

**The Demise of the Soviet Union and
the International Socialist Movement Today**

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1. Introduction

The demise of the Soviet Union in 1991 was an historic event of major proportions. This event had several big impacts on the world, all of them negative. First, it suddenly overturned the relative balance of geopolitical power that had prevailed in the world, leaving the USA as the sole superpower. This encouraged a number of aggressive military actions by the leading capitalist states that might not have been possible had the Soviet Union remained a force the world.

Second, the Soviet demise affected internal conditions in the capitalist countries. After World War II, the capitalist rivalry with the Soviet Union and other socialist states was a major factor that restrained and modified the worst features of capitalism. In the developed capitalist countries, workers' rights and benefits improved markedly, as the capitalists' fear that workers would support socialism encouraged them to accept major reforms beneficial to the working class. In that period, struggles by workers in the developed capitalist states for a rising living standard, greater job security, state social welfare programs, state run pension systems, and other benefits were successful partly, although not entirely, because of the capitalists' fear of the socialist example.

In the 1980s the Soviet Union began to weaken, as its economic and political difficulties became evident to the world and to its own leadership. This was one factor, among other developments, that promoted a dramatic shift in the nature of capitalism. The so-called neoliberal era, which began at the start of the 1980s, involved a shift in capitalism back toward its earlier, more primitive stage. The capitalist class in the developed capitalist countries now actively sought to roll back the gains that had been won by working people, and in many countries they achieved significant success at doing so. After 1991, with the demise of the Soviet Union and the dismantling of socialism in many formerly socialist states, the attack on the economic and social achievements of the previous era accelerated, as the global capitalist class was emboldened by its belief that the socialist threat to capitalism had disappeared.

Third, the demise of the Soviet Union greatly weakened the socialist movement throughout the capitalist world. Most Communist parties in the capitalist countries had viewed the Soviet Union as the example, even if an imperfect one, of the kind of social system for which they were struggling. The demise of that example was soon followed by the rapid decline and in some cases the disintegration of most Moscow-oriented Communist parties, as the latter found themselves severely disoriented by the loss of the Soviet model. This happened in much of the world, including Western Europe, the Middle East, and Latin America, where relatively strong Communist parties had existed for some time.

Perhaps surprisingly, the Soviet demise also undermined the part of the socialist movement that had been critical of the Soviet version of socialism. Many, although not all, such socialist parties had long ago abandoned any active pursuit of socialism, turning into reformist parties. After the Soviet demise, most such socialist parties now renounced any support for a socialist alternative to capitalism, with some disbanding entirely. Many formerly reformist socialist parties even abandoned reformism, instead supporting the neoliberal transformation of capitalist systems.¹ In a number of large developed capitalist countries, Socialist or Communist parties that had been among the major political parties simply melted away, such as the Communist Party of Italy and the Japanese Socialist Party.

Before the Soviet demise, much of the intelligentsia of the developed capitalist countries had been socialist in outlook. Even in the USA, where the socialist movement has been relatively weak since the early 20th Century, socialist and Marxist ideas had gained influence in the intelligentsia in the 1930s and again following the radical upsurge of the 1960s. However, after 1991 a number of formerly socialist intellectuals, including those who had always been highly critical of the Soviet version of socialism, rapidly abandoned Marxist and socialist ideas.

This paper offers an analysis of this third consequence of the demise of the Soviet Union --

its effect on the socialist movement. First, the paper reviews the original ideas that inspired the rapid development of a socialist movement in the 19th and early 20th centuries. Second, the paper considers the reasons for the demise of the first effort to build socialism that took place in the USSR. Third, drawing on the preceding part, the paper examines the reasons for the large negative impact of the Soviet demise on the international socialist movement, even on the part that had been critical of the Soviet model. Fourth, and last, the paper draws lessons from this history for the prospects for a revival of the international socialist movement. The paper argues that the prospects for such a revival are now promising, as a result of the effects of the harsh form of capitalism prevalent in the world today, the structural crisis of capitalism that began in 2008, and recent efforts to develop a renewed vision of a socialist society as an alternative to capitalism.

