

The ambiguities of Ernest Mandel

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Introduction

Ernest Mandel has answered my remarks on worker-state theorists with two rebuttals. His first is that I have failed to provide any proof that he sees the USSR as socialist; his second is that I claim incorrectly that the worker-state position does not offer a theory of development. He has used the occasion to update his views on these states and extends an invitation to refute him empirically. I accept his challenge.

It is a rash one, for it would be easy to compile a considerable catalogue of Mandel's factual errors. It would not advance the serious and substantive debate to score points in this way, however, because it would show only that Mandel would benefit from more extensive and detailed familiarity with the empirical Russian materials; it would not show that he was theoretically wrong at the essential level. In part one I shall consider four particular matters each of which has some theoretical importance. In part II, I shall argue that Mandel's position does lend itself to the interpretation that the USSR is in some partial sense socialist. In the final part I shall argue that Mandel's position is inadequate as a theory of development.

I. Some Instructive Facts.

(1) Mandel's assertion that there are no large money fortunes in the USSR is false. It is well-known that writers such as Sholokhov and Ehrenburg are practically ruble millionaires. Sakharov had enough savings to give for a hospital to be built, and he is in a less elevated category of the elite. But that aspect of the matter is not important. What is important is the role of money in Soviet economy. This problem is not raised by Mandel and its ramifications are left unexplored by him.

The key theoretical point is that money does not have the role of an equivalent. This raises in turn the question as to whether, in the sphere of consumption, one can speak of commodities, since money fortunes are of such little use. The elite obtain their goods, by privilege, outside the law of value; the ordinary citizen is in effect rationed by having to queue and by being dependent on having or lacking contacts, and on special allocations. Money by itself is usually insufficient for getting things. The so-called parallel monetary economy is extremely limited. The unplanned element of the economy — the use of contacts, etc. — is not primarily monetary. It thus becomes doubtful whether one should speak of there being a law of value in the USSR. The value aspects that do exist are subsidiary to more general laws. Mandel is wrong to attribute the importance he does to underground markets ("black" and "grey").

(2) Equally, it is simply not true that, as he says, there are not periodical crises in

the USSR and the East European countries. Studies have been made which show the reverse. Indeed, even the most cursory reading of the annual Plan reports shows that there is at least a cycle associated with capital investment. So-called planning has introduced a new form of the cycle. Studies of Hungary and Czechoslovakia go even further.¹

(3) Likewise, it is misleading to speak of the USSR in terms of its military and industrial might, as Mandel does. Even the CIA has ceased to do so. Let us remember that as backward a country as Tsarist Russia could still play at one time the role of gendarme of Europe. Closer examination of each item of so-called growth shows its contradictory nature.² Industrially, the USSR is to be judged by the measure of its productivity: Mandel compares it with Britain and Italy. The comparison is fantastic; it makes inexplicable why the USSR imports manufactured goods from these countries and the reverse does not occur. In this context it has to be pointed out that no value equivalents can be made because it is impossible to determine cross-country exchange rates. Working with the official exchange rate anything can be conjured up. And even if we use these figures we would have to calculate that the USSR is at a level between 3 to 6 times below those of the countries with which he compares it. Official Soviet figures tend to confirm Mandel's judgement. But who, since Trotsky's time, attaches any meaning to official Soviet figures?

Leaving aside the question of prices and looking directly at the USSR and its problems in terms of labour productivity, we find: constant hold-ups through lack of spare parts, raw materials, machinery or skilled personnel; high labour turnover; massive alcoholism; slow and unreliable working; negligence on a large scale; insufficient mechanisation; all tending to recreate themselves. How can this be compared to an economy like Britain's where monetary incentives and unemployment ensure that these aspects are reduced far below the extraordinary levels reached in the USSR? Mandel is not unaware of all these elements, but he will not incorporate them into his thought except in the superficial manner of listing them all under 'waste'. He has not put them together and drawn the inescapable conclusion that the USSR has evolved a system with a definite form in which all these features are *systematically reproduced*. This needs to be explained, and these reproductive features incorporated, in a more general theory (such as I have tried to develop in my *Critique* articles). Mandel will not admit the full consequences that the facts, of which he is aware, have for the nature of the USSR and for its theorization. He has a *position*; new facts are dealt with either by making as politically imperceptible an adjustment to this position as is available, or by making the facts fit the position. Such procedure is not Marxist theorizing in search of

1. Goldman and Kouba, *Economic Growth in Czechoslovakia*, IASP, New York, 1969, pp.44-52, where an investment and inventory cycle are discussed for Eastern Europe.

