

PART TWO: POLITICS AND ECONOMICS

"The peculiarity of the present epoch, the epoch of the dictatorship of the proletariat, one of its major peculiarities, from the viewpoint of the organizational form, consists precisely in the fact that economics merges with politics and that state power, formerly exclusively a political organ, now becomes a most important economic organ.... There are some things which are all so all-obligatory that they are useful to every class."

Bukharin: Report to the 9th Congress, R.C.P.

Part One of this article was concerned primarily with a factual and objective analysis of the evolution of Russian economy from 1928 to 1941. Part Two has a broader and more fundamental purpose -- to analyze the nature of contemporary Russian economy in the light of basic Marxist principles. The facts in Part One are necessary to elucidate and prove my conclusions but here I shall not confine myself to that period (1928-1941). It is necessary to turn the pages of history further back.

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A: THE WORKERS STATE

October raised the question of the proletarian dictatorship from an abstract plane to concrete reality. October was the first historic instance when the workers not only gained power but held it. In retaining power, the Russian workers furnished the greatest living laboratory of the working mechanism of the proletarian state. Many a great revolutionist who could discuss profoundly the theoretic aspects of the Marxian concept of the proletarian dictatorship failed to grasp the practical implications of that dictatorship.

In the existing workers state we had what Lenin called "the reality of transition". The dictatorship was not something static, composed of constant

and inflexible rules. There are constant reciprocal influences and adjustments between the masses and the state, between the trade unions and the masses. The trade unions in the workers state had to be examined "from the point of view of the transition from capitalism to Communism." "It is impossible to effect the dictatorship", Lenin told the Communist fraction of the Eighth Soviet Congress, "without having a number of 'transmission belts' from the vanguard to the masses of the advanced class, and from the latter to the masses of the toilers ... the Party, so to speak, absorbs into itself the vanguard of the proletariat and this vanguard effects the dictatorship of the proletariat. Without a foundation like the trade unions the dictatorship cannot be effected... Thus we get, as it were a system of cogwheels. And such is the mechanism of the very foundation of the dictatorship of the proletariat, of the very essence of the transition from capitalism to communism." That was Lenin's position in the trade union dispute of 1920-21, which was a test for revolutionists regarding the role of the non-Party masses in their own state. And was the position of the other disputants in the trade union controversy?*

*I shall consider only the views of Lenin, on one side, and Trotsky-Bulharin on the other. Neither the position of Bulharin when he occupied the role of buffer between Lenin and Trotsky, nor the position of Shlyapnikov of the Workers Opposition group; neither the position of the Democratic Centralists nor of Riazanov are pertinent to our present disagreements.

1. The trade union dispute as it occurred

The trade union dispute of 1920-21 related, in part, to the functioning of the Cectran -- the merger of the Central Committees of the Railway and Water Transport Workers Unions -- which was established in order to facilitate the restoration of railroad transportation. Com. Trotsky was charged with the responsibility of putting the completely ruined railroad system into functioning order. Extraordinary measures were adopted to execute the plan. The reader will recall that for the year 1922 the Statistical Abstract of the U. S. S. R. revealed the disintegration of the entire economy, with the exception of electricity and railroads. The railroads, in particular, showed a phenomenal growth, from 59 th. km. in 1915 to 71 thousand in 1922. This was made possible through the efficient work of the Cectran. However, the Communist fraction of the Water Workers Union accused the Cectran of handling the job bureaucratically and of unnecessarily disregarding normal democratic methods of trade union work. Trotsky countered their arguments by asserting that it was high time to throw overboard the trade unionist point of view and adopt "the production" point of view. He emphasized the necessity of creating "a production atmosphere" and carrying on "production propaganda". Lenin, on the other hand, stressed the fact that the masses might very well say: "Yes, the ordinary man and file, the masses, say that we must renovate, we must correct, we must cancel the bureaucrats, but you pitch us a yarn about engaging in production, disorganizing democracy in the success of production. I do not want to engage in production in conjunction with such a bureaucratic board of directors, chief commission, but with another kind." (28)

The more important aspect of the trade union dispute dealt with the role of the trade unions in a workers state. Trotsky held that the trade unions

(28) Three of Lenin's articles on the trade union dispute can be found in Selected Works, Volume IX. If I quote from any other source I will indicate it.

had a very limited part to play in a workers state -- to put up its candidates for economic posts and to carry on production propaganda. "No further perspectives are open to it," read the first draft of Trotsky's thesis (33), "Parallelism of economic errors and the trade unions cannot be tolerated except as a temporary phenomenon and not as a principle of a workers state."

Lenin attacked Trotsky's thesis: "Com. Trotsky, I am convinced, committed a number of errors that are connected with the very essence of the question of the dictatorship of the proletariat." Further in his speech on December 30, 1920, Lenin cautioned, "Not altogether a workers state; that is the whole point. This is where com. Trotsky makes one of his fundamental mistakes."

Trotsky defended his point of view before the plenum of the Central held on December 7, 1920: "We have entered a new epoch....Therefore we say to the working masses: test us but assimilate new criteria. Previously you had need of leaders who could be good defenders of your interests during times of strikes. Now you have need of propagandists, builders, organizers, i.e. they should raise the productivity of labor." These ideas he repeated in his thesis as it was finally worked out: (34) "The task of an organization of labor in a workers state can have only a production basis and aim... By themselves the methods of democracy within the trade unions without changing the situation and the role of the trade unions in a workers state does not resolve the question and does not point the way out of the crisis... Our platform is one of production contrasted to one

(33) The Trade Unions and their Future Role, incl. in the book "The Party and the Trade Unions", edited by Sinoviev, which includes the theses of all major disputants on the subject. (Russian)

(34) The Role and Basis of the Trade Unions, emphasis in original. Included in book, note 33. Also in Appendix No. 10 to the Minutes of the 10th Congress, (Russian).

of trade unionism. Workers' democracy means no dictatorship. It means only revolutionary expediency. " And revolutionary expediency, Trotsky concluded, demanded the statification of the trade unions.

Lenin, on his side, continued to elaborate his viewpoint that the Soviet Union was "not altogether a workers' state". In his article on The Trade Unions, the Present Situation and the Mistake of Com. Trotsky, Lenin reasoned thus:

"We are confronted with reality, which we know very well — that is, if we do not allow ourselves to become intoxicated, to be carried away by intellectual talk or abstract arguments, or by what sometimes seems to be 'theory' but what in fact is a mistake, a miscalculation of the specific features of the transition. Our present state is such that the entirely organized proletariat must protect itself and we must utilize these workers' organizations for the purpose of protecting the workers from their own state and in order that the workers may protect our state." In his article, The Party Crisis, Lenin very precisely defined the existing workers state: "A workers state is an abstraction. Actually we have a workers state; with this peculiarity, firstly, that it is not the working class population that predominates in the country, but the peasant population; and secondly it is a workers state with bureaucratic distortions." It was therefore imperative, Lenin emphasized, that the proletariat be able to protect itself from its own state.

"Trotsky and Bukharin make it appear," Lenin wrote in his ~~xxxxxxxx~~ ~~xxxxxxxx~~ article ("Once Again on the Trade Unions, etc.") "that they are concerned about increasing production whereas we are only concerned about formal democracy. This presentation is wrong because the only way the matter stands (and it is the only way the matter can stand from the Marxist point of view) is that without a proper political approach the given class cannot maintain its rule and consequently cannot solve its own production problems." (emphasis in original)

And what was "the proper political approach"? All of Lenin's writings and markedly so after the conquest of power by the proletariat, reiterate one motif: the conscious participation of the masses is quintessential in directing the state and in managing economy if the workers state was to be transitional to socialism. The direction of the state and the management of industry, Lenin

stressed time and again, had to be accomplished by the masses "to a man, without bureaucrats, without the bourgeoisie, without capitalists." (55) The workers had to learn by their own experience "the direction of the state and management of industry. Only in this lies the unmistakable guaranty that the business of socialism will conquer fully, excluding every possibility of a return backwards." "Socialism can be formed and consolidated only when the workingclass will learn to rule, when the authority of the working masses will become strengthened. Without this, socialism is only a wish."

These ideas he restated once again in the debate on the trade unions.

"Why cannot we achieve the team work of which we stand so much in need?" he asked on December 30, 1920 "Because our differences on the question of the method of approach to be adopted towards the masses, of contacts with the masses. That is the whole point." Had Trotsky and Bukharin mastered that "proper political approach" they would have made no such mechanistic division between politics and economics but seen wherein they were integrated. As it is, the production point of view of Trotsky and the economic approach of Bukharin merely revealed, Lenin contended, that they had forgotten Marxism, and "forgetting Marxism expressed in a theoretically incorrect, eclectic definition of the relation between politics and economics." Lenin indefatigably reminded his comrades that "every political superstructure in general (which is inevitable until classes have been abolished) until a classless society has been created) in the last analysis is determined by the production relations prevailing in the given society."

In examining the trade union dispute of 1920-21 as it was developing

a collection of

(55) The quotations in this note taken from his article, Stages of Mass. S.S.U. Movement Russian. Can be found also in English.

at the time we must remember that Lenin did not consider the Octobrists' use of methods of coercion a mistake; the mistake was ⁱⁿ not returning to normal democratic methods of trade union work "in time and without conflicts." Lenin did not oppose the "production propaganda" of Trotsky. On the contrary, he stressed that Trotsky should have approached the problems raised in his thesis as a propagandist not as he did, as an administrator. What Lenin did fight against was the "production . . . of bad theses." (emphasis in original). When a mistake is made — and the Octobrists and Trotsky had made mistakes — it was necessary to correct it. But "when one begins to defend a mistake, then it becomes the source of political danger." (36)

2. The trade union dispute in retrospect

Lenin's reproach of Trotsky for acting as an administrator in his trade union thesis appeared in Lenin's Will as a characterization of Trotsky. Trotsky accepted the criticism that he had "a disposition to be far too much attracted by the purely administrative side of affairs." Here is Trotsky's comment: "I think the words quite correctly characterize the root of that (t.u.—F.F) controversy." (57) However, Trotsky gave this categorical statement a very limited interpretation. That is, Trotsky accepted the criticism only insofar as it meant that his approach to the question at the time was wrong. But his position, he thought, had been correct, so much so that he continued to defend it. Com. Trotsky remained convinced that he had been in the right because he never understood his mistake. That is why he did not admit he was wrong. He did so not because he

(56) Minutes of 10th Congress of U.S.P., p.332 (last line) (The page number is from the 1937 edition; however the original edition in 1921 has same statement. The falsification are in the Explanatory Notes, not in the actual stenogram.

(57) Stalin School of Falsification, pp.23-9)

childishly did not wish to admit that he had made a mistake (he readily enough accepted Lenin's criticism in the sense in which he understood it) but because he was convinced that he had not committed an error. "The mistake was not in the demand for statification but in the fact that the economic policy did not correspond to the conditions." (88) Thus he viewed the dispute in retrospect when he addressed the 11th Congress of the U.S.P. Let us carefully analyze that statement.

Back in February 1920, prior even to the 9th Congress, Trotsky had introduced into the Central Committee of the U.S.P. a proposal to substitute a tax for the food quotas. That proposal, which may be said to have been more in conformity with the economic conditions than the one actually adopted of prolonging the existence of War Communism. But it was not at that congress that Trotsky countered with a proposal for the statification of the trade unions. A proposal similar to the very modified form of the IEP proposed by Trotsky prior to the 9th Congress, was adopted by the 10th Congress. We have Trotsky's word for it that that proposal "almost word for word coincided" with his own. (89) Yet it was at that congress, i.e. at the very congress that was moving toward an economic policy more in conformity with objective conditions, that Trotsky proposed merging the trade unions with the economic organs of the state. Thus the facts do not bear out Trotsky's contention that his demand for statification of the trade unions was prompted by the fact that the economic policy did not correspond to the objective conditions.

