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Political and economic illusions of socialism

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POLITICAL AND ECONOMIC ILLUSIONS OF SOCIALISM

THE MYTH OF THE PLAN: LESSONS OF SOVIET PLANNING EXPERIENCE

by Peter Rutland.

LaSalle, Illinois: Open Court, 1985. 286 pp., $26.95.

LENIN AND THE END OF POLITICS

by A. J. Polan.

Berkeley: University of California Press, 1984. 240 pp., $22.50, $9.95 (paper).

The Economic Illusion: The Facade of Planning in the USSR—Is the USSR Really a Command Economy?—Command as Power vs. Command as Control—Economies Out of Control—Intervention, East and West—The Political Illusion: Lenin's Attempt to Transcend Politics—Lenin's Essay in History—Lenin's Theory of Bureaucracy—"A Politics for the End of Time"—The Power of Illusions

It was about seven decades ago that Lenin broke off writing his famous essay *The State and Revolution* in order to seize political power in Russia. Overnight his role was transformed from theorizing about a Marxian socialist utopia into actually trying to implement one. The real world was by almost all accounts unkind to Lenin's vision. His retreat to the New Economic Policy signified a major reversal of socialist aspirations. If one compares *The State and Revolution* with the political and economic history of the Soviet Union, it is obvious that Lenin grossly

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underestimated the complexity of the difficulties he was about to encounter. Judged against Lenin's 1917 aspirations, the contemporary Soviet state is a profound failure, both politically, in its inability to retain (much less surpass) the extent of democracy typical of western capitalism, and economically, in its failure to catch up with the level of economic development achieved by bourgeois economies. But the reasons for Lenin's failure to achieve either democratic political goals or a prosperous economy are seldom traced to intrinsic elements of his socialist aspirations. Russia, it is pointed out, began without democratic political traditions and with a backward economy. These special difficulties and not flaws within socialism itself, it is widely believed, brought Lenin's dream to its rude awakening. This interpretation of Soviet history in effect lets socialism off the hook for whatever political crimes or economic irrationalities the USSR is shown guilty of. As Peter Rutland observes, "one finds most socialists treating the Soviet economy as if it has nothing more in common with their economic doctrines than does the economy of Papua New Guinea, or the far side of Venus."

A closer examination of Lenin's utopian project and the way it came into conflict with political and economic realities suggests that advocates of socialism ought to take more seriously the possibility that they have important lessons still to learn from Soviet history. Lenin's political aspirations as set out in *The State and Revolution* sound remarkably libertarian, considering the police state he was about to establish, and his ideas of extending democratic decisionmaking to the economic realm would not sound out of place in contemporary socialist discourse about "economic democracy." Anyone who would like to see radical change in the modern world should consider the question why this radical-sounding vision failed in the particular ways it did and ushered in a profoundly reactionary system. Why, exactly, did Lenin's "democratic centralism" in practice prove to be democratic in name only? And why did the attempt to "rationally plan" the economy in practice turn into gross economic inefficiency and chaos?

I submit that the reasons for Lenin's failure were two identifiable illusions common to most socialists about the nature of politics and economics. The economic illusion concerns the way the Soviet economy actually works, that is, that it is a genuinely planned economy which, despite certain problems of inefficiency, has been successful in terms of rapid industrialization. The political illusion concerns not the actual politics of the Soviet Union, which nearly everybody concedes is undemocratic, but the extent to which this political failure is at-

tributable to aspects of the socialist conception of democracy. The books under review here, *The Myth of the Plan* and *Lenin and the End of Politics*, go a good way toward exposing, respectively, these economic and political illusions. Peter Rutland offers an overview of the modern Soviet economic system that shows why Lenin's dream of rational scientific planning has in fact never come to exist and why the Soviet economy cannot be called a developmental success story. A. J. Polan supplies a detailed interpretation of Lenin's political vision as articulated in *The State and Revolution* that shows Lenin's failure to treat seriously some of the central issues of political philosophy made him in practice neglect to bring any democratic elements into the Soviet state. While Polan's book focuses on the written texts surrounding and including Lenin's 1917 essay and treats the political-economic reality of the Soviet system as its unexamined background, Rutland's focuses directly on this reality and treats the ideas of Marxism–Leninism as *its* unexamined background. Each has a great deal to teach us separately about its own area of focus, and together they provide a powerful criticism not just of Leninism or the Soviet model, but of socialism itself.

On the surface these two books come to opposite interpretations of Leninism: Rutland quotes Lenin's own statement that "politics cannot but have priority over economics" and endorses this as an accurate description of the modern Soviet economy; Polan, on the other hand, claims that "Lenin's problematic ensured that politics is an ontological impossibility." For Rutland what went wrong is that Lenin made politics too important in the Soviet system, while for Polan what went wrong is that Lenin left no room for politics at all. I think they are both right. The politics Rutland shows is dominating the Soviet economy is one of coercive power, while the politics Polan shows is missing in Lenin's philosophy is one concerned with what Polan would call an uncoerced public discourse about our rights.

The Economic Illusion: The Facade of Planning in the USSR

Rutland's *Myth of the Plan* presents a relatively accurate description of the workings and failings of the modern-day Soviet economy as well as an overview of its historical evolution from the 1917 revolution. The descriptive material is organized around two central theses, one descriptive, one predictive, to which the argument frequently returns: (1) that Soviet planning is best viewed not as an economic mechanism but as a political system for maintaining and legitimating

the existing concentration of power, and (2) that since political stability for the current leadership is based on the planning mechanism, there is "no likelihood" for reform of this politicized economy. The book is quite successful in supporting the first thesis, though I will argue that Rutland fails to appreciate the significance of his own argument, but it is quite unconvincing in defending the second one. I will return to Rutland's pessimistic predictions again later, but here I would like to describe his keen observations of how the Soviet political-economic system works. Although in the main I find Rutland's book superb, and certainly way ahead of most works on the Soviet economy, it shares with them certain assumptions I would like to question. It turns out that the specific area in which his book is weakest, appreciating the nature of Lenin's theoretical vision of socialism, is where Polan's book is strongest.

Rutland first presents a helpful theoretical overview of the idea of planning conceived as an alternative to the "anarchy of the market," the idea that motivated Lenin's revolution and that continues to be the main ideological prop for Communist Party rule. He shows that it is not only the hard Left, but most progressives in the modern world, who continue to defend planning (though usually calling it something else) as a superior mechanism to the uncontrolled market for resource allocation. Even among those on the Left who have come to recognize serious difficulties with the planning ideal, a corollary distrust of markets persists. As Rutland observes:

> Even though current socialist politicians may be starting to shy away from the term, it is clear if one examines the policies which they are advocating—be it their opposition to council house sales, and private medicine, or the calls for more public spending—that the concept of planning as the negation of the market is still very much a living proposition.

Planning, he concludes, "remains a powerful current in western economic life, and is the channel through which a massive expansion of the state's role in the economy has taken place." He provides a fascinating examination of the intellectual origins of this idea of planning, tracing it to a certain notion of rationality involving "a belief in the possibility of the conscious and purposive regulation of man's environment."

Rutland subjects the belief that planning is superior to markets to critical scrutiny in a summary of the classic debates of the 1930s between Oskar Lange and his Austrian School critics, Ludwig Mises and

F. A. Hayek. Although his presentation of the theoretical issues borrows a bit too much from standard textbook accounts of the debate, he does point out, as most of them do not, the unique aspects of the Austrian school's process-oriented view of the market. The real issue for Mises and Hayek was not to contrast hypothetical states of equilibrium under capitalism and socialism to see which attains a higher degree of static allocative efficiency, as Lange supposed, but rather to determine which institutional arrangement is better able to permit the dynamic discovery and communication of economic knowledge. The Austrians did not favor the market because it finds a solution to the system of simultaneous equations constituting a general equilibrium more rapidly than a central planning board could; if that were the issue Lange would have to be called the winner in the debate. Rather, they defended it because it is more responsive to the ceaseless change permeating economic activity than a central planning board. The market works because it enables an entrepreneurial process to function as a procedure for the discovery and conveyance of knowledge. Understood in these terms, Lange's argument misses the whole point of the Mises–Hayek challenge.

