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POLITICAL ECONOMY *in the* SOVIET UNION

*The full text of
the Soviet article which provoked
wide discussion and speculation in
the American press; previously
published only in parts*



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POLITICAL ECONOMY
IN THE
SOVIET UNION

Political Economy in the Soviet Union

SOME PROBLEMS OF TEACHING
THE SUBJECT

Translated from the Russian
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IN ACCORDANCE with a decision of the All-Union Committee on Higher Education, the teaching of political economy in the higher educational institutions of our country was resumed in the last academic year. At present the teaching of political economy is confronted with serious and responsible tasks. Our institutions of higher education must turn out specialists with economic training, who face an enormous job not only in giving every kind of aid to the front in all sectors of the national economy but also in the reconstruction of the economy destroyed by the German fascist scoundrels. The present student body constitutes the cadres of tomorrow's Soviet intelligentsia, who will function in an epoch of great change with events developing with unusual rapidity, an epoch exceptionally complicated in its interweaving of political and economic problems. It is particularly important in the conditions of the great Patriotic War of the Soviet people against Hitlerite Germany to have our cadres fully armed with Marxist-Leninist theory, which equips us with a clear aim, unshakable faith in the victory of our just cause, and understanding of the laws of social development, including a deep understanding of the laws of war, of its process and its tendencies.

In the study of Marxist-Leninist theory political economy occupies a very prominent position. Suffice it to recall Lenin's well known statement that "the most profound, comprehensive, and detailed confirmation and application of Marx's theory is his economic doctrine."¹

The teaching of political economy in our institutions of higher learning has been resumed after an interruption of a few years. Before that, the teaching of political economy, the textbooks of that time, and the programs suffered from serious defects. These defects, revealed in due time in one of the decisions of the Central Committee of the Communist Party, were that frequently political economy was transformed from a general-historical science which studies the living tissue of existing reality

into a collection of anti-scientific abstractions and lifeless schemes. Thus the study of political economy, which should play a leading part in the formation of the world outlook of the builders of socialism, which should foster love for our Soviet motherland and hatred for her enemies, frequently became a tedious obligation for the students.

The publication of the *History of the Communist Party of the Soviet Union*, that encyclopedia of basic knowledge in the field of Marxist-Leninist theory, armed whole detachments of scientific workers, among them economists, and gave them a model and example for the reorganization of all their work. Following the instructions of the Central Committee of the Communist Party, a great deal of work on a short course in political economy has been accomplished. In the course of this work the Central Committee has given a series of very important directives on matters of principle connected with the most fundamental problems of political economy.

In the past the teaching of political economy had a series of defects. First of all it erred in that frequently teachers of political economy did not give their students a clear, full, and precise definition of political economy. Often they did not even set themselves the task of defining political economy in a way that would embrace all the aspects of that subject. In order to solve this problem, it would have been enough to give a correct summary and generalization of a series of statements from the classics of Marxism-Leninism.

The founders of Marxism, while laying out new paths in science, described political economy from this or that aspect, depending on the connection in which they were approaching the problem in a specific context.

In the foreword to the third volume of *Capital* Engels cautioned his readers against the wrong assumption "that Marx is giving definitions, where actually he is developing."² In that connection Engels points out:

"It stands to reason that when things and their mutual relations are examined not as constants, but as things which are in the process of change, then their mental reflections, concepts, are also subject to change and reorganization. . . ."³

It is precisely such definitions of political economy, definitions undergoing "change and reorganization," that one meets in many of the works by the founders of Marxism, in which they are engaged in sharp polemics against outlived, obsolete, erroneous views. For example, Marx points out that the point of departure of political economy "is first of all *material* production by individuals as determined by society."⁴

As is known, production has two aspects—technical and social. As distinguished from a series of natural and technical sciences, which study the technical aspect of production processes, political economy investigates the social aspect of production, the social system of production. In other words, it studies those social relationships which arise among people in the sphere of production.

Lenin meant this when he pointed out that "political economy is concerned not with 'production,' but with the social relations of people in production, with the social system of production."⁵

The social system of production embraces, besides production itself, distribution, exchange (in those societies where exchange exists), and consumption (in its social role). To use an expression of Marx, production, exchange, distribution, and consumption are "members of one entity, different sides of one unit."⁶

Production has priority (primacy) among the other elements. This flows from the simple circumstance that only that product can be distributed, exchanged, and consumed which has previously been produced. It is the social laws of production which determine the character of the other processes, and the specific form of production

conditions the specific forms of consumption, distribution, exchange.

The definition of political economy formulated by Engels is well known:

“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.”⁷

In giving this definition, however, Engels immediately points out that production can take place without exchange. In another place he defines political economy as a science “of the conditions and forms under which the various human societies have produced and exchanged and on this basis have distributed their products.”⁸

One of the definitions of political economy which received Lenin’s approval speaks of it as a science “which studies the social relations of production and distribution in their development.”⁹ In the same connection Lenin pointed out that political economy is the “science of the historically developing modes of social production,” that it gives “the basic concepts of the various systems of social economy and of the fundamental characteristics of each system.”¹⁰

In teaching there have been cases in the past when people lifted from the general context of the classics of Marxism-Leninism on political economy one or another separate statement and attempted to interpret it in a slipshod manner. Therefore it is exceedingly important to give such a definition of political economy as will summarize all the most important statements of the Marxist-Leninist classics on this score and exclude misunderstandings and distortions. Such a definition runs as follows: *Political economy is the science of the development of relations of social-production, i.e., economic relations of people. It ascertains the laws governing the production and distribution of necessary objects of consumption—both personal*

and productive consumption—in human society at the various stages of its development.

Formerly the teaching of political economy erred in tolerating mistakes in the treatment of the *primitive-communal system*. These mistakes were, first, violation of the principle of historical materialism, according to which the specific form of production relations is determined by the character of the productive forces; secondly, the idealization of the primitive-communal system, in plain contradiction to the historical reality.

What gave rise to the mistaken interpretation of the primitive-communal system is Engels’ well known statement in his preface to the first edition of *The Origin of the Family, Private Property and the State* that in the period preceding civilization the social system was determined not only by the conditions of production of material means of subsistence but also by the conditions of “production of man himself, i.e., by the forms of the family.”¹¹ Actually the basic law of historical materialism can be summed up as follows: the production relations of people are determined by the character of the productive forces they have at their disposal at a given stage of development of society. History teaches that this law functioned in the primitive epoch just as fully and unqualifiedly as in all the succeeding stages of social development.

The mistaken remark of Engels mentioned above contradicts numerous perfectly clear statements by Marx and by Engels himself to the effect that the basis of production relations is exclusively the development of productive forces. This remark is in no way borne out by the concrete analysis of the development of primitive society which is contained in the work of Engels to which we have referred.

Thus there is no basis for renouncing the monistic view of history, which was worked out by Marx and Engels, in

order to substitute for that monism a dualism, if only in application to the primitive-communal system.