(88) Minutes of 11th Congress U.S.P., page 280. Russian
(89) Minutes of 10th Congress U.S.P., p. 280. Russian

Nevertheless Trotsky repeated this contention on October 31, 1927 in his Letter to the Bureau of Party History: "Only the rejection of these proposals (substitution of tax in kind for food requisitions--NF) in the face of a continued decline of the economy compelled me to seek a way out along the opposite road, i.e. along the road of rigid management and closer inclusion of the trade unions not as mass organizations but as administrative machinery into the system of economic management under War Communism." Trotsky further emphasized that: "Proposals sponsored by me to harness the trade union apparatus to the administrative system of economic management (my disposition to be far too much attracted to the purely administrative side of affairs!) did not point the way out. But neither did the trade union resolution presented by the '10' (Lenin, Zinoviev, and others)."

Trotsky's explanation does not hold water. This point needs to be established with all accuracy --not because it reveals a contradiction in Trotsky's explanations at various times for his proposal for nationalization of the trade unions, but, more especially, because his motivations for the various inconsistent resolutions were consistent. A review of Trotsky 1921/position will most clearly confirm my deduction. But before examining Trotsky's later position when the NEP was adopted, we must, first of all, deal with the point that neither his nor Lenin's resolution pointed the way out. That is true only to the extent that there was no passage out of the blind alley of disintegrated industry and agriculture ~~xxxxxx~~ through the varying trade union resolutions, but only through the NEP. With the NEP adopted, the economic conditions were changed and the trade union resolutions were likewise changed. But Trotsky's wrong position of 1920: "Parallelism of economic organs is intolerable" was likewise evident in his 1921 position "Market maneuvering is incompatible with practical control of the trade unions". Whereas Lenin's Resolution 1921 (NEP) had the spirit of the pre-NEP 1920 resolution: "It is necessary that the trade unions as such take a considerably

*Actually the 10th congress and 11th conf. preceding the 11th congress met in 1921 (Mar. & Dec.) But since the trade union ~~xxxxxx~~ dispute began in 1920 I called that the 1920 position and the t.u. resolution after the NEP which ~~xxxxxx~~ ~~xxxxxx~~ the 1921 position.

more intimate participation in the organization of production and its management."

Now let us examine Trotsky's position on the trade unions after the NEP was adopted. At the 11th conference of the C. C. P., which first adopted the NEP, Trotsky had proposed: "Inasmuch as the NEP consists in the transfer on a commercial basis of a considerable number of undertakings and establishments and, within certain limits, of the free market, the evolution of the trade unions in the direction of stratification must not only experience a delay but must be pushed in the opposite direction." (40) The Central Committee rejected that proposal. Instead, it passed a resolution which defined the task of the Party in connection with the establishment of the NEP as a "more decisive drawing in of the trade unions and through them of the masses to the resolving of the problems of organization and management of production." Trotsky objected to this proposal at the time it was passed and repeated his objection to the Congress following the conference. He considered the proposal thoroughly inconsistent -- this time with the realities of the NEP. The motivation for his position was that the transition to a market economy "excludes the possibility of practical participation of the trade unions in the management of the enterprises." (41) Furthermore, he continued, "the daily maneuvering is absolutely incompatible not only with the leadership but with practical control of the trade unions over the practical daily work of the economic organs."

Trotsky, who was the official reporter for the trade union resolution at the 11th Congress for which there was a unanimous vote, replied to Trotsky

(40) Quoted by Trotsky, Minutes of 11th Congress, p. 237

(41) Minutes of 11th Congress, p. 238

sharply: "Trotsky says that on the basis of the market we should throw out the worker from management. Please, what kind of business-like polemic is this. If we approach the trade unions with such a measure and with such interpretations, then this will get us nowhere, (literally: is good for nothing--FF), particularly it is good for nothing in the sphere of trade union work where the many-millioned non-party masses bring their full pressure to bear upon the trade unions and the Communists in the trade unions." (42)

Thus we see as great a disagreement between Trotsky and Lenin on the question of the trade unions in a workers state when a single resolution was passed unanimously at the 11th congress as when the disagreement expressed itself openly in two conflicting resolutions at the 10th congress. Why? Trotsky considered that once the social foundation had been laid by the October Revolution that the proletariat need not fear for his interests for his state would protect them. It is true that when he recognized some familiar features of private capitalism in the form of the NEP that the workers state was allowing to be established, Trotsky changed his position from asking for the statification of the trade unions and was once again for their independent status. But on the whole he retained his position that in a workers state the trade unions have a limited role and the ~~workers~~ state would take care of the workers interests. For Lenin, however, there was "only one road --changes from below; we wanted the workers themselves to grow up, from below, the new principles of economic conditions." (43) There was nothing "dared" about a workers state. It was a transitional state and Lenin was too well aware that it could be transitional "either to socialism,

(42) Ibid. p. 269

(43) Selected Works, Vol 7, p. 277.

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or to a return backward to capitalism," depending upon the self activity of the masses. "Prolonged, difficult and hard organizational work must be carried on, not by organizers, not by agitators, but by the masses themselves." (44) Their conscious participation in the process of production would establish the proper production relations and be the best guarantee against the bureaucratization of the apparatus.

The difference in the two positions is fundamental. It deals with the very essence of the dictatorship of the proletariat, how it is effected, through what organs it exercises its power, how it reveals its class complexion, what constitutes its basis and how does it realize its long-range aim of establishing a classless society. Trotsky's position was not of an accidental nature. His mistake was a "source of political danger" precisely because it was deep rooted. He did not acknowledge his mistake because he did not understand it and he did not understand it because he had made a fetish of the worker state and fetishism hide realities. It was not clear then, what should be clear now, that making a fetish of the workers state was the predecessor of making a fetish of statified property to which the workers state was equated.

B - THE FETTERISM OF STATE PROPERTY

"Technology discloses man's mode of dealing with Nature, the process of production by which he sustains his life and thereby also lays bare the mode of formation of his social relations." Thus Marx in Capital (45). This same basic thought had been previously incorporated by him in the Communist.

(44) Ibid, p.405

(45) Vol 1, p.406, footnote.

Manifesto when he spoke of the ever-present necessity of the bourgeoisie to revolutionize the instruments of production "and thereby the relations of production and with them the whole relations of property." The mode of production and the production relations were at the rest of the economic structure. ~~Marx~~^{When} ~~Marx~~ did speak of property -- form or relations -- instead of production, ~~he was very~~ ^{--mode and relations--} careful to explain the conditional sense in which he stated it understood. "Modern bourgeois private property," he wrote in the Manifesto, is the final and most complete expression of the system of producing and appropriating products, that is based on class antagonism, on the exploitation of the many by the few.

"In this sense," he continued, "the theory of the Communists may be summed up in the single sentence: abolition of private property." (It emphasis)

Marx employed the same scientific method when he spoke of the state form, instead of the private form, of property. The workers state would centralize the instruments of production. But, he emphasized, the workers state meant the "proletariat organized as the ruling class." Contrast to this Trotsky's analysis of state property in the Soviet Union. He uses the same terminology Marx used when spoke of state property under the dictatorship of the proletariat where the proletariat was the ruling class; whereas Trotsky ~~uses~~ it in speaking of state property in the Stalinist State where, Trotsky knew most emphatically, the working class was not the ruling class but the class in subjection. To slip up that all-important fact is to substitute property form for class content!

Listen to Trotsky in The Revolution Betrayed (46): "Classes are characterized by their position in the social system of economy and primarily by their relations to the means of production." Trotsky expressed this better in his later writing, The U. S. S. R. in War: "A social organ (and such is every class including an exploiting class) can take shape only as a result of the rooted inner (46) p.246

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needs of production itself." But let us keep to the mode of expression in The Revolution Betrayed. The sentence next to the one quoted above says: "In civilised societies property relations are validated by laws."

Trotsky has here equated production relations to property relations by saying they are validated by laws, instead of saying that production relations find their legal expression in established property relations.

Now read very carefully the next two sentences: "The nationalization of the land, the means of industrial production, transport and exchange, together with the monopoly of foreign trade, constitutes the basis of the Soviet social structure. Through these relations, established by the proletarian revolution, the nature of the Soviet Union as a proletarian state is for us basically defined." But, first of all, property relations and production relations ~~xxxxxxxxxxxx~~ can be equated only when they mean the same thing, that is, when they are the legal expression for the actual production relation. In periods of revolution or counter-revolution when the actual production relations undergo a transformation while the legal expressions are still retained in the laws* production relations cannot be equated to property relations without equating revolution to counter-revolution. Secondly, state property is a form of property, not a relation of production. State property is a derivative, not fundamental, relation of property because in itself it tells nothing of the class relations in the process of production. A form of property doesn't define the relationship between the classes toward it; it merely expresses that relationship, sometimes correctly, sometimes incorrectly, depending upon whether the production relationship has yet been "validated by law".

*Under the patriarchal regime, under the regime of caste, under the ~~regime~~ feudal and corporative regime, there was division of labor in the whole of society according to fixed regulations. Were these regulations established by a legislator? No, originally born of the conditions of material production, it was not till much later that they were established as laws."--Karl Marx, Poverty of Philosophy.p.147

It took the genius of Marx to extract political economy from its fetishism of commodities and reveal how a "definite social relation between men" assumed the "fantastic form of a relation between things." And to the question, "Whence, then, arises the enigmatical character of the product of labor, so soon as it assumes the form of commodities?" Marx replied, "Clearly from the form itself." Clearly, the form of state property which appeared in history as workers state property and was thus identified with a new relation of production**, which became attached to the thing, statified property. "Economics deals not with things but with relations between persons, and, in the last resort, between classes; these relations, however, are attached to things and appear as things." Thus Engels explained the cause of the confusion of the bourgeois economists. Will the revolutionary workers movement, after freeing itself of the fetishism of the form of a product of labor (commodity) create a new fetishism of a form of property (statified property)?

Had Trotsky written of the workers state not in the abstract but in the concrete he would have understood what Lenin called "the reality of the transition" and thus viewed the dictatorship of the proletariat "from the point of view of the transition from capitalism to socialism." He could have thus checked his concept against the reality and if the real workers state was not proceeding toward its goal, but receding, he would have known when, in the process of

***"The life-process of society, which is based on the material production," wrote Marx on Fetishism of Commodities (Capital, Vol. I, p.92), "does not strip off its mystical veil until it is treated as production by freely associated men and is consciously regulated by them in accordance with a settled plan."

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recession, it had become transformed into its opposite. As it was, he always spoke of the recession as something that might happen, or as something that would happen, but not as a process evolving before his very eyes. Although in 1924, when the NEP was in force, he warned correctly that an unbridled development of the NEP would result in the Soviet Union's acquiring "capitalism on the installment plan," he had reverted to his old fetish of workers statism when the "principle" of industrialization and collectivization was adopted. Now the fetish, workers state, became equated to statified property. Trotsky did not see where the fetish could lead to. He mercilessly criticized the Left Oppositionists who were led to capitulation through such an equation. He subscribed to Rakovsky's correct analysis of the capitulators: "The capitulators refuse to consider what steps must be adopted in order that industrialization and collectivization do not bring about results opposite to those expected... They leave out of consideration the main question: what changes will the Five Year Plan bring about in the class relations in the country." (47)

Trotsky could approve Rakovsky's writings because he himself had also written of developing class relations. But he always wrote in the future sense. If such and such a course were not followed a class other than the proletariat would come to the helm of the state. The course was not followed; most significantly the proletariat was not the victor in the conflicting class interests. But Trotsky concluded that it was simply a case of the bureaucracy representing the workers "badly" —by methods of its own.