2. "It is obvious that the economic consequences of alienation and bureaucracy are evinced in a slowing down in the growth in productivity, reducing the effectiveness of investments and hampering technological progress (and in the resultant drop in growth rate)". *Ibid.*, p.79. This work, produced in Czechoslovakia, thus brings out the point that there is a closer connection between production and the elite than Mandel seems to want to allow.

correct theses; it is merely defending *a position*.

(4) In "Europe vs America", he writes "Invention and scientific discovery, the technological revolution and industrial innovation, have almost been synchronized in that country (the USSR)" (p.31). The qualification is important: he explains "almost" in a footnote, saying that Soviet managers have an "interest in the slowing down of technological improvement". This is a perfect illustration of the ambiguity of his thought about the USSR.

In the first place, it is absurd to claim that the USSR rapidly translates inventions into industrial employment.³ The exact opposite is true: in the USSR it is more difficult to translate a technological discovery into an industrial innovation than at any period of capitalism since the industrial revolution. Why, for example, can the USSR to this day not produce computers comparable to those in the West, thus being compelled to import them? Or, why is it that the production line imported from the West has to be adapted to a lower level of technique, etc. in the USSR? The managers certainly cooperate in slowing down the process. But it is ignorance that maintains that it is only the managers who do so. Everyone in the factory — from the unskilled auxiliary worker to the factory director — has a direct and immediate material interest in changing as little as possible. From the point of view of the workers, the only effect of a new product or process is to make his work harder — at least in finding once again ways round the system. If he does not re-train or adjust his norms the result is that production will actually fall after the innovation has been introduced. Some adjustments are made, certainly, but then only under considerable pressure, and insufficiently to convince anyone that the innovation was worth while. The task set in the thirties to overtake America proved to be impossible. If anything, as Sakharov has pointed out,⁴ they are tending to lag even further behind in the USSR. The conclusion is, therefore, the reverse of Mandel's: productivity in the USSR is lower than in the capitalist mode of production.

This, however, is not the real question; low productivity is a commonplace to anyone with detailed knowledge of the USSR. The real question is *why* it is that the USSR and the East European countries tend to underdevelop themselves. The case of Czechoslovakia, once a world leader in car production and now only a figure of fun in that respect, is very much to the point. (See: *Critique*, No. 7, p.69ff.).

II. *The Ambiguities of the Workers' State Position.*

Mandel is not only wrong about the degree of slowing down. There is a profound retardation due not to the managers alone but to a system which involves the workers being in opposition to innovation. He is wrong in the method he uses to analyse the system. He proceeds from what he sees to be the

3. This point has been made repeatedly in my articles in *Critique*, with the appropriate references. For Eastern Europe, the work of Goldman and Kouba makes the same point very strongly on page 79.

4. A. Sakharov, *Progress, Co-existence and Intellectual Freedom*, London, 1968, p.6. I used this source in my article in *Critique*, No. 1. As Mandel has not replied to it, I repeat it.

non-capitalist elements in the system, which he regards as the superior aspects of the society. There are two assumptions here: first, that the non-capitalist elements are superior to capitalism; second, that they are in any sense decisive. The problem is in the first assumption. It is here that Mandel lays himself open to the charge that what he calls 'degenerate workers states' are socialist in some form. In the article already quoted, he describes the Soviet state as not such a perfect model, but as bureaucratically degenerated or distorted; but what exactly is it that it is degenerated from? In his 'Ten Theses'⁵ he writes of the hybrid existing in a transitional society and says that it is the "result of the suppression of capitalism before socialism can fully mature". We appear to have, then, an immature socialism which degenerates, as in the USSR. On the other hand, it goes without saying that Mandel does not accept, but *opposes absolutely*, the concept of socialism being attainable in any one country. So where do we stand?