2. The Socialist Vision

Marx and Engels developed a critique of capitalism and a vision of an alternative socialist system that gave birth to a powerful socialist movement in every corner of the world. The critique of capitalism demonstrated that capitalism, despite its historical contribution of developing human productive power, was based on exploitation of the producers. Despite its ability to harness science to production and to constantly revolutionize the production process, the endless pursuit of profit from exploitation of labor meant that capitalism inevitably gave rise to poverty alongside great wealth, harsh working conditions, economic insecurity, unemployment alongside overwork, and the destruction of the natural environment. Later Marxist analysts such as V.I. Lenin developed Marxist analysis further to explain the capitalist drive for imperialist domination and war. A popular movement could, at times, restrain to some degree the worst features of capitalism, but reform could not ultimately eliminate them. That required the replacement of capitalism by a higher form of human society, socialism.²

The vision of socialism was a key part of the appeal of the socialist movement to masses of

people. While everyone could see that capitalism had produced many social problems, it was the vision of a viable and achievable alternative society that could overcome these problems that motivated millions of people to dedicate their lives to bringing about this transformation. Socialism promised to harness science to production even more effectively than had capitalism, and it would do so without giving rise to the negative phenomena that were inherent in capitalism. Socialism would achieve this by eliminating exploitation and replacing production for the profit of a small class of wealthy owners of capital by a system of production to meet human wants and needs.

While Marx and Engels did not provide a detailed analysis of the future socialism, the early socialist movement had a common understanding that socialism would have a few key features: 1) the means of production would take the form of common property, rather than the private property of a small class; 2) production and distribution would be guided by an economic plan based on people's wants and needs, rather than the pursuit of profit through the sale of the products of wage labor in the market; and 3) the working class, now expanded to encompass the whole population, would be the rulers of the new society, instead of being dominated economically and politically by a capitalist ruling class. Socialists believed that the envisioned future system would be an entirely new type of society, one free of the vast gap between rich and poor, economic insecurity, unemployment, overwork, destruction of nature -- and with no drive toward imperialist domination and war. Cooperation would replace competition within nations and between nations, and the pillage of nature would be replaced by a sustainable relationship to it.

3. The Demise of the Soviet Union

The Russian Revolution of 1917 marked the first attempt to build the new socialist system. Other socialist revolutions followed some decades later, such as that of China, Vietnam, and Cuba, but the Soviet Union played a special role as the first one. Facing difficult conditions and many obstacles, this first attempt to build socialism, while demonstrating some of the benefits that had

always been claimed for socialism, also had significant flaws.³ For more than 70 years it stood as proof that a socialist alternative to capitalism was possible. Then, in a few short years during 1989-91, the USSR was dissolved, as the Soviet nation-state disintegrated into 15 separate states and the socialist system was dismantled and replaced by a particularly harsh form of capitalism.

The Soviet demise was a complex process (see Kotz and Weir 1997). There are many myths propagated by pro-capitalist ideologues about the reasons for the demise of the Soviet Union, of which the most important is the false claim that it resulted from the unworkability or the inferiority of a socialist economic system. However, the Soviet economy could not have been unworkable, since it in fact worked, and brought rapid economic development, from the 1920s through the mid 1970s. From 1928-40, and again from 1945-75 (excluding the World War II period), the Soviet economy grew significantly faster than the US economy, even based on estimates by Western academic specialists and the U.S. Central Intelligence Agency (Kotz with Weir, 1997, ch. 3).

While the rate of growth of the Soviet economy slowed down after 1975 -- and its rate of technological innovation also slowed -- it delivered positive economic growth, in the 1-2% per year range, every year from 1975 through the summer of 1990. In the summer of 1990 a process of dismantling central planning began, and the Soviet nation-state began to unravel, producing the first peacetime decline in output since central planning was started in 1928 (Kotz with Weir, ch. 3). The fact that for 15 years the Soviet economy grew more slowly than the leading capitalist economies, following a 45-year period when the Soviet economy had turned in superior growth performance, shows that significant reform of the Soviet economy was needed -- but it does not demonstrate the inferiority of socialism. Also, the claim that poor economic performance explains the Soviet demise is not persuasive -- the far more severe economic crisis of capitalism in the 1930s did not lead to the demise of capitalism.