(47) Opposition Bulletin #7, 11-12/28 (Russian)

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Rakovsky, on the other hand, profoundly understood that the conquests of October would not remain intact if economic laws are permitted to develop "spontaneously", without the conscious guidance of the vanguard into a direction advantageous to the proletariat. That is why he warned prophetically that a ruling class other than the proletariat was crystallizing "before our very eyes". "The motive force of this singular class is the singular form of private property, state power."⁽⁴⁸⁾

That Trotsky did not fully understand the implications of this analysis published in the Left Opposition Bulletin is clear from the fact that when Trotsky was asked, but in what direction is the class nature of the Soviet Union evolving —he referred ~~to~~ the questioner to history which would decide the class nature of the Soviet Union. When the ruinous "theory" of socialism in one country" brought Russia to the brink of disaster in 1952, and the international reflection of that Stalinist policy ("socialism and fascism are not antipodes, but twins") in 1955 paved the way for Hitler in Germany, we correctly called for the creation of a New, Fourth International and new communist parties everywhere, including Russia. However, when ~~when~~ questioned as to what the fight for power in Russia meant, Trotsky once again sought refuge in equating the workers state with statified property. That entirely static view of statified property led him to qualify fight for ~~our~~/power in Russia by affirming that the road to power there would not take the path of social revolution, as in capitalist lands, but would be a political revolution. For to Trotsky "the social content of the dictatorship of the bureaucracy is determined by those productive relations which are created by the proletarian revolution." (49)

(48) Ibid, #17-18, 11-12/30.

(49) The New International, 7/55. Emphasis in original

But what is so immutable either about the social content of the bureaucracy or of statified property? It is a fetishism which disoriented the movement!

Twenty years after the trade union dispute when the Soviet Union was participating in an imperialist war as an integral part of it, and, with the help of Fascist Germany, was carving up Poland, Russia to Trotsky was still a "workers" state which needed to be unconditionally defended!!

It was this fetishism of statified property that blinded Trotsky from seeing ~~that~~ the real content of the counter-revolution when it came. At the time of the Moscow Trials the "production relations established by October" were still in existence! He saw the Trials merely as a gory political spectacle, as a sort of palace counter-revolution without social root, an excrescence of the rotten political superstructure but one that lacked an economic base nevertheless. It seems preposterous to have to do so, but it is necessary to remind a great Marxist of a very famous quotation by Marx: "In the estimation of ... my view that each special mode of production and the social relations corresponding to it, in short, the economic structure of society is the real basis on which the juridical and political superstructure is raised and to which definite social forms of social, ~~political~~ ~~and intellectual life generally~~ forms of thought correspond; that the mode of production determines the character of the social, political and intellectual life generally, all this is very true for our own times, in which material interests preponderate but not for the middle ages, in which Catholicism, nor for Athens and Rome, where politics reigned supreme.... This much, however, is clear that the middle ages could not live on Catholicism, nor the ancient world on politics, on the contrary, it is the mode in which they gained a livelihood that explains why here politics and there Catholicism played the chief part." (50)

(50) Capital, Vol.1, p.94, footnote.

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How could the author of the permanent revolution who had so brilliantly foretold the proletarian dictatorship reveal so fundamentally a false concept of the essence of an existing workers state? Trotsky's erroneous characterization of the Stalinist Russia of 1940 as a workers state appeared completely inexplicable at first. That was because until 1940 the ideas and modes of expression of the "Trotskyist" movement ^{were} ~~was~~/completely dominated by Trotsky. In 1940 we broke with Trotsky on the question of the unconditional defense of the Soviet Union. This break caused us to reconsider the question of the fundamental nature of the Soviet state and logically forced us to trace to their origin the postulates which have previously governed our thought. This process led to the discovery of Trotsky's error at its root. It is necessary to overcome awe and gain conviction. A reexamination of the trade union dispute was indispensable to a correct revolutionary orientation toward that sixth of the world whose singular form of combined development has wrought such confusion in our movement. In order now is an analysis of the counter-revolution. It was not merely a political counter-revolution in which social foundations were left intact.* No, it was a counter-revolution in the relations of production.

*Apropos of "purely" political revolutions we must not forget Marx's emphasis that they have merely perfected the existing state machinery. In other words, since they involved a change of political rulers, and not a ~~social~~ social change, the bourgeois political revolutions perfected, not distorted, the bourgeois state machine and thus the domination of the bourgeoisie as a class. Surely that cannot be said of the relation of the Stalinist "political" revolution in its relation to the social foundations of October. Thus the analogy does not hold.

C - THE COUNTER-REVOLUTION (Emphasis on 1935-7)

It was difficult to recognize the counter-revolution because it did not make a "formal" appearance on the historic arena. Its armed garb was obscured by its "social content". Moreover, the social conquests of October were without arms to quell the revolt. At first, changes in the relations of production appeared imperceptibly, and often against the "plans" of those who decreed the changes. The accumulative effect of the laws, bearing witness to the accumulation of changes in the role of labor in the Soviet state and in the process of production and bearing witness as well to the decreed, not socially stabilized, rule of the bureaucrat gave the latter social consciousness. The course of the development of the Russian economy, in the environment of the capitalist world economy imposed a different, than planned, course upon the totalitarian clique. By 1935 the planners, aiming to resolve the contradiction between plan and actual course of events, between labor and the state, between the consumption needs of the masses and the production needs of the economy, decided first of all upon the necessity of stabilizing its rule. The process of transformation of the bureaucracy into an exploitative class had begun. "It is not the consciousness of men that determines their being, but, on the contrary, their social being, that determines their consciousness." (Marx).

When in Part I of this study we examine the anti-labor legislation enacted in Russia we saw that as soon as the workers lost enthusiasm for the plan, the State hit out against the proletariat. The proletariat had lost its best revolutionary representative when the Left Opposition was expelled but the fact was not fully appreciated by it. The worker first realized the situation when

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his economic conditions grew worse, despite the adoption of the Five Year Plan. A change in the production relations extant in the Soviet Union was gradually evolving. Both his ration card and his right to living space was placed in the hands of the factory director. His trade unions were made part of the administrative machinery of the state and, long before the Triangle was abolished by a decree in 1957, the worker knew that in fact both the representative of the communist party and the representative of his trade union bowed to the one-man management instituted in the factory in 1934. The worker realized then that the job of factory director was not, as the Russians put it, merely "functional". If not in appearance then in fact the factory director behaved like a boss, one, who, through his role in the process of production, could tell the worker how long and how hard to work and could pay him for his labor no more than, and very often less than, a bare subsistence. The laws did not, after all, appear out of nowhere -- they arose out of the actual economic conditions.

Stalin saw early that the dual nature of the economy violently shook his rule now to one extreme, now to the other. It is true that in 1930 he issued the brazen slogan "Statistics on the class front," whereupon the independent status of the Central Statistical Board was liquidated into the Gosplan. That could hide "figures" from the outside world. The worker, however, didn't have to master statistics in order to collect his pay envelope and with its contents try to purchase food. The workers dissatisfaction had to be suppressed. Laws were enacted to do so. The act of suppressing mass dissatisfaction had its points but it ~~was~~ was incapable of manufacturing any sort of prop for the ruling bureaucracy. Stalin set out in search of a prop. In his address to the directors of industry on June 25, 1931, Stalin issued the slogan "Let there be an end to depersonalization." "Better pay for better work", however, needed a foundation, a framework

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system of work and pay and that could gain momentum only with such a movement as Stakhanovism. This "wisdom" Stalin had not yet acquired. The slogan was a step in the "right" direction. So was the "principle" of one-man management elaborated in 1954. It may have been a proper but it was no stable base. But that was precisely what it lacked and what it aimed to achieve: stability of its rule. That is why by 1955 it decided upon the creation of Stakhanovism.

1. Stakhanovism

The May 4, 1935 speech of Stalin, "the keynote of which was the care of the human being" (Mozhlauk), was not dissimilar to his 1931 speech. But now Stalin was a wiser man. He now knew how to concretize his slogan. "Care of the human being" became the predecessor of Stakhanovism. In 1931 "ending depersonalization" was a mere desire. In 1935 it was an actual accomplishment. With Stakhanovism in effect, "ending depersonalization" had a most practical meaning for Stakhanovism had achieved a twenty-fold differentiation in pay!

Com. Trotsky, in his analysis of Stakhanovism in The Revolution Betrayed concluded that the Stakhanovite system of piecework payment was "not a retreat to capitalist relations" but merely a matter of renouncing illusions. "The form of wage payment," he wrote, "is simply brought into better correspondence with the real resources of the country." After this broad statement, Trotsky quotes Marx "Law can never be higher than the economic structure." Most profoundly true, but what is the economic structure, or what Trotsky calls the "real resources of the country" ?

At the end of the First Five Year Plan production of the means of production constituted 55.5% of the total economy and production of the means of consumption comprised 46.7%. The reverse had been planned. The Second Five Year

Plan was to have achieved "a yet better improvement in the conditions of labor". That is, it was once again planned that there should be a great increase in the production of articles of mass consumption, in which task they utterly failed in the First Plan, and that super-intensification of labor was to receive a setback (The annual increase in production was set at 14%, contrasted to some 3% aimed at in the First Plan.) However, the productivity of Russian labor was so low that such ambitions contradicted the primary goal of the Second Plan: "to catch up with and outdistance production in capitalist lands."

Under the given base* and with the given aim, it was impossible simultaneously to extend production of the means of production and production of the means of consumption. One or the other had to be sacrificed. The course of development of the state-owned means of production, the constant necessity to expand them** in order to "catch up with the capitalist lands", the high organic composition of advanced capital in the/capitalist world which imposed the same technical composition of the same technical composition of the economy upon the rest of the world, demanded the sacrifice to be in the production of articles of mass consumption. Sacrifice in that already sacrificial sphere meant that not the whole population could be satisfied. Distribution of articles of mass consumption had to be brought into conformity with the reality of the state of production. Such were the "real

*With a much higher technological base, the law of capitalist production likewise excludes production of means of consumption running neck and neck with the production of means of production. (Cf. section on "Law of Value")

**The heavy demands upon the nascent steel industry alone were so high (steel being necessary both for industry and for defense) that for the whole period 1932-7 they were able to lay only 1.5 thousand kilometers of railroads. At the outbreak of the present war the railroads were the weakest link in the Soviet economy. The 18th party conference in February 1941 once again put the development of the railroads as the first point on the order of the day.

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resources of the country." It was a question, as Trotsky put it, of "bourgeois norms of distribution" but of bourgeois methods of production.

The piecework system was declared by Marx to be best suited to the capitalist system of production. The Stakhanovite piecework system was best ~~suited~~ suited to the mode of production extant in Russia. It grew out of the needs of production and in turn influenced the type of production. That the Stakhanovites' overwhelming rise in pay may have compensating advantages in the kind of things they wished to buy, there followed in those years an increase in luxury goods. Contrast the 2,400% increase in the production of silk to the 44% increase in the production of cottongoods.

