

# What Do Zyuganov and Trotsky Have in Common? "Market Socialism" Yesterday and Today

*V. Shapinov*

## *Introduction*

We present here the translation from the original Russian of an excellent article by Shapinov. This article was published in 2004 in one of the organs of the Russian Communist Workers Party (RCWP). The article is a polemic against the national-chauvinistic positions of the Communist Party of the Russian Federation (CPRF) which consistently stands for the capitalist path of development in Russia. The CPRF, as many others in modern Russia, dwells on the successes of the Soviet past, such as industrialization, collectivization, the victory over fascist Germany and capitalizes on the nostalgic sentiments prevalent among vast layers of Russian toiling masses with regards to the might of the Soviet state. While the CPRF tantalizes many in Russia with their superficial support to the victory of socialist construction in the Soviet Union, they identify themselves with the theories of the so-called market socialism and, as such, they stand against socialization of the means of production or of private property in the conditions of today's Russia. As a result, the CPRF stands against socialist transformation altogether, notwithstanding their positive appraisal of the Soviet past. In all fairness, the CPRF's position is inherently self-consistent, as the theory of market socialism has proven time and again to be antisocialist and reformist to its core. It is here where the value of the article lies, in that the author eloquently links up the theories of market socialism with capitalist restoration and reformism. In successfully establishing that link the author takes it further to expose Trotsky's views with regards to socialist construction in general and in the Soviet Union in particular. The author does not only correctly characterize Trotsky's economic views in the historical context but also successfully demonstrates that Trotskyism, despite its "leftist" phraseology, is a form of revisionism that the CPRF strongly overlaps with. To the extent that Trotskyism is a form of right-wing revisionism and opportunism in the Soviet historical context, the CPRF is rendered its natural heir.

Shapinov points to the fact that Trotsky's economic views are derivative and superficial, as they emanate from other revisionist thinkers. Indeed, Trotsky is a talented publicist but he can hardly be regarded as a theorist of political economy. He certainly does not deserve to be compared with Bogdanov, Bukharin, Preobrazhenski and others in terms of the depth of their economic thought. Shapinov gives a rundown of Trotsky's views on socialist construction in the Soviet Union with emphasis on an analysis of his article the "Soviet Economy in Danger". Published in 1932, when the success of the first five-year plan and large-scale collectivization became apparent, Trotsky reverts to the postulates of the Bukharin-Rykov right-wing opposition: slowing down of industrialization, preservation of capitalist elements in the economy, especially in the countryside, expansion of commodity-money relations, diminishing the role of the socialist plan and the opening up to foreign goods and investment. These tenets come straight from the playbook of right-wing revisionist traditions, which are chiefly responsible for the restoration of capitalism in the Soviet Union. Trotsky's right-wing recipes for the Soviet Economy are underpinned by the postulates of the theory of equilibrium. The theory of equilibrium is a

bourgeois conception that is expanded on by Bogdanov in Russia and was taken up as a methodology by Bukharin in his works in political economy. The theory of equilibrium in practice tries to demonstrate that the law of value and commodity-money relations are forms of exchange that operate in socialism, hence, Trotsky's assertion that "the plan is checked and, to a considerable degree, realized through the market." In Trotsky's views the market is indispensable in socialism to curb disproportions and to restore the state of equilibrium that is natural to any economic process. These views were not invented by Trotsky.

Shapinov logically concludes that Trotsky's views on socialist construction have been misrepresented as a left alternative to Stalin's. Much to the contrary, the author elegantly dissects Trotsky's superficiality by exposing its lack of originality and how it overlaps with right-wing, pro-capitalist opportunism.

Indeed, Trotsky's views on socialist construction revolve around his conviction that socialism cannot be built in an isolated country or group of countries, where he takes quotes from Marx and Engels out of context. This postulate is in open contradiction with Lenin's vision and his development of Marxist political economy in the era of imperialism. It is because of the uneven development of capitalism that socialism will break out in a small number of countries. Lenin, while never underestimating the relevance of the struggle of the proletariat internationally, was explicit with regards to the possibility of building socialism in an isolated country:

"Uneven economic and political development is an absolute law of capitalism. Hence, the victory of socialism is possible first in several or even in one capitalist country alone. After expropriating the capitalists and organising their own socialist production, the victorious proletariat of that country will arise against the rest of the world—the capitalist world— attracting to its cause the oppressed classes of other countries, stirring uprisings in those countries against the capitalists, and in case of need using even armed force against the exploiting classes and their states." (V. I. Lenin, "On the Slogan for a United States of Europe," *Lenin Collected Works*, Progress Publishers, [1974], Moscow, Volume 21, page 343.)