Next Rutland turns from theoretical issues to the task of describing the way the Soviet economy works. His account begins with a historical overview of the emergence of the "command economy" from 1917 to 1930 and proceeds to examine how that economy really works. The book up to this point succeeds in showing why the Soviet economy should not be considered a successful model of economic development. The economy he describes in these chapters is one that puts obstacles before the very entrepreneurial processes he has previously identified as the key to successful economic performance. "Perhaps the most serious problem facing the Soviet economy is that of introducing technological change into the structure of production." Economic development requires securing an environment of stable, clearly defined property rights so that entrepreneurs can freely exploit profit opportunities. The appropriate criteria for judging the effectiveness of an economy for growth are the Hayekian ones of flexibility, initiative, and entrepreneurship. Agents in a free market are capable of greater responsiveness in the face of uncertainty than those in a Soviet-type economy because of their relatively greater freedom of maneuver. They are less constrained by rules and regulations, and do not need to seek approval from superiors for their actions. Requiring Soviet managers to obtain bureaucratic approval for many of their decisions inevitably slows down the entrepreneurial process. This leads not only

to a poor performance in the introduction of major technological innovations (for which Rutland refers to the brilliant three-volume work by Sutton[1]), but, more important, to difficulties in the dissemination of new techniques across the economy, which is the decisive factor for economic success. Here he refers to a sector-by-sector study undertaken by Amann and Cooper,[2] which estimates what Soviet innovations have been lagging some six to eight years behind the West in the principal industrial sectors.

The myth that the Soviet economy represents a model of rapid growth worthy of emulation by developing countries is largely based on the highly questionable branch of modern economics known as growth theory. People afflicted with this way of thinking believe that achieving high rates of increase in the total number of dollars spent in a country, or in particular "basic" or structural industries, is inherently good. The Soviet economy has "achieved" several remarkable statistics of this kind that continue to dazzle many a Western macroeconomist, but in terms of the real quality of life of everyday citizens these statistical achievements haven't meant much. Alain Besançon, in an eye-opening article in the journal *Survey*, makes this point.

> The Soviet economy is the subject of a considerable volume of scholarly work which occupies numerous study centers in Europe and the United States and which provides material for a vast literature and various academic journals. But those born in the Soviet Union, or those who approach Soviet society through history, literature, travel or through listening to what the emigres have to say, find that they cannot recognize what the economists describe.[3]

Rutland's work stands as a rare exception to most economic literature on the Soviet Union in that he relies as much on the sort of historical, literary, and other evidence to which Besançon refers as he does on economists' works. He is usually careful in his interpretations of his sources, though he does occasionally lapse into granting some credibility to the sorts of aggregative statistics the official Soviet press likes to display. (For example, he comments that before the Russian Revolution "the First World War witnessed rapid economic growth," a statement that can only make sense if you believe that anything, even total destruction, is a form of economic growth so long as it is measured in monetary terms.) By and large, however, Rutland trusts to other and far more meaningful forms of evidence. He acknowledges that the massive Soviet investment drive of the 1930s "certainly pro-

duced growth," but insists that "it was growth of a peculiar sort." His critical assessment of the much-vaunted early five-year plans is much more guarded than the glowing tributes one reads in many economic studies of the period. He reminds us, for example, that the work camps were crowded with several million kulaks when he remarks that "these unfortunates made a major contribution to the construction and extractive industries." If we insist on calling this reversion to slave labor "development," then the Soviet economy certainly did develop rapidly. So did Egypt under the pharaohs, who had a similar penchant for the construction and extractive industries. Many commentators claim that Stalin's unprecedented modernization push, though admittedly costly at the time, was necessary in order to make the Soviet Union into a modern industrial economy. Rutland inexplicably calls this claim "ultimately unanswerable," but he provides the reader with most of what anyone would reasonably ask for as an answer: the program caused workers' living standards to plummet in the short term and never culminated in the dramatic improvement in future living standards its promulgators promised.

Growth in macroeconomic aggregates is not a measure of the actual performance of the Soviet economy: it is, rather, the public image necessary for the propagation of the myth that the Soviet economy is being successfully planned. Rutland argues that the whole planning system is constructed around the fulfillment of crude numerical indices. Michael Polanyi coined the phrase "conspicuous production" to describe the Soviet proclivity to produce investment goods that nobody wants. In fact, Polanyi suggests that in a sense *statistics* are what is "produced" by deliberate planning in the Soviet economy!

Is the USSR Really a Command Economy?

This brings me to an important difficulty I find with Rutland's description of the Soviet economy, a difficulty which unfortunately he shares with many otherwise perceptive observers. There is a tension running throughout the book between the standard "command economy" model of the Soviet economy that conceives it as being actually organized hierarchically by command from the top, and the alternative picture many of Rutland's own statements suggest of an economy that is quite thoroughly out of the planners' control. His ambivalence is reflected in his self-contradictory definition of planning as "organized *interference* of state policy into the structure and functioning of the

whole economy" (italics added). State intervention, even massive state intervention, and a hierarchial command economy are not the same thing. The source of this tension, I believe, lies in Rutland's failure to clearly distinguish between political power and economic control. The Soviet economy exhibits perhaps the greatest concentration of political power in modern history, but even at the peak of Stalin's dictatorship this political power never added up to effective control over the economy.

This theoretical confusion as to whether the Soviet economy is an instance of planning, that is, genuine control over the economy, or intervention, that is, arbitrary injections of coercive power into an otherwise unhampered economy, underlies not only Rutland's account of the modern Soviet economy but also his historical chapter (chapter 4). His historical overview obscures the crucial differences between the original (pre-New Economic Policy) attempt to implement a command economy during the so-called War Communism period under Lenin and the later (post-NEP) institution of five-year planning, which began under Stalin and has continued ever since. Both of these regimes were, it is true, operating under similar Leninist ideological justifications which stressed the advantages of rational hierarchical planning over the chaos of unplanned markets. But the differences between the way the economy actually worked in these two periods are absolutely crucial to the questions Rutland raises about the myth of planning, and his failure to recognize those differences is a serious shortcoming of the book.

Rutland's history stresses what he sees as "fundamental continuities in the Soviet planning system running right back to 1917." It is plausible to claim, as he does, that the Soviet economy has seen little systematic change since the early 1930s, but to treat the tumultuous years from 1917 to 1928 as a single period is highly misleading. Echoing a standard theme in many histories of the Soviet economy, he says that the new Bolshevik state was so preoccupied with the consolidation of its political power and the waging of a civil war that "little thought was given to economic policy during this period." Numerous decrees were passed expressing the Bolsheviks' hopes but "these espoused policies had little political impact." The times were not conducive to careful thought about the principles of organization of the new socialist society, Rutland claims.

Yet while it might well be said that the thought Lenin and his comrades were giving to problems of economic organization was of low

quality, it was not lacking in quantity. Rutland's whole account misses the fact that War Communism was from the beginning a deliberate policy, aimed, quite consistently, at abolishing all market institutions and replacing them with a command economy. The decrees were hopelessly naïve, of course, and never achieved their intended purposes, but they can hardly be described as having little impact. They proclaimed the systematic nationalization of the economy, a process which was proceeding rapidly throughout the period. (Oddly, Rutland says "it was not until December 1920 that all workshops employing in excess of ten workers . . . were nationalized." How much faster did he think it could have been done?) The goal of destroying money is treated by Rutland and by most economists as a symptom of some Bolsheviks getting "caught up in the general revolutionary fervor" rather than as a necessary part of the policies of any consistent Marxist. But Paul Craig Roberts' classic book *Alienation and the Soviet Economy*[3] has scrupulously documented the fact that Lenin was aiming explicitly at a destruction of the market and all its associated institutions. At the time those policies were called simply "communism"; the prefix "war" was added later as part of an elaborate excuse for the catastrophic failure they engendered.

"War Communism" is an apt term in one sense, however. The command economy Lenin tried to establish was modeled directly after what he thought was the smoothly functioning German war machine. He derived his idea of the pattern the Soviet economy should take from a misunderstanding of the German economy's workings. In fact, as Rutland notes, German war planning too was chaotic and confused. The further Lenin went in his effort to replace the market with planning the worse the economy deteriorated. Here, and not in the later five-year planning system, is the historical instance of a sustained effort to establish a true command economy. The failure of War Communism and the retreat to the New Economic Policy are of much greater significance to Rutland's thesis about the myth of planning that he implies.