The swivel chair soon replaced the hammer as the real "emblem" of the Stakhanovites. These record-breakers-for-a-day no longer entered the factory through the back door. They went straight into the front office of the factory directors, who were they themselves. A few short months after Stakhanov hewed his coal (August 31) there took place the first conference of the Stakhanovites. On November 15, 1935 Pravda, Izvestia and Trud greeted the convention of Stakhanovites by loud editorials which told the masses they were to look up to, to respect and to obey this new "classless intelligentsia". On that day the phrase, "leaders of the people", was made synonymous with Stakhanovites who, in turn, was equated to "production intelligentsia". The politician-bureaucrat found an "heir apparent" in the "production intelligentsia".

Stakhanovism made possible the development of a labor aristocracy. But not merely that. A labor aristocracy meant a better prope for the ruling clique. But not merely that. No, as masters over the productive process, with Stakhanovism as a base and nourishing soil for "heirs" to bureaucrats, the bureau-

cracy began to feel the stability of a class. Feeling the stability of a class and having a source of reinforcements from the managers of industry, the bureaucracy moved headlong toward the juridical liquidation of the dictatorship of the proletariat. The state remained the owner of the means of production but the proletariat was no longer its manager. To legitimize the counter-revolution against October, the new class needed a new constitution. In 1935 the Soviet congress "unanimously approved" the election of a committee which would "insert some changes into the present constitution." Stalin headed this committee. On June 11, 1936 the C.E.C. approved the draft of the constitution. On December 5, 1936 the Stalinist Constitution became the law of the land.

2. The Russian Constitution

The October Revolution had raised the proletariat to power. The first Constitution bore witness both to the proletariat's dictatorship and to its transitional character: "The principal object of the constitution of the R.S.F.S.R. which is adapted to the present transitional period," read the constitution of the First Soviet Republic, adopted but 8 months after the conquest of power, "consists in the establishment of the dictatorship of the urban and rural proletariat and the poorest peasantry in the form of the strong, All-Russian Power, with the aim of securing the complete suppression of the bourgeoisie, the abolition of exploitation of man by man and the establishment of socialism under which there shall be neither class division nor state authority." (Emphasis in original).

The New Stalinist Constitution, on the other hand, strengthened state authority in the form of complete totalitarianism and decreed the protection of state and personal property from "thieves and misappropriators". It established piece work as the reigning system: "From each according to his abilities to each according to his work." It abolished the system of election according to class

and industrial groups in favor of the system of bourgeois democracy "universal, free and equal suffrage". The voice accorded to the proletariat during its rule was to be drowned within the overwhelming peasant mass. That would have been the case that is if the totalitarian rule had not seen to it that "bourgeois democracy" too should be a dead letter.

Trotsky analyzed the new/^{Russian} Constitution and concluded that "it created the political premise for the birth of a new possessing class." That isn't a very Marxist interpretation of the legal superstructure of a society.* It is not a question of a political premise for the birth of a new possessing class. It is the juridical acknowledgment of the existence of a new possessing class.** By 1936 that "singular class" which Rakovsky had foreseen back in 1930, had learned to use with dexterity that "singular form of private property, state power." Trotsky, however, still thought that Stalin was "compelled from time to time to take the side of 'the people'"!(51) He interprets Article X of the Constitution as one guaranteeing the protection of personal property "against the invasion of the bureaucracy itself"!(52) He told the Left Oppositionists in Russia that the "new constitution creates a semi-legal cover for struggle with it". Between the appearance of the draft of the Constitution, June 1936, when Trotsky wrote these words, and the final adoption of the Constitution in December 1936, the state staged the macabre August Zinoviev-Kamenev Trial!

*Marx in Criticism of Hegel's State Rights: "It is true that the structure of a series of states changed in such a manner that gradually there arose new demands and the old was disintegrated, etc. but for the establishment of a new constitution there was always needed an actual revolution." (Emphasis in original)

**Here is how Lenin explained the constitution of the workers state: "After it has seized power, the workingclass maintains it, preserves it and consolidates it, like every class, by means of a change in property relations and a new constitution." (Selected Wks., Vol. 8, p. 220)

(51) The Revolution Betrayed, p. 271 (52) Ibid, p. 269

3. The Moscow Trials

This blindness as to the real nature of the "bureaucracy" was what made Trotsky accept at face value the accusations against the Mensheviks in the Trial of 1951. It was only when the Russian State most ruthlessly eliminated the greatest revolutionists, whose character and role in the Russian Revolution he knew, that Trotsky said: Halt! You the bureaucracy are the counter-revolutionists. But even here, according to Trotsky, the bureaucracy had perpetrated a political, not social, counter-revolution. And so ~~ix~~ his analysis of the infamous Moscow Trials is exclusively political, exposing the frame-ups, tracing the reflection of Stalinist international policies in the criminal charges against Zinoviev-Kamenev, Piatakov-Radek and the other Old Bolsheviks. And the charges of wrecking reflect only a means of finding scapegoats for failures to execute the Plans? But what does such an internal policy mean? Where have the Plans led to? Politics are insufficient to explain these witchcraft trials.

The Moscow Trials were the culminating point to the counter-revolution. The October Revolution was exterminated not only by the execution of the Old Bolsheviks who led it but by clearing a place ~~for~~ in the process of production for the new class. That place could have been cleared for the "classless intelligentsia" only when there was such a class and only after it had already infiltrated into industry and into politics. The infiltration was too slow a process -- it needed arms in hand (a hangman's noose sufficed only because but one of the parts to this conflict was armed) to exterminate the remnant of the conquests of October, even though it be only in the memory of some individuals. Trotsky, because he still considered Russia a "workers state" said the Trials weakened the Soviet Union. Actually --because Stalinist Russia was not a workers state --the Trials strengthened

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the new counter-revolutionary state for it made possible the full consolidation of the new possessing class.

4. Production Relations in the Soviet Union

Both when the Left Opposition stood for the reform of the Party and when it already called for a political revolution Trotsky repeated his contention that the usurpation of power by the bureaucracy was due to the fact that "the social content of the bureaucracy was determined by the production relations which the proletarian revolution had formed." Perhaps. But the bureaucracy was not "frozen" after it usurped power. It was a group that underwent transformation along with the economic structure it headed. As the agent of the state capital, the "bureaucracy" evolved its mission of the development of state property by bowing to the law of motion of the world market economy. Production for the sake of production, expansion of the constant capital at the expense of variable capital and the concomitant polarization of wealth. The amassing of wealth by the State follows on the heels of the expansion of the productive forces and the pauperization of the masses. In Russia this was true even to the point when, when the sweat and blood of the workers at the point of production did not produce sufficient wealth for "the good of the state", the unsocial, exploitative turnover tax was invented to bring in further assured wealth en masse, so to speak, to the coffers of the State Treasury.

The Russian proletariat knows that the production relations existing now in the Soviet Union are the opposite of those formed by the October Revolution when he was master in his own state, and parallel those existing in capitalist countries. Boiled down to its essence, the "social rule" of the proletariat, the state-owned means of production, means, that, in practice, the means of production, no longer owned by the proletariat, confront him in the shape of capital

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that is, as something alienated from him and subjugating him. The proper "corrective" is not a political revolution to overthrow "the bad bureaucracy" in favor of the "good Oppositionists" but a social revolution in the relations of production.

Trotsky's mechanical conception of a workers state was evidence in the trade union dispute of 1920. Lenin reminded him then that "the reality of the transition" was that they had a bureaucratically deformed workers state and that we should not forget that "every political superstructure in the last analysis serves production and in the last analysis is determined by the production relations prevailing in the given society." It is not the "state" that should manage production but the masses. "Workers and peasants, toilers and exploited! The land, the banks, the factories, and works now belong to the whole of the people! You yourselves must set to work to take account of and control production and distribution --this is the only road to the victory of Socialism, the only guarantee of its victory, the guarantee of victory over all exploitation over poverty and want!"⁽⁵²⁾

The sooner we get over the idea that that is just an agitational article and realize that it deals with the hard facts of the only way of achieving transition to socialism instead of transition backward to capitalism, the sooner we will understand the nature of the Russian economy. Enough of being "taken in" by the counter-revolution because it was not in usual attire!

The bureaucratically deformed workers state of Lenin was a recognizable workers state. In that workers state the workers had economic and political power. They could exercise their power through their vanguard political party, through actively functioning trade unions and soviets. In that workers state the workers did not merely execute the plans; they had a say over the production

(52) Selected Works, Vol. IX (Article on How to Organize Competition.)

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and the results.*

From Trotsky's fetishism of state property it follows that Stalinist Russia, in which the totalitarian rulers lord over the productive process, where the proletariat is a wage slave deprived of all economic power and of any political voice, is a workers state, though degenerated. But in actuality that state bears no more resemblance to a workers state than the president of the United States Steel does to a steel worker merely because they are both "employees" of the same corporation!

Our movement no longer considers the Soviet Union a "degenerated workers state". Basically, however, Trotsky's thesis, that the productive relations established by October exist still, and Shachtman's thesis that the Soviet Union is a part of "the collectivist epoch of human history" are identical. Each makes a fetish out of statified property. One concludes that Russia should therefore be unconditionally defended; the other leaves the door open for such defense. Thus the party merely disagrees with the political conclusion and gives the state a new name. That is all. But in giving the state a new name, a perversion of Marxism has been committed; an error of greater dimensions than Trotsky's. Let us pause on this new name, this phenomenon "unforeseen" by Marx or Lenin, this new society, doomed to downfall before maturity -- Bureaucratic Collectivism.

*The ~~1919~~ new program of the R.C.P. adopted in 1919 reads: "The participation of the trade unions in the management of economy is at the same time the chief means of struggle against the bureaucratization of the economic apparatus of the Soviet power and creates the possibility of a real ~~workers~~ control over the results of production/"

D - STALINIST RUSSIA: A BUREAUCRATIC COLLECTIVIST
OR STATE CAPITALIST SOCIETY

~~Shachtman's position is that~~ Comrades Shachtman and Carter have discovered a new society and have named the new social order "bureaucratic collectivism". Neither has subjected this new social order to a serious study. Each has described the new society in a different way and drawn conflicting political conclusions. We will deal with each interpretation separately. Since Shachtman's position is the official Party position, let us ^{first} examine the species of bureaucratic collectivism he describes.

I. Bureaucratic Collectivism (Shachtman species)

Com. Shachtman thinks that because the lords of the new society do not individually own the means of production, that, therefore, all classes are equal in a property sense and only politics and maldistribution divides exploiters from the exploited. And from what does maldistribution arise?

1. Production and distribution; profit and ownership

"Under a social system of bureaucratic collectivism," states the Party's Russian thesis, "...in the field of property ownership all classes are equal -- none of them owns social property." (Emphasis in original). But whether or not all classes are "equal" in a property sense (in bourgeois society all classes are equal "in the eyes of the law") no one--whether proletariat, collectivist political commissars or capitalist coupon clippers -- can gain a livelihood except out of the proceeds of production. Hence it is the relationships of production, not merely in its legal aspect of property relations but in the actual productive process, that is of the essence of things. To say that in Russia all classes are equal because none owns is to take the legal fiction of ownership

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at face value. In her polemic against reformism, Rosa Luxemburg deals most profoundly and succinctly with the property versus the production theory: "By capitalist, Bernstein does not mean a category of production but the right to property. To him, capitalist is not an economic unit but a fiscal unit. And 'capital' is for him not a factor of production but simply a certain quantity of money."

