

Stalin and Our Times*

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Does Stalin belong to history or the present day? Dead only fifty years, he is alive enough that some still wish to condemn him. In a recent interview Robert Conquest has asked us to note “‘a curious thing: Stalin comes out worse than we thought ... You wouldn’t think it possible.’ To Churchill’s description of Stalin as unnatural, Conquest adds his own: unreal. “[Stalin’s] will-power proved strong enough to project the illusion around the world, blinding the west to the true situation ... In the end, it is Stalin’s almost pointless cruelty, and the stupidity of his apologists in the west, that lingers”.¹

At the same time others wish to bring him back. A poll of 1,600 adults conducted across Russia in February and March 2003 to mark the 50th anniversary of the dictator’s death found that “53 percent of respondents approved of Stalin overall, 33 percent disapproved, and 14 percent declined to state a position. Twenty percent of those polled agreed with the statement that Stalin ‘was a wise leader who led the USSR to power and prosperity,’ while the same number agreed that only a ‘tough leader’ could rule the country under the circumstances in which Stalin found himself. Only 27 percent agreed that Stalin was ‘a cruel, inhuman tyrant responsible for the deaths of millions,’ and a similar percentage agreed that the full truth about him is not yet known”.²

The failure of Stalin’s criminality to pervade popular consciousness is not so surprising. Many may find it hard to accommodate to the information that a monster effected evil pointlessly and on an incredible scale. Some may find it, well, incredible. Others who are willing to accept it as a fact do not know how to integrate it into their understanding of societies and human nature.

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¹ “I Told You I Was Right”, *Financial Times*, 1 March 2003.

² “More Than Half of All Russians Positive About Stalin”, Radio Free Europe/Radio Liberty *Newsline*, 5 March 2003.

A persistent fear among those who give primacy to the moral tasks of history is that to understand a little more may mean to condemn a little less. Rather than risk the contagion of understanding they now prefer to mock: thus “to Conquest, the depravities of the Stalin era and the wreckage of the Soviet Union resonate like some terrible comedy”. *Laughter and the Twenty Million* is the subtitle of Martin Amis’s recent *Koba the Dread*. A result of this is that the Stalin era remains surreal and incomprehensible. And this is all the more regrettable in that Stalin will remain a figure of our times while there remain other secular tyrannies of his type.

I have a simple proposition: we can permit ourselves to understand a little more without moral hazard. Moreover, those who wish then to condemn will find that, by having condemned a little less at the outset, they may do so, if they wish, all the more effectively in the end.

The understanding that I advocate is derived from studying the choices that rulers must make in the exercise of political power. The principles are derived mainly from the political economy of rent-seeking and game theory; they are not new and their spirit may be traced as far back as Machiavelli; they incorporate the proposition that to win and accumulate political power a ruler must use resources that may be combined in varying ways that give different results, and so bring in the economic ideas of optimal allocation and equilibrium. This means, finally, that they also rest on the idea of rational choice.

Inseparably related to economics, rational choice theory is not always a popular cause even among Nobel prize-winning economists.³ It is often confused sometimes with the idea of perfect rationality, that is, a rationality that commands perfect knowledge of the present and future and never makes mistakes, and sometimes with the idea of maximising a self-interest that is myopic or excludes social interactions. But these are not necessary attributes of rational choice. Rather, rational choice theory presents us with an intellectual challenge: if people do what they want, subject to the resource and information constraints that we can identify, and if we do not understand what they do, then we are missing something important and we should not be satisfied to throw up our hands.

Rational Madness

The image of the mad dictator dies hard. Of course it is true that the world seen through the eyes of a dictator is not the one seen by the majority. But Stalin was not mad; rather, whatever disorders of the personality from which he may have suffered, he retained formidable self-control and remained fully competent until his last years.⁴

³ A. Sen, *Rationality and Freedom*, Cambridge, MA: Harvard University Press 2002.

⁴ A. Bullock, *Hitler and Stalin: Parallel Lives*, second revised edn, London: Fontana 1993, p. 494; R. Conquest, *The Great Terror: Stalin’s Purge of the Thirties*, revised paperback edn, Harmondsworth: Pelican

Moreover, it is easy to show that in the world that a dictator inhabits it pays to have the reputation of someone who is a little bit crazy, to have a reputation for cruelty and intransigence, to be resistant to the facts and even paranoid, to be capricious and unpredictable.