The New Economic Policy was a full-scale retreat from the aspirations of War Communism. Market institutions were permitted, the destruction of money was halted, the activites of private entrepreneurs were condoned, and as a result the economy recovered dramatically. Thus the first several years of Lenin's rule hardly seem to exhibit anything one would want to describe as "fundamental continuity." Few episodes in economic history can be found that manifest such drastic

shifts in economic policy: the Bolsheviks switched from the goal of completely destroying markets to that of embracing and encouraging them, and then, we will see, to that of obstructing and disguising them.

In the failure of War Communism and the retreat to NEP the impossibility of planning as articulated theoretically in the Mises–Hayek critique was directly demonstrated in practice. Marx understood that true planning is necessarily incompatible with all market institutions whose operation depends on the anarchic workings of rivalrous competition, and Lenin was in this respect a good, sincere Marxist. To comprehensively plan an entire economy presupposes that no parts of that economy are operating on their own initiative. The "intolerably high level of discipline" Rutland observes to have been imposed under War Communism was a necessary part of its Marxian design and not some accident of excessive revolutionary fervor, though there was plenty of that too.

When NEP too was reversed this was, as Rutland points out, done for strictly political reasons. But Rutland suggests, as do most studies of the Soviet economy, that this amounted to a return to central planning. He asserts that in the first five-year plan, set up in the late 1920s, "the economy was reshaped into a rigidly centralized administrative hierarchy, geared to achieving the plan targets nominated by the center—targets which were no longer projections but *orders*." What he fails to point out here is that these orders, in the form of targets or success indicators, are invariably in such conflict with one another that plant managers cannot possibly obey them all. This proliferation of conflicting targets means that plant managers do, after all, have room for some discretion as to which targets they will aim for, something Rutland at another point explicitly acknowledges. The first five-year plan was not a return to the attempt to construct a true command economy that had been made during War Communism: it was the erection of "the myth of the plan" to disguise what is really a system of arbitrary government intervention into the economic order.

Tolerance of the overt profit-making and market behavior that flourished under NEP did not come naturally for Marxian ideologues, and so they needed at least the *facade* of planning to justify their political rule to themselves and their subjects. The five-year planning system was a facade of planning in which the use of money and cost accounting at the plant level was officially condoned, as it has been ever since. It is, I think, only because of this covert profit–and–loss system within the official planning sector and the important activities of the

black-market or "second" economy that the Soviet economy is able to muddle through.

Command as Power Versus Command as Control

The Soviet economy, like all modern economies, works—that is to say, it achieves whatever degree of socio-economic coordination and development it can achieve—because of *individual choices made at the microeconomic level,* by workers, plant managers, etc., and not because of aggregative decisions made by the planning bureaucracies. The planners have immense political power that enables them to selectively reach down to the microeconomic level and force certain individual decisions in the directions they desire. But as they zero in on some decisions, they must necessarily direct their attention away from the far greater number of other decisions that must in any case be made by somebody. Rutland seriously misunderstands the limits to planners' capacities when he says "they are not absolutely sure that . . . decisions which lie in the penumbra of their gaze may not turn out to affect their interests in the long run." Most of the decisions that drive the economic process are in actuality *beyond* the planners' gaze.

A good case in point to illustrate the failure of planning to amount to genuine control over the economy is the Soviet health and social welfare system, to which Rutland devotes a full chapter. Soviet citizens do, after all, enjoy free medical care. Many observers of the USSR have pointed to these policy areas as the silver lining to the cloud, the acceptable face of Soviet society. However, Rutland argues forcefully that

> Soviet experience shows in a most clear and unequivocal manner that the mere fact that the state has taken on broad responsibility for the welfare of the population, and that the health and social welfare systems are now planned by public agencies rather than provided by a plethora of market and voluntary agencies, does not guarantee that the health system which results is a more desirable one.

Here again, what one finds most impressive about the Soviet system is its aggregate statistical imagery rather than its disaggregated reality. Many writers who are otherwise very critical of the Soviet economy "balance" their criticisms by pointing to such statistics from the health care industry as total numbers of beds and doctors. Using these

criteria, the USSR comes out on top of the world, something for which it has attracted widespread praise. But Rutland insists that anecdotal evidence, which is severely critical of the quality of care, belies the impressive aggregate figures for the size of medical service. He trusts to the more meaningful evidence that comes from talking to large numbers of Soviet citizens and emigrés, and from reading the Soviet press, rather than to statistics about numbers of beds. Such numbers lose their persuasive power when stacked up against stories of ambulances that take an hour to reach emergency cases, or of inattention by doctors and nurses, or of severe shortages of medicine and medical equipment. Still, for those who like statistics, Rutland offers this one: the USSR uses just 3000 of the 100,000 different types of medicines currently used around the world.

As with the rest of the economy, it is not so much that the health and welfare services themselves are being planned by the bureaucracy; rather, certain statistical *indicators* for measuring health and welfare services are being planned. Rutland comments that many practices in this area amount to a "conspicuous manipulation of intermediate indicators of health provision." This conspicuous production does not control, but simply interferes with, the supply of medical services by making the medical system adjust its behavior to suit quantitative indicators instead of patients' real needs. There is, once again, political power at the top but not effective control over the bottom.

Power does not spell control because, as Mises and Hayek pointed out, no human mind is capable individually of comprehending any more than a tiny part of a complex economy. The planners are not really planning at all, but interfering violently and selectively in an economic order they do not understand. Even Stalin, armed with all his coercive powers, could not possibly make the Soviet economy grow in any meaningful sense. The economic development that took place under his reign should be attributed not to his commands, but to the efforts of everyday Soviet citizens to produce despite his arbitrary political interferences. Planning in practice is not scientific control; it is uninformed intervention into an order that remains fundamentally out of anyone's control. Another apt phrase Michael Polanyi coined that Rutland could profitably have used is "polycentric economy." Any modern economic order is necessarily composed of many planning centers. The plan in actual practice is shaped by a variety of independent decisions made by plant managers (and at least partly in terms of profit–and–loss accounting), which are passed up the planning bureaucracy, where they are used to produce aggregate statistics called

"the plan." These originally disaggregated decisions are then passed back down the bureaucracy, returning to the disaggregated level in the form of targets. The aggregate figures making up the plan, which is all that the *apparatchiks* at the apex of the command economy ever see, are quite useless for any real decisionmaking. When those in political command do interfere with plant managers' decision they are not controlling the economy, but taking blind and arbitrary actions whose consequences are unpredictable.

Much of Rutland's study supports Polanyi's interpretation of the Soviet economy as being impossible to direct from the top down. He explictly states at one point that "planning offers itself as a way of asserting man's control of the economic environment, and manages to disguise the fact that it is essentially uncontrollable." It is "the nature of the planning exercise" to be "haphazard and arbitrary," to be flawed in practice, and to find itself forced to coexist with irrepressible market forces." The very presence of the black market implies that the command economy model doesn't really describe Soviet reality:

> Despite the massive scope of state intervention in economic life in the USSR, the command economy has obviously not entirely displaced individual initiative in the pursuit of self-interest. It is difficult to imagine how any such economic system could completely eradicate informal, unofficial trading and producing. No matter how much the control agencies are multiplied and set to control each other, the idea of the totally controlled economy and society is a chimera.

It is not only the illegal "second economy," however, that constitutes an exception to complete control. The officially planned, state-owned "first" economy is also out of control, and driven by individual initiative in the pursuit of self-interest.

Even the planning bureaucracy, which one would expect to be in command at least of itself, is out of control. In discussing the problem of political infighting and corruption that pervade the Soviet economy, Rutland refers to Konstantin Simis's point that the further bureaucrats move from the center, the more scope there is for them to abuse their positions to bolster the privileges of their own cliques. Such pervasive rivalry in the power structure implies that political power is not directly translatable into effective economic control. The politicians at the apex of the command economy are unable to eliminate such infighting and corruption because much as they may despise the corruption and inertia of the local elites, they rely on them to keep the popu-

lation in check. Without them, the pyramid would come tumbling down. The party paints itself in an orderly hierarchy but, says Rutland, "begins to look . . . more like a fireman, rushing from one crisis to another—with some [most?] of them being crises of their own making."