When Marx analyzed the process of capitalist production, he looked deeper than its legal outer covering. That is why he concluded that it was not the ownership, but the function, of capital that ceded profit to the capitalist. Even when one analyzes a "new" order one should not forget our ABCs which tell a Marxist that it is the productive process, wherein labor is exploited, that is creative of surplus value, of profit. "If therefore the capitalist is the owner of the capital which he employs," says Marx's Capital, (53), "he pockets the whole profit or surplus value. It is immaterial to the laborer whether the capitalist pockets the whole profit or whether he has to pay over a part of it to some other person who has a legal claim to it. The reasons for dividing the profit among two kinds of capitalists thus turns surreptitiously into reasons for the existence of the surplus value to be divided which the capitalist as such draws out of the process of production, quite apart from any subsequent division." Does this not apply to a bureaucratic collectivist society? What then is the function of capital ~~in that society~~ (or whatever you call the means of production alienated from the direct producers and exploiting them) in that society? Again we must cite from Luxemburg's "Reform and Revolution": "By transferring the concept of capitalism from production relations to property relations, and by speaking of simple individuals instead of speaking of entrepreneurs, he ^(Bernstein) moves the question of socialism from the domain of production into the domain of relations of fortune; what is, from the relation between capital and labor to the relation between rich and poor."

(53) Vol.III, p.448

Luxembourg was polemicizing against reformists who did not accept Marx's description of capitalist production. We are dealing with comrades who accept Marx's analysis of capitalist production — then apply none of his general criteria to the "new" social order just because they have given it a new name. Look at Russia and tell me what the proletariat lacks in order to be ruler in that state. It is not the title of ownership. On the contrary, the Constitution of that country defines state property as property "belonging to the whole people". The legal title notwithstanding, the profits that come out of Soviet industry go partly to the enterprises and partly to the state. The worker does not share in it not because he does not "legally" own it but because his role in the process of production is such that he labors and gets paid for his labor power at its value — 110 rubles a month. The worker does not "share the profits" because his relation to the means of production is such that when he has finished using the instruments, the commodity created through the union of that labor power with the means of production, belongs not to himself, but to the enterprise for which he works.

Now keep in mind the Russia of Lenin when the legal title was the same but the production relations different. In Lenin's time before the worker entered the factory, he has his production conference, where he decided upon the plan. While he applied his labor power to the instruments of production in the factory, there was his trade union and party representatives to contest any bossy conduct on the part of the factory director. When he got his pay envelope, he once again had recourse to his trade unions and once again discussed production results. He might have been told that he cannot get a further rise in pay because although his industry made a "profit", still the whole benefit should not revert to him.

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because his state also needed to produce steel and that didn't cede a profit yet. He would know (~~know~~) then that he did not directly benefit by his industry's growth but that his class did. Does Shachtman know what the railroad worker did when he was dissatisfied with the regime? Why, the rank and file workers, in one single year, brought pressure to bear so that the Glavpolitput (the political superintendence over the economic programs) was abolished; the composition of the Cetrans was changed; all went back to their respective trade unions and functioned through normal democratic procedures. Yes, Com. Shachtman, the rank and file workers had that power not because he had the legal title/^(which he likewise has now)but because of the production relations (which were the opposite of what they are now). In this case the vanguard political party followed the lead of the workers. "Every political superstructure in the last analysis serves production and in the last analysis is determined by the production relations prevailing in the given society." (Lenin)

In all of his writings Marx never tired of emphasizing that it was the process of production which defined an economy and that a class was determined by its role in the process of production, that is, by production relations. In his Critique of the Gotha Program Marx emphasized that "The distribution of the means of consumption at any period is merely the consequence of the distribution of the means of production themselves. But this secondary distribution is characteristic of the methods of production themselves...But if the material conditions of production are the collective property of the workers themselves, then, naturally, a different distribution of the means of production from the present will result."

The Party thesis on Russia perverts this basic Marxist concept in order to lay the basis for a rather original (for a Marxist) position on Soviet economy.

"With the new mode of distribution," reads our thesis, "the bureaucracy developed a new mode of production, production for the swelling needs of the bureaucracy. Thereby we reveal that we have forgotten our Marxist ABCs that (1) distribution

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is merely the "expression of the historically determined conditions of production"

(54) and (2) that before distribution can become distribution of products, it

is the distribution of the means of production and that is determined by class

relationship. Marx stated most emphatically that "The real science of modern

economy does not begin until theoretical analysis passes from the process of cir-

ulation to the process of production." (55) Lenin underlined the fact that:

"Marx contrasted vulgar socialism to scientific socialism, which does not ~~begin~~ attach great importance to distribution and which explains the social system by the organization of relations of production and which considers that the given system of relations of production includes a definite system of distribution. This idea runs like a thread through the whole of Marx's teachings." (56)

The confusion that Shachtman displays cannot be attributed to Marx who expressed

himself most unequivocally on the subject.

(Paranthetically let it be state that Shachtman --see the N.I. for 12/40-- was not the first to widen the meaning of class and then try to attribute his distribution theory to Engels. Udaltsov, one of the four associates of Liazanov, chief editor of the Archives of Karl Marx and Friedrich Engels, deals with precisely that perversion in his article "On Social Classes" included in the 1924 issue of the Archives. An article on the same subject appeared also in the 8/9/23 issue of Under the Banner of Marxism. Both in Russian.

It was not, as Shachtman put it, "the equality of poverty" which was responsible for the type of distribution prevailing during the period of the workers state of Lenin and Trotsky but the fact that the workers were the rulers of, masters over, the productive process. "Having overthrown the bourgeoisie and conquered political power," wrote Lenin (57), "the proletariat has become the ruling class; it holds the power of the state; it has the disposal of the means of production which have now become social". In other words when the means of production are the collective property of the workers there ~~must~~ "naturally" (Marx) results a different distribution, not merely of commodities, produced but, primarily, 54, Ibid, p.1028; (55) Ibid, p.396. (56) The Eco. Content of Marxism (57) Vol.8, p.11

of the means of production. For what is crucial, regarding the subject of distribution is: which class determines production.

Marx defined the Commune as "the product of struggle of the producing agent against the appropriating class, the political form at last discovered under which to work out the economic emancipation of labor". That would be a new society and its law of motion would not lead to the polarization of wealth. Contrasting Soviet Russia to capitalist lands, Lenin wrote: (56) "But see how things have changed since the political power is in the hands of the working class, since the political power ~~has been transferred~~ of the exploiters is overthrown and since all the means of production (except those which the workers state voluntarily gives to the exploiters for a time, in the form of concessions) are owned by the working class." Times when the proletariat owned the means of production, the relationship of the means of production to the means of consumption was 44.6% to 55.4%, and by the time industry reached its prewar level, the standard of living of Shachtman's propertyless proletariat but Lenin's property-owning proletariat was 125% of that level. But when the appropriating class differed from the direct producers, then the relationship of means of production to means of consumption moved in such a direction that by 1940 the means of production constituted 61% of the total economy and the means of consumption but 39% and, most important of all, the standard of living decreased to half of what it was in 1928 whilst the "collectivist" wealth of "the whole people" jumped from 6 billion to 178 million! The distribution of the means of consumption was due, in the first instance, not to the fact that one class had the wherewithal to buy these products and the other did not, but because one class, as the owner of the means of production, or, more correctly, the agent of a definite mode of production, determined the direction of the state

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economy. "It is only the domination of a class that determines the relationships of property." (50)

Shachtman looks at the deterioration of the workers standard of living and says that bureaucratic collectivism is nearer to capitalism than to socialism. Then he looks at the collectivist forms of property and the "equality" of all classes in a property sense and those two words so overawe him that he comes to the conclusion that the 178 billions of "collectivist" wealth is worthy of being called a bureaucratic collectivist society and that "bureaucratic collectivism is part -- an unforeseen, mongrelized, reactionary part but a part nevertheless -- of the collectivist epoch of human history." That is making a fetish of "collectivist" (that is staffed) property forms even as Trotsky did. That is what we meant by saying their positions were identical. In Trotsky's case it led him to call for the unconditional defense of his "workers state" that was playing an integral role in an imperialist war. And we recoiled back. In Shachtman's case it led to leaving the way open for a conditional defense of that same Stalinist state now called "bureaucratic collectivist" and because the defense is in the theoretic realm only, the Party accepted this straddling position!

II Bureaucratic Collectivism (Carter species)

Com. Carter grants that the Stalinist bureaucracy collectively owns the means of production but asserts that the ruling class is formed by non-economic, primarily political factors. That departure from Marxism will be dealt with in the section on the interplay of politics and economics. Here I wish to limit myself to a discussion of Carter versus Marx's conception of the differantia specifica of capitalist production, a phrase rendered popular in our movement by Carter and Kent.

1. Differantia specifica of capitalist production

Carter and Kent assume a most superior attitude as to their quite original understanding of the specific features of capitalist production. They accuse those who do not agree with them of obtuseness and of identifying every form of exploitation as capitalist. Such an identification would, of course, be no minor error for a Marxist since to call every form of economic exploitation capitalist exploitation is to obliterate the specific method of exploitation and thus obliterate the type of class society. Precisely for such confusion Lenin criticized the Narodniks who felt satisfied merely to point to exploitation. "The Marxist, however," wrote Lenin, "thinks it necessary to explain and also to link together the phenomena of exploitation as a system of specific relations in production, as a special social and economic form, the laws of the functioning and development of which have to be subjected to an objective study... It must be shown... that the freeing of the producer from the means of production and the appropriation of the product of his labor by the owner of money both in the factory and in the communal village is not to be explained by politics nor by distribution but by those production relations which necessarily become formed in a commodity economy by the formation of classes, antagonistic in their interests, which is characteristic of capitalist society." (89)

(89) Economic Content of Narodism, in Rus. Also translated into Eng. Selected Wks. I

After stating that "free labor" is the differentia specifica of capitalist production, Carter and Kent proceed to ~~give the meaning of~~ distort the meaning of "free labor". This specific feature of capitalist production is worth examining in detail.

(a) "Free" labor

"The economic subjection of the worker to the monopolist of the instruments of labor, which are a source of life, lies at the root of slavery in all its forms, of all social misery and intellectual degradation and political dependence."--Statutes of the First International written by Marx.

It is necessary to restate some Marxist fundamentals: Labor and the means of production are the basic elements of any social form of production. It is the manner in which they unite that distinguishes different economic epochs from one another. Where the laborer is an integral part of the means of production, the economy is a slave economy. Where the laborer is "free" "in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, &c., nor do the means of production belong to them, as in the case of peasant proprietors" (61), it is a "free" economy, characteristic of an industrialized civilization where the monopolist of the instruments of labor needs the laborer not "once for all" but for the time periods necessitated by the production needs of an exchange economy.

The whole discussion regarding "free" labor has been given a putridly liberal tinge by the exponents of "bureaucratic collectivism", both of the Shachtman and Carter species. Most unethically this was done by Kent (62), who italicized all references to the worker being "the actual* owner of his capacity for labor"

(61) Capital Vol. 1, p. 785 (All references to Capital in this article are to the Kerr edition unless otherwise noted.)

