

# I. SOME QUESTIONS OF THEORY

## 1) What do we mean by Capitalism and Imperialism?

Imperialism is not merely a policy or set of policies carried out abroad. As Lenin said, imperialism is the highest stage of capitalism, a system which exploits and oppresses workers and others within its own borders, as well as workers and nations throughout the world. When we call the Soviet Union social-imperialist we mean just that. We're saying that capitalism has been restored, that the proletariat has been politically and economically ripped off and that a new bourgeoisie, an imperialist ruling class, is in command.

People who say that the Soviet Union is still a socialist country usually point to the fact that the factories are still owned by the state and most of the land by the collective farms.\* But we cannot simply equate capitalism with the private property of individuals, and socialism with state property.

Capitalist property can also be "collective", like corporations, and even take on the form of state property, like the steel industry in England. Property is capitalist, Marx writes, when it is based on "the right on the part of the capitalist, to appropriate the unpaid labor of others or its product and . . . the impossibility, on the part of the laborer, of appropriating his own product." And state property is socialist only if the state itself is the property of the working class.

Similarly, it is wrong to identify the mere existence of economic planning with socialism. The Soviet Union has not stopped drawing up Five-Year Plans. But are these plans for capitalist or socialist development of the economy?

For instance, in Western Europe, eight countries (including France, Belgium and England) have adopted some kind of long-term national economic planning. However, these plans are drawn up only to insure the profitability of major monopolized industries, and merely reflect market relations and trends. Socialist planning, however, is not based on maximizing profits, but on the all-around development of society accord-

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\*Technically, the state owns all the land as well, but the collective farms have the right to use it in perpetuity.

ing to the interests of the people.

Thus, it would be misleading to define capitalism as simply an economic system based on individual private property and regulated by the unrestricted workings of the market. Nor is socialism just a system characterized by state ownership of the means of production and regulated by planning. These traditional dictionary definitions are superficial and inadequate, especially when dealing with state monopoly capitalism.

To tell whether the Soviet Union is socialist or capitalist, we must look beneath the surface and beyond such definitions. We need a firmer understanding of what is really meant by these terms. We will be presenting many facts about the Soviet Union in this book. But to really grasp the significance of these facts, we must operate within a solid theoretical framework. Therefore we must spend some time in briefly summarizing the fundamental principles of Marxist political economy.

According to Engels, political economy can be defined as follows: "Political economy in the widest sense, is the science of the laws governing the production and exchange of the material means of subsistence in human society." While there are general laws governing the development of society in all forms and at all stages, every system of social production—every society—has its own particular laws which distinguish that system from all other social systems.

In examining a social system, Marxists first look at the *relations of production*. This term describes the relationships that groups of people (classes) have to the means of production and to each other in the process of production. The relations of production, together with the level of development of the instruments used in production and of the labor force itself (jointly known as the **forces of production**), determine the nature of a given society.

Initially, the struggle for production in society appears directly as a struggle against nature. In primitive times people were almost powerless against the tremendous forces of nature about whose laws nothing at all was known. Under such circumstances, people lived in small communities where they shared what little they could get by hunting, gathering or herding. At this time

the extremely undeveloped level of the productive forces dictated the existence of primitive communal relations of production.

But as production gradually developed, the basis arose for class divisions. According to the Marxist-Leninist economist A. Leontiev, "The exploitation of one class by another—that is what characterizes the different stages of development of class society. The forms of exploitation, however, the methods by means of which one class lives at the expense of another, change with a different stages of development." "Relations of production may be slave, feudal, capitalist or socialist, depending on whether they are producing for their own immediate use or to exchange their product for something else, whether they work in isolation from each other or work together in large groups, and finally on whether they organize production themselves, or simply execute the orders of others, who do not work.

Slavery is the most ancient form of exploitation. Under slavery the exploited class is the property of the exploiters. However, under slavery the growth of wealth is circumscribed within rather narrow limits. Feudalism, which developed out of slavery, was based upon control of the land by a few landlords who thereby managed to dominate and under serfdom, the most severe form of feudalism, virtually own a large mass of peasants. Under both slavery and feudalism *natural production*, production of goods not intended for exchange, prevails. "Only the gradual development of exchange undermines the foundations of these forms of society."<sup>3</sup>

How is production organized under capitalism? To begin with, in capitalist society, unlike ancient societies, very few people grow their own food, weave their own cloth, or tan hides to make their own shoes. Instead we buy these things from someone else; even the great majority of farmers buy the bulk of their food on the market. And workers in an auto plant can't just drive home the cars they make; they must use the wages they get for making cars to buy cars.

This means that capitalist production is a highly developed form of *commodity production*. A commodity is something that is produced for the sale to someone else, to be exchanged for some other commodity—usually money—and not to be directly used by the person who produces it. For example, if someone sews a quilt and uses it at home, it is not a commodity. But if they sell it to someone else, it is a commodity and is exchanged for another commodity. Commodity production exists under both slavery and feudalism but it does not characterize production under these systems. "Only under capitalism does commodity production, production for sale, become the decisive, the predominant form of production."<sup>4</sup>

But how under commodity production does society determine how many quilts to produce and how many people are needed to produce them? And how is it determined whether to produce quilts at all? Under capitalism the fate of commodities on the market determines this. The blind process which regulates the chaos of commodity production is known as the *law of value*. This law states that in general, all commodities on the market will, in the long run, end up selling at a price determined by the amount of *socially necessary labor time* that goes into the production of each.

However, capitalists are certainly not just petty commodity producers out to make useful things for others to buy. They're producing to make a profit. Instead of starting out with one commodity to wind up with another, the capitalist starts out with money, exchanges it for other commodities—machines, materials, etc.—and hires workers (exchanges money for their labor power) to use these to produce another commodity, his product, which he sells for more money than he started with.

The formula "money to commodities to more money (M-C-M)", which describes the process outlined above, reveals how capital "appears prima facie within the sphere of circulation",<sup>5</sup> that is, within commodity exchange how the particular production relations peculiar to capitalism emerge.