Economies Out of Control

And yet, Rutland shies away from concluding that the Soviet economy is beyond the planners' control, or that the Party is essentially starting and putting out fires rather than hierachically controlling things. He hasn't taken his own exposé seriously enough. His statement, for example, that the Soviet economy "is not a system in which consumer preferences reign: it is basically a top-down system in which planners' preferences are what matters," while it contains a germ of truth, is highly misleading. Consumers' preferences, as Polanyi's idea of conspicuous production illustrates, are seriously obstructed, and not only by the deliberate policy of emphasizing producers' goods over consumers' goods. They are also obstructed by the fact that they have to work their way up and down the bureaucracy. But this is not an economy that is actually being manipulated from the top down to suit the planners' preferences. Rutland begins his detailed discussion of the command economy in operation by declaring, "We must begin at the very apex of the command economy, with the politicians." This approach has things backwards: planning in practice does not start at the apex, but at the *bottom*, where the real decisions over the use of resources are made. What the politicians at the top of the planning bureaucracy are doing, along with most of the activity in which the bureaucracy itself is engaged, amounts not to steering the economy but to getting in its way. It is a necessary feature of the Soviet economy that it present itself as a true command economy rather than as polycentric, for without this *appearance* of planning the very *raison d'être* of the planning bureaucracy and of the Party itself would be rendered nonsensical.

In the last chapter of his book Rutland specifically addresses, in a revealing way, the claim that planning is nothing but a facade. To conclude this, he says, "would be most unwise . . . since planning is a very real *political* phenomenon, even if politics is about the erection and maintenance of public facades." It seems to me that this statement is exactly right but that Rutland has not considered its radical implications for the economists' models of the command economy. Politics

itself, in the sense Rutland is using the term, is an exercise in illusion. Planning is a facade, and yet it is as real as the political power of the Communist Party. It involves a powerful shaping of peoples' attitudes towards their work, toward one another, and toward the state, attitudes without which the Party's rule over the peoples of the Russian empire would disintegrate. It is powerful, but in terms of how the economy works and how the goods actually get produced, it is only an obstacle.

Rutland understandably resists the metaphor of a facade because it would leave the mistaken impression that Soviet-type planning is a fragile institution. Too many Soviet experts have been burned by describing the system as "on the brink of a major structural reform" that somehow never comes. But Rutland's answer to those who too confidently predict the collapse of the Soviet system is to overconfidently predict that such a collapse will never come. His discussion of the limits of reform argues that the myth of reform is even more alluring and more illusory than the myth of the plan. The economic and political shortcomings to which his book draws our attention, he says, are not defects of the Soviet political system, but integral elements of it. According to him, that system is a permanently regressive step into barbarism, not just a temporary one such as Germany took under Nazism. "It begins to look . . . as if the leopard will never change its spots." Although Rutland offers a few hints about possible institutional innovations that might give us hope for reforms, he concludes at the end of the book that as things stand at present there is no reason to suspect that any of them will in fact be carried out.

But as Rutland himself observes in another context, "Inevitability is not a word which should be in any historian's vocabulary: there *is* always an alternative." Many of his own descriptions of the Soviet economy as one that exhibits systemic inflexibility misleadingly suggest that there is no possible prospect for the peoples suffering under it to ever free themselves of it. Yet his own book, by exposing one of the key illusions that props up Communist Party rule, belies this pessimistic imagery. If planning is not really a way of controlling an economy but instead is a facade that is merely covering up and legitimating political power, then the Soviet peoples have reason for hope. The legitimacy of this powerful state is, after all, based on a fragile ideological foundation. "All" it would take to put an end to the system is a significant change in the way these people understand it.

Intervention, East and West

The lesson of Rutland's book is that planning is, strictly speaking, not inefficient; it is impossible. What really occurs in the Soviet economy, as elsewhere, is blind intervention by a government into a polycentric order it does not understand and which is not under the control of any one person or group. In this sense, then, the Soviet economy has to be seen as essentially similar to the economies of the West, differing in the degree and form of its intervention, but not in kind. Our politicians' claim to be guiding the American economy with their fiscal, regulatory, and monetary policies is no less a facade covering up blind intervention and justifying their political power than is the Soviet planners'. The difference is that the Soviets' intervention is substantially more pervasive.

Perhaps the reason Rutland resists taking the explicit position that the Soviet economy is like Western economies in this respect is the radical implication entailed for his implicit choice of an alternative to a Soviet-type economy. His use of the Mises–Hayek argument cuts so deeply into the legitimacy of the Soviet government's practices that if these are called by the same name we in the West use to refer to our governments' practices it would suggest that the argument challenges "our side" too. To avoid letting his own arguments go too far in this sense, Rutland may be exaggerating the differences between the Eastern and Western forms of interventionism, wanting to turn a (great) difference in degree into a difference in kind. He tries rather unpersuasively to make a categorical disctinction between Soviet-type economies and those of the West, which he bases on the close connection in the former and not the latter between politics and economics. But surely his assertion that the distinguishing feature of socialist states is the tying of state power to economic objectives cannot be accepted. *No* government has ever failed to tie its power to economic objectives.

Were Rutland to admit that government intervention into capitalist economies is subject to some of the same criticisms as it is in the Soviet economy, he would come perilously close to taking a radical laissez-faire position. But he expressly refuses to take that step. He charges that Hayek's ideal involves belief in a limited or "night watchman" state, which he says may be as much of a myth as the planned economy. He refers without any dissent to the Marxian critique of the commodity-fetishism of the market, which asserts that the market relies upon the granting of supernatural qualities to money and to commodities. This lends him to acquiesce in the Marxist view that to

fetishize commodities is as great a danger as to fetishize the plan. Although much of Rutland's book provides powerful support for Hayek's famous thesis from *The Road to Serfdom* that the economic system of collectivist planning leads to the degeneration of political freedoms, he himself specifically rejects that thesis, and in such a manner as to raise questions about his understanding not only of Hayek's argument, but of the nature of other economies around the world:

> A glance around the globe shows that one can have authoritarian regimes where free enterprise reigns; and economies with a high degree of state planning which it would be unreasonable to describe as "authoritarian." This kaleidoscope of political regimes poses certain problems for political theory: for example, there can be little mileage left in the classic liberal idea that economic freedoms and political freedoms are inextricably linked.

Contrary to what Rutland seems to think, Hayek did not argue that having a large measure of economic freedoms guarantees having political ones, but only that restricting economic freedoms entails the restriction of political ones. I do not know of any historical counterexamples to this thesis. But the real question is where the regimes are in which "free enterprise reigns." If only Rutland were right. He *is* right when he points out that the facts pose "certain problems for political theory," but the problem is not with classical liberalism; it is with the whole standard way of classifying economic systems. For Hayek, as for most classical liberals, there is little to choose between the left-wing socialist regimes and the right-wing state capitalist or corporativist regimes to be found all over the modern world; none of these are truly free–market or free–enterprise economies. Furthermore, what little respect they do have for economic rights *does* seem to be closely related to their respect for political rights.

This reluctance to present free markets as the alternative to planning substantially weakens the force of the whole book and seems curiously out of place in the overall argument. As Rutland admits in the first and third chapters, Marx's utopian image of the planned economy and his allegedly more scientific anti-market analysis of capitalism "are but two sides of the same coin." Yet he subjects only one side of the Marxian coin to critical scrutiny and tries to remain noncommittal about the other side. This cop-out is most manifest in the concluding chapter, where he sabotages his whole argument by endorsing Karl Mannheim's popular statement that "there is no longer any choice be-

tween planning and laissez faire, but only between good and bad planning." "There is no sense," Rutland adds, "in abandoning the myth of the plan merely to embrace the myth of the market."

If that is so, why write an entire book showing that planning is a myth when there is no system better than planning? Rutland constantly contrasts the chaotic reality of the Soviet economy with the orderliness of the market economy, yet seems to think he can somehow avoid the issue of whether a free market is more desirable than planning. But a "critique" without at least an implicit alternative is nothing but pointless complaints about how tough the real world is. If there's no way to do better, then the critique completely loses its force; it's like a "critique" of gravity. Rutland cannot escape the question of what he will accept as his favored alternative to planning.