(62) Cf. New International, August 1941 *See note next page

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and to the labor power being the laborer's "own property", without informing the reader that the italics are his, Kent's, not Marx's. Take the passage about labor being free "in a double sense"**. The Kerr edition has no underscores. The German edition*** underscores not merely the words "free laborer" but also the words, (not underscored by Kent but underscored by Marx) "money", "capital" and "commodity market". Or take the passage regarding the owner of money meeting the owner of labor power in the commodity market. The Kerr edition (63) has no underscores; ⁱⁿ the German edition (64) Max underlines but Kent does not, the words, "definite time", in the statement, that the continuance of the relationship between the owner of the money and the possessor of labor power depends upon the fact that the owner of labor power should sell his labor power only "for a definite time and no longer." ***

In the battle of quotations it is not a question of any single word which Marx may or may not have emphasized (although no one should presume to underscore what suits his purposes, without stating that the emphasis is his own) but of the spirit and true meaning of Marx's teachings as a whole. It will suffice to contrast Kent's interpretation of "free" labor to Engels restatement of Marx to

*Kent does not inform us what translation—which is none too accurate—which he is using and which cause him to translate as "actual owner" what both the Kerr edition and the International Publishers edition translate as "untrammelled owner".

**Not the passage quoted by me above but the one on pp.187-8.

***The German edition issued by Marx-Engels Institute, 1932, p.176 (63) pp.186-187 (64) p.175

****The sentence in that paragraph that Kent left out is likewise characteristic of the basic one-sided approach of Kent. ~~The sentence reads:~~ The sentence reads: "The exchange of commodities of itself implies no other relations of dependence than those which result from its own nature." In the Germ ed. the words, "relations of dependence", are underlined. However, since to have emphasized, "relations of dependence", would have upset the "schema" of Kent, the sentence was left out altogether.

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make incontestably clear the true meaning of Marx: (65) "...it is only when the product of this surplus labour assumes the form of surplus value, when the owner of the means of production finds the free labourers--free from social fetters and free from possessions of his own--as an object of exploitation, and exploits him for the purpose of the production of commodities, it is only then, according to Marx, that the means of production assume the specific character of capital."

Once more it becomes necessary to recapitulate some Marxist fundamentals.

It is a prime necessity to capitalist production that the worker be "free" for where he has not been entirely separated from his means of production, he does not readily offer his labor power for sale to the owner of the means of production. We had an example of that in the 19th century when the Russian serf was first freed but was not fully separated from his means of production, with the result that he refused to sell his labor power. Here is Marx's comment: (66) "The Russian farm laborer, owing to the communal property in land, has not been fully separated from his means of production and hence is not yet a 'free wage worker' in the full capitalist meaning of the word."

In the 20th century history reenacted an analogous scene in Russia:

After the State granted the kolkhozniki certain private property rights, it found that there was not sufficient labor for industry. The kolkhoznik not "having been fully separated from his means of production and hence not being a 'free wage worker' in the full capitalist meaning of the word" refused to offer his labor power to city industry. In order to have a constant reserve army of "free" labor the State decreed the creation of State Labor Reserves.

The worker must be "free" for capitalist production to be a fact, not in the sense that Kent interprets it of being "personally free" but in the sense of being free from the instruments which would put his labor power into action.

(65) anti-Duhring, p. 237 (66) Capital, II, p. 11

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That is why Marx ~~constantly~~ placed ^{the word,} "free" more often in quotation marks than in italics. Or he would refer to the free worker as a wage slave -- and at other times simply speak of all forms of slavery, "direct and indirect" (67). That is why Marx constantly reiterated the idea that "The contract by which he (the laborer) sold to the capitalist his labor power proved, so to say, in black and white, that he disposed of himself freely. The bargain concluded, it is discovered that he was no 'free agent', that the time for which he is free to sell his labor power is the time for which he is forced to sell it." (68)

Will Carter and Kent please tell me when slave labor* became an inherent feature of the Russian economy? Was it in 1952 when both his ration card and his right to living space was given over into the hands of the factory director who had the right to fire him and evict him from the premises he occupied as living space, for a single day's absence? But in 1952 we Left positionists not only still called Russia a workers state but thought it possible to reform the communist party, and have the bureaucracy thrown out by "police measures"! Have you rejected that position? Why not say so? If you have not rejected that position, pray tell how the law, which seems to have such omnipotence in your eyes, could not make of the worker a slave in 1932 but could do so in 1938 when the same law was restated with much greater publicity attending the decree? Or was it in 1940 when criminal penalties were attached to the law? But criminal penalties were attached to the Order regarding the restoration of railroad transportation back in 1920! ** They

(67) "We are not dealing with indirect slavery, the slavery of the proletariat, but with direct slavery, the slavery of the black races." M-ECorrespondence, p.13
(68) Capital, I, p.350.

*The question applies with equal force to Shachtman who employs the phrase "forced labor".

**The law in 1920, admittedly severe, was undertaken as a temporary measure in extraordinary circumstances and crased off the statute books within the year.

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might answer: it is not in the law but in the economic conditions. We will agree that it is the economic situation, not the law, that carries the greater weight, but it is precisely when you weight the economic condition that you see that Russian wage slave is at least as "free" as the German wage slave where the economy is still capitalist, not bureaucratic collectivist. Any serious study of German economy will reveal that the labor market is more efficiently controlled in Germany than in Russia, that the laborer is less able to break through the anti-labor legislation because, among other things, there is no extensive agricultural industry where the laborer can keep from being "free" by hiding himself on his 1/2 acre plot of land. That, however, is not the issue; the dispute is about the time when he is "free", free of land and free of instruments of labor. The Russian worker has been so ingenious in circumventing the anti-labor legislation which tried to harness him to a single enterprise, that the latest pre-war conference stressed the fact that absenteeism and truancy were in many instances more prevalent than before the enactment of these decrees. Voznesonsky complained that the Russian worker, alas, still absented himself "particularly after pay day." It takes more than legislation to make of the wage slave a slave of old, a slave in an integral body, and part of the means of production!

It is a sad commentary on our movement that we have suddenly ~~discovered~~ ~~discovered~~ "discovered" that when Engels used the expression that the proletariat is a "slave of no particular person but of the whole property owning class" he used it "metaphorically"(69)/ Evidently what needs emphasis (in this period of the fascisation of the state!), according to our bureaucratic collectivist exponents, is that the wage slave is "personally free" in all

(69) Cf. N.I., 10/21

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countries (where, in Germany?) but Russia where he is "literally", not "metaphorically", a slave. Since "free labor" is the differentia specifica of capitalist production and since it is non-existent in Russia, it is in Russia, say Shachtman and Carter where forced (slave) labor is an inherent feature of the Russian economy and where we have a new, non-capitalist social order. They are adamant on the point of slave labor, though they have failed to prove that the Russian worker has sold himself "rump and stump" (70). Furthermore, Shachtman thinks that the collectivist epoch in Russia has created a superior form, higher rate, of production than under capitalism.

What dangerous contradictions! Forced labor exists, is an inherent feature of the new order; alongside of it exists a superior form of production. The idea that a superior form of production can coexist with forced labor destroys the entire Marxist conception of the development of labor in society. If Shachtman has not found out yet, Stalin has: forced labor is not conducive to the high productivity necessitated by a highly industrialized economy. The state economy must have highly productive labor "to catch up with capitalist lands" and thus the managements of the plants have found that they have to bid against each other for labor power of the worker. The worker continues to be "free", that is the wage slave continued to be obliged to sell his labor power on the labor market, and, being "personally free", he finds he can force a few concessions while industry needs his labor power. That is why the state found that the worker was not afraid of being fired. That is why, the state, realizing that he could not straightjacket labor by threatening to fire him, thought it could force him to work through enacting criminal statutes, forcing the laborer to work at 25% reduction in pay. But,

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contrary to the omnipotence the "free labor" protagonists attribute to legislation, the Russian state found that whereas it had the power to enact legislation tying the worker to a single enterprise it could not decree the economic result: ^{either} ~~the~~ make of the wage slave a slave of old or enforce a high productivity of labor.

The state found that the legislation contradicted the primary goal: to catch up and outstrip the capitalist lands. That is why, but two short months before it was invaded by Germany, the Russian state decided that the best method of extracting surplus labor, better than anti-labor legislation decreeing forced labor, was through piece work, which Marx had declared to be so ideally suited to capitalist production. Hence the creation of the slogan: "Liquidate equalitarianism to the end."

Free labor must be considered in its historic context. Marx criticized the classical economists for trying to purify economic relations from the feudal blemishes".(71) Marx labored to show that whereas the proletariat thinks he is free because he is free from feudal fetters, he is in reality a slave to capital. It is completely illogical and unhistorical to interpret Marx to mean that labor had to be free from the very person exploiting him. Marx would have ridiculed the bureaucratic-collectivist exponents who think that because the laborer owns his labor power, that therefore he is free, even as he ridiculed the vulgar economists

(70)"..for if he were to sell it (labor power--FF) rump and stamp, once for all, he would be selling himself, converting himself from a free man into a slave."
(71)Cf. Poverty of Philosophy, p.154

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who considered labor power to be the laborer's "capital" since it was his own commodity.* The existence of free labor is among the specific features of capitalist production. But it is high time to emphasize, as true Marxists should, that free labor's "enslavement to capital is only concealed by the variety of individual capitalists to whom it sells itself." (72)

2. The Law of Value and the Role of Prices

The Marxist law of value is still the basic regulator of capitalist society. There are those in our ranks who think that the law does not apply to the Russian economy and, as proof of that, they cite the fact that prices vary widely from value. Prices are fixed, Kent assures us, "not according to the law of value but according to the government decision on 'planned production.'" (73) It is true that prices are fixed by the government. But since government decisions are arrived at neither by nor for people living on the planet of Mars, the Gosplan from the first held as its aim "to bring industrial prices by degree to the level prevailing in more advanced countries." (74) The Gosplan has not succeeded in this aim; the productivity of the Russian worker is too low for its commodities to be able to stand up against the ~~international~~ socially necessary labor time on the world market. But that surely does not invalidate the law of value, which asserts

(72) Capital, I, p. 675

(73) New Internationalist, August 1941

(74) The Soviet Union Looks Ahead, The Five Year Plan for Economic Reconstruction of the National Economy, issued by the Gosplan. Emphasis in original.

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itself "like an over-riding law of nature just as the law of gravity does when a house falls about our ears." Marx said that "Value does not stalk about with a label describing what it is. It is value, rather, that converts every product into a social hieroglyphic." After mastering that bit of Marxism, will we now let the Stalinist price fixers convert the prices of their products into an enigma? Or will we understand that "great as may be the divergences between prices and the values of commodities in individual instances, the sum of all prices is equal to the sum of all values, for in the final reckoning only the values that have been created by human labor are at the disposal of society, and prices cannot break through this limitation, including even the monopoly prices of trusts; where labor has created no new value, there even Rockefeller can get nothing." (75)

When comrades constantly point to the fact that price deviates from value, by government decision, as proof that the law of value does not hold, they fall into the empiric thinking of bourgeois economists who point to the same phenomenon of price deviating from value in the case of monopoly prices, as proof that economic "power", not socially necessary labor time, determines the basis of exchange. The mere fact that the labor theory of value does not in this stage of autarchic rule have a progressive mission to perform does not disprove this law. Again we turn to Trotsky who, in his already quoted popular version of Marxist doctrines, put this thought most succinctly: "Empiric thinking limited to the solution of immediate tasks from time to time, seemed adequate enough in labor as well as in bourgeois circles as long as Marx's law of value did everybody's thinking. But today that very law produces opposite effects. Instead of urging economy forward, it undermines its foundations."