In the view of this author, the fundamental reason for the Soviet demise was a contradiction

that lay at the heart of the Soviet form of socialism. This was the contradiction between an economic system designed to deliver benefits to the working people of the Soviet Union versus the political and economic rule over that system by a small and privileged elite. Over time, the group that ruled the Soviet Union, from the high level positions in the Communist Party and the state, was transformed from a band of dedicated revolutionaries into a group of successors most of whom sought power and material privilege (Kotz with Weir, 1997). At some point, this ruling group -- which can be called the party-state elite -- was bound to move to dismantle socialism and replace it by capitalism. This would secure, and greatly multiply, their privileged position, as they were positioned to become the new owners of the valuable assets of the system, instead of being required to administer them for the benefit of the people. The reform process known as perestroika, initiated by Mikhail Gorbachev in 1985, provided an opportunity for the pro-capitalist forces in the USSR, led by Boris Yeltsin, to build their strength by rallying the majority of pro-capitalist members of the party-state elite. By 1991 they were able to dismantle socialism and dissolve the Soviet nation-state, neither of which was desired by the great majority of the Soviet people.⁴

4. The Impact of the Soviet Demise on the International Socialist Movement

Major historical events typically have a large impact on political movements by their power to seemingly confirm some political views while discrediting others. The French Revolution demonstrated the possibility that common people can overthrow a long-established oppressive regime. The Russian Revolution and its aftermath demonstrated that a socialist alternative to capitalism is possible. The Great Depression of the 1930s demonstrated that modern capitalism can give rise to very severe depressions with persistent mass unemployment. The economic experience of World War II demonstrated that a big state spending program can rapidly eliminate mass unemployment under capitalism. All of the above events, due to the power of their demonstration effect, had big consequences for political movements after the events.

The demise of the Soviet Union is no exception to this rule. Whatever the real reason or reasons for this event, it was bound to weaken socialism and strengthen capitalism. Although a careful study of the processes that led to the Soviet demise lends no support to the claim that this event resulted from, and demonstrated, that socialism is in the end not a viable system, it was still inevitable that the main impact of the Soviet demise would be the demoralization of the socialist movement. The event seemed to speak for itself. The socialist movement had been deprived of the first and longest-lived example of a socialist alternative.

The claim that the Soviet demise demonstrated that a system based on public property and economic planning could not work effectively was widely accepted as a consequence of this event, even by many socialists. This left socialists without any conception of a socialist alternative to capitalism. There were attempts to redefine socialism as a system in which there would be no exploitation and a high degree of equality yet the economy would be based mainly on private ownership of enterprises and production for profit in markets (Roemer 1994; Weisskopf 1992). However, such conceptions of socialism seemed little different from capitalism and could not serve as the vision inspiring a struggle for an alternative system. Parties in the capitalist world that were descended from the socialist tradition, whether Communist or Socialist in name, lost their rationale for existence. Those that survived, deprived of any vision of a future alternative to capitalism, had no choice but to claim they could manage capitalism more effectively than other parties. With the political wind in the capitalist world blowing strongly to the right, when such parties were in office they ended up pursuing neoliberal policies, contrary to their rhetoric during elections.

5. The Prospects for the Socialist Movement Today

The late 1990s may have represented the low point of the socialist movement. The deepening of the neoliberal transformation of capitalism seemed unstoppable. Neoliberal advocates shouted that "there is no alternative" to neoliberal capitalism. However, that phrase reveals a fundamental

weakness in contemporary capitalism.

In the post-World War II decades of state-regulated capitalism with strong labor unions, capitalism seemed to offer significant benefits to working people in the developed capitalist countries. It promised, and generally delivered, a rising living standard and expanding public services for the majority of working people, while poverty shrank, inequality declined somewhat, and the unemployment rate was kept relatively low. Workers were still exploited by the capitalists, but their material conditions improved year after year. In the developing part of the capitalist world, the developmental state model promised rapid economic development.