For many thousands of years the extremely undeveloped instruments of labor, the very primitive methods of obtaining the means of subsistence necessitated the common, collective labor of people. Only together could people carry on the struggle with nature, only by labor in common could they secure their own existence. The social, collective labor of people in the field of production gave birth to the social, collective ownership by primitive society of the land and other means of production, as well as of the fruits of production. Primitive people labored together, owned the means of production and the products of their own labor in common, and jointly consumed everything they succeeded in producing.

The development of the productive forces which people had at their disposal conditioned the whole course of development of the production relations of primitive society. The transition to the tribal commune, the change from the matriarchate to the patriarchal family, the decay of the tribal social order, the appearance of private property, exchange, the division of society into classes—all these processes are explained entirely by the course of development of the productive forces of primitive society, by the perfection of the methods of extracting the means of subsistence.

Another mistake tolerated in the teaching of political economy in connection with the study of the primitive-communal system—the idealization and embellishment of that system—had the following result: it destroyed in the students' minds the idea of the progressive character of the development of human society. The transition from a primitive social order to class society was regarded not as a necessary step on the path of social progress but as the fall of man, the banishment from Paradise. In this connection there also arose an incorrect notion about communism as a peculiar return to the social order under which people

lived in the primitive epoch. It is perfectly obvious that notions like that are in contradiction to the ABC and the whole spirit of Marxist-Leninist teaching.

The classics of Marxism-Leninism, exposing the bourgeois legend about the eternal nature of private property, classes, and the system of exploitation, proved scientifically that throughout many many thousands of years people lived in a primitive-communal society, unaware of all the "blessings" of civilization. But at the same time the classics of Marxism-Leninism taught us to see the historical limitations of the primitive-communal system, with its extremely low level of development of productive forces, the primitive nature of the instruments of labor, and the extreme poverty of the life of men. At a certain stage of its development the primitive-communal system became an obstacle to further advance, to social progress. It had to give way to a new mode of production, which provided great scope for the development of productive forces, and the primitive social order was displaced.

Lenin remarked that there was no golden age behind us, that primitive man was terribly burdened by want and by the difficulties of the struggle for existence. Marx pointed out that in primitive society the collective type of production was the "result of the weakness of the separate individual, and not of the socialization of the means of production."¹² It is also well known that in that society a man's personality was entirely swallowed up by the society—the group, the family. The tools of production were so imperfect, produced so little, that only by collective labor could people exist. The unity of the worker and his means of production existed here, to use Marx's expression, in "an infant form," which was unsuitable for "developing labor as *social* labor, and the productivity of social labor."¹³ Labor yielded such scanty fruits that equalized consumption was a necessity: if someone were to receive a somewhat larger share of the common product there would not be enough of that product to satisfy the

hunger of the other members of the primitive commune, who would find themselves doomed to extinction.

All this proves that the primitive-communal system was based not on the socialization of developed means of production but on communal property arising from the primitive, undeveloped nature of the instruments of labor, from the very great weakness of the individual man, for whom a close, indissoluble tie with the collective was the only refuge from extinction. Thus, the primitive-communal system is to be distinguished, as the sky is from the earth, from modern socialism and communism, which is based on the socialization of highly developed means of production, assuring for society an enormous power over nature, and on the full flowering of individuals in the conditions of a fraternal collective.

In the past the teaching of political economy erred in that the *historical principle*, which was more or less observed in the study of the primitive-communal system, the slave-owning system, and the feudal system, was rudely violated in the transition to the study of *capitalism*. In the programs and textbooks the section devoted to capitalism was drawn up in the form of a simple reproduction of the structure of Marx's *Capital*. Here one lost sight of the fact that Marx created *Capital* not as a textbook course, much less as an aid to beginners in the study of political economy, but as a gigantic investigation opening up new paths in science. From this it is clear that in the study of the fundamentals of this science a mechanical copying of the organization of Marx's *Capital* can only lead to harm.

The observance of the principle of historicity in the teaching of political economy demands that the student receive a clear idea not only of the basic characteristics of the capitalist mode of production, but also of the development toward this system. When one follows the principle of historicity it is necessary, of course, to study first the historical processes as they indicated the *development toward capitalism*, and only after this can one pass on to

the study of the *basic characteristics* of that social system.

In *Capital*, in the chapter on co-operation, Marx points out that "a greater number of laborers working together at the same time, in one place . . . in order to produce the same sort of commodity under the mastership of one capitalist, constitutes, both historically and logically, the starting point of capitalist production."¹⁴

From these words of Marx it follows that historically and logically the starting point of capitalist production lies in an enterprise which belongs to a capitalist and in which hired labor is employed. In historical reality this sort of enterprise arises first in the form of capitalist manufacture (preceded, as is known, by simple co-operation, which is soon transformed by the division of labor). Consequently, one must understand Marx's statement in the sense that it is capitalist manufacture which is historically and logically the starting point of capitalist production.

In the history of the rise of capitalism there was a whole period in which capitalist enterprises existed only in the form of manufactories. The first beginnings of the capitalist mode of production Marx attributes, as is known, to the fourteenth century: these were the first capitalist manufactories in the medieval Italian city-republics. In the sixteenth century capitalist manufactories already existed in the hundreds and thousands in the most developed countries and districts of Europe. The transition from manufactory to factory, however, goes back only to the epoch of the industrial revolution in England, that is, the end of the eighteenth and the beginning of the nineteenth centuries.

Thus the epoch of the domination of capitalist machine industry was preceded by a whole historical layer, which Marx called the *manufacturing period of capitalism*. The study of the manufacturing period of capitalism must precede the study of the basic characteristics of the capitalist mode of production. Further, the study of the basic characteristics of capitalism must be preceded also by an

acquaintance with the processes which in history served as the conditions for the rise of capitalism. By this is meant the creation of the historical prerequisites of capitalism: the rise of the class of wage workers on the one hand, and the rise of big capitals on the other. The latter is the primary accumulation of capital.

In *Capital* Marx begins his exposition with the analysis of the commodity. This for him is a necessary stage in the uncovering of the secret of surplus value, which is connected with the transformation of labor power into a commodity. In order to uncover the special nature of this peculiar commodity—labor power—Marx first of all subjects to analysis the bases of commodity production in general.

The sequence of the exposition of problems adopted by Marx in *Capital* flows naturally from the fact that he was laying out new paths in science, that his purpose was to rebuild from the very beginning the science of political economy. But it is perfectly obvious that in studying the fundamentals of that science, and even more when one takes an elementary course in it, it is impossible to preserve the same sequence unchanged: that would be harmful pedantry, contradictory to the requirements of the teaching of political economy as a general-historical science.

Commodity production, exchange, and money precede the rise of capitalist production. Commodity production makes its first appearance many thousands of years before the beginning of the capitalist era. By the end of the Middle Ages commodity production and the circulation of money have already reached a comparatively high development. Still, only under capitalism does commodity production become the predominating form of production, acquiring a universal character.