For example, to impose his will on others from time to time a dictator must threaten his agents with penalties that will be costly to himself to carry out. If he imprisons them he must pay the guards. If he shoots them he must lose their services for ever. But the dictator's agents are self-interested too. If they see that he is a purely rational actor who exactly calculates the costs and benefits of alternative courses of action, they themselves can exactly compute the extent to which they may flout his will: up to the point where the costs that their own violations impose on the dictator have risen to equal to the costs to him of punishing them. Below this level they may cheat and shirk with impunity. On the other hand, a dictator who is reputed to be indifferent to the casualties and costs of his own decisions, who visibly relishes imposing cruel penalties for their own sake, who is seen to be psychologically driven and does not choose among options in a free and calculated way, may in fact secure greater compliance at less cost to himself. Intuitively, the dictator will gain by being feared: it will encourage the others.

More formally, a reputation for being crazy may lend credibility to a commitment not to consider the costs to oneself of carrying out a given threat and this may lower the running costs of a command system.⁵

The qualities of unpredictability and resistance to new information are also of value to a ruler of this kind. Robert Conquest noted many years ago that capriciousness, or randomness in the selection of victims is a necessary element in the organisation of terror.⁶ But it goes beyond this. Rulers depend on their subordinates for the information on which they must base their decisions. A dictator who responds in a predictable way to new information can be manipulated by those below him who will bias his information so as to obtain the decisions that favour their interests, not his. To protect his own freedom of action he must both rationally distrust the news brought to him by his closest colleagues, and also respond capriciously, and sometimes irrationally.⁷

1971, p. 114; R. Medvedev, *Let History Judge: The Origins and Consequences of Stalinism*, London: Macmillan 1971, p. 306.

⁵ On the costs of carrying out a threat see T.C. Schelling, *The Strategy of Conflict*. Oxford: Oxford University 1960, pp. 35-43; on the running costs of a command system M. Harrison, "Coercion, Compliance, and the Collapse of the Soviet Command Economy", *Economic History Review*, 55(3), 2002, pp. 397-433.

⁶ Conquest, op. cit., pp.117-118.

⁷ One of the stranger results of the rational expectations revolution in economics was the "policy ineffectiveness proposition": this states

Ronald Wintrobe has analysed the rational paranoia of the dictator as the outcome of a “dictator’s dilemma”: the more powerful the dictator, the less he may trust the expressions of loyalty of those around him.⁸ He applies it to Stalin, whose “suspicion never slept”. More specifically, we may suppose that a dictator risks two types of error: excessive suspiciousness may lead him to see conspiracies everywhere, including some that do not really exist; if he trusts too much he may fail to unmask genuine conspiracies. Of course not all conspiracies will be seditious; many will be merely corrupt. But it is not hard to see that a risk-averse dictator is likely to prefer the first risk to the second.

We need not suppose that Stalin engaged in the backward induction of a game theorist to compute his best choices. Instinct seems to lead many who desire to dominate others to the same equilibrium as calculation. Aspirant dictators must undergo a rigorous selection in the course of which those who lack the necessary instincts and tastes are likely to fall out or be pushed aside. Nor does this mean that dictators do not miscalculate: all who compete for power make mistakes, but some will achieve power before they make ones that are serious. Among Stalin’s worst mistakes were those he made in the course of farm collectivisation and in anticipation of war with Germany; on each occasion, millions of lives were lost. The first arose because of his extreme fear of the enemy within, and the second because he did not