After capitalism was fundamentally transformed in the neoliberal era after 1980, these trends all reversed. In many developed capitalist countries the real wages of workers declined over time, public services contracted, poverty and inequality increased, and unemployment and job insecurity grew. In the developing capitalist countries, neoliberal programs were imposed, often from the outside, which led to even faster degradation of the living conditions of working people. The constant repetition of the taunting phrase "there is no alternative" reflected two key facts: 1) capitalism now had nothing good to offer working people, instead bringing steadily worsening conditions, and 2) the alternative of socialism had disappeared from the political agenda.

However, a social system cannot survive indefinitely while steadily squeezing the producing class more and more intensively. This process produced two developments that have, in my view, reversed the decline in the prospects for the socialist movement. First, the extreme and growing oppression by neoliberal capitalism finally provoked new attempts to replace capitalism by a new socialism. This has occurred in places where neoliberal capitalism's squeezing of working people was particularly extreme, in Latin America. First in the early 2000s in Venezuela, where neoliberalism had plunged a large part of the population into poverty, an effort to displace capitalism with socialism began under the leadership of Hugo Chavez. This was followed by the coming to

power in 2006 of the Movement Toward Socialism party in Bolivia led by Evo Morales. In several other countries in Latin America recently, new presidents have been elected with socialist backgrounds. In Nepal a revolutionary Communist Party has become a major political force.

The second development is the severe economic crisis that began in 2008. Neoliberal capitalism not only was increasingly oppressive to the vast majority, it also was increasingly unstable. In 2008 the extreme inequality, the wild financial sector, and other features of neoliberal capitalism gave rise to a structural crisis of that form of capitalism that bears significant similarity to the Great Depression of the 1930s -- except that the existence of a big state has so far moderated the effects of the crash.⁵ This crisis has undermined the legitimacy of capitalism for many people around the world.

Now that state bailouts have saved the failing banks and nonfinancial corporations, and once state fiscal stimulus programs stopped the free fall of the economy, the capitalist classes in the developed capitalist countries have pushed a new program of "fiscal austerity." That is, they have clearly decided to use the economic crisis to press to eliminate those social programs that have survived 30 years of neoliberal transformation. In the USA, this is combined with an open attack on public sector labor unions, which represent the only part of the labor movement that has survived the neoliberal suppression of unions largely unscathed.

Some 30 years of worsening material conditions for working people, followed by the sudden appearance of mass unemployment and drastic cuts in essential public services, while the bankers and industrial magnates are growing still richer with a well-publicized assist from the taxpayers, topped by an assault on the trade union movement, is likely to provoke a rebirth of working class consciousness in the developed capitalist countries. This type of economic crisis initially tends to stun working people, whose first response is to seek a way to survive as individuals and families. However, it is now becoming apparent that capitalism is responsible for the common problems faced

by working people. Anger at the ruling elites is growing. In the USA, a broad movement has arisen in opposition to the attack on workers' rights that is centered in the state of Wisconsin, where a new right-wing state government is trying to essentially abolish public sector unions.

The conditions are now favorable for a rebirth of the socialist movement in the capitalist world. However, a key missing element is a vision of a socialist alternative. Economic conditions are now pushing working people to take collective action to resist the current assault on their rights and living standards. By itself, this will tend to produce a reformist movement of growing strength, aiming to again try to humanize capitalism and gain some benefits for working people within a restructured capitalism. If the socialist movement is to again become a powerful political force in the capitalist world challenging capitalism itself, socialists must produce and promote a vision of an alternative socialist system. Even in the USA, several public opinion surveys taken in the 2009 and 2010 showed a surprisingly low level of support for capitalism and a surprisingly high level of readiness to consider an undefined "socialism," especially among young people.⁶

The socialist movement should reject the pro-capitalist claim that the Soviet demise demonstrated that socialism itself has failed. The experience of the Soviet Union demonstrates that a system based on public property and economic planning can bring rapid economic development and economic progress, with a relatively egalitarian distribution of income and without any class of rich capitalists exploiting the producers. The Soviet demise, after some 70 years, was not a result of its having a socialist system -- it was a result of the serious flaws in the Soviet version of socialism. These flaws were present from the beginning, but as long as the system produced rapid growth and technical progress, they could be overlooked. By the 1970s the flaws produced a slowdown in growth and technical progress.