Hence it follows that in the teaching of political economy in accordance with the historical principle, such categories as commodity and money must be dealt with not

only in the section devoted to capitalism but also in the preceding sections of the course. The rise of commodity production, the historical stages in the development of exchange and the rise of money must be treated in the section devoted to the slave-owning system. In the next section, devoted to the feudal system, in the study of its decay and destruction it is necessary to give a more expanded description of simple commodity production, of the commodity, of its use value and value, of socially necessary labor time. The full analysis of the commodity and, in particular, a description of the twofold character of the labor embodied in the commodity, is given in the section on the basic characteristics of capitalist production.

In his review of *A Short Course in the Science of Economics* by A. Bogdanov, Lenin expressed his approval of the order in which the author presented his material, which was "in the form of a description of the successive periods of economic development." Lenin wrote:

"This is just the way political economy ought to be presented. The objection will be raised, I dare say, that thus the author is unavoidably forced to split up one and the same theoretical division (for example, concerning money) among the various periods, and so to lapse into repetition. But this purely formal defect is fully compensated by the basic merits of a historical presentation. And is it actually a defect? The resulting repetitions are very inconsiderable; they are useful to the beginner, because he becomes more thoroughly familiar with the particularly important propositions. The allocation of the different functions of money, for instance, to different periods of economic development, graphically demonstrates to the student that the theoretical analysis of these functions is based not on an abstract speculation but on the exact study of what really took place in the historical development of humanity. His idea of the separate, historically specific modes of social economy becomes more complete."¹⁵

This most important statement of Lenin's must be a guide in the study of political economy as a general-historical science.

In the present circumstances, under the conditions of the great Patriotic War of the Soviet people against the German-fascist invaders, particular importance is acquired by topics devoted to the monopoly stage of capitalism—imperialism. During the World War of 1914-1918 Lenin pointed out that it was impossible correctly to determine the character of that war without an appraisal of the fundamental question—the question of the economic essence of imperialism. For a full and profound understanding of the just and liberating character of the war being waged by the Soviet Union and its allies against Hitlerite Germany it is extremely important to be armed with the Leninist-Stalinist theory of imperialism in general and the Leninist-Stalinist analysis of the savage and predatory nature of German imperialism in particular.

In the course of teaching it is imperative to show the distinguishing peculiarities of the monopoly stage of capitalism, characterize its basic symptoms, indicate its place in history as the eve of the socialist revolution of the proletariat. Due attention must be paid to a consideration of the law, revealed by Lenin and elaborated by Stalin, of the unevenness of the economic and political development of capitalism in the epoch of imperialism, and to the conclusion derived therefrom concerning the possibility of the victory of socialism in one country. One must point out to the students the enormous theoretical and practical significance of the Leninist-Stalinist theory of imperialism, which is the direct continuation of the analysis of the bases of capitalism given by Marx in *Capital*.

Lenin characterized imperialism as capitalism in its monopoly stage, as rotting or parasitic capitalism, as dying capitalism. One must bear in mind that, although capital-

ism is rotting, and this fact manifests itself, for example, in a tendency toward technical stagnation, in the holding back of technical progress by the monopolies, this, as Lenin pointed out, by no means cancels the fact that, as a whole, capitalism develops and grows more rapidly than in the previous epoch. Similarly, one must bear in mind Lenin's statement that imperialism is dying capitalism, but not dead capitalism.

Lenin pointed out that the predominance of monopolies is connected with a tendency to reaction in the political sphere. In the present circumstances the forces of reaction find their most perfect embodiment in Hitlerite Germany. The history of humanity has never before seen such a wild debauch of obscurantism, reaction, hatred for humanity, as distinguishes the bandit Hitlerite imperialism.

Lenin always emphasized that nihilism of any sort in questions of democracy was fundamentally alien to the proletarian revolution. He wrote:

“Socialism without democracy is impossible in a double sense: (1) The proletariat cannot achieve the socialist revolution unless it is prepared for this task by the struggle for democracy; (2) Victorious socialism cannot retain its victory . . . unless it establishes complete democracy.”¹⁶

The working class and all the progressive forces of present-day society are by no means indifferent to the distinction between the system of government in bourgeois-democratic countries, on the one hand, and fascist countries, on the other. The Hitlerite regime embodies blackest reaction, barbarism, and cannibalism. The Hitlerite adventurers are the watchdogs of German plutocracy—the greedy, bloodthirsty, predatory mercenaries of the German Junker-landlords, financiers, bankers, monopolists, and industrialists. To quote Comrade Stalin:

“The Hitlerites are the avowed enemies of socialism, the bitterest reactionaries and blackguards, who have de-

prived the working class and peoples of Europe of their elementary democratic liberties. To cover up their reactionary, blackguard essence, the Hitlerites are branding the Anglo-American internal regime as a plutocratic regime. But in England and the United States there are elementary democratic liberties, there are trade unions of workers and employees, there are labor parties, there is a parliament, whereas the Hitler regime has abolished all these institutions in Germany.

"It is sufficient to compare these two series of facts to understand the reactionary essence of the Hitler regime and the full falseness of the chatter of the German fascists about the Anglo-American plutocratic regime."¹⁷

In the teaching of political economy the section devoted to the *socialist system* requires, of course, the most responsible treatment. According to the principle of historicity, this section also must be divided into two parts, one dealing with the *development toward* the socialist mode of production, and the other with the *basic characteristics* of this mode of production. The first part embraces the transitional period from capitalism to socialism, *i.e.*, to the first phase of communism. Here a description is given of the great economic transformations which were brought about by the Soviet power and which led in the U.S.S.R. to the building of socialism—the first phase of communism. The second part is devoted to a description of the socialist system of national economy, its most important aspects and characteristics.

As set forth in the 1936 Constitution, the economic foundation of the U.S.S.R. lies in "the socialist system of economy and socialist ownership of the means and instruments of production firmly established as a result of the abolition of the capitalist system of economy, the abrogation of private ownership of the means and instruments of production and the abolition of the exploitation of man by man."¹⁸ In comparison with all preceding modes of pro-

duction socialism is the highest stage in the development of society; it possesses decisive advantages over the capitalist mode of production.

Under conditions of peaceful economic construction, the advantages of the Soviet system made it possible for our motherland, in the shortest time in history, to overcome its age-old economic and technical backwardness, achieving tempos of economic development approximately ten times more rapid than the tempos of development in the principal capitalist countries; further, these advantages of socialism over capitalism were made especially clear in the steady rise of the material well being and cultural living standard of the toiling masses.

Under conditions of the great Patriotic War against the German-fascist invaders, the advantages of the Soviet system made it possible for our motherland to resist the onslaught of the brutal enemy, to upset all his calculations, to inflict on the enemy blows of enormous force, and confidently to proceed to the complete destruction of the Hitlerite war machine. The socialist economy of the U.S.S.R. passed all the tests of war with honor; the unbreakable moral-political unity of Soviet society, which grew out of the basic predominance of the socialist mode of production in our country, has brought to ruin all the adventurist hopes of the Hitlerites for a split between workers and peasants, for the appearance of discord and struggle among the nationalities in our country. The Soviet system has saved our motherland at a time of the greatest trials that have ever fallen to her lot.