Capital is not simply the accumulation of money, factories, machines and commodities, though under capitalism it assumes all these forms. According to Marx *capital* "is a social relation of production. It is a bourgeois production relation, a production relation of bourgeois society." (emphasis in original) It is this social relation—the purchase by the capitalist of the worker's labor power—which allows the capitalist to transform his money-capital into more money-capital through the process of production. Capital represents the control by the capitalist of the accumulated labor of previous workers as expressed in "a sum of commodities." But "Capital does not consist in accumulated labor serving living labor as a means for new production. It consists in living labor serving accumulated labor as a means for maintaining and multiplying the exchange value of the latter."<sup>6</sup>

Thus, *capitalist society is divided into two great classes*: the capitalist class, or bourgeoisie, who have a virtual monopoly on the ownership of the means of production, do no useful work, but use the state—police, army, courts, prisons, bureaucracies, etc.—to keep the majority of people in line; and the working class, or proletariat, who own no means of production and have no real political power but do all the work.

In order to live, the dispossessed proletariat must sell his *labor power*—his ability to work—for money, with which he can buy the necessities of life. This exchange of labor power for a wage is a commodity exchange, the most basic commodity exchange of capitalist society, and the one which sets capitalism apart from all other

modes of production. As Lenin pointed out: "By capitalism is meant that stage of development of commodity production at which not only the products of human labor, but human labor power itself becomes a commodity."<sup>8</sup>

The capitalist pays out a wage and in exchange he puts the worker to doing whatever work will make the most money, or profit, for the capitalist. If there is no possibility of making a profit, the capitalist will not hire the worker or will lay off those already employed. Their survival is a matter of indifference to him.

It is the capitalist who decides what the nature of work will be. He can shift you from one line to another, from one job to another, and even from one plant to another. He determines what will be produced, in what number, and he appropriates what the worker produces and sells it as *his* product. Although trade unions, contracts and the like can modify details, this basic relationship between capitalist and worker is not and cannot be changed as long as the capitalist class rules the state and owns the means of production.

The labor power which the worker sells is really a special kind of commodity. Unlike machines, raw materials or any other commodity, labor power actually creates value as it is used. If you buy an apple and eat it, you have paid money for it but you don't make any more money by eating it. The same is true of raw materials and machinery used up in production. But when the capitalist buys the worker's labor power and puts it to work, new products are created, worth not only the value of the machinery and raw materials used up and the value of the wages paid out, but also an extra amount of value besides.

This is because it takes less than eight hours to produce the value equal to your labor power—the value, in money terms, necessary for you to work and reproduce new generations of workers. So during that eight hours, you are working part of the time for yourself—that is, you are producing enough value to cover your wages—and part of the time you are creating new value for the capitalist for which you get nothing in exchange. Part of the work day is paid labor, and part is unpaid.

The value produced during the unpaid part of the work day is *surplus value*—value produced by the workers above and beyond the value they need to maintain and reproduce their labor power. It is this surplus value, produced by the workers but appropriated by the capitalists, which "gives to the accumulated labor a greater value than it previously possessed."<sup>9</sup>

*It is the creation of surplus value by the workers and the appropriation of this value in various forms by the capitalist class, to be disposed of according to the needs and desires of that class, which is the distinguishing feature of the capitalist system. It sets it apart from all other social systems, especially socialism, which is not based on the exploitation of man by man, and which is a transition stage to*

*communism, which will mean the elimination of all classes.*

Through competition—through its fits and starts and the gobbling up of weaker firms by the stronger, especially in its inevitable and recurring periods of intense crisis—capitalism develops the means of production into a giant, highly concentrated and centralized—truly social—instruments. Under the impact of this development labor, too, becomes increasingly socialized. One individual can no longer master the whole process of production—the collective worker, comprising many individuals of varying skills working at specific tasks in cooperation with each other in large-scale enterprises, is born.

But appropriation remains private, in the hands of a class of non-productive owners making up a very small percentage of the population and living parasitically off the great majority of society. The appropriation by this class of products of value produced by socialized labor forms the basic contradiction of capitalism, and is the barrier to unrestricted development of production. It is the basis of the chaos and suffering of the people under this system.

The bourgeoisie (capitalist class) is driven by this contradiction to constantly try to wring more and more surplus value from the workers. This is not because individual capitalists are just greedy. Rather, capitalism is based on the fact that each capitalist must try to *maximize* his profit gained from the production and sale of the commodities, that is, from the exploitation of the working class. No alternative is left to the capitalists because private appropriation on the basis of commodity production and exchange makes rational, all-sided planning and cooperation to develop society impossible. Things which may be needed by the people will not be produced unless their production brings profit to capitalists; and the capitalists' investment must be directed to wherever they calculate the rate of profit to be highest.

By *intensifying* the exploitation of the workers, the capitalist will be able to lower the exchange value of his product, undercutting any capitalist who does not do the same. If the capitalist did not try to maximize his profit he would be unable to make profit at all and would be wiped out and/or gobbled up by competing capitalists. Thus the capitalists always try to keep wages down (to depress them below the value of labor power), and to lengthen the working day. They lay off workers and speed-up those kept on—all to increase the amount of unpaid labor over paid. They *must* do this to continue to survive as capitalists.

The relentless drive to maximize surplus value forces the capitalist class, in Marx's words, "to develop the productive forces as if only the absolute power of the consumption of the entire society would be their limit."<sup>10</sup> Yet capitalism can only expand production unevenly, without order and with little regard for where the economy as a whole is headed. Even as the capitalists expand

production they are forced, in the dog-eat-dog world of the profit motive, to increase the share of production which they appropriate as profit. Once again this is not due to greediness on their part. In fact relatively little of the surplus value appropriated by the capitalists is consumed by them (though they certainly indulge in wasteful and decadent personal consumption, reflecting their parasitic role in society). Most is re-invested in further production for the creation of even more surplus value. This is also something which the capitalists are forced to do by the need to maximize profit.