In so far as one can say that the logic of the plan or the law of planning operates, there must be an element — and a fundamental element at that — of socialism at work in the society. This lower form of socialism exists in the transition period when the bourgeois state and bourgeois right still operate. The critical point in the transition lies in the overcoming of the law of value by the law of planning. This victory of planning over value ushers in socialism. Mandel's argument that planning exists in the USSR can thus mean that the USSR is on the lowest rung of, or has the first form of, a species of socialism or socialist society.

On the relationship between a transitional society and a mode of production he is not explicit. The quotation he gives from Engels about the non-correspondence between the mode of production and the mode of distribution we take to mean that he sees such a non-correspondence in the USSR; it gives the impression that he is thinking of a mode of production. Buick has correctly pointed out that Marx does not speak of a 'transitional society';⁶ but that does not invalidate the concept. It only makes it all the more necessary that the term be fully explored. If a transitional society is not a fully developed mode of production, is it the lowest form of a new one? Mandel's remark that the USSR is an "uncrystallized mode of production" could imply that the USSR represents a chrysalis out of which will emerge the socialist mode of production — provided it has a successful political revolution. A social revolution would not be required. (Though here, too, he is ambiguous, since he has latterly defined the political revolution as a social revolution.)

The problem can be put this way: Mandel does not hold it possible to construct socialism in one country; he has said so always, and we accept that. But he is not clear on the form and nature of those elements which he calls 'non-capitalist'. If they derive from the October revolution, as he says, they must represent elements of socialism and the Bolsheviks saw themselves constructing

5. *Critique*, No. 3, p.10.

6. *Critique*, No. 5, A. Buick, 'The Myth of the Transitional Society'.

socialism without being able to achieve it. They laid the foundations without being able to proceed far with the structure. Mandel refers explicitly to the logic of the plan as being such a non-capitalist element. Now, 'non-capitalist' must have a meaning. It can mean either (1) socialist; or (2) a new feature derivable neither from capitalism nor socialism; or (3) a feature which, as Mandel puts it, is a hybrid, i.e. derivable — and to continue the analogy — visibly so derivable from its parents; or (4) a feature which has its origin in the past history of the USSR and which, because of new interrelations and interpenetrations, is something altogether new. Of these four variants, Mandel implicitly rejects only the second since that involves an entirely new mode of production coming into being out of thin air. (In any case, theoretically, it would be nonsense.)

As to the first possible meaning: Mandel while saying that the USSR is not socialist refers to the superior features which characterize it; these could be called socialist features. After all, a transitional period must be characterized by the progressive victory of the socialist elements. Planning is such a socialist element. If planning exists in the USSR, as Mandel argues, then a socialist drive exists in the USSR. At the same time he argues that it is a bureaucratically degenerated transitional society; he concedes that the planning may be imperfect but it is still planning. If so, then this cannot be a hybrid: the logic of the plan can derive in an immediate way only from socialism. Hybrids are forms which result from the clash of value and plan. As a result, since planning is socialist, we are compelled to conclude that in each hybrid there are socialist elements — which must be the meaning of saying that a social revolution would be necessary in the USSR to throw it back into capitalism. The argument that the working class would resist such an attempt to remove their gains — absence of unemployment being the primary one, according to Mandel — means that working class power still survives in the USSR. It can only survive, mysticism apart, precisely by arguing that the logic of the plan forces itself on the bureaucracy.

III. *A Theory of Development.*

There is an alternative to these ambiguities; an alternative that is a logical extension of the work of Preobrazhensky, which is itself part of the source of Mandel's theory. Preobrazhensky was the first to put forward in a scholarly way the argument that a transition period is characterized by the contradiction between the law of value and the law of planning. In this he was doing no more than repeat Trotsky, but in a more rigid form. It is here that the source of the trouble lies. Preobrazhensky's formulation applied in fact to the transitional period in general; he did not apply it in a way that would make it fit of his time⁷. If there were two laws — one of which represents the petty (and world) bourgeoisie and the other the proletariat — there must be another law for the bureaucracy, or else none of these laws exist. It was his failure to solve the problem which, incidentally, facilitated Preobrazhensky's capitulation: he could

7. I argue this point in greater detail in a forthcoming article.

not place the bureaucracy in the economy or socially, so he assumed them away. Empirically, earlier than most, he fought against the bureaucracy but he could not envisage it as a social group.