On the surface the slogan of the permanent revolution, as formulated by Trotsky may appeal to some as revolutionary. Lenin demonstrated that this slogan is not only incompatible with Marxism, but it is in practice counter-revolutionary. Lenin gives an unequivocal assessment as to the practical implications of advocating for the permanent revolution in the concrete historical context of the Russian Revolution:

"I know that there are, of course, wiseacres with a high opinion of themselves and even calling themselves socialists, who assert that power should not have been taken until the revolution broke out in all countries. They do not realize that in saying this they are deserting the revolution and going over to the side of the bourgeoisie. To wait until the working classes carry out a revolution on an international scale means that everyone will remain suspended in mid-air. This is senseless." (V I Lenin, "Report on Foreign Policy Delivered at a Joint Meeting of the All-Russia Central Executive Committee and the Moscow Soviet," 14 May 1918, *Collected Works*, Vol. 27, pp. 372-3.)

Bourgeois and Trotskyite analysts, as correctly pointed out by Shapinov, converge to portray Trotsky as a left-wing advocate. Examination of his works and political activity reveals a very different picture, that of a political movement that advocates going too far when the conditions are not given for radical transformation, thus jeopardizing the alliance between the peasantry and the working class, and to slow down when the socialist transformation is making strides. Trotskyism may have sounded ultra-revolutionary in the 1920s, when the conditions for large-scale socialization were not yet given, but drastically changes tone when the material conditions emerge and socialist construction is on the offensive in the 1930s.

It is then that Trotsky takes up the narrative of the right-wing opposition with regards to the interrelation between plan and the market and how to deal with capitalist elements in the economy. The alleged ultra-leftist becomes a mainstream right-winger. This speaks to the true essence and political motivations underpinning Trotskyite phraseology: consistently and fundamentally counter-revolutionary.

Shapinov's brilliant appraisal of Trotsky's economic views should not go without criticism. Shapinov adheres to the view that the Soviet Union remained socialist till the end of its existence as a State, where Perestroika is viewed as a counter-revolutionary movement chiefly responsible for the latter. At the time when the article was published Shapinov still considered China as a socialist state. While upholding the victory of the socialist construction in the Soviet Union, Shapinov overlooks the fundamental economic transformations of the 1950s that end the essence of the Soviet economy that emerged as a result. This contradictory attitude is inherent to left-wing Brezhnevites in Russia and elsewhere. That being said and with that in mind, Shapinov's article is a valuable critique of Trotsky's economic views.

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Trotsky, in contrast to other Marxists of his time, wrote very little about economic questions. He did not participate in the polemics undertaken by Plekhanov and specially Lenin with representatives of the economic school of the Narodniks by the end of the XIX century and the beginning of the XX century. He did not participate in the polemics revolving around the interpretation by Rosa Luxemburg of Marx's theory of capitalist accumulation. Trotsky skipped the discussions about imperialism that European Marxists, from Hilferding to Lenin and Bukharin engaged in. One can argue that Trotsky never acquainted himself seriously with Marxist political economy and had a nebulous understanding of it. However, some of the economic ideas of Trotsky are worth our attention.

Trotsky's works after the revolution, where he deals with economic questions, allows us to interject that Trotsky was under the influence of petty bourgeois theories of "market socialism", which today underpin the documents of all opportunist parties including the CPRF (the Communist Party of the Russian Federation, our note). "Market Socialists" (in other words, socialists on paper, but capitalists in practice) from the CPRF often label their leftist, Marxist, anti-market opponents as "Trotskyites". Below it will be shown that it is not Marxism-Leninism, but the economic programme of opportunism that has commonalities with Trotskyism.

On those lines, the most interesting article by Trotsky is "The Soviet Economy in Danger" published in 1932 in the journal "Bulletin of the opposition" that was published by him and his close collaborators outside the USSR.

In this article Trotsky presents his vision for the development of the Soviet economy after the completion of the first five-year plan.