As the capitalists take greater and greater shares of production in the form of surplus value, the relative capacity of the workers to consume what has been produced must diminish. The working class, the majority of the population, and the main consumers of the goods they produce, cannot buy back what they have produced and goods start rotting on the shelf.

Moreover, the situation is made worse by the fact that the contradiction between private appropriation of wealth by the capitalists and social production by the workers has left the economy in a state of unplanned anarchy. The capitalists have only organized production of what is profitable and not what the workers need or can purchase. The bad effects of such crises may, under certain favorable conditions for the capitalists, be temporarily lessened through "artificially induced inflationary demand" (like increased government spending). But the basic contradiction between the social character of production and the private appropriation of the values produced cannot be eliminated without a proletarian revolution.

The key to all this is the fact that the organization of production, and the links between different sectors of production, as well as between production and consumption, are all *determined by the laws of commodity production, the law of value and the law of producing profit for a non-productive minority of society.* This, as we will see later, is a crucial point in understanding the operation of state monopoly capitalism in the Soviet Union.

Through successive crises, in which weak capitalist enterprises go to the wall and are gobbled up by the strong, and through the restless drive of each capitalist to expand his capital, the system begins to change its form. Once characterized by numerous competing firms, owned by individual capitalists, capitalism turns into its opposite—a system characterized by a few giant monopolies in each major branch of production, in which the "collective" corporate form of ownership predominates. This stage of capitalist development, which began as early as the 1870s but became the dominant form in a few developed countries at the turn of this century, is called monopoly capitalism, or imperialism.

Imperialism remains a system of wage labor, with the extraction of surplus value as its basis

and goal. It is the highest and final stage of capitalism. It has five main features which distinguish it from the earlier form of "competitive capitalism":<sup>11</sup>

(1) *The dominance of monopolies in the major industries of a country. Imperialism and monopoly capitalism are one and the same.*

(2) *The merging together of industrial capital and bank capital into finance capital, as the dominant form of capital and investment.*

(3) *The export by the big monopolies of capital: either money, in the form of long-term loans and investments, or physical capital, such as factories, machines, etc. This export of capital, international investment—necessitated by the fact that the monopolies appropriate huge amounts of surplus which they cannot profitably invest within their "own borders"—replaces trade of finished goods as the main form of capitalist economic relationship with other countries. This is another reason why monopoly capitalism and imperialism are one and the same.*

(4) *The formation of international cartels between the big monopolies of various imperialist countries. These cartels seek to divide up the world market between their members on the basis of their respective economic strength and to keep prices up by suppressing competition. However, like all thieves, their members eventually fall out with each other, and their agreements are always breaking apart.*

(5) *And finally, since the territorial division of the world by the big capitalist powers is completed, the various imperialist countries struggle against each other to redivide the world. This is why imperialism inevitably produces wars.*

The dominance of finance capital and the growing export of capital give qualitatively greater importance to those capitalists whose commodity is money-capital itself. These finance capitalists lend out money capital on which they "earn" interest—their cut of the surplus value appropriated from the exploitation of the working class in production. The finance capitalists are thus able to control and exploit without direct and total ownership of the means of production.

At first under capitalism, banks were intermediary credit institutions. They took capital (in money form) from capitalists who could not at the moment make use of it themselves, and from the petty bourgeoisie and a small segment of better-paid workers in the form of savings, and gave capital to those capitalists who needed it and could make use of it in production at the time.

But with the further development of capitalism, banks, just as industrial enterprises, unite, their size and turnover continually increase and they accumulate tremendous amounts of capital. The greater part of this belongs, in principle, to others, but the bank's own capital grows, too. With such accumulations of capital at their disposal, the bankers come into closer contact with the industrialists they serve and a merger

between the two takes place. Bankers become industrialists, while industrialists open banks. Finance capital is born.

For example, in California the Bank of America became the world's largest bank in part through its investment in agriculture. Though the Bank's own land holdings are quite small, its indirect control of field production obtained initially through loans makes it a major force. Bank of America representatives now sit on the boards of agricultural firms, canneries and supermarket chains, as well as many other corporate interests. And with capital accumulated from such endeavors the Bank invests additional capital in new areas of production. Much of this investment is sent abroad where opportunities to extract surplus value are greater. This investment may at first take the form of interest-earning loans, but as in the domestic economy such loans soon yield a growing measure of control. This control can be quite adequate as a substitute for direct ownership, although the latter form is also very important. This is what we refer to as the export of capital.

All this lays the groundwork for collective ownership on the basis of capitalist relations of production. In Lenin's words, "Scattered capitalists are transformed into a single collective capitalist."<sup>12</sup> However, such collectivity cannot transcend the anarchy of capitalist production, because each collective unit—each corporation or monopoly—acts according to its own individual interests. Hence small groups of finance capitalists, organized on a collective, but still private, basis in banks and corporations, can control directly or indirectly the whole economy, but capitalism will continue to develop unevenly and chaotically under their rule. As we shall see, within the Soviet Union the state acts in a very similar way to such classic finance capitalists, only with even greater monopoly control. And upon examination, Soviet "foreign aid" turns out to be good old imperialist capital export, even though major Soviet projects abroad often do not involve direct ownership of the assets created.

Keeping this in mind, we can see that the notion of imperialism as big industrial nations ripping off underdeveloped raw material-producing nations through trade is fundamentally incorrect. So is the notion that imperialism is simply a policy favored by the nastier sectors of the capitalist class, and not a structural necessity of capitalism at a certain stage of its development. Further, while the ripping off of raw materials from other countries, especially the underdeveloped, agrarian countries, is an important aspect of imperialism, this is not the *essence* of imperialism.

It is the unquenchable thirst for more profit that makes capitalists move factories from one region—or country—to another, where they can pay lower wages, force workers to labor longer and harder, extract raw materials cheaply and sell their products dearly. Imperialism does not

do away with any of the internal contradictions of capitalism. It raises them to a more intense level and spreads them around the world.