In a footnote*in the third volume of Marx's Capital. Engels made the following comment as to the changed character of commercial crises: "...competition in (75) Trotsky: Living Thoughts of Marx *p/575

the internal market recedes before Kartels and trusts, while it is restricted in the international market by protective tariffs...But these protective tariffs are nothing but preparations for the ultimate general industrial war, which shall decide the supremacy of the world market. Thus every element, which works against a repetition of the old crises, carries the germ of a far more tremendous future crisis in itself." So long as the capitalist world market exists, the law of value would assert itself "like an over-riding law of nature." That was true as well when the workers state of Lenin-Trotsky existed. Monopoly of foreign trade, for a workers state, could accomplish no more than the protective tariff did for the capitalists —put off the day of reckoning. That is why our revolutionary internationalists worked for the world revolution and considered the Russian Revolution as the starter for the international revolution. It was not because they were "idealists" that they espoused the permanent revolution; but because they were Marxist materialists, with a complete understanding of the development of the productive forces and the international market. It was to escape being subjected to the laws of the capitalist world surrounding them that Lenin said that internationalism demanded the subordination of the high interests of the proletariat of one country to that on an international scale. If the capitalists were not to decide the mastery of the world market and make the proletariat state bow to their law of motion, it was an urgent necessity to transfer the dictatorship to an international basis. And when the young workers state had to begin "to pay tribute to capitalist," as Lenin phrased the necessity for the NEP, it was still to gain time while "our foreign comrades are preparing thoroughly their revolution."(76) I can't understand what other interpretation than that of escaping being ruled by the laws of the capitalist world, and that of value being the foremost of these

(76) Selected Works, IX, p.289

laws, ~~like~~ the comrades give to the internationalism of the October leaders. It wasn't Hegelian idealism!

The Russian state must, if it is to survive, bring industrial prices to the level prevailing in advanced industrial countries. Neither the inventors of "socialism in one country" nor the builders of a self-sufficient ersatz economy have been able to, nor could possibly, succeed in tearing their respective countries out of the vortex of world economy. And since the Marxist law of value is still the basic regulator of the world market economy, neither the commissars in Russia nor the lieutenants in Germany have been able to escape being governed by this law. Internal competition had not abolished itself when it turned into monopoly and the law of value still rules when external competition takes the form of total war.

3. The creation of surplus value, or production for the sake of production. (Accumulation)

Finally, the absolute law and compelling motive of capitalist production is the production of surplus value. Lest anybody interpret this only from the subjective point of view of the individual capitalist's search for profits, Marx made it clear that just as use values are not to be considered the real aim of the capitalist "neither must the profit on a single transaction. The restless never-ending process of profit-making alone is what he aims at." (77) The course of development of capitalist production necessitates a constant increase in the amount of capital expenditures for heavy industry, a constant and absolute increase in constant capital. "Competition makes the immanent laws of capitalist production to be felt by each individual capital as external coercive laws," wrote Marx, (78) (77)Capital, I, p.170 (78)Ibid, p.649

"It compels him to keep constantly expanding his capital in order to preserve it but to extend it he cannot except by progressive accumulation." And this accumulation "is a law of capitalist production imposed by incessant revolutions in the methods of production themselves, the resulting depreciation of existing capital, the general competitive struggle and the necessity of improving the product and expanding the scale of production, for the sake of self-preservation and on penalty of failure."

← Since the capitalist is merely capital personified, wrote Marx, "it is not values in use and its augmentation that spur him into action. Fanatically bent on making value expand itself, he ruthlessly forces the human race to produce for production's sake."

(Permit me to divert from Russian economy for a moment to consider this much laughed at "Johnsonian" phrase, "production for production's sake". Rose Luxemburg likewise took issue with that "Johnsonian" phrase -- only she attributed it to Marx. To prove her point she not only quoted from Marx's Capital but also from Theories of Surplus Value, thus: "The whole time we had supposed that a commodity sold at its value. Competition of capitals was not examined, neither were credit and the actual structure of society which does not at all consist only of workers and industrial capitalists and where the consumers thus do not coincide with the producers; the first (the category of consumers whose income in part is not wages) is here considerably broader than the secondary category of producers and therefore the methods of expenditure of its income and the extent of the latter brings about great modifications in the economy, particularly in the process of circulation and reproduction of capital." Luxemburg then comments. (79) "Consequently, even here when Marx speaks about 'the actual structure of society! he pays ~~no~~ attention exclusively only to the participants in the consumption of surplus value and wages, consequently, only to the ~~participating~~ strata clinging to the basic capitalist categories of production", whereupon she draws this conclusion: "thus there is no doubt at all that Marx wished to describe the process of accumulation in a society exclusively of capitalists and workers under the general and exclusive domination of the capitalist method of production. But under these circumstances his formula does not permit any other interpretation than production for production's sake.")

In Russia accumulation of capital, or as Marx called it, "actual capitalist production" (80), follows the law of development in capitalist lands. The rapid strides made in the production of the means of production, which so far outdistance the tortoise pace of the production of articles of consumption, follows the line of development of the capitalist market. That is to say, insofar as means of production exchange for other means of production (say, the producer of tractor buys steel, the producer of steel buys pig iron, etc. etc.) the realization of

(79) Luxemburg: Accumulation of Capital, from Russian translation by Dvolutsky, under the editorship of Bulcharin, 1921. (80) Capital, Vol. II, p. 608

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the production and hence the development of the internal market proceeds "independently" of the growth of the production of articles of consumption. ~~Therefore~~

"'Production for the sake of production' is extended production without a corresponding expansion of consumption," wrote Lenin in his Development of Capitalism in Russia. "But this contradiction is not a doctrine but a reality... It is precisely this expansion of production without a corresponding expansion of consumption which corresponds to the historical mission of capitalism and its social structure: the first consists in the development of the productive forces of society; the second excludes utilization of this technical conquest by the mass of population." These two postulates of capitalist development was evident thruout our study of Russian economy and were epitomized in the Statistical Abstract which revealed the sum total of production (1) in the relationship of means of production to means of consumption; and (2) in the simultaneous worsening of the conditions of the proletariat. The Russian workers' standard of living, let us not forget, is 60% of Tsarist times whereas the growth of heavy industry is some 300% of Tsarist times.*

Existence determines consciousness. The slogan "to catch up and outdistance" capitalist lands is only a reflection of the compelling motive of present world economy: who will rule over the world market? Therein lies the secret for the means of production growing at the expense of the means of consumption. Therein lies the reason for attempting to bring industrial prices to the level prevailing in advanced industrial countries. Therein lies the cause for the living standards growing constantly worse, despite the state's "desire" for the "still better improvement of the conditions of the working class." Economic laws have a logic independent of the human will, even Stalin's will. Whatever the ideas of the bureaucracy, this course of development is forced upon it by the course of world development.

*Author's estimate; Russian state claims over 1000% growth.

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ment of an exchange economy. That course will continue so long as there is no revolutionary change of class rule which would alter the relationship of the appropriating class to the direct producers and thus the whole law of motion of modern economy. But when the state is the sole owner of the means of production and the workers have no say over production plans or results, of how the surplus value created by it shall be used, the economy must ~~in~~ of necessity continue to be the kind where an ever greater share of the surplus value is reinvested in the means of production at the expense of the means of consumption, in constant capital over variable, resulting in a high organic composition of capital with accumulation leading to wealth at one pole and poverty at the other. The chairman of the Gosplan, expressed most clearly the compelling motive of Russian production when he declared that the plan for 1941 "provides for a 12% increase in productivity and a 6.5% increase in average wage per worker. This proportion between labor productivity and average wage furnishes a basis for lowering production costs and increasing socialist (!) accumulation and constitutes the most important condition for the realization of a high rate of extended production."

Is this hunt for surplus value necessitated by the "swelling needs of the bureaucracy", as Shachtman puts it, or in order to "increase the revenue, power and prestige of the bureaucracy", as Carter puts it? There is no doubt at all that a good part of the surplus value gotten out of the sweat and blood of the toiling masses goes for the luxuries of the ruling class. But if we stop to reconsider we can see that no matter how great the share of the means of consumption the ruling class absorbs, the total production of these commodities (and masses still take the larger share absolutely, though by no means relatively of

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course) amounts to 39% of the ~~total~~ national economy in Russia, whereas production of the means of production accounts for 61% of the total value of the national economy. If there is anything new at all in the old capitalist drive for surplus value which takes the form of production for production's sake, it is that, like in all capitalist lands, an ever greater portion of the national income is sunk in armament and production for production becomes production for war. One third of the total budget in 1940-41 went to defense and a good portion of the third that went to heavy industry includes implements of militarization. ^{because} We cannot go into this aspect. This article does not concern itself with the effects of the present war upon the economy; our study is limited to a development of the Russian economy up to the outbreak of war. What a study of the economy up to the war did reveal was that the economy, being an exchange economy and existing in the environment of the world market, had to bow to the law of motion of capitalist society which leads to the polarization of wealth. "But what availeth lamentation in the face of necessity."

III -STALINIST RUSSIA IS A STATE CAPITALIST SOCIETY

1. State Capitalism

Marx divided all class societies into three economic epochs: slavery, feudalism, capitalism. The many different combinations of slavery, feudalism and capitalism and the variegated political regimes existing under any of these economies makes the political tasks of the proletarian vanguard none too easy. Nevertheless, the guide Marx-Lenin provided for us is not only invaluable but sufficient. Slachtmann and Carter, however, insist that the Russian society is a new social order and that Marx had not foreseen it.

Marx was a political scientist, not a prophet, but so profound was his analysis of the inherent laws of capitalist development that he was able, in broad outlines, to predict the further development of that society; out of free competition there would develop monopoly; plan out of planlessness; private production would develop without control of private property. To understand the full significance of this scientific analysis is to understand Russian state capitalism.

What is private production without the control of private property? It is capitalist production in a new form. The development of the productive forces demands their socialization. The capitalist class, seeing the handwriting on the wall, was meeting this demand "negatively", (81) through the formation of stock companies, among other things. Marx said that was the "abolition of capital as private property within the boundaries of capitalist production itself." (82) But the abolition of capital "as private property" is not the abolition of capital and it is the existence of capital which is the fetter upon the limitless development of the productive forces. "The real barrier of capitalist production is capital itself. It is the fact that capital and its self-expansion appear as the starting and closing point, as the motive and aim of production; that production is merely production for capital and not vice versa, the means of production mere means for an ever expanding system of the life process for the benefit of the society of producers." (83) It is necessary to solve the contradiction not in a negative manner, as the capitalists employ to avoid their doom, but in a positive manner. The revolutionary, positive solution is the only solution and the proletariat the only class that can employ it. Theoretically what Marx always posed was the abolition of the capitalist mode of production. History has shown that

(81) Ibid., III, p. 521; (82) Ibid., p. 516 (83) Ibid., p. 292. Emphasis in original

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capitalist private property can be abolished and the capitalist mode of production can continue. A revolutionary solution means a transformation of class relationships. Capital, Marx teaches us in the three volumes of Capital, is not a thing but a social relation. Money or ownership of the means of production do not stamp man as a capitalist if there be wanting the correlative the wage worker. It is the ~~link~~ relationship between wage labor and capital that determines the entire character of the mode of production. That is the crux of the matter. It is the domination of a class which determines production. The form of its rule is subordinate to its aim; private property is the "preferred" form but to avoid another class ruling production, the capitalist consents to forego that form for the "collectivist" form of property. The working class must therefore be on the lookout and see that cooperative production does not become a snare by having it under their own control. Some members of the ruling class, Marx told the General Council of the International, were beginning to "perceive the impossibility of continuing the present system" and have therefore "become the obtrusive and full-mouthed apostles of cooperative production." "If cooperative production is not to remain a sham and^a snare; if it is to supersede the capitalist system; if united cooperative societies are to regulate national production upon a common plan, thus taking it under their own control and putting an end to the constant anarchy and periodical convulsions which are the fatality of capitalist production, --what else, gentlemen, would it but communism, 'possible' communism?" Unfortunately, may fallen into this snare of so-called cooperative production.