Most people today, of course, believe in the system of interventionism itself as a viable, reasonable third option to capitalism and socialism, an option that can enable us to enjoy the benefits of markets without the alleged problems of laissez faire. Rutland seems to agree with them, but has a problem: he has just given us a powerful critique of a form of interventionism. It is difficult to see how Western interventionism can be insulated from the very arguments he has persuasively deployed against Soviet planning. All the reasons he gives throughout his book explaining why the Soviet state lacks sufficient knowledge to plan the Soviet economy apply with equal force to attempts by Western states to intervene in their economies. The Mises–Hayek challenge to planning can be generalized into a radical critique of interventionism of all kinds.

Rutland's critique of economic planning, in short, points beyond itself. Planning, he shows, is really a political instrument for arbitrary intervention into the market order. Its alleged function in actually guiding the economy is essentially a facade covering up its real function: the legitimization of the arbitrary power of the state to coercively interfere in the economy. Planning is in this sense the politicization of the economy. We in the West have less powerful and pervasive mechanisms for the legitimation of state intervention, but they can be subjected to the same critique to which Rutland subjects Soviet-style planning. Those who would undertake Keynesian macroeconomic intervention are as ignorant of how the economy they are supposed to be steering really works as are Soviet planners. Coercive government interference, whether of the Soviet or Western variety, is guilty of the same pretense of knowledge, and a consistent critique of it must pro-

pose complete laissez faire as the only workable alternative. What Rutland's analysis of planning points to, although he resists coming to this conclusion, is a radical critique of politics itself.

The Political Illusion: Lenin's Attempt to Transcend Politics

The most important problem with standard accounts of the nature of the contemporary Soviet economy is that they do not clarify the relationship between its actual workings and the political-economic ideals of its founding fathers. What lessons can we derive from studying the Russian revolution by way of a comparison between the Bolsheviks' original vision and the first seventy years of Soviet experience? Even as good a book as Peter Rutland's leaves the relationship between Leninist theoretical ideals and Soviet historical reality unclear in many respects. Although Rutland goes a long way toward exposing the chief *economic* illusion of Soviet experience—that it is a model of a rationally planned, developing economy—he joins most commentators on the Soviet economy in overlooking the crucial *political* illusion of the Leninist ideal. Rutland, like many critics of socialism, treats the undemocratic nature of modern Soviet society as if it is the intended result of Lenin's political ideal. This, I believe, is no more helpful than the tendency of many defenders of present-day Soviet socialism to treat it as an accidental failure of history to continue in the direction of Lenin's properly democratic ideals. Neither of these interpretations, it seems to me, comes to grips with just exactly what Lenin and his followers were *trying* to accomplish politically. Here, I believe, lies the great political illusion of socialism.

A. J. Polan's *Lenin and the End of Politics* provides a brilliant interpretation of Lenin's political vision that shows its fatal flaw was a naive Marxian conception of post-revolutionary society. Lenin supposed that the strictly technical, central economic planning that would replace markets would also soon make coercion unnecessary and reduce the state to a purely administrative body. This enabled him to evade giving answers to problems that two or three centuries of political philosophy had identified as crucial, such as determining the limits of individual rights versus state power. The road to Stalinism was paved by Lenin's neglect of politics.

But can we really say of Lenin, the man who said, "Politics cannot but have priority over economics," that he neglected politics? We can, I

think, because what Lenin did was institute in Russia an unusually politicized regime without benefit of serious political reflection.

As Polan puts it,

> The central absence in Lenin's politics is that of a theory of political institutions. All political functions are collapsed into one institution, the Soviet, and even that institution itself will know no division of labour within itself according to different functions. Lenin's state form is one-dimensional. It allows for no distances, no spaces, no appeals, no checks, no balances, no processes, no delays, no interrogations and, above all, no distribution of power. All are ruthlessly and deliberately excluded, as precisely the articulations of the disease of corruption and mystification.

This lack of flexibility in Lenin's theory of the state appears to many to reveal crudely undemocratic intentions. What Polan shows, however, is that Lenin's failure to build protections against totalitarianism into his model of socialism did not happen because he wanted totalitarianism. On the contrary, it occurred because he wanted a form of democracy so radical as to be inherently immune from the dangers that plague bourgeois democracies. Following Marx, he intended not to reduce but to profoundly increase the democratic aspects of capitalist society. What happened was not, as Rutland suggests, that Lenin got the heavily politicized undemocratic society he wanted, nor, as many socialists claim, that he by some mishap was unable to get the conventionally democratic society he wanted. Rather, he failed to get the completely *depoliticized, radically* democratic Marxian society he wanted, and he failed for the simple reason that this society is an impossibility.

The idea implicit in Marx's critique of "the anarchy of capitalist production" is, as Rutland shows, that it is possible to control a technologically advanced economic order by conscious planning. Instead of the economy being organized by the interplay of contending or "alienated" plans, Marx conceived of a world where the planning committee would discover the general will of the whole society and organize the economy deliberately to satisfy this unitary will. Here democratic procedures would not be limited to electing politicians but would be expanded to the articulation of this general will with regard to all aspects of society. Rivalry among independent private interests would disappear since all social activity would be pre-reconciled in the planning bureau.

There is a genuine problem, Polan argues, with this whole concept

of the general will. Basing his remarks on Hannah Arendt's discussion of the general will in *On Revolution,* he points out that if there can be such a thing, and if it is to be more than a legal fiction, it must by definition be ever-changing. Popular belief in the existence of a general will produces a constant temptation, often even a demand, for some individual to embody it and impose his interpretation of it on the rest of society. The diverse wills of the members of society *cannot* be reconciled to a unity, though some wills may of course come to dominate social outcomes more than others.

What Lenin would have required in order to make his model of socialism work was not merely more favorable historical conditions, "although those conditions themselves have for a long time conspired to suggest the essential innocence of the model." Lenin's vision failed because it demands the impossible: "a situation devoid of all political conflicts, of all economic problems, of all social contradictions, of all inadequate, selfish or simply human emotions and motivations, of all singularity, of all negativity. It demands, in short, for Lenin's political structures to work, that there be an absence of politics."

The method Polan employs throughout this book is to engage in a close textual interpretation of Lenin's most famous essay, in order to tease out of it meanings that have eluded other readers. But it is crucial to realize that this is no narrow exegetical exercise confining itself to Lenin's words. Each chapter goes beyond the text in order to elucidate it; indeed, this is seen by Polan as a fundamental requirement of any successful textual interpretation. The purpose of understanding Lenin's essay is not confined to some sort of recovery of Lenin's own original meaning, but is aimed from the outset at investigating its meaning for us today.

Some approaches to textual interpretation have held as a standard of successful understanding the removal of one's own ideas and values and the attempt to somehow "get inside the head" of the original author. Polan, however, follows the approach to interpretation advanced by the German philosopher Hans-Georg Gadamer, who argues that textual interpretation does not require one to ignore a text's historical consequences; in fact, one enriches one's understanding by being aware of them. Events in history (including the writing of other texts) prior to the writing of the text under examination were an essential part of its meaning when it was written; for us as readers today, subsequent events and texts are also part of its meaning. Thus Polan in interpreting Lenin finds himself discussing a wide variety of other authors, including Max Weber, Jurgen Habermas, Thomas Jefferson, and Jean-

Paul Sartre. Polan's approach is to the relevant and valid insights of Western political thought to bear on Lenin's text. He is constantly mindful of the consequences of Lenin's ideas on ensuing events in the Soviet Union, as well as of the consequences of earlier historical events on Lenin's ideas. In short, on the issue Rutland's book is weakest, the relationship between ideas and reality, Polan's book is strongest.

Lenin's Essay in History

Polan opens his book with a brief overview of the significance of the Polish Solidarity movement. In the trade unionists' attempt to claim their independence from the Communist Party, Polan discerns an attempt, however halting and so far unsuccessful, to re-establish a non-Marxist conception of politics. Many commentators have condemned Solidarity for its failure to move from being an organization of dissent and protest into the position of becoming a partner in the power structure, with its own program of reforms. Others charge that Solidarity has naively refused to openly challenge the power structure even though it clearly seems to possess a great deal of political clout. Both criticisms diagnose the failure of the movement in terms of its unwillingness to enter the realm of power politics. As Polan notes,

> From the standpoint of both criticisms, what is deemed to be lacking is politics: in the first case, politics sophisticated enough to establish a compromise; in the second case, politics tough enough to make a bid for the control of the state.