In the study of the socialist mode of production — both of the process of its developing and of its basic characteristics — it is necessary first of all to make clear the *character of the economic laws of socialism*. The key to the understanding of the character of the economic laws of socialism lies in the rich practical experience of socialist construction, which is summarized and theoretically generalized

in the works of Lenin and Stalin and in the Communist Party decisions.

It is known that enemies of socialism of various brands — bourgeois economist-wreckers, restorers of capitalism from the camp of the Trotskyist-Bukharinist agency of fascism — have tried to extend to socialist economy the laws of capitalist economy. To suit their wrecking, counter-revolutionary purposes they have slanderously perverted the character of the socialist relations that have been introduced among us, falsifying them, repainting them in the colors of capitalist relations.

Suffice it to recall the base theories of the alleged "state capitalist" character of our socialist enterprises, trade, money, banks, etc. Bourgeois restorers of capitalism of all brands sow the poison of unbelief in the victory of socialism, spreading the pitiable fiction that the very same unchanged laws of capitalist economy which prevailed before operate also under the Soviet power, and any attempt to break these laws can only lead to economic convulsions. This enemy position was smashed to pieces by our party under the leadership of Comrade Stalin and was exposed by the whole rich practice of socialist construction, of the great, world historic victories of socialism.

On the question of the character of the economic laws of socialism, substantial mistakes and defects were encountered in the teaching of political economy, in the programs and textbook material. Frequently the very superficial and therefore incorrect notion slipped in that, in so far as the laws peculiar to capitalism were eliminated with its liquidation, therefore in the socialist system of national economy there are no economic laws at all, and there could not be any. Often in the presentation of a course of political economy matters relating to the socialist mode of production were taken up in so-called excursuses appended to the corresponding section of the course, these being extremely superficial and primitive in their composition. In the long run the whole thing came down to

a demonstration that, if under capitalism there existed such and such a condition, such and such a law, such and such a category, then in the Soviet system of economy it is altogether absent, altogether the opposite. For instance, after the chapter on the law of value there would be an excursus showing that under Soviet conditions this law does not apply. Since such excursuses followed *every one* of the laws of capitalism, the students were left with the conviction that under socialism generally speaking there was no place for the operation of any economic laws whatsoever.

This profoundly erroneous approach in essence shut off the possibility of understanding the actual relations of the Soviet system of national economy, because where there are no laws, where there is no development according to laws, there is no place for science. Behind this notion that under socialism there is no place for the operation of economic laws lay the absolutely un-Marxist view that only those laws are to be considered economic laws which manifest themselves outside the will and consciousness of people, which bear the character of spontaneous conformity to law, and act, as Marx once put it, like a house crumbling down on someone's head. This characterization of economic laws is altogether appropriate when one speaks of capitalist laws, but inappropriate when one speaks of economic laws in general. Similar to this approach is the well known backwash of the so-called limited interpretation of political economy, according to which that science is concerned only with the capitalist system.

Actually, it is an elementary Marxist truth that no mode of production can exist and develop without involving the operation of economic laws of one kind or the other. To deny the presence of economic laws under socialism means to slide into the most vulgar voluntarism, which amounts to taking the position that instead of a regular process of the development of production there is arbitrariness, accident, chaos. Naturally such an approach to the matter

means the loss of any criterion for the correctness of this or that line or policy, and the inability to understand what regulates any given phenomenon in our social development.

It is an elementary truth that a society, of no matter what type, develops according to definite laws based on objective necessity. This objective necessity manifests itself in different ways in different types of society. Under capitalism objective necessity operates as a spontaneous economic law, manifesting itself, through innumerable deviations, in catastrophes and cataclysms, in the destruction of productive forces. Under conditions of the socialist mode of production objective necessity operates in a completely different way. It operates as an economic law which is conditioned by all the external and internal circumstances peculiar to that society, by all the historical premises of its development; but this objective necessity is perceived by the people, has come through the consciousness and the will of the people, that is, the builders of socialist society, those who guide and direct the power of that society—the Soviet state—and the Communist Party, which guides the whole activity of the toiling masses.

Thus the economic laws of socialism flow from the real conditions of the material life of socialist society, from all the internal and external circumstances of its development. But these laws are realized not spontaneously, not by their own impulse, but as laws perceived and consciously applied and utilized by the Soviet state in the practice of socialist construction.

Socialist society sets as its task the active alteration of the conditions inherited from the past. It does not take upon itself the obligation of perpetuating those conditions, but, on the contrary, strives to change them, sometimes in a fundamental way, in correspondence with its basic task — the building of socialism and the further movement toward the highest phase of communism. The economic laws of socialism are realized by the organized activities

of the builders of socialist society whose work is directed toward definite, previously established goals and who achieve previously planned results. In this lies the fundamental distinction between the economic laws of socialism and the laws of capitalism.

Having in mind socialist society, Engels wrote in *Anti-Dühring*:

“The conditions of existence forming man’s environment, which up to now have dominated man, at this point pass under the dominion and control of man, who now for the first time becomes the real conscious master of Nature, because and in so far as he has become master of his own social organization. The laws of his own social activity, which have hitherto confronted him as external, dominating laws of Nature, will then be applied by man with complete understanding, and hence will be dominated by man. Men’s own social organization which has hitherto stood in opposition to them as if arbitrarily decreed by Nature and history, will then become the voluntary act of men themselves. The objective, external forces which have hitherto dominated history will then pass under the control of men themselves. It is only from this point that men, with full consciousness, will fashion their own history; it is only from this point that the social causes set in motion by men will have, predominantly and in constantly increasing measure, the effects willed by men. It is humanity’s leap from the realm of necessity into the realm of freedom.”¹⁹

The question of the character of the economic laws of socialism is of course bound up with the question of *the economic role of the Soviet state*. Our state plays in the whole life of society, and consequently in its economic life, a substantially different role from any other state. Some superficial observers, for instance many foreign journalists and economists, try to reduce this whole difference to a merely quantitative distinction, that is, the Soviet state, so

they say, "interferes more" in economic life than do the other modern states. Certainly this by no means exhausts the matter. We refer to the fundamental qualitative difference, the fact that under socialism the state plays a role that is in principle different from all preceding modes of production.

As is known, under capitalism the state often undertakes quite considerable interference in economic life. If one wants to cite a historical example, it is enough to recall the role of state power in the processes of primary accumulation. Having in mind government measures of that epoch, Marx wrote that "force is the midwife of every old society pregnant with a new one."²⁰ Were one to speak of the contemporary scene, one need only recall the measures of various kinds enacted by all the warring states directed toward harnessing economics for purposes of conducting the war.

Thus it would be foolish and absurd to deny that under capitalism also the state can and actually does play a role of no small importance in economic life. But this role is restricted by the limiting factor that the whole economy is an area of private property, that the economy as a whole is based on private ownership by capitalists of the means of production. The state can interfere and actually does interfere in the activities of the capitalists, this interference sometimes takes on a serious character and is exercised in the interests of certain groups of private owners to the detriment of other groups, but the character of this interference is such that the general foundation — the predominance of private property — remains in full force.

