

Capitalism and Socialism Through the Russian Prism. Lineages of Concept Formation and the (Post)-Soviet Experience

Workshop

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With the thirtieth anniversary of the dissolution of the Soviet Union fast approaching, academics and analysts alike continue to question the meaning behind this historical moment. This international conference, hosted by the Freie Universität Berlin with the support of the German Association for East European Studies (DGO), was an attempt to come to terms with the political economy of a country at the heart of global ideological debates. In their introductory remarks, the organizers Katharina BLUHM (Berlin), Friedrich ASSCHENFELDT (Princeton), and Sebastian HOPPE (Berlin) set out to unify empirical research from sociology, political science, and history into transformational periods of modern Russian history. Their stated goal was to examine the use and applicability of categories like socialism and capitalism in the case of the Soviet and of the post-Soviet.

The workshop began by re-considering the emergence and spreading of Soviet socialism. Max TRECKER (Leipzig) and Asschenfeldt sought to elucidate how the German World War I economy may be regarded as a model for the Soviet Union's early experiments with Marxist central planning. While the mechanisms Germany employed exemplified the possibilities for economic rationalization, as Lenin himself famously acknowledged, wartime mobilization across the continent appeared to signal a transition to a non-capitalist social and economic order. The subsequent collapse of the Imperial Russian economy inherited by the Bolsheviks further necessitated a novel degree of planning.

The short life of four Soviet-China joint stock companies was used by Xiao SUN (Princeton) in her presentation to question the nature and goals of the spread of Soviet-style socialism. Drawing on company data and qualitative sources, she argued that economic relations between the two countries after the 1949 revolution were comparable to those of capitalist countries. Such findings relativize claims from the likes of Odd Arne Westad that Sino-Soviet relations were that of 'brothers in arms'ⁱ. Rather, state capitalism and possibly colonial exploitation were discussed as more relevant concepts of analysis. This empirically-grounded story could feed into a growing field dedicated to the study of socialist globalization.ⁱⁱ

The next discussion also placed the USSR in international context, albeit in the fields of health and environment. Presenting a research proposal, Zuleykha MAIL ZADA (Munich) suggested that the re-integration of the USSR into the World Health Organization in 1956 was accompanied by a policy shift in line with the global institution's depoliticized approach to technical assistance. Soviet officials then used these interactions with the WHO to reconfigure centre-periphery relations and consolidate the regime by impeding nationalism in the republics. Unlike the previous speaker, Taylor ZAJICEK (Princeton) found that notions of capitalism and socialism seemed to lose their clarity when researching the politics of environmentalism through the prism of science, culture, or technology in the Black Sea region from the 1960s to the 1980s. Building on a trend in environmental

historiography which looks at two systems in comparative perspective, he emphasized the complex entanglements between the Soviet Union and its capitalist neighbour Turkey.

Hoppe opened a new session by directly addressing the workshop's title and questioning whether post-Soviet Russia is (state) capitalist. He argued that its political economy more closely resembled rentierism. This hypothesis is a reaction to what Hoppe believes is the inflationary use of the term 'capitalism' in and outside of academia to describe the state of the Russian economy that emerged after 1991. Ultimately, his position relies on a narrow definition of capitalism as a profit-based social formation, which is conceptually and empirically challenged by Russia's political economy of rent.

The next, somewhat complementary, intervention on the subject of whether post-Soviet Russia is capitalist came from Ewa DĄBROWSKA (Berlin), who spoke of Soviet legacies in Russian industrial policy which contradict the standard definition of capitalism. These can be found in areas like infrastructure, technological innovation, space exploration, creating artificial demand, and the production of consumer goods by the military industrial complex. In an era where state capitalism seems to be on the rise, Dąbrowska traced the origins of the "Soviet turn" in one of its emblematic cases. She concluded that the failures of the hands-off approach of the 1990s, rather than authoritarianism, define the present moment.

The following session examined the role of elites in Russia's transition to capitalism. While the historical approach of Tobias RUPPRECHT (Berlin) and sociological prosopography of Olessia KYRCHYK (Moscow) differ, both their presentations questioned the narrative of Western diffusionism in the rise of neoliberal ideas in Russia. They argued for a more nuanced approach when looking at the intellectual and political development of a generation of young economists shaped more by a tradition of mathematical economics and the global economic crises of the 1970s. Kyrchyk, in particular, emphasized how the reformers came from within, drawn out of the elite academic and party structures. Rupprecht's research will be published as a chapter in Dieter Plehwe and Quinn Slobodian's forthcoming edited book *Market Civilizations: Neoliberals East and South*.ⁱⁱⁱ

Sophie LAMBROSCHINI (Berlin) brought to life the story of Soviet capitalist bankers abroad and how they helped guide post-communist transformation, focussing on the first Soviet bond issued in Zürich in 1988 by the Bank for Foreign Economic Affairs of the USSR, or Vnesheconombank, with the support of the West German Bank für Kredite und Außenhandel. The role of the so-called "Zurich network" demonstrated how technocrats, not simply those in the upper echelons of power, were instrumental in opening the economy to foreign trade.