Imperialist cartels and superpower alliances "for the ending of conflicts and the prevention of new crisis-fraught situations" (to quote Leonid Brezhnev's 1973 TV address to the American people) are fundamentally unstable. They cannot end competition between different capitals or guarantee peace, because the *essence* of capitalism is the drive to get maximum profits—by any means necessary. Contradictions between the imperialists have already led to two world wars in this century. But the contradictions between imperialism and the peoples and nations it oppresses, and between the imperialist bourgeoisie and the proletariat, lead to a worldwide struggle against imperialist rule, and inevitably to the victory of proletarian revolution and socialism.

## 2) What Do We Mean by Socialism?

Only socialist revolution can eliminate the anarchy, destruction and misery caused by the capitalist system. Socialism resolves the basic contradiction of capitalism by doing away with the *private* ownership of the means of production and the *private* appropriation of the surplus produced by the collective, socialized labor of the working people.

Under socialism profit is no longer the aim of production. Production is for use, for the benefit of the masses of laboring people and not for the enrichment of a small class of privileged do-nothings. Under socialism the means of production no longer have the character of capital—that is, they are not controlled by a small class of capitalists who, to increase their wealth and power, must brutally exploit the working class—and although workers still receive wages their labor power is no longer a commodity sold on the market to exploiters who then use it for the sole purpose of maximizing profit.

Socialism enables people to solve problems which under capitalism seemed insoluble; to build things which under capitalism couldn't be built. Low-cost housing, for example, an "unprofitable" investment under capitalism, can be a priority under socialism. Health care, big business for the capitalist drug companies and hospitals and a horror for the people, is a well-funded and beneficial public service in socialist society. And there is no need under socialism for public transportation to "pay for itself" with outrageous fares in order to stay in operation (as in San Francisco's BART and New York's Transit Authority). Under socialism all the social wealth produced by the workers can be brought together, so to speak, in "one pot" and then allocated according to the overall needs and development of society, as much as possible independent of the current profitability of any given investment.

Socialism puts the needs and interests of the

working class first: all society is oriented to serving the laboring people. In a capitalist system cut-throat competition is the fundamental law, but under socialism cooperation and the ideals of equality and fraternity can be encouraged and developed.

But, as Lenin wrote, "socialism is inconceivable unless the proletariat is the ruler of the state." The seizure of state power by the working class and the establishment of a dictatorship of the proletariat is the first and most decisive step along the socialist road. Only then can the state, ruled by the working class, take possession of the means of production and abolish the profit system. Only then can the wealth created by the workers be controlled and utilized *collectively* by society, through the state, instead of going into the pockets of the bourgeoisie as capital.

But according to Marx and Engels, the establishment of socialist society does not just mean social ownership of the means of production. To them socialism means much more. They define socialism as a system based on the abolition of wage labor itself.

In a society without wage labor, the relations of production must reflect the total mastery of the direct producers over all the productive forces. Among other things, this means that the products of labor are no longer commodities—"products of the labor of private individuals or groups of individuals who carry on their work independently of each other." Production and distribution are no longer regulated to *any degree* by the blind law of value, but solely through conscious social decision.

In *Anti-Duhring*, Engels tells us that under socialism the amount and types of goods to be produced are determined *directly*, on the basis of an evaluation of their usefulness to society and the labor time necessary for their production, "without the intervention of the famous 'value'." The fact that the workers control the state and therefore own the means of production is the most fundamental and necessary precondition for acquiring this mastery.

As Lenin pointed out, nationalization does not mean socialization. For a more fully developed socialism to be built, the dictatorship of the proletariat must in time change the whole organization and purpose of production, so that the material and cultural standards of the people can be constantly raised, and the role of the working class and socialist principles can be strengthened. Through planning, the proletarian state must begin to break down the separation of the workers from the exercise of direct control over the productive forces, a separation which characterizes all commodity production. It must also break down the relative isolation of the producers from one another.

Socialism, then, is really a long period of transition from capitalism, the most highly developed stage of commodity production and of class society, to communism which represents the complete overcoming of all vestiges of com-

modity economy and of all class distinctions. Within this transition there are, of course, different stages.

Throughout the transition process, the workers themselves have to begin playing an ever-growing role in organizing and directing the process of production at the plant level. And at the national level, the workers must come to participate in and lead the whole planning process. Only in this way can the separation of the worker from the ownership and control of the means of production—which is the very essence of wage labor—be ended in more than a formal or juridical fashion.

In everyday language, we refer to those societies which have taken the step of overthrowing the capitalist class, establishing the proletarian dictatorship and instituting state ownership of the means of production and planning, as "socialist." When we do this we are following the lead of Lenin who said that the use of "the term Socialist Soviet Republic implies the determination of Soviet power to achieve the transition to socialism, and not that the new economic system is recognized as a socialist order."

In the Soviet Union under Lenin and Stalin, the determination to build a full socialist society lay at the heart of the Communist Party's political line and of the policies pursued by the state, just as this determination continues to guide policy in countries like China today. But in none of these countries do things today match up to the description of a fully developed socialist society found in the works of Marx and Engels, in part at least because the transformation of small-scale commodity production, which was very widespread in these countries at the time the proletariat seized power, into large scale socialized production has proved to be a long and complex process, marked by stages and by intense class struggle at every stage!

In all socialist societies established so far, money, rather than the direct calculation of social labor time, continues to be the chief means by which goods are evaluated and distributed. Monetary value and physical magnitudes (weight, length, etc.) are used by the state planners to allocate resources and measure production. And not only do workers still receive money wages, but the state allocates the means of production to its enterprises as money credits. For example, a steel mill won't get its iron ore, coal or new blast furnaces delivered to its door by the state; it receives a grant or credit of so much money for their purchase, along with instructions on the quantities and types to be obtained.

Further, although all major industrial production units are owned by the state, they each continue to have a separate "legal personality" in the eyes of the law. In line with this, as we indicated above, they have a certain degree of financial autonomy, and are generally expected to cover costs with sales, and even to show a

profit.\*

All this indicates that in real life, societies where the dictatorship of the proletariat is in power, societies which we call socialist, the law of value continues to operate in a somewhat limited manner. What conclusions should we draw from this?