that, when economic agents have eliminated the systematic errors in their forecasts and make only random errors, changes in monetary policy can have no effect on real variables such as output and employment unless they come as surprises (T.J. Sargent and N. Wallace, “Rational Expectations, the Optimal Monetary Instrument, and the Optimal Money Supply Rule”, *Journal of Political Economy*, 83, pp. 241-54). This is because, since the economy tends anyway to a real equilibrium, the real effects of a monetary shock can arise only in the presence of forecasting errors and will eventually be neutralised; rational agents, who base their decision making on this expectation, will respond to the change in monetary policy by resetting the nominal values in the economy such as prices and wages in such a way as to speed up this neutralisation or, in the limiting case, to neutralise policy instantly. What kind of policy measures come as surprises? Not purposeful ones, since purposes may be observed and the policies based on them systematically predicted. The only policy measures that can truly surprise economic agents must therefore be random or purposeless, and policy without purpose is a contradiction in terms. At least, this would appear to be the case in democracies where policy is transparent and policy makers are held accountable by the electorate. In a dictatorship in contrast capricious policy has a clear rationale: to inhibit economic agents from grasping the dictator’s purposes and predicting or “gaming” his decisions. In this way those policies that the dictator really cares about can be made more effective. The price he pays is that some of his policies must contravene his own purposes.

⁸ R. Wintrobe, *The Political Economy of Dictatorship*, Cambridge: Cambridge University Press 1998, pp. 20-36.

fear an external enemy enough; these observations suggest that a dictator may be driven to make some kinds of mistakes more readily than others.

Finally, a dictator may be truly mad on occasion, just as a hypochondriac will be ill as often as others. It seems that by the end of his life Stalin was suffering the onset of dementia, but without great harm to his personal authority.

Repression Builds Loyalty

Historians have often charged Stalin with indulging in repression to the point of excess or even of futility. One thinks of the huge numbers of his victims in various categories, for example the 20 million who may have passed through the forced labour system during Stalin's reign of whom 6 million were arrested for political crimes.⁹ "The Futility of Repression" is Don Filtzer's subtitle for a chapter of his excellent book on late Stalinism; this chapter, concerned with controls on labour absenteeism and quitting, shows that labour violations alone led to prison and the labour camps for nearly 4 million workers from 1940 to 1952.¹⁰ If we turn to mortality under Stalin we find the 3 to 3.5 million or more deaths associated with deportation, detention, and execution, and the excess mortality associated with famine was 4.6 to 8.5 million in 1932 to 1934, with another 1 to 1.5 million more in 1946/47. While 8 to 14 million is not 20 million, and also falls short of the 15 million figure that we find in the *Black Book of Communism* it is still an impressive and horrifying total.¹¹ One thinks, too, of so many loyal or potentially loyal Stalinists included in these numbers.

But the existence of loyal Stalinists should not be a surprise. Command may underpin consent rather than exclude it. As Machiavelli wrote in *The Prince*: "the populace is by nature fickle; it is easy to persuade them of something, but difficult to confirm them in that persuasion. Therefore one must urgently arrange matters so that when

⁹ M. Ellman, "Soviet Repression Statistics: Some Comments", *Europe-Asia Studies*, 54(7), 2002, pp. 1151-72.

¹⁰ D. Filtzer, *Soviet Workers and Late Stalinism: Labour and the Restoration of the Stalinist System after World War II*. Cambridge: Cambridge University Press 2002.

¹¹ For 3 to 3.5 million see Ellman, *op. cit.*; 4.6 to 8.5 (but probably around 5.7) million, R.W. Davies and S.G. Wheatcroft, *The Industrialisation of Soviet Russia*, vol. 5, *The Years of Hunger: Soviet Agriculture, 1931-1933*, Basingstoke: Macmillan, 2003, p. 415; 1 to 1.5 million more, M. Ellman, "The 1947 Soviet Famine and the Entitlement Approach to Famines", *Cambridge Journal of Economics*, 24(5), 2000, pp. 603-630; 15 million, S. Courtois, "Introduction: The Crimes of Communism", in S. Courtois, M. Kramer (translator), J. Murphy (translator), J-L. Panne, A. Paczkowski, K. Bartosek, and J-L. Margolin (eds), *The Black Book of Communism*, Cambridge, MA: Harvard University Press 1999, pp. 1-31.

they no longer believe they can be made to believe by force". Loyal support may arise under a dictatorship for several reasons but in particular two: first, among the privileged, who exist because the dictator rules through multiple, complex, specialised hierarchies of agents among whom he may distribute a part of his surplus product or rent; second, among the underprivileged, because when a collective threat was faced and sacrifice was called for cruel discipline served the collective interest as well as the interests of the dictator by discouraging shirking and desertion.