To-day, Mandel sees the problem, in part, but he has not asked the historical question whether Preobrazhensky was correct in his time to hold a theory of the USSR which could not account for the development of a bureaucracy. If Preobrazhensky had an excuse in that the phenomenon was a new one, Mandel to-day has none. His solution is to say that the USSR is not a classical transitional society but a degenerate one. If that is so, Mandel must relate it not to subsidiary laws but to the fundamental laws of the society. He must explain the reproduction of the bureaucracy at a more fundamental level than that of saying merely that they are a privileged caste who represent a bourgeois norm of distribution. If he is really saying that there is a contradiction between production and consumption then, since consumption is a bourgeois aspect, presumably production is a socialist aspect. If production is a hybrid then he has not indicated the elements which are present in production. Furthermore, if it is such a hybrid then there must be a conflict within production itself between the two logics, of value and of planning. If that conflict exists, then the conflict between the relations of production and the bourgeois relations of distribution cannot be the fundamental contradiction. If the conflict does not exist in production then Mandel must be saying that the relations of production are socialist. He is caught here in an insoluble contradiction — and what is worse, in a simple logical contradiction. In other words, the bureaucracy must be founded in production itself. However, a solution is to hand.

The conflict between value and plan is not a dialectical contradiction leading to the supersession of one by the other, in any sense. The market has to be destroyed without any penetration of market elements into the plan; i.e. plan and market are ultimately totally incompatible. What happens, however, if society loses its dynamic to overcome the market, if society degenerates? There follows an interpenetration of market and plan to form new laws different from any existing before. These new laws provide an objective basis for the emergence of an elite and their limited control over the surplus product. The situation within the USSR has radically changed in the period from Preobrazhensky to Mandel; there is no longer any drive towards socialism nor any elements of such a drive. The overall dynamic provided by planning has been lost, resulting in a society which has no dynamic, in historical terms. The organizational tendencies (which may be called a law) of the elite display themselves to advantage so long as it is a question of control; or, in other words, a question of absolute surplus extraction. The elite is suited only for the extraction of absolute surplus.

Instead of using bourgeois interpretations of extensive and intensive industrialization, as Mandel does, to explain the slow-down in growth rates, we have to say it was not exhaustion of raw materials or machinery which led to the slow-down but rather the end of an era of *force majeure* — whether through

camps or draconian labour laws. Once this compulsion was removed, increasing stagnation began to replace what might be termed stagnant growth. Mandel's explanation fails to make contact with, or reach as deep as, his basic laws of the plan and the market; instead he introduces a non-Marxist reification as an explanation which is exactly what is commonly done today in the USSR itself, when "explanation" is sought for Soviet "economic" shortcomings.

Mandel's 12 new theses, as he says, represent the same viewpoint he defended twenty years ago, but in more developed form. He is to be congratulated for abandoning the view he held in 1956 that it was the activity of the masses which led to reforms, and for replacing this activity with passivity and indifference on the part of the working class.⁸ He should take the next step and analyze this political-economic atomization of the population, and most particularly of the working class, which provides the key to the contradictions of the USSR to-day. In other words, we have to deal not only with the self-interest of the bureaucracy (or elite — the term I prefer) but also with the self-interest of the entire population, including the working class.

Since there cannot be, under existing conditions, any collective expression of needs, the individual is forced back on his own resources in production and consumption. How indeed is the worker any different in this from the intelligentsia or the elite? He has a potential power to overcome his situation. This he exercises, *but* only sporadically and in an insufficient degree to overcome his situation. It is the specific relation of the individual, from whatever group, to the labour process that constitutes the basic contradiction of the regime. The effect of atomization, in other words, has led precisely to the low productivity and waste, etc., which characterizes Soviet production. Atomization is, however, essential for the maintenance of the regime. Its removal would lead to the development of collective actions to overthrow the elite. Thus, for the elite there is no solution to the situation other than the re-introduction of capitalism or an intermediate step to capitalism, the market.