The bourgeoisie says that this proves that Marxism is all wet, and socialism an impossible daydream. They claim that capitalism is the only system under which modern industry can operate.

And for certain idealistic "radicals", the existence of any market forms is a sign of full-blown capitalism, despite the fact that exploitation occurs at the point of production and not in the market place. They conclude that the revolution was either a failure or betrayed.

The Soviet social-imperialists, as one might expect, take basically the same line as the U.S. and other bourgeoisie, dressing it up with all sorts of "Marxist-style" doubletalk. Turning to the pages of *Pravda*, we read that "'Commodity,' 'money,' 'price,' 'profit,' ... are inherent in socialist production relations, are inalienably connected with them."

However, they caution, we must not get confused: "Under socialism we are speaking of a law of commodity-money relations, and of a law of value, with a social content and role altogether different from those under capitalism, of a law of value and commodity relations the like of which has never existed in history." According to the Soviet revisionist economist S. Pervushkin, "The entry of our country into the period of the comprehensive building of communism is marked by a broadening rather than by a curtailing of the sphere of operation of value categories within the country and in relations between countries."<sup>13</sup>

Now Marx was very clear that "economic categories are only the abstract expressions of these actual (production) relations, and these expressions remain true only when the relations exist."<sup>14</sup> So the fact that a society calling itself socialist still calls upon market categories in ordering its economy means that the old capitalist relations of production have not been completely replaced.

In fact, the actual market itself is really just one aspect of a much broader system of capitalist production relations. This system includes as well the old division of labor inherited from thousands of years of commodity production. Marx and Engels always argued that some division of labor was necessary in all social production, but that division of labor which places some people—managers, technicians, planners—in positions of authority, direction and control, over others is a socially determined division of

labor: in the long run, it is not necessary. It exists only as the product of humanity's division into class society. Socialism inherits this division of labor from capitalism and seeks to eliminate it.

The new socialist relations described by Marx and Engels cannot be established at the stroke of a pen. The final triumph of socialist relations comes from a process which takes time and conscious struggle, class struggle. It comes from a long process of constant strengthening of the dictatorship of the proletariat; of gradually, steadily increasing the power the workers themselves have over society. It is not the automatic by-product of developing the forces of production. As Mao Tsetung has said, "Political work is the lifeblood of all economic work."<sup>15</sup>

The exploitation of man by man has always rested on private control over the means of production. Through genuine socialization, the effective abolition of wage labor and the constant strengthening of the political and social power of the working class—of the dictatorship of the proletariat—a socialist society can bring this exploitation to a final end. But only under communism, when the divisions between mental and manual labor, between workers and peasants and town and country have broken down and the socialist principle of distribution "to each according to his work" has been replaced by distribution according to need, can all social inequality (as opposed to individual differences, which always exist) disappear.

In summary, the continuing presence of capitalist production relations under socialism provides an objective basis for the restoration of capitalism, but this does not indicate that the economy, and the society, is capitalist. We can say that *socialism exists where the working class actually holds state power, where the sphere of operation of the law of value is being reduced to the maximum degree permitted by economic and political realities, where the initiative of the working class in developing new relations of production including a new division of labor is actively fostered by Party and state, and where the revolutionary transformation of all aspects of society is vigorously carried out under the leadership of the working class and its Communist Party.*

### 3) How Did the Working Class Build Socialism in the Soviet Union?

In the Soviet Union, under Stalin, as in the genuine socialist countries today, market categories did *not* play a central role in regulating the state economy. In decisions regarding production and investment, the role of prices was minimal, and the prices themselves were set to reflect political priorities and not actual costs. (For instance, between 1947 and 1950 prices of basic consumer goods were reduced by about 40%!) Similarly, real output—how much enterprise actually produced measured in quantitative, not money-value terms—not profit, was the key indicator of enterprise success in fulfilling its planned obligations.

\*However, this profit is not figured as a percentage of total invested capital, as it is in capitalist societies and in the Soviet Union today, but simply as the difference between the actual cost incurred by the state in producing the product and its state-set wholesale price.

The workers knew that they were working for themselves. The Soviet Constitution of 1936 put forth the principle, "he who does not work, neither shall he eat", which made it illegal to live on unearned income, in other words, off the labor of others. It guaranteed every citizen the right to work. The Plan turned this promise into a reality by its phenomenal development of industry, and continued to assure full employment by determining the size of the work force and expected level of productivity for each enterprise. By 1930, it was possible to shut down the last labor exchange in the Soviet Union.

Of course, when a construction project was completed, or when technical progress warranted, workers could be laid off. But such workers were always reassigned *according to plans* set by central authority under Party leadership.

When we examine what life is like for workers in the Soviet Union today, a very different picture emerges. One of its "highlights" is the re-emergence of the free labor market: labor exchange/unemployment offices going under the fancy names of "Bureaus for the Utilization of Manpower Resources" have been established in 80 cities. The so-called reforms in planning and management introduced by Brezhnev and Kosygin have made a mockery of the Soviet Constitution's guarantee of work for all. But that's okay, the Constitution itself is scheduled for "revision", too.

The position of working people in the Soviet Union under the dictatorship of the proletariat was not simply more secure. As the workers began to see themselves as masters of society, new attitudes towards work emerged—mass movements to raise the productivity of labor began to arise spontaneously. Under Lenin and Stalin these mass movements were popularized and spread by the Communist Party.

During the Civil War following the Revolution and in the early 1920s, the "first tender shoots of communism", as Lenin called them, appeared in the form of the communist Subbotniks (communist Saturdays). These were initiated by workers on the Moscow-Kazan Railway, together with Party members and sympathizers, who gave up their day off to work for free. Soon they were joined by non-Party workers from many different branches of production. Although the work was unfamiliar to many and poorly organized, the productivity of the Subbotnik workers was from two to three times higher than normal! From Moscow, the movement spread throughout Russia.