Polan disputes this diagnosis, arguing that Solidarity's refusal to become engaged in politics was deliberate and not at all the result of any lack of sophistication or toughness. Its members were rebelling against the whole official Marxian concept of politics in which there is no distinction between state and society. They sought to uncouple certain areas of civil society from the machinery of state power and thereby establish a certain autonomy of civil society from state politics. Polan quotes favorably the assessment by Arato and Vajda that the Solidarity movement was deliberately striving to defend the autonomy from the state of such institutions as "market, parliamentarism, negative rights attached to possession and privacy, general and formal law, freedom of speech and press, political pluralism, and, above all, those institutions

of small-scale public participation which are to mediate between the individual and the representatives of political power.[5] Solidarity, Polan contends, was in fact being tougher and more sophisticated than most of its critics because it was going beyond challenging institutions, which can be reconstructed, to challenging the whole Marxian discourse about politics as an apparatus of power.

The democratic conception of politics Polan sees Solidarity as having tried to recover, and which he himself favors, is that of a free public discourse among individuals from independent social institutions about their respective rights and responsibilities. It is only from our attempts to criticize and persuade one another by voluntary means that what we think of as a democratic politics can emerge. Polan emphatically insists that "without a genuine process of discursive will-formation, there is no politics that merits the name, and there is no democracy that is not a travesty of the meaning the concept holds." And, he says, such a process can only take place in a polity composed of voluntary associations of individuals. Taken to its logical conclusion (which Polan may not be willing to do), this sort of polity must be a libertarian one, that is, a society in which politics in the sense of state power is brought to its absolute minimum. Rutland would call this sort of polity a *depoliticized* one, but would mean the same thing Polan means by calling it a *politicized* one. The source of what Rutland calls the politicization of life in the Soviet Union, and its effect of stifling the politics–as–discourse that Polan discusses, is, Polan shows, directly traceable to the Marxian conception of post-revolutionary society as articulated by Lenin in 1917.

Polan's direct discussion of *The State and Revolution* gets underway with a critical survey of the literature surrounding Lenin's essay. Polan shows that nearly all commentaries on Lenin's text fall into two categories, both of which fail to appreciate its true signficance in light of subsequent historical events. The assessment of *The State and Revolution* made by historians sees so profound a discrepancy between the text and Soviet history as to deprive the text of any meaning. The alternative assessment made by political radicals, on the other hand, is so sympathetic with the vision of Lenin's radically democratic ideal as to fail to understand its complicity in the rise of Stalinism: it takes Lenin's libertarian-sounding aspirations so seriously that it absolves him of any responsibility for subsequent events.

Polan challenges the historians' interpretation as being overly distanced from the text and the radicals' assessment as being insufficiently distanced from it. Interpretation demands a sufficient effort to see

what the author was getting at as well as a sufficient effort to be critical of the author's perspective. Polan shows that most existing interpretations of Lenin's text have neglected to trace the effect the essay has had in history, and therefore its role in fomenting later events. Both the historians' and the radicals' interpretations fail, each in its own way, to perform this mediating role between the text and contemporary circumstances. For these attempts to interpret Lenin,

> The text does not enter into history, either due to its absurdity—an impossible utopianism—or its innocence—a valid libertarianism betrayed by the brutal necessities of subsequent history, or the bad faith of historical actors. Consequently the text is either *meaningless*—dead, historical, objective, a moment in one man's biography—or *excessively* meaningful, saturated with meaning, in fact sacred.

Polan, in contrast, recognizes that we can only grasp the meaning of the past by identifying how it affected the future, i.e. our present. Understanding requires a mediation between the understander and the person or thing understood. The historical and temporal distance that separates us today from a seventy-year old text is not simply an obstacle that needs to be overcome; it is a continuous source of insight. The text of *The State and Revolution* is significant to us today, for example in analyzing the Polish Solidarity movement, precisely because it has continued to have significance in the real world ever since it was written. Any adequate interpretation of its meaning requires a sustained effort to appreciate its historical effects since its original composition. Both the historians and the radicals fail to accomplish this mediating task, the historians by not taking Lenin's radical intentions seriously enough, the radicals by not taking the subsequent history of the Soviet Union seriously enough. Both kinds of misinterpretation are unable to see the *relationship* of the theory embodied in the text to the history that unfolded partly as a consequence of that text.

It is one of the central themes of Polan's study to show that ideas have consequences, so he turns from surveying the body of writing Lenin's essay has inspired to discussing its pervasive effect on the real world. If any text has had consequences for our century, this one has. *The State and Revolution* has been a blueprint for the Soviet state, Polan contends: from the February Revolution to the October Revolution, to War Communism, to Stalinism, and down to the present, the USSR has borne the imprint of the ideas in Lenin's essay. In this he differs sharply from the assessments of those he has just criticized.

Lenin's Theory of Bureaucracy

At the heart of Lenin's essay is a naive theory of bureaucracy, which takes as its model the postal service. This simplistic view of bureaucracy's organizational tasks contrasts with Max Weber's sophisticated understanding of its operation. Lenin's "confident assertions of the possibility of extending the 'postal' model to embrace the whole economy ignore the fact that the absence of a market forces the state to inherit a task of immense complexity." Weber was keenly aware of the difficulties any attempt to replace market processes with centralized planning would encounter. Polan does not happen to mention that Weber is often cited[6] along with Ludwig von Mises and Boris Brutzkus as a co-discoverer of the same argument that Rutland uses in his critique of economic planning. What Polan concentrates on in Weber's work is not so much the recognition of the complexity of the task of central planning but rather the implications of this complexity for the theory of bureaucracy. An immense organizational structure will in fact prove necessary to tackle problems Lenin supposed would be exceedingly simple and routine. Weber emphasized how dangerous this bureaucracy could be, and how difficult it would be to contain this danger whenever the responsibilities of the bureaucracy are expanded. The best Lenin offered was a meek suggestion that bureaucrats could be restrained by regular elections and a popular right of recall. Polan finds such proposals "vacuous" as methods for democratic control of bureaucracy. In Lenin's formulation, Polan says,

> The elected deputies are to be civil servants, ministers and representatives of their constituents at one and the same time. They have to make the laws, carry them out *and* criticize them. . . . If he is accepting that there are dangerous potentialities in the roles of a representative, of a legislator, of a civil servant and of a minister, his answer to those dangers border on the absurd: conflate all these roles into one, embody them in a single individual.

Expecting the bureaucrat to respond both to democratic pressures from below and to a coordinated plan being received from above, Lenin simply evaded the real problems of bureaucracy. Nor was Trotsky, for all his attention to the matter, able to address the real questions. Both of them criticize the bureaucracy for misinterpreting the general will (which for them is synonymous with Marxism), or for regarding their own will as identical to it. This neglects the essential point, though:

the bureaucracy should not have the right to determine the general will at all. A totalitarian bureaucracy is inevitable so long as the idea of the general will is not itself rejected as nonsensical.

How have later advocates of socialism diagnosed Lenin's failure to achieve the kind of radically democratic utopia he had sketched in *The State and Revolution?* Polan shows that they have missed the real lessons of the Soviet story and thus are bound to repeat his disastrous errors should they too suddenly come to power. Many important socialists have admired and continue to admire the Soviet system for what they see as its encouraging ability to suffuse politics throughout the society, even though they acknowledge that what is being suffused is totalitarian. All that is required to achieve a genuinely democratic socialist society, they argue, is to transform this politics into a more democratic form. The fact that there is little place for a separate sphere of action outside politics is taken to be a subtle advantage of the Soviet system over Western forms of democracy that has to be weighed against the more obvious disadvantage that this suffused politics is at present undemocratic.

Polan shows, however, that it is this very lack of a separate sphere that prevents democratic processes from working. The power of the Soviet political elite is not some deficiency attributable to contingent causes; it derives from the very form of the Soviet regime, which renders democracy impossible. Precisely because Soviet politics permeates all institutions it is incapable of any genuine critical reflection on their workings. To be genuinely effective at criticizing a political system, political institutions must be able to distance themselves from what is and point to what ought to be. Only a sphere separate from the official one, a sphere composed of voluntary associations, can create such distance. In the USSR all types of association are collapsed into the official sphere. It will not become a democratic country until its politics becomes less suffused.