Although a dictator with bloody hands, when attacked by Hitler's Germany Stalin proved able to draw on sufficient reserves of loyalty and national feeling that his country was able to sustain a war effort of immense burden and scope for four years. To see how he could do this we must understand that feelings of collective identity could play a part only after each individual soldier and citizen on both sides had determined their relevance. The context of this was the two games that each must play simultaneously in wartime.

With their compatriots each must work out a prisoner's dilemma in which the loyal action is to fight in combat or to labour in the rear, the disloyal one is to desert or shirk, and in the absence of some external threat or bribe the dominant strategy is for each to desert and shirk unless the enemy is expected not to fight: however patriotic I may feel, if I expect the enemy to fight and my comrade to desert me then my own resistance is futile.¹² In this context the barbarous discipline that Stalin imposed on the front line in 1941 and 1942, his stigmatisation of war prisoners and penalisation of their families, the "blocking detachments" and summary execution for those retreating without orders, were extremely important in reestablishing the collectively preferred outcome in which no one would run away.

The decision of each to fight or run is nested within another game, a modification of the one called "chicken" in which two boys roar down the road towards each other in fast cars; the winner is the one who goes straight and does not swerve away, unless both go straight and thus kill each other. The game of chicken, incidentally, is one in which a reputation for irrationality of the victory-or-death kind may be a decisive asset. German forces advancing into Russia in 1941 became intimidated by the unyielding resistance of some of the defenders, and had to reinterpret it as a sign of the Russians' racial inferiority; they were too stupid to know when to give in.¹³ War differs from chicken only in that in war when both sides go straight there is still a chance of costly victory for one side. The outcome then depends on the balance of

¹² G. Brennan and G. Tullock. "An Economic Theory of Military Tactics: Methodological Individualism at War", *Journal of Economic Behavior and Organization*, 3(2-3), 1982, pp. 225-42.

¹³ A. Dallin, *German Rule in Russia, 1941-1945: a Study of Occupation Policies*, London: Macmillan 1957.

resources on each side and the solution that each side finds to its own prisoner's dilemma.¹⁴

On the basis of our present understanding of the war on the eastern front we can say that its bitter course reflected three things: the rough equality of resources on each side; the fact that for most of the war each side was able to organise its fighting men and women and war workers in such a way as to neutralise or offset the incentives to flee or steal, although things nearly fell apart on the Soviet side in 1941/42 and things did fall apart on the German side in 1944/45, but only in the west; and the fact that neither side was willing to offer significant incentives to individuals on the other side to defect, illustrated by the grim fate of both sides' prisoners of war. Dictatorship, however, was not an obstacle to the maintenance of morale or the integrity of military organisation. This is less surprising when we consider the long sweep of history: in the past, most wars were fought under princes or warlords who were unhindered by lack of a parliamentary or UN mandate.

Futile Repression?

It is often suggested that Stalin's repressions were carried to such lengths that they became "excessive", "futile", or even "counter-productive". In economics such terms have strict meanings: implicitly, returns to repression diminish beyond a point; repression is excessive if its marginal return falls below the cost, futile if the return falls to zero, and counter-productive if it becomes negative. Implicitly, therefore, repression may also have a level that is just right. At what level is repression optimal for the ruler? I have already shown that a dictator may be ready to engage in repression even when it is apparently futile or counterproductive in its immediate context, for the sake of his reputation alone: to instil fear. Additionally, Wintrobe¹⁵ has shown that, even when this motive is absent, a ruler who seeks to maximise his political power will optimally engage in repression *beyond* the point at which loyalty is maximised.

The reason is that when loyalty is maximised the dictatorship is still too soft to have secured itself to the full. Intuitively, the regime's power over me is the outcome of a choice that I make in two stages: shall I be loyal? If not loyal, then actively disloyal or merely passive? When the ruler has done as much as he can to secure my loyalty, he has not sufficiently deterred me from disloyalty. Additional repression may then reduce the probability of my giving loyal support but this is the price he is willing to pay for further reducing the risk that I will choose disloyalty. He will prefer the risk of punishing his own supporters to

¹⁴ M. Harrison, "The USSR and Total War: Why Didn't the Soviet Economy Collapse in 1942?" in R. Chickering and S. Förster, eds, *A World at Total War: Global Conflict and the Politics of Destruction, 1939-1945*, Cambridge: Cambridge University Press forthcoming.