The topic "Soviet Socialism and the Political Economy of the Cold War" directly related to the premise of the conference. In a text co-authored by Tim BARKER (Cambridge, Massachusetts), Yakov FEYGIN (Los Angeles) pointed to the remarkable similarities in the political economy of both superpowers during the Cold War. The parallels in the two countries' post-war development had been remarked upon by convergence theorists of the 1970s, who considered capitalist free markets and socialist planning to be complementary in industrialized societies, even if delivered in different social forms.^{iv} The similarities ended in the 1980s, according to Feygin, when the US proved to be politically more flexible by adopting the "low-hanging fruit" of neoliberalism. He also openly questioned whether the USSR was indeed socialist, especially during the 1980s.

While current literature on enterprise reform in the late Soviet Union pits bold reformers against conservatives in government and society, Anna IVANOVNA (Cambridge, Massachusetts) suggested that opposition was widespread. In her view, the reformers' belief in the progressive nature of the transformations and the general populace's far-sighted concerns about rising inequality showed that public debate was still couched within socialist terminology of labour and income distribution. This

runs contrary to the customary and triumphalist liberal script that the reforms ultimately discredited socialism and led to the Soviet Union's demise.^v

Sticking with market reform, Boris GINZBURG (Berlin) evaluated three familiar hypotheses for the "loans-for-shares" privatization campaign of the mid-1990s. One, the Kremlin sold off state assets in unfair auctions to secure financial and media support from the oligarchs for Yeltsin's presidential election campaign in 1996. Two, the same government used oligarchs to unseat "Red Directors" in state enterprises. Three, the Kremlin wanted to convert the oligarchs from pro- to anti-inflationary forces. His preferred account blended the first two, closely resembling the narrative of the implicated oligarchs.

Turning towards the global implications of the Soviet Union's fall for pro-market theories of development, the presentation from Mihai VARGA (Berlin) surveyed the World Bank's oral history project using the theoretical framework of paradigm hybridization.^{vi} The institution's understanding of capitalism was characterized by a strong focus on market economy and property rights. Since "anomalies" or divergent cases like China and Russia had to be explained within the existing narrative framework, the World Bank's original concept of capitalism took what the author referred to as an "argumentative U-turn". Whereas at the start of the 1990s, transitioning countries were perceived as rather homogenous, different outcomes were later explained by the speed of reforms or pre-existing conditions within these countries. By integrating new explanatory variables into an existing paradigm without changing core assumptions, Varga made the case that the World Bank was a central agent in shaping the neoliberal consensus.

The last topic "Illiberal Conservative Developmental Statism" was based on a chapter by Bluhm in an upcoming book. She presented the draft together with her colleague and co-author Varga. For them, the term illiberal conservatism is not sufficient to understand the post-communist space on an ideological level. To exemplify this, they cited countries like Poland, Russia, and Hungary, where nationalist politicians exploited the political vacuum left by the absence of 'traditional' conservatism to establish a particular form of illiberal conservatism. In a break with their neoliberal predecessors, these new political players emphasized a strong central executive branch as a counterforce and as the means to accelerate development. Hiding behind populist speech, they shared a common ideology, for which Bluhm and Varga coined the term "illiberal conservative developmental statism".

The conference managed to blend established academics and young researchers, all of whom were eager to open up new ground in their joint fields of research. The list of speakers did, however, reflect the hosts' institutional ties. A broader group could be invited in the future, in particular academics from the post-Soviet space. The chosen topics leaned heavily, but not exclusively, on political economy. Indeed, the focus on transformational periods in Russian history could be read as a story of the state as the agent of change.

As for the overall theme, Max Weber's understanding of concept formation as an interpretative construction of reality remains controversial in social sciences. The conference attempted to critically evaluate the notions of capitalism and socialism: Are they appropriate and useful concepts to grasp the historical and cultural nature of the researched phenomena? Among participants, it was accepted that clear definitions of socialism and capitalism may be helpful or even required in some cases, but have limited use in others. This opens up the opportunity for other terms of reference, like rentierism, state capitalism, or the wordier illiberal conservative developmental statism. Their advantage over the socialism/capitalism paradigm is yet to be clearly proven.

The question of how to categorize Soviet and post-Soviet Russia is still vexing. 1991 as a point of transition was relativized throughout the conference, largely due to the incomplete results of said

transition. Thirty years on, it is unclear whether Putin will continue to revive Soviet legacies or lead Russia down a new path.

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ⁱ Odd. A. Westad (ed.), *Brothers in Arms: The Rise and Fall of the Sino-Soviet Alliance, 1945-1963*, Washington, DC 1998.

ⁱⁱ Oscar Sanchez-Sibony, *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev*, Cambridge 2014; Max Trecker, *Red Money for the Global South: East-South Economic Relations in the Cold War* London 2020.

ⁱⁱⁱ Dieter Plehwe y Quinn Slobodian (eds.), *Market Civilization: Neoliberals East and South*, Princeton, NJ 2022.

^{iv} John Kenneth Galbraith, *The New Industrial State*, Princeton, NJ 1967.

^v François Furet, *The Passing of an Illusion: The Idea of Communism in the Twentieth Century*, Chicago, IL 1999; Jürgen Habermas, *Die nachholende Revolution*, Frankfurt am Main 1990.

^{vi} World Bank Group Archives: Oral History Program: oralhistory.worldbank.org (24.10.2021); The term paradigm hybridization was taken from: Bruno Latour, *We Have Never Been Modern*, Cambridge, MA 1993.