By 1932 the USSR had fulfilled the first five-year plan, the basis for socialist industrialization was laid; giant factories, power stations, mines were constructed that were pivotal for the Soviet Republic to achieve economic independence from the external capitalist market and to transition to an economy void of commodities, a socialist economy and the realization of the principle "from each according to his ability, to each according to his work". In the countryside collectivization had been successfully implemented, where petty individual peasant households were consolidated into large-scale collective socialist kolkhoz. The exploitation of the poor peasantry, which constituted 70% of rural population by affluent peasants, rural capitalists – the kulaks, which constituted approximately 10% of the rural population, was liquidated. Collectivization made possible the liquidation of hunger, which was prevalent in Tsarist Russia and subsequently in the USSR due to the inability of petty production to confront the adversities of nature, droughts, and more prominently, due to the chaotic market forces with its periodical crises. The last instance of hunger was registered in the USSR in 1933. Subsequently, when the kolkhoz system consolidated, the countryside in the USSR was able to eliminate hunger for the first time in centuries. Let's note that during the same period Europe and the USA were engulfed in massive hunger created by the crisis of capitalism and the Great Depression.<sup>1</sup>

In general, the Soviet economy developed along the lines of liquidating the isolation of independent productive units connected to each other through the market. The chaos engendered by market forces was overcome by regulation and a centralized plan. The capitalist mode of production was being replaced by the communist mode of production through strife and not without difficulties.

How did Trotsky look at the process of transition from capitalism to socialism? What recipes did he have to offer? Many followers of Trotsky, from mildly liberal university professors to members of leftist sects, tirelessly argue that had the USSR adopted Trotsky's course instead of Stalin's, the country would have achieved lot more and would have not collapsed towards the end of the 1980s. Is this so?

According to Marxism, the socialist economy incorporates within itself elements of the communist mode of production in conjunction with remnants of the capitalist mode of

production. Socialist society replaces the old capitalist, market relations with new, communist, planned relations. The highest stage of development of the communist society – full communism – completely overcomes market relations based on division of labor and the dictate of supply and demand. a

Trotsky, in the “best” traditions of opportunism, is sceptical about the possibility of constructing full communism:

“If a universal mind existed, of the kind that projected itself into the scientific fancy of Laplace – a mind that could register simultaneously all the processes of nature and society, that could measure the dynamics of their motion, that could forecast the results of their inter-reactions – such a mind, of course, could a priori draw up a faultless and exhaustive economic plan, beginning with the number of acres of wheat down to the last button for a vest.”<sup>2</sup>

The same type of argument was used by the counter-revolution during the times of “Perestroika”. They argued that it is not possible as a principle to organize an economy on the basis of a single plan, as it is not possible to calculate how much product, who will get and when, etc. During Gorbachov’s period of counterrevolution the thinking was that the plan needed to be complemented by the market and during Yeltsin’s period, that the plan needed to be disposed of and be wholly replaced by the market.

◇ Trotsky, of course, does not go that far in his conclusions; however if one follows the logic of his economic thinking, we arrive at the same result, “Perestroika,” followed by the liquidation of socialism.

Following the theoretical tenets of “market socialism”, Trotsky gives concrete recipes for the development of the Soviet economy. He proposes the following solutions: a) it is necessary to decentralize the management of production, more freedom to companies and workers collectives, b) more market, less plan, c) it is necessary to decrease the rates of growth in the USSR, d) open the borders to foreign goods. We will go through each of these tenets both from the point of view of Marxist theory and from the standpoint of the political and economic implications of this approach.

**Decentralization:** Decentralization of management of the socialist economy, granting more independence to companies and collectives – such is Trotsky’s point of view. This discussion is projected along the lines of centralism versus democracy. Such a discussion is resolved, of course, depending on concrete conditions, resources and the situation. However, since we are talking about economic questions, such logic is not applicable. The struggle here is not between “democracy” and “centralism”, but rather between the capitalist mode of production, which is comprised of a network of independent producers of commodities connected to each other through the market, and socialism, an economic system based on the social character of property and the planned character of the relations between enterprises, viewed as links of a united economic chain.

Lenin in his works subsequent to the Revolution clearly pointed this out:

“...that any direct or indirect legalisation of the rights of ownership of the workers of any given factory or any given trade on their particular production, or of their right to weaken or impede the orders of the state authority, is a flagrant distortion of the basic principles of Soviet power and a complete rejection of socialism.”<sup>3</sup>

“...without comprehensive state accounting and control of the production and distribution of goods, the power of the working people, the freedom of the working people, *cannot* be maintained, and that a return to the yoke of capitalism is *inevitable*.”<sup>4</sup> Compare this thought of Lenin to Trotsky’s that in order to calculate and control production one requires “a universal mind, of the kind that projected itself into the scientific fancy of Laplace.”

“Socialism is inconceivable without large-scale capitalist engineering based on the latest discoveries of modern science. It is inconceivable without planned state organisation, which keeps tens of millions of people to the strictest observance of a unified standard in production and distribution.”<sup>5</sup> – that is Lenin’s standpoint.

Therefore we can see that Marxist-Leninist positions and the position of Trotsky with regards to centralization of management in the socialist economy contradict each other. On the other hand, the position of Trotsky is consistent with the theory of opportunism from the CPRF, who on paper claim to be enemies of Trotskyism.