Under conditions of socialism the economic role, significance, and function of the state are in principle of a different character. The means of production are in the hands of society as a whole, they are socialist property, and the decisive mass of means of production is a nationwide possession, *i.e.*, it belongs to the Soviet state. By virtue of

this fact, the socialist state fulfills many functions and performs many tasks which are in their very nature alien to any other state.

The Soviet state is a tremendous economic force. It performs an enormous economic-organizational job that embraces all sides of the development of society. The planned conduct of the national economy, the realization of a nationwide accounting and control over the measure of work and the measure of consumption, the securing of the economic needs of the country's defense, the protection of social property — a list of only the most important functions gives one a notion of the volume and significance of the work carried on by the Soviet state in a socialist system of national economy.

If this work is colossal in conditions of peaceful economic construction, so is it also in conditions of war. Such enormous undertakings as moving the centers of industry to the East, the evacuation of many hundreds of enterprises to the eastern districts, the creation there of a large number of new enterprises, the securing for them of a raw material base, of labor power, of cadres — all this would have been completely unrealizable under conditions of private property in the means of production. Only the advantages of the Soviet system enabled the successful execution of tasks of this size and significance. The Soviet system is the most progressive, the most advanced system. The study of the political economy of socialism ought to strengthen the students' feeling of Soviet patriotism, boundless love for the Soviet fatherland, and readiness to defend it at the price of their own blood, and even of life itself.

An understanding of the actual nature and character of the economic laws of socialism should permeate the teaching of the political economy of socialism as a whole, both the subsection on the development toward the socialist

mode of production and that on the basic characteristics of socialism.

In the study of the development toward the socialist system it must be borne in mind that both of the gigantic transformations that guaranteed the victory of socialism in the U.S.S.R. — the industrialization of the country and the collectivization of agriculture — are *laws of the socialist development of our society*. After the victory of Soviet power in our country the Soviet people were confronted with the task of shifting the U.S.S.R. from that of an agrarian country, with a weakly developed industry and a weak technical base, to that of an industrial country, technically and economically on a high level of development. The question confronting the Soviet people was not one that permitted of one or the other solution; only one solution was permissible: it was necessary to bring about—and that at high speed—the socialist industrialization of the U.S.S.R.

Without the industrialization of the country having been achieved, socialism could not have been victorious in the U.S.S.R.; our motherland would have been destined to lose her state independence and fall prey to foreign invaders. The course of the war against Hitlerite Germany has very graphically demonstrated that our motherland could not have withstood an enemy armed to the teeth if the Stalinist program of socialist industrialization had not been carried out, a program which secured the highly developed industrial base for supplying an army with modern military technique in the proportions demanded by present-day conditions of war.

Thus, socialist industrialization was a law of the socialist development of our society. This economic necessity was grasped in good time by the Communist Party and by the working class, and was adopted by the Soviet state. It formed the basis of the general line of the party and of the Soviet power in the sphere of socialist construction.

It was exactly the same problem with the collectivization

of agriculture. Comrade Stalin pointed out that Soviet power could not rest for a long period of time on two different foundations: large-scale machine industry, on the one hand, and a small, scattered peasant economy, on the other. One had to bring about an enormous revolutionary upheaval and transfer the many millions of peasants to a large-scale, collective farm economy, based on social property and collective labor and a wide application of science and technique to agriculture.

The victory of collectivization and the liquidation of the kulaks as a class signified the triumph of socialism in the countryside, the elimination of the sources of the exploitation of man by man. Under conditions of the Patriotic War the huge advantages of the collective farm system guaranteed the solution of the provisioning problem in the exceptionally difficult situation that arose when the enemy succeeded in temporarily occupying several of the country's important agricultural regions.

Thus, the collectivization of agriculture was a law of development of our society.

Such is the case with the economic laws which we study in connection with the preparation for the socialist system. They are economic laws of socialism; in their character, content, mode of behavior they are radically different from the economic laws of capitalism. Of a similar nature are the laws we deal with in studying the basic characteristics of the socialist mode of production.

As is known, socialist society cannot develop without the *planned operation of national economy*; socialism and the plan are inseparable, the plan lies at the basis of our economic development. Socialism is unthinkable without a plan. Planned operation of the economy is the absolute economic requirement for a socialist society.

Under capitalism it is impossible to bring about the planned operation of national economy, because capitalism is based on private property in the means of production. Private property creates competition. It disconnects and

scatters the individual parts of a country's economic organism, which parts are in close economic interdependence although they constitute separate and independent units. In a capitalist economy the dominant features are spontaneity, anarchy of production, the blind laws of the market, which dictate to the individual capitalists and enterprises this or the other action only through price fluctuations, changes in the market situation, etc.

An entirely different picture is presented by the socialist system of national economy. Social ownership of the means of production unites the entire national economy into one whole. In these conditions the national economy of the country cannot develop otherwise than according to plan; the socialist economy cannot exist and develop otherwise than on the basis of a plan that embraces the entire national economy as a whole. The planned character of socialist economy flows from the socialization of the means of production. A national economic plan is for a socialist society a necessity of the same sort as the satisfaction of most urgent needs is for people.

Thus, for socialism the planned operation of national economy is not a question of desire or choice, but is an objective economic necessity.

Distribution according to work can serve as another example. Under socialism the guiding principle of social life is: from each according to his ability to each according to his work. In a socialist society there is no exploitation; the predominant feature is social ownership of the means of production. It is a society at a certain level of development of productive forces, a level high enough to make it possible to control the productive forces of society as a whole, to take them in hand, and to eliminate exploitation, but inadequate for the achievement of that high productivity of labor, that abundance of products which is required for the realization of the principle of distribution according to needs, for the full satisfaction of all the needs of the people.

Here is the question: How should distribution be organized in the given objective conditions of an existing socialist society? There can be only one answer to this question: distribution should be based on the principle of labor — the products should be distributed among the members of society in accordance with the quantity and quality of the labor expended by each member. If any other principle of distribution were adopted, the society could not carry on a normal existence and development, be it distribution on the basis of leveling, or according to needs, or any other principle.

Thus, distribution according to work is an objective necessity for socialist society.

The examination of these examples has confirmed the conclusion that socialist society lives and develops according to definite economic laws. These economic laws are based on the objective economic necessity which is dictated by the totality of the conditions of the life of the society.

Under socialism what is the situation in respect to the laws and categories that operate under preceding modes of production? In former teaching practice the programs and textbooks often contained the altogether incorrect notion that, starting with the very first day of the socialist revolution, all the laws and categories of capitalist economics lost their force and ceased operating. Obviously, the matter is far more complex than this.

In particular, there took root in our teaching practice and textbook literature the false idea that in socialist economics there is no place for *the law of value*. This idea is in plain contradiction to numerous statements in the classics of Marxism and to the whole experience of socialist construction. It is well known that the law of value began to operate long before the rise of capitalism: Engels gives the "age" of this law as from five to seven thousand years.²¹ Since the elimination of capitalism the socialist society, in the guise of its state, has taken over the law of value, and

consciously uses its mechanism (money, trade, prices, etc.) in the interests of socialism, for the purposes of the planned guidance of the national economy.