The 1930s saw a second spontaneous movement arise among the workers—the famous Stakhanovite movement. While the bourgeoisie (who has experience with these things) claims that Stakhanovism was a speed-up attempt masked by proletarian rhetoric, nothing could be further from the truth. It was not initiated from the top, with the aid of time-study men and "efficiency experts", but by a rank-and-file coal miner from the Donetz Basin, Alexei Stakhanov.

Stakhanov scientifically analyzed his own job, re-organized the coal cutting procedure, and was able to increase his output fourteen times—with no additional physical exertion. Almost before his achievement had been publicized, other workers in various industries began to emulate him, often working in teams to study and modify the work in question. In general, the Stakhanovite workers eagerly taught their improved techniques to fellow workers.

The Stakhanovite movement was not only a struggle for production, it was a class struggle as well. Stalin remarked in the early days of the movement that "to a certain degree the Stakhanovite movement was conceived and began to develop against the will of plant management, even in struggle with it. Management at that time did not help the Stakhanovite movement but opposed it."<sup>16</sup>

This opposition was based on a fear of rocking the boat—the managers not only wanted to keep production quotas low (and therefore easy to fulfill), but to maintain the old bourgeois division of labor between mental and manual work, organization and execution. Until the facts overwhelmed them, they insisted that the tried-and-true methods prescribed by the production engineers were the only correct way of doing things. They were unwilling to accept the evidence that production could be better organized, and socialism developed faster and more fully, by relying on the rank and file workers, rather than *relying* on experts.

Thus, "the Stakhanov movement arose and developed as a movement coming from below."<sup>17</sup> This is precisely what gave the movement such great significance and why it represented an important step in the process of eliminating the distinction between mental and manual labor. However, there were also certain weaknesses in the campaign. First of all the movement perhaps put too much emphasis on the granting of material incentives to Stakhanovites, who were sometimes rewarded with bonuses and/or higher salaries for increases in production. Not only did this tend to cultivate bourgeois ideas of self-interest among the Stakhanovites themselves, but also had the effect of setting the more advanced Stakhanovites apart from the masses of workers. In a few instances this even created a certain degree of hostility toward the Stakhanov movement among the workers.

Secondly, the Stakhanovites themselves were often plucked out of production and sent to technical institutes and universities for further training and education. This did represent a certain rational use of talent and ability, but to some extent it also tended to defeat the very purpose of the movement, which was to begin breaking down the distinction between experts and the masses. Given the conditions of the times this was in part unavoidable, but a serious error was made in not recognizing that the advancement of Stakhanovites to official positions changed their objective position in society.

These weaknesses do not, however, alter the overwhelming positive character of the Stakhanovite movement, which represented a great advance in the class struggle and not, by any means, "speed-up" or "bribery" as imperialist, Trotskyite and revisionist slander tries to portray it.

Worker initiative and class struggle also took less spectacular forms during the period of the Soviet dictatorship of the proletariat. While factory discipline was tight, the authority of the management could be—and often was—challenged on the basis of proletarian politics in plant-wide production conferences. Led by Party activists, the workers would expose inefficiency and corruption, concealed equipment and falsified output data. The directors dreaded these highly political mass meetings.

A revealing account of one such production conference, called to discuss the quotas assigned to the plant by the Plan, was given to a U.S. "Sovietologist", Joseph Berliner, by a former Soviet professor of commercial law and industrial management who had taken the capitalist road into exile in Germany after WW 2 (if he had stuck around a few years more, he probably would have made it big!):

*"All the workers, all are called to the production conference. And then begins the so-called 'counter-planning' in a very crude form, which quickly ends in a fiasco. They read off the plan. Here, our chief administration has given us such and such information, such and such indices, of course we have to meet them, we all understand that this has to be done. Thus, the agitation proceeds further. This we have to do, we have to fulfill and overfulfill. I hope that some of the workers—this is said by some engineer or a representative of the Party organization—will bring forth counter-proposals. Now everyone wants to manifest his 'activity,' some 'butterfly', some milkmaid gets up in her place and says 'I think we should promise Comrade Stalin to overfulfill by 100 per cent.' She takes no account of materials, no account of supply. Then a second stands up and says 'We should all promise 100 per cent and I personally promise 150 per cent!' In short, it piles up higher and higher, and the engineers and economists scratch their heads. Nevertheless, this is called 'counter-planning', a manifestation of the new socialist morality and higher socialist enthusiasm. All this goes to the top and there, you understand, there is confusion, downright confusion, a complete muddle."<sup>18</sup>*

In this passage it is difficult to tell what is more striking: the enthusiasm shown for socialism by these working people, their willingness to shoulder increasing responsibility, or the contempt heaped upon them by the renegade "expert."

Actually, however, some of the basic contradictions of Soviet socialism are laid bare here. From one point of view, this scoundrel had a point. Without careful consideration of such technical and material factors as raw materials supply, the

Soviet economy could go nowhere. And, in fact, overfulfillment by such huge amounts—even if possible—just might be *bad* for the society as a whole. (But, of course, it could also be a needed corrective to the stodgy conservatism of managers and planning administrators.)

In short, worker enthusiasm by itself was not enough. Until the workers were themselves capable of *collectively* gaining the skills and developing the forms appropriate to the management of a complex industrial economy—something they were and still are fully capable of developing, no matter what elitist bourgeois cynics may say—until then, they would be dependent on such experts.

One response to this problem was to train new and more politically conscious experts from the ranks of the workers. This was certainly good, but even these "proletarian experts" continued to occupy a position objectively different from and above the working class—essentially the same petty bourgeois position as the old experts, irrespective of the subjective desires to serve the people these new "proletarian experts" no doubt had. Of course, this contradiction, and the mental/manual contradiction in general, cannot be eliminated for a long time, but measures must be taken to do this step by step, and at all stages ideological struggle and mass supervision of experts must be developed to deal with this problem.