¹⁵ R. Wintrobe, "The Tinpot and the Totalitarian: an Economic Theory of Dictatorship", *American Political Science Review*, 84(3), 1990, pp. 849-72.

the risk of leaving opposition unpunished. In Molotov's words Stalin's actions punished not just his enemies but also "many who vacillated, those who did not firmly follow the line and in whom there was no confidence that at a critical moment they would not desert and become, so to speak, part of the 'fifth column'. Stalin in my opinion, pursued an absolutely correct line: so what if one or two extra heads were chopped off, there would be no vacillation in the time of war and after the war".¹⁶

Associated with this is a second conclusion: under a dictator loyalty will not be maximised, but it should never be zero either. In his own interest the dictator will always leave room for some loyalty. This support will remain positive even if his power should slip to a level that is insufficient to keep him from losing office. Again, therefore, we should not be caught by surprise to find that the cruellest dictator, even when on the edge of being dethroned, can still evoke some loyalty.

A difficulty with the Wintrobian style of analysis lies in its premise that the dictator may smoothly adjust the mix of repression and loyalty in the light of new information and changing circumstances. This is not a good match with what we observe in Stalin's case. Stalin often persisted with repressive policies after they had been shown to be ineffective or damaging, as in the grain market of the early 1930s and the labour market of the late 1940s.¹⁷ Such cases may illustrate the importance he attached to his reputation for intransigence. A dictator who chooses to be known as open minded and flexible is clearly asking for trouble. An inability to respond freely to changing realities and perceptions is part of the price he pays for his reputation.

Murder and Manslaughter

Let us return to Stalin's 9-to-13 million victims. In the past, Stalin's victims were sometimes differentiated from Hitler's by the degree of nobility of the intentions that led to deaths on such a scale: Stalin intended to build socialism, Hitler merely to kill. This was an argument to which the authors of the *Black Book of Communism* took exception. I do not attach much significance to it. If a killing was idealistically motivated, then this should inform our evaluation of the ideals, not of the guilt for the death.

More significant is the question of the degree of intentionality. Stephen Wheatcroft has argued¹⁸ that the balance between intentional and unintentional homicides or, in English law, between murder and

¹⁶ Cited by O.V. Khlevniuk, "The Objectives of the Great Terror, 1937-38", in J. Cooper, M. Perrie, and E.A. Rees (eds), *Soviet History 1971-53: Essays in Honour of R.W. Davies*, New York, NY: St Martin's Press 1995, p. 173.

¹⁷ On the grain market see Davies and Wheatcroft, *op. cit.*; on the labour market, Filtzer, *op. cit.*

¹⁸ S.G. Wheatcroft, "The Scale and Nature of Soviet and German Repression and Mass Killings, 1930-1945", *Europe-Asia Studies*, 48(8), 1996, pp. 1319-53.

manslaughter may have varied between the two regimes: under Stalin manslaughter appears to have predominated, whereas Hitler was mainly a murderer. His famine victims, for example, appear to have died mainly because of policy errors and delays in evaluating and acting upon evidence of food shortage; evidence is lacking that Stalin wanted millions to starve.¹⁹

From some points of view a system that kills people without premeditation may be regarded as worse than one that only kills them if the intention to do so is present in the mind of the ruler. From political discussions in the 1970s and 1980s I recall that defenders of the Soviet model of socialism found it easier to live with the fact that Stalin, now long dead, was a premeditated murderer than with the idea that the Soviet system had killed millions of people by mistake. This is because they believed the Soviet system to be superior to capitalism as follows: they expected it to allocate resources in a consciously planned way and therefore to have been less prone to error. To them it was worse to find that a society had crushed millions by accident than to charge an individual leader with intentional killing on a massive scale.

Military Power: Public or Private Good?

Stalin's ambiguous legacy has traditionally drawn comparisons with that of such complex historical figures as Cromwell, Peter I, and Napoleon. Isaac Deutscher wrote: Stalin undertook "to drive barbarism out of Russian by barbarous means"; he was "the leader and the exploiter of a tragic, self-contradictory, but creative revolution".²⁰ Can we apply a similar logic to understand what Stalin was doing when he was busy implementing the industrial and military policies that first saved his country in World War II, then created a socialist industrial superpower?