The idea that under socialism the law of value plays no part of any kind is in its essence contradictory to the whole spirit of Marxist-Leninist political economy. A series of generally familiar passages from Marx and Engels shows that they realized that the matter was far more complex. The idea that the law of value is automatically, mechanically eliminated, that it disappears immediately after the transition from capitalism to socialism, was alien to the founders of Marxism.

In the *Critique of the Gotha Programme*, with reference to socialism, the first phase of communist society, Marx wrote:

“What we have to deal with here is a communist society, not as it has *developed* on its own foundation, but, on the contrary, as it *emerges* from capitalist society; which is thus in every respect, economically, morally, and intellectually still stamped with the birthmarks of the old society from whose womb it emerges. Accordingly the individual producer receives back from society — after the deductions have been made — exactly what he gives to it. What he has given to it is his individual amount of labor. For example, the social working day consists of the sum of the individual labor hours; the individual labor time of the individual producer is the part of the social labor day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labor (after deducting his labor for the common fund), and with this certificate he draws from the social stock of means of consumption as much as the same amount of labor costs. The same amount of labor which he has given to society in one form, he receives back in another.

“Here obviously the same principle prevails as that

which regulates the exchange of commodities, as far as this is exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labor, and because, on the other hand, nothing can pass into the ownership of individuals except individual means of consumption. But, as far as the distribution of the latter among the individual producers is concerned, the same principle prevails as in the exchange of commodity-equivalents, so much labor in one form is exchanged for an equal amount of labor in another form.”²²

In the third volume of *Capital* we read:

“Storch expresses the opinion of many others, when he says: ‘The salable products, which make up the national revenue, must be considered in political economy in two ways. They must be considered in their relations to individuals as values and in their relations to the nation as goods. For the revenue of a nation is not appreciated like that of an individual, by its value, but by its utility or by the wants which it can satisfy.’

“In the first place, it is a false abstraction to regard a nation, whose mode of production is based upon value and otherwise capitalistically organized, as an aggregate body working merely for the satisfaction of the national wants.

“In the second place, after the abolition of the capitalist mode of production, but with social production still in vogue, the determination of value continues to prevail in such a way that the regulation of the labor time and the distribution of the social labor among the various groups of production, also the keeping of accounts in connection with this, become more essential than ever.”²³

It would be an absurd, scholastic approach to the matter to suppose that Marx and Engels could foresee and predict the concrete, practical ways of utilizing the law of

value in the interests of socialism. These methods have been worked out by the very rich practical experience of socialist construction in the U.S.S.R.; they have been brilliantly generalized by Comrade Stalin, who has shown how the Soviet state can enlist in the service of socialism such instrumentalities of capitalist economy as money, trade, banks, etc. Comrade Stalin's statements concerning the fate of the economic categories of capitalism in the conditions of socialist society constitute the theoretical generalization of the tremendous experience of socialist construction in the U.S.S.R. and are proof in themselves of a new stage in the development of Marxist-Leninist economic science. These statements are among the most important foundations of the political economy of socialism established by Comrade Stalin.

In these statements Comrade Stalin has provided an extraordinary amount of new material of a kind that theretofore not only Marx, but even Lenin could not have foreseen, of a kind that could be arrived at only on the basis of generalization from the very rich experience of socialist construction in our country.

The former erroneous interpretation of the question of the law of value under socialism closed the path to a correct understanding of the problems with which we are very sharply confronted not only as theoretical questions but practical questions relating to our economic policy. Under socialism the guiding principle of social life is distribution according to work, distribution that depends on the quantity and quality of work done. This means that labor remains the standard in economic life. Hence it naturally follows that the law of value is not abolished under socialism, but exists, although it operates under different conditions, in different surroundings, and its operation is very substantially changed from what it was under capitalism.

The guiding principle of social life under socialism is: from each according to his ability, to each according to his

work. This requires that every worker participating in socialist production be rewarded in strict correspondence with the quantity and quality of the labor he has expended in behalf of the society as a whole. Socialism cannot exist without what Lenin called nationwide accounting and control of the measure of labor and the measure of consumption. But how does the Soviet state bring about the strictest accounting and control of the measure of labor and the measure of consumption of every member of society?

At first glance it might be suggested that the simplest course is to keep account of the labor by hours or days, by what Marx calls the natural measure of labor — that is, labor time, an hour's labor, a day's labor, etc. But labor of the citizens of a socialist society is not identical in quality. In this respect it is distinguished by a number of essential peculiarities from the labor of members of a communist society. The peculiarities of labor under socialism emerge from the following circumstances:

Already under socialism the basic contradictions between town and country have been undermined, the fundamental difference between the working class and the peasantry has been eliminated; but, even so, differences between town and country, between industry and agriculture, between workers and peasants, still continue to exist. These differences are found also in the payment of labor, since the worker and employee receive regularly fixed wages and salaries (in a majority of cases, piece wages), whereas the collective farmer is paid according to the workday, and, furthermore, he receives part of his payment in kind; besides this, the collective farmer has a subsidiary establishment of his own.

Further, under socialism the deepest roots of the age-old contradiction between intellectual and physical labor are undermined; but there still exists a difference between physical and intellectual labor. The labor of one category of workers requires more training, of another category, less

training. In other words, there are differences between skilled and unskilled, and among the various degrees of skilled labor. One type of labor is technically better equipped, another less equipped: the level of the mechanization of labor and of the electrification of production in different branches of production is not the same.

All this means that an hour (or day) of labor performed by one worker is not equal to an hour (or day) of labor by another worker. Consequently, in a socialist society, accounting of the measure of labor and the measure of consumption is possible only on the basis of utilization of the law of value. Accounting of the various types of labor and their comparison are effected, not directly by the "natural measure of labor" (labor time) but indirectly by the accounting and comparison of the products of labor — the commodities. The labor of the members of a socialist society creates commodities. The products of labor in a socialist economy are, on the one hand, use values, *i.e.*, objects of material wealth required for the satisfaction of one or another of the needs of society. On the other hand, the products of socialist labor have value. Hence flows the utilization of such instrumentalities as trade, money, etc., as tools of a planned, socialist economy. The products of socialist production pass on to the consumers through the channels of trade, *i.e.*, with the aid of money. Payment for the labor of workers and employees is made in money. The workdays of the collective farmers are in some part also paid for in money. Furthermore, the collective farmers realize money from the sale of part of the product which they receive as payment in kind for their workdays, or from their subsidiary farming. With their money income the toilers buy commodities.

The errors in our former teaching, when the operation of the law of value in socialist society was denied, put insurmountable difficulties in the way of explaining such categories as money, banks, credit, etc., under socialism. An understanding of the role and significance of the law

of value under socialism makes it possible to elucidate all these questions correctly, in strictly logical sequence, starting out from the fact that the law of value does operate under socialism, but taking into consideration all the essential peculiarities which are bound up with its operation under socialism.