This warning regarding "cooperative" production did not, needless to say mean, that Marx who so fully exposed the law of motion of capitalist society did not fully appreciate the evils of capitalist private property. As a matter

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of fact, it was he who had broadened that understanding of "private property". Long before the Paris Commune — when he first analyzed Hegel's conception of the divine rights of the state — Marx had written that "A bureaucracy possesses the state as its private property." (84) The Stalinist bureaucracy uses the power in Russia as its private property.

The Marx of the Civil War in France contrasted this feature of bourgeois society to that of the Commune where "Public functions cease to be the private property of the tools of the Central Government." It was precisely this thorough understanding of contemporary society, the profound analysis of its law of motion, that enabled Marx not only to foresee but warn against being taken in by a mere change in form of rule or ownership, specifically, of the statification of the means of production. Listen to the continuator of Marx in a book read by Marx before its publication. Engels in Anti-Duhring* stressed that the statification of the means of production "does not deprive the productive forces of their character as capital... The ~~capitalist~~ modern state, whatever its form, is an essentially capitalist machine; it is the state of the capitalists, the ideal collective body of all capitalists. The more productive forces it takes over, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. The workers remain wage-earners, proletarians. The capitalist relationship is not abolished; it is rather pushed to an extreme. But at this extreme it changes into its opposite. State ownership of the productive forces is not the solution of the conflict, but it contains within itself the formal means, the handle to the solution."

The differentia specifica of capitalist production is not ^{that} the means of production are private property — under feudalism and slavery there was likewise private property — but that it is capital.

(84) Criticism of Hegel's State Rights *pp. 312-315

Of Engels Lenin said that he had been able "in a measure to foresee the problems of our own, the imperialist epoch." When Lenin wrote that he was referring to Engels' criticism of the draft of Kautsky's Erfurt Programme in which the word, planlessness, was used to characterize capitalism. Engels had written: "When we pass from joint-stock companies to trusts which control and monopolise whole branches of industry, not only private production comes to an end at that point but planlessness." Lenin then comments: "Here we have what is most essential in the theoretical appreciation of the latest phase of capitalism, i.e.

imperialism, viz., that capitalism become monopoly capitalism. This fact must be emphasized because the bourgeois reformist view that monopoly capitalism or state-monopoly capitalism is no longer capitalism but can already be termed "state Socialism", or something of that sort, is a very widespread error." (85)

In ~~his first~~ his article in the December 1940 issue of the New Internationalist Marx called the state-capitalism of Russia precisely that - state socialism. He tried to minimize the error of calling that monstrous society "socialism" by specifying that he meant "bureaucratic state socialism". Carter from the first stuck to a name of "something of that sort" by calling Russia bureaucratic collectivism. Whether the term, bureaucratic is used complimentarily, as Shachtman does, or as equally reactionary with capitalism, as Carter does, their theory of a new social order conflicts sharply with the fundamental Marxist concept of what constitutes a class and what determines the structure of an economy. Our fight with them over the name to be applied to describing Russia is not a polemic over words; it is a question of defining the content or economic structure and movement of that society. ~~The content of the social property relations and the mode of production~~

~~property, and the mode of production, have been determined by the dominant~~

~~relations of production and the mode of production, and the mode of production, and the mode of production~~

~~production conditions in Russia~~

Shachtman and Carter have named the wage labor in Russia slave (forced) labor, the capital they call state property, and the agents of the mode of production slaves and collectivist bureaucrats but they have failed to show wherein the mode of production differs from that in capitalist lands and how its law of motion differs from that of world capitalism. We must remind them that "The existence of classes (86) is only bound up with particular historic phases in the development of production."*

What is the particular historic phase in the development of Russian production that has called forth a new class to rule? What is the very heart of Marxist teachings is that it is the process of production and the class relations corresponding to it that determines the political superstructure of any class society. That, for Marxists, should likewise apply to any exploitative order, even one called bureaucratic collectivism. But our protagonists of the bureaucratic collectivist society say that, in the case of Russia, politics is a determinant factor of the class structure of that society. Shachtman and Carter have thus perverted a basic tenet of Marxism not only in its particular application to capitalist society but also in the general dialectic application to all class societies. They have completely departed from the Marxist materialist method of approach.

8. Politics and Economics

Com. Shachtman says: "The social rule of the proletariat, ^{while} unlike all preceding classes, is and must remain a propertyless class, — lies in its political rule and can lie only in its political rule." Lenin on the other hand said: "Under capitalism the proletariat was an oppressed class, a class deprived of all ownership in the means of production; ~~it was the oppressed class~~... Having overthrown the bourgeoisie and conquered political power, the proletariat has become the ruling class; it holds the power of the state, it has the disposal of the means of production, which have now become social." ⁽⁸⁷⁾ Further: "With the transition of (6) Marx-Engels Correspondence, p. 57) *(87) Selected Writings, Vol. 3, p. 11*

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all power --this time not only political and not even mainly political but economic power, that is power that effects the most deep-seated foundations of everyday human existence--to a new class...our ~~tasks~~ tasks become more complicated." (88) And again "We are the owners of industry, we are the owners of grain, we are the owners of all the wealth in the country." (89) Or, "After it has seized power, the working class maintains it, preserves it and consolidates it like every class by means of a change in property relations." (90)

Comrade Carter says that the manner in which the ruling class in Russia is formed is determined by "non-economic, primarily political factors." However, even in "purely" political revolutions where one clique of rulers replaced another and the production relations remained the same (all of which is not true in Russia), the determining factor in the last analysis of who was to rule was who served best the economic tycoons, that is, the production needs of the economy. Do Marxists repeat time and again that the economic structure is the all-important foundation upon which the political superstructure rests merely "for propaganda"? Every political superstructure in the last analysis serves production and in the last analysis is determined by the production relations prevailing in the given society."

At the root of both Comrades Shachtman's and Carter's mistakes is the shift away from economics to politics. The opposite deviation, shift from politics to economics, was so brilliantly analyzed by Bukharin that it applies here with equal force. "Some say: Nevertheless there is a functional division -- politics is one thing, economics another..." Bukharin was addressing the 9th Congress of the R.C.P. (91)

(88) Vol. 7, p. 587 (89) Ibid, p. 422 (90) Vol. 8, p. 220

(91) The reader is cautioned against confusing Lenin's criticism of Bukharin's position at the 20th congress with Bukharin's position at the preceding congress. At the 9th congress Bukharin was the official reporter on the trade union question and spoke for the whole C.C.
 Cf. Minutes of 9th Congress R.C.P., pp. 230-235. Russian

"To counterpose politics to economics is impossible and theoretically leads to an absurdity! If we take the epoch of state capitalism during a war, then even within the frame of the bourgeois system of economy, economics and politics merge..What was the system of state capitalism? It was this, that the economic organizations, bourgeois syndicates, trusts, tremendous undertakings, were subordinated to the bourgeois state; they became the organizations of this bourgeois state. The bourgeois state used to be the chain dog of capitalist property. The exploitation of the workers was carried through in the factories. The state had practically no production economic functions. .But during the time of war the bourgeois state was forced to militarize the whole industry, i.e. subordinate it to its state and this state became the collective capitalist. The capitalist state itself began to run industry, began directly to execute economic functions..In the period of the dictatorship of the proletariat the same thing occurs... The peculiarity of the present epoch, the epoch of the dictatorship of the proletariat, one of its major peculiarities, from the viewpoint of the organizational form, consists precisely in the fact that economics merges with politics and that state power, formerly exclusively a political organ, now becomes a most important economic organ...There are some things which are so all-obligatory that they are useful to every class."

It is such understanding of the intergradation of politics and economics that Shachtman and Carter lack and thus fail to apply in the present dispute. Politics appears of transcendent importance over economics only because the politician and boss are one, or rather we are not dealing with a politician of old but a new one, one "who executes economic functions", manages industry. Totalitarian politics, of course, brooks no opposition either in Russia or in Germany, but we have vastly overestimated the political factor, as if it were independent of economics. The macabre Moscow Trials were staged not only to get rid of political opponents or any one capable of challenging the totalitarian rule of Stalin. They were staged also in order to clear the way for the consolidation of the new ruling class, which was getting impatient with the necessity of slowly infiltrating into the production process. Violence was necessary to complete the counter-

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revolutionary process of changed production relations.

In the study of the social classes revealed by the population census of 1939 we have seen that the politicians constituted but a small part of the already small top "intelligentsia": factory directors, sovkhos and kolkhos presidents, army and political chiefs, all of whom constituted a mere 2.05% of the total population. To try to subdivide the 2.05% of the population constituting the top ruling class into those who are politicians and those who are the bosses and to say that the latter are squeezed out of the ruling class "by non-economic, primarily political" factors, as Carter says, reveals both a failure to understand the integration of politics and economics and the actual functioning of the Russian economy. Even in the subordinate aspect of the type of people who rule the country, Carter's analysis does not hold. At the last party conference 25% of the delegates were engineers. Thus engineers were not "merely" economic bosses but party secretaries. Take up any issue of any official paper or magazine in Russia and see the face of the intelligentsia and see whether that fusion of economic and political functions ~~is not~~ is not the reality of the situation. It is because Carter has his eyes glued on Stalin and the very top of the bureaucracy. Stalin, it is true, could have no more power if he declared himself the owner of the Stalingrad Tractor Works than now when he is "propertyless". But Stalin sees to it that Smetanin, the factory director of the factory Skorokhod, is permitted into the party. That is he sees to it that the party statutes erase all distinction of class origin the better to permit the class exploiter to rule that party, seeing to it at the same time that the factory worker neither in the factory nor in the party "preen himself of his proletarian origin", but

must sweat and toil and "respect" the intelligentsia. What the bureaucratic collectivists fail to show is what a Marxist should have set himself as the first task of revealing the "new order": the production relations, how they differ from those in capitalist lands, not by assertions, but through a study of the economy.

Shachtman agrees with Carter in calling Russia new exploitative society, bureaucratic collectivism. In fact, he goes one better; he rejects the idea that the order is equally reactionary with capitalism. Instead he says: "Bureaucratic collectivism is part --an unforeseen, non-realized, reactionary part but a part nevertheless --of the collectivist epoch of human history." To call Stalinist Russia in which an infinitesimal 2.05% of the population constitute the exploiters of labor, a part of the "collectivist epoch of human history" is the same as to say that national socialism (nazism) is a part "a mongrelized, reactionary part but a part nevertheless" - of socialism!

The sharpening of the contradictions in the method of production will finally transfer the economic conflict in Russia and on a world scale into the arena of social conflict and it is there where the most basic of all questions will be decided: WHICH CLASS WILL RULE PRODUCTION. When the class that determines production will be the direct producers and not the appropriators of surplus labor, then we will first have an economy whose motive force will not be the self-expansion of capital but the self-activity of the worker; the means of production, having been stripped of their character as capital will function for the satisfaction of human needs. Only then will mankind rise to its full stature. Only then will we be able to speak of truly free labor for it will initiate "the leap from the kingdom of necessity to the kingdom of freedom". To be in the vanguard of that movement of liberation it is imperative that we remain firmly on the Marxist base.

Freddie Frost - Nov-1942 *****