In Soviet society under the proletarian dictatorship, the old division of labor was not fully overcome and a new division of labor had not yet been fully developed. (The very existence of these production conferences, however, shows that at least this was beginning.) Much stress was placed on limiting the sphere of operation of the law of value and the market and, in fact, there was a tendency, particularly during the 30s, for planning authorities to act as if the law of value could be completely disregarded, an ultra-"Left" error which Stalin later criticized.<sup>19</sup> But at the same time, relatively less emphasis was placed on developing a new division of labor. In other words, capitalist relations of production continued to exist in the Soviet Union. We shall return to this problem in more detail shortly.

#### 4) How Can Capitalism Be Restored in a Socialist Country?

How is it possible for a socialist country, a country where the workers have seized state power under the leadership of a Communist Party, to revert to capitalism?

The answer is complicated, but lies in the fact that socialism doesn't drop from the sky. It comes into being through revolution to overthrow capitalist society, but, as Marx writes in the *Critique of the Gotha Programme*, it is "in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society."

Socialist countries exist in a world where the capitalists have not given up their quest for wealth and power. The old exploiting classes

cannot be expected to quietly submit to the loss of their political power and property. They will try to regain them through armed counter-revolution. And they will inevitably find foreign imperialist governments as allies.

History shows there is nothing naive about the importance of safeguarding the socialist state against attempts to violently overthrow it. During the first three years of Soviet power, the armies of nearly all the imperialist powers, among them the U.S., who had profited greatly from their investments in old Russia, linked up with former tsarist generals to terrorize the countryside. After their defeat, a vicious economic blockade was enforced and the possibility of renewed military intervention could never be ignored. Twenty years later the Soviet Union had to face and beat back a full-scale Nazi invasion.

But experience has shown that capitalism has more weapons than guns at its disposal. As Mao Tsetung warned, at a time when the protracted war of the Chinese people was rapidly approaching final victory in 1949, "It has been proved that the enemy cannot conquer us by force of arms", but "There may be some Communists who were not conquered by enemies with guns and were worthy of the name of heroes for standing up to these enemies, but who cannot withstand sugar-coated bullets, they will be defeated by sugar-coated bullets. We must guard against such a situation."<sup>20</sup>

Old bourgeois ideas don't instantly vanish under socialism, particularly the first commandment of capitalist society—"Look out for yourself, good old No. 1." This idea is pushed on us from childhood by bourgeois education and culture, and is re-enforced by the daily scramble to survive. It exists not only among the bourgeoisie, but among all classes, including the working class as well (as any worker who has had to fight scabs crossing a picket line can testify).

Bourgeois ideology remains a powerful weapon for capitalist restoration in a socialist society and must be fought by mass action and education every step of the way.

But this struggle is not primarily an abstract struggle against "selfishness", a process that mainly occurs in people's heads. Bourgeois ideology under socialism finds concrete expression in education which divorces theory from practice, and in art which centers around and subtly or even overtly upholds the old exploiting classes and glorifies the reactionary values of the past instead of showing the struggles and achievements of working people and popularizing socialist values. And bourgeois ideology is manifested in bureaucratic methods in government and economic management which suppress the initiative of the masses. The slogan "let the experts decide" only strengthens the bourgeoisie.

The main struggle against bourgeois ideology takes place in concrete struggles to replace these old ideas and methods with proletarian ideology (which is based on principles of cooperation, equality and hatred of exploitation and reliance on

the masses of people to organize production and society in general on the basis of scientific understanding of how society develops) and new methods in all the institutions of society.

Such struggle took place on a vast scale in China during the Great Proletarian Cultural Revolution. This struggle also took place earlier in the Soviet Union under Stalin's leadership, but its importance was not as fully recognized and the same kind of mass forms for unfolding the struggle were not developed. Socialism in the USSR, the first socialist state, had to break totally new ground, and all the tried and established methods of getting things done were inherited from the bourgeoisie. To the degree that they went unchallenged and unchanged, they slowly but surely weakened the proletarian character of the state and the socialist nature of the economic base. And this created the subjective conditions for a more or less peaceful restoration of capitalism.

"The easiest way to capture a fortress is from within"—as was pointed out in the *History of the Communist Party of the Soviet Union*, published in 1939 under the direct supervision of Stalin.<sup>21</sup> As our next chapter points out, the implications of this were not fully grasped by Stalin, but this statement nonetheless points in the direction of a correct understanding of capitalist restoration in the USSR.

What are the objective conditions for the restoration of capitalism?

We have already mentioned the fact that capitalist relations have not been completely replaced by specifically socialist relations of production in any country where the dictatorship of the proletariat has come to power. This means that the economic basis of capitalism continues to exist, since as Engels says in *Anti-Duhring*, "the value form of products . . . already contains in embryo the whole capitalist form of production, the antagonism between capitalists and wage workers, the industrial reserve army, crises."<sup>22</sup>

Bourgeois ideology can't exist in a vacuum, and production relations are not some metaphysical notion but actual relationships between people and classes. The presence of these subjective and objective conditions for the restoration of capitalism in a socialist country indicate that bourgeois or potentially bourgeois groups also continue to exist there.

In the Soviet Union we can distinguish several groups which formed the main basis for capitalist restoration.

First, the rich peasants or *kulaks*. Until agriculture was collectivized, the rich peasants were able to exploit landless villagers as tenants or wage-laborers. They tried to use their control over the production of food to blackmail the urban proletariat into ever more concessions which would have strengthened private property and private trade. In the early years of the dictatorship of the proletariat in the Soviet Union, Lenin ranked the kulaks (rural bourgeoisie) with the imperialists as the main forces of capitalist

restoration. He pointed out that agriculture itself, in a very backward state, marked by individualized peasant production, would continue to provide soil for capitalism since "small production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously and on a mass scale."<sup>23</sup> And even after the breaking up of the kulak class in the late 1920s, many managed to worm their way into positions of authority in the collective farms where they continued to push the line of private over social interest, pitting the collective against the state.