In the planned, socialist economy of the U.S.S.R. commodities are subject to purchase and sale and they have prices, which are the monetary expression of their value. And right here arises the possibility of quantitative deviation of the price of a commodity from its value. The main mass of the commodities offered for sale belong to the state and its organs and to the co-operatives. To this group belong the whole output of enterprises of a consistently socialist type and, from the socialized part of collective farms and industrial artels (also from the personal subsidiary establishments of the collective farmers, the individual peasant households, and the handicraft workers outside the co-operatives), that part of the production which arrives at the disposal of the state and the co-operatives, by way of compulsory deliveries, payments in kind, purchases, etc. All this mass of commodities is sold at prices fixed by the state. However, some commodities are sold on an unorganized market by individual citizens. To this group belong the output of the subsidiary establishments of the individual collective farmers, the output of the individual peasants and handicraft workers, and also that share of the socialized part of the collective farm output which is distributed in kind according to workdays and then sold by the collective farmers on the market. As is known, these commodities are sold at prices that are formed on the market. Thus, in the Soviet economy there are as a matter of fact two markets and two kinds of prices.

Utilizing the law of value, the Soviet state sets as its goal the fixing of the prices on commodities, starting with the socially necessary expenses incurred in their production. In the fixing of prices two tasks are taken into con-

sideration: that of socialist accumulation and that of the raising of the material well-being and cultural level of the toiling masses. The point of departure in the fixing of prices is provided by the social costs of production. These include the sum total of the costs of production of the commodity, *i.e.*, the total value of the commodities produced in socialist enterprises. In the fixing of commodity prices there is some deviation from their value in correspondence with whatever tasks are confronting the Soviet state; the prices set also depend on the quantity of commodities of definite types that can be offered for sale in the case of a given volume of production and social demand.

Between the organized market, which is in the hands of the Soviet state, and the free market element a struggle goes on. In order to gain possession of the market in its entirety, in order to have the determination of market prices completely in its power, the Soviet state must have at its disposal huge masses of commodities, huge reserves of all types of commodities.

The fact that a commodity produced in a socialist society is a use value on the one hand and a value on the other is of fundamental significance in a planned, socialist economy.

The national economic plan of the state provides that each enterprise shall produce a specific product, *i.e.*, that it shall produce specific use values. At the same time fulfillment of the plan presupposes a definite level of expenditure of labor and materials of production, *i.e.*, in other words, a definite value of output. The plan specifies the production program of an enterprise in both physical and value units, since it is concerned as much with the use values of the commodities as with their values.

In Soviet society the variety of goods and their quality are matters of concern to the state and are subject to strict control by the state. This is how it stands with the use values of commodities that are products of socialist pro-

duction. Of no less significance in a planned, socialist economy is the value of commodities.

Cost accounting, based on conscious utilization of the law of value, is the indispensable method for the planned direction of the national economy under socialism.

Socialist management is based on the precise measurement and balancing of the expenditures in labor and materials on the one hand against the results of production on the other. This kind of balancing takes place in every socialist enterprise. But the comparison of the expenditures of an enterprise over a certain period of time with the whole mass produced during this production period presupposes the reduction of both expenses and products to a single denominator. There is such a common denominator: the value of commodities. In cost accounting the basic feature is the fact that the expenditures and products of production are carried on the books in their value expressions, *i.e.*, they are expressed as definite sums of money.

In a socialist society the value of a commodity is determined, not by the individual expenditures of the labor that is actually put into the commodity's production but by the quantity of labor that is socially necessary for its production and reproduction. Strict cost accounting makes it possible to uncover and root out unnecessary, unproductive expenses and losses of every kind and extravagance of all varieties, and to reduce to a minimum the individual costs of production in any given enterprise.

In a socialist society the product of labor is a commodity; it has use value and value. This means that labor in a socialist society has two aspects: on the one hand it is concrete labor, producing use value, on the other hand it is abstract labor, a definite portion of the aggregate of labor expended on social production.

But this twofold character of labor is no longer bound up with the contradiction between individual and social labor that characterizes commodity production based on

private property. The labor of individual workers engaged in socialist enterprises bears a directly social character. Every useful expenditure of labor is directly, and not in a roundabout way, a part of social labor, since social labor is organized, according to a plan, on a scale embracing the whole national economy. Therefore we have here overcome that special attribute of commodity production: that labor expended on the production of useful objects may turn out to be unneeded by society; that it may not find social recognition, that a commodity that has been produced will not be sold. On the basis of the predominance of private ownership the producers of commodities receive in the exchange process full compensation for their labor only on the average, amid countless fluctuations and disturbances, and under capitalism the producer's right of property in the product of his own labor has been replaced, through the action of the laws of capitalist production, by the right of the capitalist to appropriate the product of another man's unpaid labor. In socialist society every expenditure of labor that is useful to society is rewarded by society.

As a product of socialist production, the commodity no longer embodies in itself those contradictions that are inseparable from it as a product of petty-commodity or capitalist production: the contradictions between use value and value and between individual and social labor. It follows that the commodity is no longer the bearer of those contradictions which in their further development inevitably lead to the rise of capitalist exploitation, to crises, etc.

Thus we see that there is no basis whatever for thinking that the law of value has been liquidated in the socialist system of national economy. On the contrary, it operates under socialism, but its operation has undergone a transformation. Under capitalism the law of value functions as the spontaneous law of the market, inevitably bound up with the destruction of productive forces, with crises

and anarchy of production. Under socialism it functions as a law that is consciously applied by the Soviet state in conditions of the planned operation of the national economy, in conditions of the crisisless development of the economy. The transformation in the operation of the law of value in a planned, socialist economy is revealed primarily in the fact that the law of value no longer directs in a spontaneous fashion the distribution of social labor and means of production among the different branches, *i.e.*, to the production of different use values. In a socialist society the assignment of funds and labor power to individual branches of production is effected in a planned way, according to the basic tasks of socialist construction. The proportions and co-relationships which prevail in the development of the individual branches of the national economy in the socialist system are radically different from the proportions and co-relationships that would have been established by the spontaneous forces of the market in capitalist conditions.

Further, the law of value under capitalism operates through the law of the average rate of profit, whereas in the socialist system of national economy the law of the average rate of profit has lost its significance. The law of the average rate of profit under capitalism so operates that an enterprise yielding a profit below the average is doomed to ruin and is finally liquidated. Capitalists with their capitals rush into those branches of production where profit is high.

In socialist society the overwhelming mass of enterprises are national possessions, *i.e.*, they belong to a single owner, the Soviet state. Thanks to this, the Soviet state is able to carry on production from the standpoint of the basic interests of socialism, without bowing to the law that one cannot develop a line of production which during the initial stages of operation yields a loss or does not yield a profit.

For a long time our metallurgical plants operated at a

loss. The first profit came in 1935 from the Kirov plant in Makeyevka. Still later the Magnitogorsk and Kuznetsk combines yielded a profit. For the initial period metallurgy lived on the state budget. If our country had been under the bourgeois system instead of the Soviet system, it would have been left without the backbone of heavy industry. And this would have meant that the moment war broke out our country would have been easy prey for the enemy. As is known, in tsarist Russia metallurgy developed with some support from the tsarist government. But in spite of all this support, metallurgy remained a weak link in the national economy. We have smashed the law of capitalism—the law of the average rate of profit. After eliminating capitalist profit and abolishing private ownership of the means of production, the Soviet state created a powerful industrial base, without which our motherland would have been militarily disarmed in the face of the enemy.