The Soviet command system gave high priority to military spending and industrial mobilisation preparations but the exact source of this priority is not yet determined.²¹ Loosely speaking, scholarship remains divided between those who see Stalinist industrialisation as

¹⁹ Davies and Wheatcroft, op. cit., p. 441.

²⁰ I. Deutscher, *Stalin: a Political Biography*, revised paperback edn, Harmondsworth: Pelican 1966.

²¹ J. Barber and M. Harrison (eds), *The Soviet Defence-Industry Complex from Stalin to Khrushchev*, London and Basingstoke: Macmillan 1996; I. Bystrova, *Voenno-promyshlennyi kompleks SSSR v gody kholodnoi voiny. (Vtoraia polovina 40-kh – nachalo 60-kh godov)*, Moscow: Institut Rossiiskoi istorii, Rossiiskoi Akademii nauk 2000; L. Samuelson, *Soviet Defence Industry Planning: Tukhachevskii and Military-Industrial Mobilisation*, Stockholm: Stockholm School of Economics 1996; L. Samuelson, *Plans for Stalin's War Machine: Tukhachevskii and Military-Economic Planning, 1925-41*, London and Basingstoke: Macmillan 2000; N.S. Simonov, *Voenno-promyshlennyi kompleks SSSR v 1920-1950-e gody*, Moscow: ROSSPEN 1996.

following a fundamentally militarised logic that started from the needs of defence and external security, and those who see the same process as the outcome of a modernisation drive that started from fundamentally civilian developmental goals but included rebuilding the armed forces and defence industry as a by-product. In either case, militarisation and modernisation are seen as ends in themselves, or as fundamental drives, rather than as conditional choices. However, this might be a mistake. Perhaps both militarisation and modernisation were means, rather than ends, and were chosen so as to optimise Stalin's political regime.

Michelle Garfinkel²² has shown from postwar data that authoritarian regimes tend to choose a higher level of military spending than democratically chosen governments, relative to national resources. Several explanations are possible and reasonable; the one she proposes is that unelected leaders are able to optimise over a longer time horizon than those whose expectation of public office and responsibility is shortened by electoral cycles, causing them to behave myopically and underspend on defence.

Another explanation is suggested by the Olsonian tradition, which considers the incentives faced by a dictator who monopolises a territory in order to tax it.²³ Such a dictator must choose between promoting the production of civilian and military commodities. Civilian growth benefits him to an extent fixed by the marginal rate at which he can tax it. Only a fraction of the benefit accrues to him. Military production, on the other hand, is mainly a private good: it secures his regime and promotes the external tensions that give him national legitimacy. Thus he may prefer a higher ratio of military to civilian commodities by comparison with an elected representative constrained by the preferences of the median voter.

"Guns versus butter" is an oversimplified metaphor of the real allocation choices facing great-power leaders in the twentieth century. As military power depended increasingly on complex machinery, its sources lay increasingly in industry. From 1927 the Bolsheviks regarded political stabilisation and military security as more or less identically served by rapid industrialisation.²⁴ At first while he restrained the growth of consumption Stalin allocated more resources to "building socialism" than to rearmament itself. Moreover, political power depended to some extent on loyalty; even if Stalin had no reason to maximise it he could not neglect it entirely. As Stalin built industry and

²² M. Garfinkel, "Domestic Politics and International Conflict", *American Economic Review*, 84(5), 1994, pp. 1294-1309.

²³ M. Olson, "Dictatorship, Democracy, and Development", *American Political Science Review*, 87(3), 1993, pp. 567-76.

²⁴ N.S. Simonov, "'Strengthen the Defence of the Land of the Soviets': the 1927 'War Alarm' and its Consequences", *Europe-Asia Studies*, 48(8), 1996, pp. 1355-64.

the armed forces he kept a careful eye on living standards and workers' discontent.²⁵

Even under Stalin's dictatorship defence was more than just a private good: when war broke out military spending turned out to have significant public spillovers in defence of the nation. Under external threat and actual attack Stalin was able to recast himself as the protector of the Soviet people and the leader of its efforts to defend itself.

Autarchy = Autarky?