Secondly, the managers and technicians and other "professionals", intellectuals and mental workers. Though nominally employed by the workers' state, the managers came to see the enterprise they directed as their own personal property, and to lord it over the workers. Similarly, the technicians and others in like positions, even many from working class families (like Brezhnev), thought their expertise entitled them to special consideration and privileges. As we have seen, they often refused to draw upon the experiences of the workers to solve technical problems.

These groups constituted the main *social base* for the restoration of capitalism, which could never be carried out by a few people, even the most strategically placed and influential leaders, without such a social base. But while these groups may have formed the social base—that is, while their objective position made these strata most open to bourgeois influences—it is important to distinguish between them and the top bureaucrats in the Party and state apparatus, who are the only ones in a position to *lead* society back down the capitalist road, and to actually *organize* production along capitalist lines. Such Party and state officials who themselves depart from Marxism-Leninism and adopt the class stand and world outlook of the bourgeoisie, use the lower, "intermediate strata" as their social base, promote their privileges and tendencies to bourgeois ideology, and use them to stifle the initiative of the working class.

The genuine communists in the leadership of the Party and state, who adhere to Marxism-Leninism, basing themselves on the class stand and world outlook of the proletariat, maintain ties with and rely on the working class and the masses of working people as their social base, as the only force capable of pushing forward the difficult struggle along the socialist road. From this standpoint, the genuine Marxist-Leninist leaders rally the masses to supervise, criticize and win over the intermediate strata, struggling against their bourgeois tendencies and step by step overcoming their privileges to unite with them in taking the socialist road.

For all these reasons, there is fierce struggle continually at the top ranks of the Party, between those taking the socialist and capitalist roads. This is part of the overall struggle within socialist

society between the bourgeoisie and the proletariat, but is also the sharpest focus of this struggle. This is why Mao Tsetung has summed up—both from the experience of the Soviet Union and China (as well as other socialist countries today)—that the main focus of the class struggle under socialism is within the Party itself and particularly in its top ranks, and that the target of the proletariat in this struggle is the "handful of capitalist roaders" who repeatedly emerge, especially within the top Party leadership.

Such top bourgeois careerists are especially well placed to restore capitalism relatively bloodlessly because of state ownership of the means of production and the Party's control over the work of the state and enterprises. Some of these people are out and out opportunists. Others started out with a sincere attitude toward serving the people but became isolated from the masses as they rose to the top. Their past successes made them smug and they became infected by the very ideas they had set out to fight.

We can see from all this that under the dictatorship of the proletariat, the question of "which class shall rule" is not closed. It is inevitable that bourgeois forces arise and either try to restore private property, or to turn the social property of the working class into the collective property of a new state bourgeoisie. Their success, however, is *not* inevitable.

As Mao Tsetung has summarized: "Socialist society covers a considerably long historical period. In the historical period of socialism, there are still classes, class contradictions and class struggle, there is the struggle between the socialist road and the capitalist road, and there is the danger of capitalist restoration. Our instruments of dictatorship must be strengthened, not weakened."

For the proletariat to maintain state power and completely transform the relations of production, it must wage the most resolute struggle not only against bourgeois groups but also against bourgeois ideas among the masses of the people.

And in this "struggle between the socialist road and the capitalist road", the relationship between the Party and the masses is decisive. The tasks of the socialist period cannot be accomplished by Party members working in isolation from the masses. "It is the masses alone who make history", and the Party must arm them with the scientific understanding that enables them to carry out the historic role of the proletariat consciously, and unleashes their creative power in achieving this task. By keeping in constant touch with the needs and aspirations of the masses, and by educating them in Marxism-Leninism (which is nothing but the scientific summing up of the struggles of all oppressed classes throughout history, according to the world outlook of the proletariat, the most advanced and revolutionary class in history), the Party helps the masses fight for themselves—for

a new culture, new relations of production and to maintain and strengthen the dictatorship of the proletariat as a true instrument of the masses.

The key role of the Party comes into even sharper focus when we see that in the Soviet Union and other revisionist countries, it was only

by "seizing the fortress from within" that capitalism could be restored. It was high Party officials—led by Khrushchev, Brezhnev, and Kosygin—who subverted the dictatorship of the proletariat and established themselves as a new state bourgeoisie.

1. Friedrich Engels, *Anti-Duhring*, p. 167.
2. A. Leontiev, *Political Economy*, p. 41.
3. Leontiev, p. 46.
4. Leontiev, p. 47.
5. Karl Marx, *Capital*, Vol. 1, p. 155.
6. Karl Marx, "Wage Labor and Capital" in *Selected Works in One Volume*, p. 81.
7. Marx, "Wage Labor and Capital", p. 82.
8. V.I. Lenin, "On the So-Called Market Question", *Collected Works*, Vol. 1, p. 93.
9. Marx, "Wage Labor and Capital", p. 82.
10. Marx, *Capital*, Vol 3, p. 473.
11. These features were outlined by Lenin in his pamphlet *Imperialism*.
12. Lenin, *Imperialism*, p. 76.
13. *Planovoe Khoziastvo*, 1961, #7.
14. Marx, "Critique of the Gotha Programme".
15. Mao Tse-tung, "Introductory note to 'A Serious Lesson'" (1955) in *The Socialist Upsurge in China's Countryside*.
16. J.V. Stalin, "Report to the 18th Congress of the CPSU(B)".
17. Stalin, "Speech at the First All-Union Conference of Stakhanovites".
18. Joseph Berliner, *Factory and Manager in the USSR*, Cambridge, 1957, p. 275.
19. In his *Economic Problems of Socialism in the USSR*.
20. Mao Tse-tung, "Preserve the Style of Plain Living and Hard Struggle" in *Selected Readings from the Works of Mao Tse-tung*.
21. *History of the Communist Party of the Soviet Union (Short Course)*, p. 360.
22. Engels, *Anti-Duhring*, p. 174.



Cartoon by V. Deni, 1920

*Old Soviet cartoon portrays V.I. Lenin, leader of Russian Revolution and proletarian internationalist, as sweeping away all capitalists, monarchs and other reactionaries. Today, the social imperialists portray Lenin as a pacifist and take the heart out of his revolutionary teachings.*