This difference in the law of value under socialism is of enormous significance, not only theoretical but also practical.

The law of value will be overcome only in the highest phase of communism, when the productivity of labor will have developed to such a degree and society will have at its disposal such an abundance of goods that the distribution of goods according to need will become possible.

Thus we see that in a socialist economy the law of value is no longer a spontaneous force directing social production, because social production is developed according to a plan. Further, in view of the predominance of social ownership of the means of production in a socialist society labor power, land, and the principal tools of production (the equipment of the factories, plants, Machine and Tractor Stations, state farms, etc.) are no longer commodities. In the U.S.S.R. land has a money valuation, but it is not subject to purchase and sale. All the other tools of production have value, expressed in their money valuations,

but they are not subject to free purchase and sale but pass on from producers'-goods enterprises to consumers'-goods enterprises according to the procedure laid down by the Soviet laws and the national-economic plans. Where private ownership of the means of production prevails the functioning of the law of value inevitably leads to the rise and development of capitalist exploitation; in a socialist society the rise of exploitation is prevented by the prevalence of social ownership of the means of production.

Formerly in the teaching of political economy there was confusion on the question of *the surplus product under conditions of socialism*. Teachers often presented the matter as though under socialism there were no surplus product. Certainly this is altogether false.

In the first volume of *Capital* Marx writes the following:

“Only by suppressing the capitalist form of production could the length of the working-day be reduced to the necessary labor-time. But, even in that case, the latter would extend its limits. On the one hand, because the notion of ‘means of subsistence’ would considerably expand, and the laborer would lay claim to an altogether different standard of life. On the other hand, because a part of what is now surplus-labor would then count as necessary labor; I mean the labor of forming a fund for reserve and accumulation.”²⁴

It is interesting to note that the French edition of *Capital* has the following version of the last phrase:

“Furthermore, it should not be forgotten that a part of what is now surplus labor, namely, the part that is expended in forming a fund for reserves and accumulation, would then be considered necessary labor, and that the present size of the necessary labor is confined to the cost of maintaining the class of hired workers whose lot it is to produce the wealth of their masters.”

Here Marx's thought is clear. It is that after the elimination of the exploitation of man by man, surplus labor will be just as necessary to society as necessary labor; there will still be a need for surplus labor directed toward the satisfaction of such urgent social wants as the formation of a social reserve fund and a fund for accumulation, which to Marx represented those requirements of society as a whole whose significance under the socialist system not only does not decrease but even grows greater.

Further, in the third volume of *Capital* Marx says outright that the need for surplus labor and the surplus product will remain after the transition to socialism.²⁵ Finally, his most detailed development of this question comes in the *Critique of the Gotha Programme*.

In exposing the reactionary-utopian views of the Lassalleans, Marx takes up in detail the slogan of "the undiminished proceeds of labor"—the Lassallean version of the petty bourgeois-utopian demand for the "right to the full proceeds of labor." Marx reveals the absurdity and incorrectness of this demand. He shows what the total social product consists of and how it is distributed. Before coming to the question of the share of the individual, one must deduct from the general mass of the total social product:

"First, cover for replacement of the means of production used up.

"Secondly, additional portion for expansion of production.

"Thirdly, reserve or insurance fund to provide against misadventures, disturbances through natural events, etc."²⁶

After all these deductions there will remain, in Marx's words, the other part of the total product, destined to serve as objects of consumption. But from this part also, before it is distributed to individuals, a series of deductions must be made:

"First, the general costs of administration not belonging to production.

"This part will, from the outset, be very considerably restricted in comparison with present-day society and it diminishes in proportion as the new society develops.

"Secondly, that which is destined for the communal satisfaction of needs, such as schools, health services, etc.

"From the outset this part is considerably increased in comparison with present-day society and it increases in proportion as the new society develops.

"Thirdly, funds for those unable to work, etc., in short, what is included under so-called official poor relief today."²⁷

It is easy to see that all these deductions from the total social product, foreseen already by Marx, can be covered only from the surplus labor of the members of a socialist society (with the exception of the deduction for replacement of consumed means of production).

And in reality, surplus labor (in the sense of labor beyond what is required for the immediate satisfaction of the personal wants of the toilers) must always exist in any social order. In our country socialism has abolished the exploitation of man by man, it has eliminated the appropriation of surplus labor, of surplus product, and of surplus value by parasitic and exploiting classes. Socialism in the U.S.S.R. has put an end to the parasitic consumption of the leisure classes, which meant the plundering of the fruits of the surplus labor of the workers and peasants. But besides this socialist society is confronted with tremendous tasks whose accomplishment is unthinkable without the expenditure of surplus labor by every worker, peasant, and intellectual in the Soviet Union.

Under socialism a certain part of the product of social labor must regularly be converted to the purposes of accumulation. This is an essential condition of expanded reproduction, which is dictated both by the necessity of satisfying the steadily increasing wants of the toiling masses and by the natural growth of the population. The

gigantic construction that has taken place in the U.S.S.R. is accounted for by the accumulation of a certain part of the annual total social product, *i.e.*, by a certain part of the annual surplus product of society.

Further, a definite part of the surplus product goes to cover the current needs of society as a whole. One need only recall how important to our motherland have been the expenditures on strengthening the military might of the U.S.S.R. It was the wise and farseeing policy of the Soviet power in providing the Red Army with the equipment required by modern military technique and in creating in our country a powerful defense industry, serving as a smithy for this technique, which has saved our motherland in the years of her greatest trials. A definite part of surplus labor goes to substantiate such rights of the citizens of the U.S.S.R. as the right to education (maintenance of schools, universities, libraries, etc.), the right to rest (sanatoria, rest homes, etc.), the right to security in sickness and old age (hospitals, pharmacies, pensions, etc.).

From all this it follows that under socialism the toilers must produce by their labor a certain surplus (over and above what they receive for their own personal use), in order to satisfy the wants of society as a whole, *i.e.*, a surplus product. The working class, as the leading force in society, has the responsibility of looking after the satisfaction of society's wants. Therefore, under the socialist system also, the toilers must work more than is required for the satisfaction of their immediate personal needs. This has become especially clear in the present war, when victory over the enemy is being forged by the self-denying labor, in aid of the Red Army, of scores of Soviet patriots in the rear.

Thus, in a socialist society the surplus product is put at the disposal of society as a whole, for the satisfaction of all society's needs and wants. In a socialist society, Lenin remarked, "*the surplus product goes, not to a class of owners, but to all the toilers, and to them only.*"²⁸

REFERENCE NOTES

Translator's note: Wherever possible, references are made to English editions of the works cited by the Soviet author. Additional sources, not cited by the Soviet author, are given in square brackets.

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11. [See Frederick Engels, *The Origin of the Family, Private Property and the State* (International Pub., New York, 1942), p. 5.]
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