**More market, less plan!** In the article “The Soviet Economy in Danger” Trotsky demonstrate his complete lack of understanding of the relationship between plan and the market in the transitional period. “The plan is checked and, to a considerable degree, realized through the market. The regulation of the market itself must depend upon the tendencies that are brought out through its mechanisms. The system of the transitional economy is unthinkable without the control of the ruble.”<sup>6</sup>

According to Trotsky, planned relations in socialism are reduced to regulating the market! Today every capitalist state regulates the market. The chaotic forces of the market have reached magnificent proportions and threaten capitalist production as a whole. Without state regulation modern capitalism can’t exist altogether. Only the most extreme revisionists dare to portray these measures of the capitalist state as socialist.

Plan and market are two completely different systems of relations between people in production. Plan and market coexist for a certain period of time – during the period of transition and socialism. But the plan is not “checked” (or validated, our note) through the market, let alone being implemented through it. Planned socialist organization of production and the chaos of the market are in constant and antagonistic struggle. The victory of the plan over the market is the victory of communism, while the victory of the market over the plan is the victory of capitalism. Trotsky did not understand this.

“Economic accounting is unthinkable without the market”<sup>7</sup> – writes Trotsky. This statement is refuted by world economic history. Market relations lead to periodical disruptive crises of overproduction and protracted depressions.

One of the signs of capitalist crises is when demand does not cope with the volume of production. Commodities do not find buyers. Prices collapse. Production comes to a halt. Bankruptcy in production and trade become prevalent. Employment gets greatly reduced and unemployment grows rapidly.

With the growth of unemployment and the drop in wages demand plunges further, which in turn aggravates production. A crisis is followed by a depression during which production appears to stagnate while the commodities that cannot be sold in the market are slowly obliterated, where they are simply destroyed or sold at lower prices.

The emergence of an economic crisis is related to the fact that in capitalism production grows rapidly whereas the purchasing power of the majority of the population grows much more slowly if at all. This contradiction is inherent to capitalist production, where labourers play a dual role – on the one hand they are the source of profit and from this standpoint the less they are paid, the better, but, on the other hand, they are the consumers of commodities. Because the goal of capitalist production is profit the consuming function of labourers is suppressed and constrained, which in turn clashes with the above-mentioned tendency to attain profit by way of relentlessly growing production. For some time these contradictions accumulate after which capitalism becomes uncoordinated and it finally becomes engulfed by a crisis, which is a temporary and violent solution to the above-mentioned contradiction.

Socialism does not know such crises. All that is produced will be consumed because production is not based on the extraction of profit but on the satisfaction of the needs of society.

From here one does not conclude that “economic accounting is unthinkable without the market”, but on the contrary, in the conditions of market relations economic accounting is essentially impossible because it is impossible to predict the behaviour of hundreds of thousands of isolated producers. Conversely, under the conditions of planned economics one can perform exact economic accounting.

**Reduce the rate of economic growth!** Trotsky was a proponent of reducing the rate of industrialization and collectivization as a solution to the economic problems that the USSR faced during the transition from the pseudo-market, NEP economics to socialist planning.

The “transformation of the five-year plan into a four-year plan was an act of the most light-minded adventurism” he writes. “It is necessary to put off the second five-year plan. Away with shrill enthusiasm! Away with speculation!”

It is evident that such type of slogans could have only been supported by capitalist elements remaining at the time.

Stalin in contrast to Trotsky defined the task in a completely opposite manner: “We are fifty or a hundred years behind the advanced countries. We must make good this distance in ten years. Either we do it, or we shall go under,” he stated in February 1931. Exactly ten years later fascist Germany invaded the USSR. It was thanks to the accelerated rate of economic growth that the USSR was able to create the material basis for the victory over fascism.

But Trotsky goes further. He does not only propose to slow down the growth but to reverse it:

“After the adventuristic offensive, it is necessary to execute a planned retreat, thought-out as fully as possible”. “A temporary retreat is urgent both in industry and in agriculture. The extent of the retreat cannot be determined beforehand.”<sup>8</sup>

While the party was finally able to go on the offensive against capital by advancing socialism broadly after years of retreat during the NEP, Trotsky calls for retreat. This is in contrast to bourgeois and Trotskyite historiography, where Trotsky is viewed as a “left” alternative to Stalin. If one dwells not on the “left phraseology”, with which talented journalist Trotsky spiced up his political ideas, but on the ideas themselves, then it becomes clear that we are dealing with a carefully disguised variation of opportunism and revisionism.