Mandel produces a series of contradictions with no indication as to their respective priorities or inter-relationship, or how they relate to his basic laws. We argue that atomization is a derivative of the self-interest of the entire population on the one hand, and a result of the organizational control over the system exercised by the elite on the other. In other words, atomization is one of the forms of interaction of a law of self-interest and of a law of organization. Mandel, on the contrary, sees the indifference of the working class as arising from the unripeness of subjective conditions. One of the basic features of the USSR which has lasted for over half a century he finds to be subjective. Worse still: the passivity of the workers, he finds, is due to their exclusion from decision-making processes which is objectively increasing. What meaning this is

8. *The Struggle to Reunify the Fourth International*, Vol. 2, p.56 ff: Ernest Germain, *The Twentieth Congress of the CPSU: Beginning of the final stage of the struggle of Stalinism*.

supposed to have is hard to understand, since the exclusion is almost as old as the USSR itself. If this were indeed the cause of the slow-down in economic growth the wonder is there was ever any growth at all.

And further, for Mandel, the reason for waste in the USSR must also be subjective since it arises from the non-comprehension(s) of the bureaucracy and their incorrect techniques. The examples of waste which Mandel has correctly been pointing out over the years cannot be explained solely through mismanagement or management in the interests of the elite. The question is: Why can they not get individual units to obey their instructions? Why cannot they get their own members to obey instructions? It is not enough to say that by their own nature private interests triumph over social interests. After all, it is in the interest of the individual to obey instructions and raise efficiency both in the short and the long term. The answer goes back to what I have said above: the entire working mass at all levels in production has interests objectively opposed to the commands issued from above. The manager is compelled to manoeuvre between the elite that plans and the workers, or he is compelled to find a line of action that steers between the constraints imposed by the workforce and the constraint of the command. The contradiction, in the final analysis, is between all those who work and all those who control, with the important qualification that the functions of controlling and of working are not mutually exclusive for some sections of the elite, including the intelligentsia. This is what serves as an empirical expression of the absence of classes in the USSR. Lost in the realm of bureaucratic self-interest which derives from no obvious source other than a subjective one, Mandel sees that bureaucracy still as an element similar to a labour aristocracy or labour bureaucracy who, though they have no objective existence, constantly betray the working class.

Mandel is left without any laws of motion which can be sustained. He begins with a Preobrazhensky-like theory of the bureaucracy and fails to notice that the USSR has never conformed to Preobrazhensky's laws, and his addition of elements to represent the degeneration of the USSR is only a clumsy botch job.

Fundamental to the whole discussion is the argument that the USSR and other workers'-states are based on planning which imposes a certain working-class logic on the system. If we argue, as Trotsky at one time did, that there is no planning in the USSR, what is left of the argument that it is a workers' state? If the law of planning no longer applies, it is important to discover why the USSR is not a workers' state.

Precisely and correctly, Trotsky pointed out that planning has to be democratic because it has to undergo a process of mass correction, i.e., the workers must be able and free to point out faults in planning or of a particular plan. It has to be a social process or it will not *be* planning. Trotsky made his point in the thirties:⁹ planning is a social relation between associated producers as both planners and workers; it must involve the conscious regulation

9. *Writings of Leon Trotsky*, 1932-3, p.224.

of society. Planning without democracy can only decay into the organized or command economy. Trotsky was caught in the dilemma of characterizing the USSR a workers' state whose essence was planning — while recognizing that it was degenerate to the point where planning was threatened, or did not exist.

There are other arguments heard in the general discussion of the identifying characteristics of workers' states. Little remains today of the argument based on the nationalization of the means of production as there are many countries with large or very large public/state sectors which few would call workers' states.

Nor is it much of an argument that the USSR is a workers' state because there is full employment. Spain and fascist Germany tried to protect the working class in this way. To-day, Japan and Norway are protecting the workers from unemployment, while in most countries of Western Europe the level of insurance for the unemployed is higher in income terms than the wages of the employed workers in the USSR.