There were three main underlying flaws in the Soviet system which, while explaining the problems of the Soviet form of economic planning, went deeper than just the economic system. First,

the economic and political system was excessively centralized. All major decisions, and many minor decisions, were made at the center. This left little role for initiative on the part of regions, localities, industrial associations, and enterprises. Second, there was an absence of democratic participation. Ordinary people had no power over the planning process. In their role as workers, they were expected to just follow the instructions of the enterprise director. Normally consumers lacked power to voice their needs or get them satisfied. This applied to enterprises as users of inputs as well as ordinary households as consumers.⁷ As citizens, people had little or no ability to influence the overall economic plan. Third, in an effort maximize efficiency in the use of resources and maximize growth, little "slack" was allowed in the system -- that is, little in the way of excess productive capacity or reserve inventories of goods -- so that the inevitable departures from the plan that arise when it is carried out produced shortages that reverberated throughout the system.

These three flaws indicate the incompleteness of the Soviet Union's socialist transformation. The underlying problem of the Soviet system was the failure of working people to exercise sovereignty, in the economy or in the state. A socialism in which working people are given benefits by a hopefully benevolent elite is not a stable form of socialism. A sustainable socialism must be based on popular sovereignty in the economy and in the state. Economic planning should be the instrument through which working people decide what will be produced, how it will be produced, and how it will be distributed. The state should be the instrument through which working people administer the society.

These are the most important lessons of the Soviet experience. Instead of adopting the principles of capitalism, the socialist movement should learn from the positive and negative features of the Soviet experience, and from the contradiction that caused the Soviet demise, to develop a new socialism for the 21st century that can inspire a new upsurge of the socialist movement. We should also take into account the great advances in communication and information processing technologies

that have the potential to make economic planning more effective, flexible, and responsive to people's wants and needs. In the West there is a lively literature on models of socialism, which has made a start on the effort to develop a vision of a new socialism for the 21st century (Devine, 2010; Lebowitz 2007; Cockshott and Cottrell 1993; Albert and Hahnel 1991).

In this paper we recounted the many ways in which capitalism today has been worsening the conditions of working people. By contrast, a socialist system along the lines discussed here would have no tendency to drive down workers' living standards, to cut back public services, to cast some working people into unemployment and hopelessness while overworking others. Such a socialist system would not have an inherent drive to despoil the natural environment, but could live in harmony with it. Such a socialist system would not produce imperialism and war, instead having the potential to build a world of peaceful cooperation among nations. Such a socialist system could build a structure of international economic relations from which all peoples would benefit, instead of pitting the workers of all nations against one another in a race to the bottom.

If the international socialist movement is to revive and again become a major force in the world, it will have to combine organizing working people to fight for a better life today with promoting a vision of a radically different form of society from that of capitalism. This work will not be easy, but it holds the promise of finally casting the outmoded system of capitalism into the dustbin of history and building a new society in which "the free development of each will be the condition for the free development of all" (Marx and Engels, *The Manifesto of the Communist Party*).

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Notes

1. An example is the British Labor Party under Tony Blair.
2. The terms "socialism" and "communism" have been used in a variety of ways in the history of the socialist/communist movement. In this paper, we use the term "socialism" to refer to the new society that would replace capitalism. This leaves aside the question of what kind of stages a socialist society might have.
3. For a detailed account of the achievements, as well as the flaws, of the USSR, see Kotz with Weir (1997).
4. Surveys of public opinion in the Soviet Union in 1990-91 showed a large majority of the population favored retaining socialism -- and keeping the Soviet state intact. On the other hand, surveys also found that a large majority of the high level leadership of the Soviet Union had, by the spring of 1991, become pro-capitalist. See Kotz with Weir 1997, pp. 115-116, 137-138.
5. See Kotz (2009, 2010) for an analysis of the crisis that began in 2008 as a structural crisis of neoliberal capitalism.
6. A Gallup poll in February 2010 found 36% of respondents had a "positive image" of socialism. A survey by the Pew Research Center in May 2010 found that, among respondents age 18-29, 43% had a "positive reaction" to the term socialism which matched the 43% having a "positive reaction" to the term capitalism.
7. It is no accident that the highest quality Soviet products were made for consumers that had power in the system, such as military equipment made for the Ministry of Defense and certain industrial machinery made for powerful Industrial Ministries.