Moreover, Trotsky even advocated for the partial restoration of capitalism in the countryside: “The policy of mechanically “liquidating the kulak” is now in effect discarded. A cross should be placed over it officially. And simultaneously it is necessary to establish the policy of severely restricting the exploiting tendencies of the kulak.”<sup>9</sup> Instead of liquidating the agrarian kulak-capitalist he advocates restricting their “tendency” to exploit. This is tantamount to defending private property and agrarian capitalism, similar to today’s “solid owner” mongering by the national- patriots of the CPRF.

**Let’s open the borders to foreign goods!** The position of Trotsky with regards to the role in the USSR of the foreign market stems from his conception about the impossibility of building socialism in one country or a group of countries. These views were developed during the course of inner-party discussions of 1923-1924 that were documented as the “resolution of the four”, as it was signed by four leading members of the “left opposition”: V.V. Osinskii, Y.L. Pyatakov, E.A. Preobrazhenskii, I.N. Smirnov. This resolution advocated for a “massive intervention of goods” from the West. This proposal was rejected during these discussions, as it endangered the very existence of Soviet industry and threatened to turn the USSR into a market for Western capitalist monopolies.

But Trotsky did not give up this position and almost ten year later he reverberated it in his article published in the “Bulletin of the opposition”: “Imported goods to the value of one chervonets can bring domestic production out of its moribund state to the value of hundreds and thousands of chervontsi. The general growth of the economy, on the one hand, and the sprouting up of new demands and new disproportions, on the other, invariably increase the need to link up with the world economy. The programme of “independence,” that is, of the self-sufficient character of the Soviet economy, discloses more and more its reactionary and utopian character. Autarky is the ideal of Hitler, not of Marx and Lenin.”<sup>10</sup>

It goes without saying that Hitler’s “ideal” was not autarky, much to the contrary, but to expand as much as possible the market for German monopolies as much as seizing sources of raw materials and cheap labour for the benefit of the German industry.

The experience of the USSR speaks to the contrary, in that the creation of socialist industry did not increase “the need to link up with the world economy”, but decreased it. Industrialization and



collectivization enabled the USSR to become independent of foreign markets and, therefore, created the conditions for independent socialist development. The victory over German fascism would have not been possible without the “autarkic” Soviet economy.

Opening to foreign goods and capital is very dangerous for the socialist economy. This is the path followed by revisionist China after Mao, where workers toil in appalling conditions to produce goods for imperialist countries. China became a source of cheap labour force for imperialist capital. The expansion of the “link with the world economy” brings capitalism back to China, first in the economy and later politically. To allow Chinese capitalists to join the Communist Party is a symptom that should not be overlooked.

Integrating into the world capitalist economy as a source of cheap labour force and raw materials is the path that Trotsky and the left opposition essentially advocated in the 1920s-30s.

Numerous attempts to portray Trotsky as a “prophet” who predicted the causes responsible for the restoration of capitalism in the USSR and who proposed the recipes to avoid it don’t hold water. As soon as we move away from journalistic games with revolutionary phraseology to the study of concrete recipes that Trotsky proposed to communists in the USSR one realizes that Trotskyism is far from a “left alternative” to Stalin nor a panacea against capitalist restoration, but rather a carefully disguised form of opportunism and revisionism. The economic ideas of Trotsky strongly overlap with the pro-market “revelations” of the right-wing ideologists of the CPRF, where the difference between them is that Trotsky supported his ideas with references to Marx and Lenin that were taken out of context and the leaders of the CPRF use ultra-patriotic phraseology.

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[http://www.proriv.ru/pdfs/Sov\\_Souz\\_11.pdf](http://www.proriv.ru/pdfs/Sov_Souz_11.pdf)

***Translated from the Russian by Bikram Mohan. Endnotes:***

1 See for example J. Steinbeck in the "Grapes of Wrath".

2 L.D. Trotsky, “The Soviet Economy in Danger”.

3 V.I. Lenin, “The Democratism and Socialist Nature of Soviet Power” [*Collected Works*, Vol. 42, pp. 100-101].

4 V.I. Lenin, “The Immediate Tasks of the Soviet Government” [*Collected Works*, Vol. 27, pp. 253-254].

5 V.I. Lenin, “Left-Wing Childishness and the Petty Bourgeois Mentality” [*Collected Works*, Vol. 27, p. 339].

6 L.D. Trotsky, “The Soviet Economy in Danger”.

7 L.D. Trotsky, Ibid.

8 L.D. Trotsky, Ibid.

9 L.D. Trotsky, Ibid.

10 L.D. Trotsky, Ibid.