribution of income, the Stalin period was marked by an egalitarian system that was far more extreme than anything prior to the Social Security System of the mid-20th century. In 1935, a special group of economists envisaged the abolition, at one stroke, of the entire system of piece rates. By 1965, however, the piece-rate system was completely restored...