What has happened in the USSR is this: the worker by relating to his work process in a relatively independent way has established a means of defence for himself that he will not easily relinquish. In return for his exploitation the worker has limited control over his work situation, i.e. a *modus vivendi* has been established. This solves the problem of whether the worker is exploited in the USSR. The negative control of the worker renders the control of the elite only partial and so exploitation of the worker is only partial. Mandel does not deal with the question of exploitation. Since the product is not controlled by the worker in any positive sense, he must be alienated from his product, exploited; but the nature and the result of the exploitation is limited by this negative control over the work process.

Mandel's problem is that he has not been able to immerse himself in the mass of empirical detail so necessary for a study of the USSR and so has produced a number of interesting guesses. These he has combined with another unfortunate tendency: to locate the problem and then seek to meet it by adding up a number of factors without dealing with their interrelations. The net effect is to produce important work which could be of much higher quality if he would spend the time required. Others have called Mandel eclectic but this is not my view. Rather, his problem lies in his inability to work through his thought to its logical conclusions, in part because of the nature of the structural limitations imposed on him. Mandel has brought in the subjective factor and yet he must be aware that this aspect of the *Transitional Programme* cannot be sustained. An epoch of the subjective factor is simply nonsense. The subjective becomes objective and the interrelations thereafter becomes most complicated. It is the epoch in which we live, and it does not only affect the USSR but the rest of the world too, which is effectively still suffering the effects of the Soviet counter-revolution. This indeed constitutes a criticism of Mandel's work *Late Capitalism* which, by leaving aside the question of the transitional epoch, does indeed un-dialectically separate out the so-called objective and subjective

factors.

The practical political differences which flow from our differences are as follows:

1. For too long the left has accepted, sometimes for necessary reasons, that membership of its organisations automatically confers universal knowledge. Understanding of any aspect of the revolutionary struggle is not conferred by struggle alone. There has to be established a full debate on all questions, with an insistence on the development of cadres who have a deep knowledge of their own subjects. Fuller understanding of the USSR as a deeply contradictory society, will probably only be obtained after its overthrow.
2. While the above point is general the remainder are particular to the differences with Mandel. If we do not defend exploiters in the West there is no reason to defend those who assist in exploitation in the East. If the intelligentsia is composed of people who in part take control over the working-class they must have particular anti-working class interest and it is our duty to expose them and their viewpoint. It is our duty to assist the working-class to overcome its passivity, and this can best be done by showing the differences between the interests of the working-class and those of the intelligentsia, as well as the elite of course.
3. The two stage theory of the USSR's revolution (first civil rights and then a socialist revolution) is untenable. If the revolution is only political such a two stage theory although dubious has a justification: the elimination of the political barriers serves to burst the dam and in effect can lead most easily one way: to socialism — though a return to capitalism is not excluded. Once the revolution is all embracing the struggle has to be against exploitation and the forms existing which are used to maintain it. It has to be recognised that the USSR could introduce limited rights for the elite and intelligentsia alone. The position of the worker could remain unaltered.

Finally, it may be pointed out that Mandel has never replied to the specific criticisms made in my articles nor would it appear that he has even understood the argument. My object in criticising his writings has never been simply to attack him but rather to put forward an alternative view based on the same theoretical foundation. If his view becomes clarified, as a result, then some progress will be achieved. Theoretically, the essential difference would seem to lie in the question of transition. I would argue that the USSR has mutated from a society in transition to socialism, so that it is now in the limbo of history. Mandel would appear to be arguing that the degeneration of this transitional society is effectively one of degree: it is still a species of society which is moving from capitalism to socialism. It may require a political revolution to get to socialism — but it is still on this pathway even if the pathway now has a deep ditch in it. I would contend that it is not on the pathway at all and cannot be returned to it except by more than a political revolution. On the other hand, neither can it continue as it is for long. Mandel seems to think that the society cannot return to capitalism without going through a workers' uprising. There is one circumstance

where he can be shown to be wrong: if the world bourgeoisie provides the loans or grants on a sufficient scale the USSR will be able to go over to the market on a total scale, unemployment and all. It is high time that we did not base ourselves on illusions: there is nothing unmutated left of the *original* October revolution, and because of the state-Marxism it is now more difficult to organise change, on a subjective basis, than it was before 1917. The Soviet Union would be closer to socialism if it were the Russia of January 1917 than it is today.