Having dismissed the views of those socialists, Polan next takes up the views of the highly influential Frankfurt School Marxists (especially Max Horkheimer, Theodor Adorno, and Herbert Marcuse), which at first glance might appear innocent of the sort of "subterranean authoritarianism" that Lenin exemplifies. These writers are best known for their radical critique of authoritarianism in all its forms, and have condemned Stalinism with as much enthusiasm as they have condemned Nazism. Horkheimer, for instance, has said that "the most fully developed kind of authoritarian state, which has freed itself from any dependence on private capital, is integral *Etatism,* or state social-

ism." Not suprisingly, the Frankfurt School has devoted a great deal of attention to the work of Max Weber. However, Polan calls their reading of Weber "polluted by Leninism." They have used Weber's dire warnings of the dangers of bureaucracy to belittle the capacity of the various institutions of Western liberal societies to constrain authoritarianism. They describe these societies as ruled by a presumably unified capitalist class which succeeds in manipulating political movements to its own desired end. More recent followers of the Frankfurt School, such as Paul Piccone, have interpreted the ending of the Vietnam War, the Watergate scandal, and the civil rights movement in crude, simplistic terms as machinations of the capitalist ruling class. They have never taken seriously the possibility that those upheavals have resulted from and been about the existence of a constitutional state, fundamental democratic freedoms, and a functioning public sphere of debate and dissent. Marcuse has even gone so far as to claim that "it is liberalism that 'produces' the total-authoritarian state out of itself."

This inability to see a substantive difference in the democratic values of authoritarian regimes and those of Western liberal societies derives from the implicit belief that a radically democratic society devoid of any bureaucracies and run by local workers' councils is a real possibility. Once again it is the utopian attempt to transcend mere bourgeois democracy that leads the Frankfurt School to denigrate the democratic freedoms we enjoy in Western capitalist societies.

In response to this belittlement of Western democratic freedoms Polan uses ideas found in the writings of the later Frankfurt School social theorist Jurgen Habermas, and also ideas from Thomas Jefferson and the German sociologist Robert Michels. Polan sees in these thinkers a deep appreciation of some of the central points about the nature of politics and bureaucracy that were developed by Max Weber and ignored by Lenin. Habermas challenges the tendency to reduce all questions of "action" to issues of technical control and manipulation, that is, to matters of social engineering. Jefferson focuses on the important role in society of the rule of law, an idea that is conspicuously absent from Lenin's thinking. Michels, in his brilliant work *Political Parties*,[7] emphasizes a point Weber also stressed, that the chief cause of oligarchy in democratic parties is that leadership is indispensable for their very existence. The Russian socialists' inability to take such ideas seriously rendered them completely impotent to prevent the rise of Stalinism, and yet these very same issues are still being ignored by contemporary Western socialists.

There is one frustrating aspect of Polan's discussion of Thomas

Jefferson—I am tempted to say it is the only flaw of this extraordinary book—which, as a Jeffersonian, I cannot let pass without comment. And on this point, for a change, I think it is Rutland's book that can be seen as a corrective to Polan's. Although his overall discussion of Jefferson is fair, Polan makes the common error of assuming Jefferson's politics are unsuitable for a modern industrialized society. He asserts that Jefferson's principles were not in themselves ones a new nation could be built upon. He credits Alexander Hamilton's nation-building efforts to establish a federal bank and mint, and to engage in considerable government intervention in the economy as having been necessary "in order to develop a native manufacturing base." The only argument Polan gives for this position is that "an independent nation dependent for its industrial and technical needs upon a foreign power" is a "contradiction in terms."

This, it seems to me, is fundamentally confused. For one thing, it assumes that an agrarian economy that engages in trade with an industrial world is somehow deficient compared with an industrialized nation. For another, it claims that the best way to bring about industrialization is through at least some mild forms of government intervention and possibly protectionist trade barriers as well. Neither of these propositions will withstand careful scrutiny. By Polan's standards of independence no modern nation's industrial and technical needs are independent of "foreign powers." On this one issue, I think, he relies too much on Weber, who argued (unpersuasively) that industrialization is invariably accompanied by centralization and administration. Historically, it is true, the rise of the nation-state has often accompanied the industrialization process, but it has never been shown that such nation-building efforts did anything but distort the process of genuine industrialization. Though achieving high measured rates of growth of certain macroeconomic aggregates may require interventionism, true economic development, as Rutland recognizes, does not. Many of the societies that have focused least on nation-building and interventionist policies (e.g. Hong Kong) have achieved the most rapid industrial development.

"A Politics for the End of Time"

The centerpiece of Polan's work is a marvellously concise summary of the origins and evolution of Lenin's thought. Since the focus of my review, however, is on the consequences of Lenin's thought for contem-

porary socialist theory and practice—Lenin's foreground, as it were—I will not dwell on this discussion of his background. Suffice it to say that in a scant forty-five pages it provides the same kind of in-depth appreciation of the way Lenin came to his viewpoint as Leszek Kolakowski does for Marx and his ideas in the first volume of *Main Currents of Marxism*. The reason Pôlan accomplishes his task with such comparative brevity is simply that Lenin's world view is far more narrow or microscopic than Marx's. Of particular importance is the fact that Lenin's knowledge of Western societies was virtually limited to what Marxists wrote about them, which was almost exclusively about revolutionary episodes. He knew nothing at all of their normal stability or of the institutions and practices that comprised the body of Western society.

The one respect in which Lenin's simplistic viewpoint is similar to Marx's is in its theory of the state. While the poverty of Lenin's cultural and intellectual background distorted Marx's complex vision, it was true to Marx's own poverty on the issue of the post-revolutionary state. It is this poverty that accounts for the seductivenss of Leninism in its libertarian-sounding aspirations and the general reasons for its decay into totalitarianism. As Sartre has remarked, radical democratic freedom is an exhilarating feeling of solidarity that accompanies the revolutionary act. Polan contrasts this feeling with the lack of solidarity in everyday life: "The apocalyptic group, devoid of all complications and hesitations derived from the myriad complexities of daily life, can transact its business and pursue its goal with a speed, efficiency, willingness, and comradeship that makes formal structures and procedures practically redundant." The fact that such profoundly joyous moments are experienced is important because "political theories can be constructed to suggest that lives, not moments, may be lived this way." Socialism is one such theory. Lenin ignored the problem of bureaucracy because he did not realize that the problems of everyday life are far more complex than those of concerted revolutionary action. But soon after the revolution the apocalyptic group must direct its attention to new tasks, which include the most diverse questions of economic and social life, and must adjust to differences of opinion that inevitably develop among members of the group. Lenin's vision of socialism, and that of many contemporary socialists, is one appropriate only to the moment of revolutionary violence, to the apocalypse, but not to the realities of everday life. It is a politics suitable "for the end of time."

The Power of Illusions

In the experience of a spontaneous uprising of an oppressed people against their oppressors can be found a unity of purpose and a feeling of freedom that has had an immense attractiveness to human beings throughout recorded history. The political illusion of socialism is that it is possible, somehow, to achieve a permanent commonality of projects, that is, to abolish the alienation that exists among individuals under competitive capitalism. The whole point of central planning is to render obsolete the rivalrous competitive process of markets in which individuals contend with one another for scarce resources. "Anarchic" contention is to be replaced by the kind of solidarity of purpose exemplified in the storming of the Bastille, except this unity of plans is to be extended beyond the revolutionary moment to the running of modern society.

But, as Rutland's book demonstrates at length, there is a real question as to whether this ideal of unified purposes is at all workable. Upon this rivalrous conflict of plans may depend our whole system of advanced technological production. The Mises–Hayek argument shows that the competitive market process generates and disperses knowledge that would be unavailable to would-be planners. The relative scarcities of different consumers' and producers' goods are crucial pieces of information for economic decisionmaking, but the only known way to pack such information into a usable form is to rely on an unplanned process of rivalrous contention. This process bids prices up and down in accord with diverse and independently designed plans so as to yield price information that in turn informs those plans.

The only way this information about relative scarcities might *not* be necessary for an economy's effective functioning is if scarcity itself is abolished. Polan describes the implicit view of many socialists that material abundance will eliminate the whole problem for which market price information is supposed to provide a solution:

> The scarcity that has conditioned life under all social formations so far will be negated by the achievement of material abundance that a socialist revolution will bring. If scarcity is taken as the *a priori* that gives rise to the existence of multiple, diverse and conflicting individual projects, abundance will remove the root of divisions between human individuals.