These two words that look so similar and are so often confused have quite different roots and definitions. *Autarchy* means the despotism of an absolute ruler, just as monarchy and oligarchy mean rule by one and by a few, while *autarky* means the self-sufficiency or inward-looking character of an economy that is closed to foreign economic relations. It may add to the confusion that in the extreme autarky and autarchy frequently coincide. What is the nature of the association between them?

It appears that truly tyrannical regimes may lose the ability to engage in foreign trade, whether because they themselves give it up or because they engage in confrontations that cause others to blockade them. This is not because they do not wish for the gains from access to other countries' goods, services, and technologies. Rather they do not tolerate the contractual restrictions on their own freedom of action that arise from trade with foreign firms, borrowing from foreign governments and multilateral agencies, or accession to the international agreements that govern these things. Thus the historical record shows that the Soviet economy slipped into autarky rather than chose it;²⁶ nonetheless there are many convincing reasons why, even in more favourable circumstances, the Soviet economy remained averse to engagement in the international economy; even when a trading bloc of similarly organised economies was established after World War II the ability of the Soviet economy to organise multilateral trade remained severely limited.²⁷

Oligarchies do not seem to require autarky in the same way. Indeed one might speculate that accession to international trade and treaty systems is one way in which oligarchies may solve the chief political problem that they face: how to regulate rivalry among the oligarchs. To survive, an oligarchy must solve its own prisoner's dilemma: the oligarchs' collective interest lies in cooperation but regardless of the others' behaviour each may gain from betraying the

²⁵ P.R. Gregory, *The Political Economy of Stalinism*. Cambridge: Cambridge University Press 2004.

²⁶ M.R. Dohan, "The Economic Origins of Soviet Autarky, 1927/28-1934", *Slavic Review*, 35(4), 1976, pp. 603-635.

²⁷ F.D. Holzman, *Foreign Trade Under Central Planning*, Cambridge, MA: Harvard University Press 1974.

rest and so becoming a dictator; the latter will regulate the rivalry of the rest by ruling over them armed with the powers of life and death. An alternative may be for the oligarchs to submit to a degree of external regulation; those who do not wish to submit to a tyrant might find this a price worth paying. Besides, they are compensated by the gains from trade.

Like other correlates of dictatorial rule, autarky has been costly. In the case of an inability to engage in trade the costs can be severe, since a wide array of robust evidence shows that openness to trade is an important condition for high productivity and sustained growth;²⁸ in this case as in the others we have considered, Stalin faced the paradox that to uphold his own prerogatives of unfettered action within his own realm he had to maintain it in a state of international isolation and confrontation and so forego valuable options available from participation in the international economy.

Stalin's Legacy of Modernisation

Within the limits of autarky Stalin chose a path that simultaneously built up the industrial production of the planned economy and the military might of the Red Army. He chose guns, machinery, and a little butter for the workers, although the farmers occasionally starved and often had to content themselves with nettle soup. Was this choice a general feature of dictatorships of the Stalin type, or was it conditional upon the particular time and place? I am tempted to see it as contingent upon two historical circumstances: the size of the territory over which Stalin ruled, and its coincidence with the eras of mass production and mass warfare.

Stalin was born at the dawn of the era of mass production, a citizen of an empire large enough to aspire to the front rank of the great powers. First, suppose instead he had ruled over a smaller country; then his options for industrial development would have been much more severely limited. Allocating resources to their best uses in a static sense relies on the Smithian process of specialisation and division of labour. Larger countries may organise the exchange that enables this partly on the basis of internal trade but smaller countries must rely more fully on foreign trade. In dynamic terms the growth in volume and variety of goods and services that we associate with the economic development of a country has two sources: productivity growth at home and abroad. A country need not trade in order to gain from growth at home. The gain from growth abroad, however, is realised by importing other countries' goods and services: growth abroad increases their variety and reduces their real cost. A country can gain from productivity growth abroad only through external trade. For this reason, having access to the global economy is very important for all economies, and is more important for a small one than for a large one

²⁸ R.E. Hall and C.I. Jones, "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *Quarterly Journal of Economics*, 114(1), 1999, pp. 83-116.

since productivity growth elsewhere will make a greater relative contribution to the small country's economic growth.