The problem for this vision, as again Rutland's book illustrates, is that it gets things backwards. It is not socialist abundance that can

eliminate the "problem" of the rivalry of diverse human projects; rather, it is rivalry that is needed to address the problem of the inevitable lack of this abundance in any real society. Abundance is relative. It can never be absolute in the sense implied by those who foresee the end to scarcity. Every new level of human achievement opens up previously undiscovered possibilities for still further achievements. Scarcity cannot be eliminated, but the best way to address the problem of scarcity, to create the greatest *relative* abundance possible, is to rely on the competitive process. The alternative to rivalrously competitive free markets, which is "the monolithic utopia," "will always founder on the rock of divergent human values."

We can now see the extent to which what I have been calling the political and economic illusions of socialism reinforce one another. The socialists' faith in the possibility of a radically democratic *politics* as the expression of a unified social will leads them to ignore the virtue in Western capitalist societies of the separation between society and state. This makes the idea of central economic planning, the comprehensive control over the entire productive system in service to the general will, appear attractive. The socialists' faith in the feasibility of a centrally planned *economy* leads them to believe that the flaws of the Soviet economy (which they take to be an example of a truly centrally planned system) can be solved by substituting a general, democratic will for an authoritarian one. With the appearance of books such as Rutland's and Polan's it will be more difficult for socialists to retain these mutually reinforcing illusions.

The political illusion of socialism helps to explain some otherwise inexplicable facts of Soviet economic history. If, as Rutland tends to assume, Lenin was always aiming at totalitarianism and the kind of five-year planning system it now has, Lenin's recourse to the destructive policies of War Communism seems inexplicable and consequently is seen as the product of hasty thinking or excessive revolutionary fervor. Moreover, if Stalinism was always the goal, then the purges common in Soviet history seem equally unintelligible, as they are to Rutland, who contends that they "were of such an inexplicable extent and ferocity that it is impossible to uncover any straightforward rationale behind them." Polan, on the other hand, although he notes that "much of the violent history of the Soviet Union seems to defy explanation in rational terms," offers an explanation in terms of the concepts of pledge and betrayal. The Bolsheviks were aspiring to an apocalyptic utopia, a radically democratic and unified society that inspired a pledge of total commitment to the revolutionary cause. Since this

utopian politics is only suitable "for the end of time" it was bound to fail, and the failure was bound to be interpreted by the leadership as betrayal. Betrayal of a solemn revolutionary pledge is a far more serious offense than simply refusing to follow orders. The intensity of the Stalinist terror is only intelligible to those who (like Polan but unlike Rutland) pay attention to the radical ideas of Leninism.

Betrayal is, in fact, part of the political illusion of socialism. Since failure is bound to accompany the attempt to implement an unworkable system, the search for scapegoats, for traitors to the noble cause, is already implicit in the socialist revolution before power is ever seized. In this sense, then, socialism "does not have to be betrayed to usher in authoritarianism." It will fail on its own without traitors, yet it is virtually guaranteed that its devoted followers will *see* traitors all around them.

But what basis have we to defend the humanistic diversity of values against socialism's vision of a unitary social purpose? As an alternative to the monolithic utopia and radical democracy socialism has promised but never delivered, can a humanistic liberalism offer a workable utopia in which individual rights are respected and in which the rule of law reigns? Many attempts to defend the liberal order rendered themselves susceptible to socialist criticisms by demanding a dubious metaphysics, a secular teleology that requires an implausible belief in a suprahistorical human nature whose essence is to be free and individual. Philosophy is strewn with unsuccessful attempts to establish some sort of ahistorical, universal, essence-of-man argument to ground rights as "natural." There is simply too much factual evidence of men and women acting contrary to what the philosophers consider the natural behavior of "man *qua* man" to take much of this metaphysical case for rights seriously. But Polan insists that "just because we cannot ground the free and responsible human individual in indisputable theoretical or historical argument, it in no way follows that we should not continue to believe that human beings should be free and responsible, should be treated as end and not means."

In place of such metaphysical arguments for the universality of a liberal humanism he offers a historical argument for humanistic values as necessary not for all mankind for all times, but for *our* sort of culture in the modern age. "The pluralist politics that I have sought to defend," he says, "depend fundamentally upon a unique historical product: to revert to conceptual and historical shorthand, the West European post-Enlightenment Helleno-Judaeo-Christian human subject." The modern view of "the individual conscience as the supreme

court of judgment" is the product of "a series of rather bizarre and unpredictable historical accidents" but is nevertheless "the bedrock of modern culture."

Humanistic values arose partly as a result of such acts of individual conscience as expressed in Martin Luther's famous declaration "Here I stand; I can do no other." Such values were able to win a significant place in modern culture because history coincidentally provided the technology whereby the conscience might prove victorious, that is, the printing press. The transformation of the linguistic basis of human societies from the oral to the written word constitutes a revolutionary and not easily reversible change in the nature of society. The whole possibility of complex critical thinking, of science, and of historical research is rooted in our increased reliance on the written word. Oral cultures, Polan argues, live in a permanent present; they cannot explain origins, changes and development because the more mutable oral text lacks the fixity of the written text. The printing press initiated "typographic culture," which makes literate culture the dominant mode of thought in modern society. Literate culture creates a new type of mood and a psychology: that of the independent free-thinking moral individual.

This view of the connection between literary culture and freedom leads Polan to a much more optimistic assessment of the future than Rutland reaches. Rutland treats the Soviet Union as a lasting reversion to the sort of command economy ancient Egypt had. The people living under Soviet-type regimes are not, however, the same kind of human being as lived under the Egyptian pharaohs. The historically conscious individual of modern science-influenced culture cannot easily be reduced to slavery. The very existence of modern science and industry depends on the preservation of a certain degree of individual autonomy. Polan asks,

> Can we conceive of an individual who proceeds by a *genuine* scientific method—in other words by the weighing of evidence, the testing of hypotheses, the comparison of competing explanations, the defense and explication of procedures and conclusions to peers and colleagues—and who is not the product of, who is not embedded in, the western culture of critical discourse?

The Soviet Union is a regime that aspires to be a totally administered society similar to the kind of preliterate society that worked for centuries in ancient Egypt, China, or Byzantium. But this model no

longer "fits." The members of such genuine command economies of the past were not individuals in the modern sense and they knew nothing of choice, whereas the Soviet citizen is a literate modern man or woman. What we are seeing, then, in contemporary Soviet-type societies, "is the pale and crippled ghosts of these ancient empires." Whereas Rutland speaks in gloomy tones about the "lasting" features of the Soviet-type system, Polan argues that these regimes must ultimately fail because of the basis of their power is at odds with the typographic culture we have already become. The regime Rutland fears is unchangeable is, in Polan's view, doomed:

> The ramshackle Russian variant of oriental despotism is polluted by elements of occidental modernity, elements which work against, and not for, bureaucratic domination. It is shot through, at subterranean and undetectable levels, with the bacillus of the human subject born of modern western culture.

Thus what may have appeared to be Polan's preoccupation with textual interpretation proves in the end to be justified by the content of his interpretation. Modern culture is a profoundly text-influenced culture, one in which some degree of mutual respect for rights and responsibilities is not an option but a necessary condition. Our century has been deeply influenced by the writings of socialist visionaries whose vision on close inspection has been exposed as illusory, and in fact as inconsistent with the very typographic culture that made advocacy of socialism possible in the first place. Polan leaves us with some reasons to hope that the next century may see the development of a politics more suited to modern society.

The kind of politics that is most suitable to modern society and the typographic culture is being best developed today by the libertarian or classical liberal movement. When Rutland reveals Soviet economic planning to be a sham whose only real function is to justify political power he points us in the direction of the Mises–Hayek critique of interventionism, and thus implicitly toward the unhampered free market economy. When Polan asks for "a genuine process of discursive will-formation" he points us in the direction of the free political order in which an uncoerced discussion about our rights and responsibilities in society can be conducted, and thus implicitly toward the libertarian polity. We have seen that neither Rutland nor Polan specifically points the reader in this direction, though each has complimentary things to

say about some key classical liberal writers such as Hayek and Jefferson. Just as Rutland explicitly dissociates his position from Hayek's laissez-faire thinking, Polan presumes Jefferson's politics to be appropriate only to a simple agrarian economy. But each of these books points unmistakably beyond itself toward a nonsocialist form of radicalism, a radical politics that truly fits our modern culture.

NOTES

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