At the beginning of his rule Stalin disposed of approximately 160 million people: 8 per cent of the world's population living on one sixth of the planetary land surface. Mobilising a population of only 25 millions settled on a territory the size, say, of France, Stalin would have found the returns to autarkic industrialisation much reduced; his planners could not have sustained rapid growth on the basis of a purely internal division of labour and domestic technical progress.

Second, suppose that Stalin's accession to power had been delayed by half a century. When he actually took power the Soviet economy was still organised largely on a peasant and artisan basis. From the 1870s onwards huge gains became available in the world economy from reorganising industry on lines of mass production; Stalin's five-year plans realised these gains during the 1930s and 1940s. One condition for this is that information technology had moved on from the nineteenth century, but the relative costs of information were still at a level intermediate between then and now: this gave a significant but temporary advantage to the hierarchical control of mass production systems.²⁹

Fifty years later the world has moved on again. The main sources of growth in the west since the 1940s have arisen from flexible production and services. Information costs have declined by a factor of many thousands. Everywhere we see that markets thrive on information while bureaucracies choke on it. This may help explain the sagging returns to continued state-socialist industrialisation from the 1970s onwards. Probably, even if he were able to, a Stalin of today would not wish to resurrect the industrial policies of the old Soviet Union.

The sources of military power have also changed. Until 1945 mass destruction could not be brought about accidentally, by giving a single order, or without the concerted operation of million-strong armies. In his time Stalin had little choice but to build armies based on the mass application of conventional artillery, armour, and aircraft. At the same time Soviet leaders were always very interested in chemical and biological weapons and, when the opportunity came to build atomic weapons, they seized it with both hands.

In the present day the military-industrial choices faced by a dictator have been transformed by the growing availability and falling cost of nuclear, biological, and chemical weapons. It is sometimes suggested that the real cost of modern weaponry is rising relative to that of civilian commodities, because we observe the rising price tag attached to a single ship, tank, or aircraft. But this is entirely misleading when a single modern aircraft carrier or submarine can carry more destructive power than that unleashed by all the fleets, air

²⁹ S.N. Broadberry, and S. Ghosal, "Technology, Organisation, and Productivity Performance in Services: Lessons from Britain and the United States, 1870-1990", University of Warwick, Department of Economics 2001.

forces, and armies of World War II. In fact technological progress ensures that the real cost of a unit of destructive power, in whatever units it is measured, is falling continuously.

I do not know whether the costs of military power have fallen faster than the real cost of a unit of civilian real output. Let us suppose that they have fallen at similar rates. The fact remains that in order to be a significant military power in the modern world, sufficient to exert influence and raise tensions with neighbours, it is no longer quite so necessary to have specialised facilities for mass-producing conventional weapons. Instead what is required is a scientific apparatus of research institutes, experimental facilities, and information services in physics, chemistry, and biology that can equally serve agriculture, health care, and warfare. If that's not enough then sell oil to France and buy missiles from Russia.

Where does this lead? It seems that if Stalin had taken power not so long ago in a small or medium sized country he would have faced a very different balance of returns from that which he actually faced in the Soviet Union in the 1930s. Today's profit to a dictator from mobilising capital and labour for autarkic industrialisation under a command system in a country the size of Iraq or North Korea would be severely limited both by its smaller, less diverse resource base, and by an increase in the difficulty of managing modern production through an old-fashioned command system. Building military power around weapons of mass destruction would appeal much more. A dictatorship of the Stalin type in such a country today would probably be associated with policies that would leave it looking not at all like the old Soviet Union but somewhat like Iraq or North Korea.

To summarise: the achievement for which Stalin is most often positively assessed is his pursuit of industrial modernisation. But this was perhaps a result of no more than a particular historical combination of scale and comparative costs. In a different age and context Stalin's choices would have differed. I make this observation in the interests of discussion: I do not know enough about North Korea or Iraq to assert that Saddam Hussein was, or Kim Jong-Il is, in fact, a Stalin of today.

To conclude, whether or not the Stalin regime was worse than we thought, it was certainly more strange. But it was not strange beyond belief or understanding. And it remains worthy of serious analysis. Many of the things that we find most strange or terrible can be understood as costs that the dictator chose to incur in order to uphold his power; there was method in madness and purpose in caprice. Finally, the readiness to analyse does not either require or imply a loss of moral bearings.