

The Soviet Economy – A Completely and Definitely Capitalist Economy

By Aristotel Pano

Economist, lecturer at the Tirana University.

From *Albania Today*, 1975, 4

The present day Soviet State, as a collective capitalist, administers the means of production in the name and the interest of the new Soviet bourgeoisie. The socialist common ownership has turned into a state capitalism of a new type.

Enver Hoxha

Life, time has always been the best judge of the correctness of the conclusions of our party in all questions. It has demonstrated their incalculable value and historic importance. This is just what occurred also with the conclusions concerning the restoration of capitalism in the Soviet Union.

1

Without doubt the great ideological betrayal and the usurpation of the leadership of the CPSU by a group of traitors which took its open form at the ill-famed 20th Congress of the CPSU constituted the prologue to the restoration of capitalism in the Soviet Union. This group of traitors, headed by Khrushchev, began the process of the degeneration of the dictatorship of the proletariat that existed in the Soviet Union, into a dictatorship of the new Soviet bourgeoisie which began to emerge.

The entire superstructure of Soviet society degenerated. The former dictatorship of the proletariat was transformed into a savage fascist dictatorship of the new revisionist bourgeoisie, the socialist Soviet State was transformed into a social-imperialist state. Although the beginning of the process of the degeneration of the Soviet superstructure was also the beginning of the restoration of capitalism, this degeneration of the superstructure could not advance itself without the degeneration of the economic base. Therefore, with the beginning of the process of the degeneration of the superstructure, the process of the degeneration of the economic base began, too. Here we have to do with a dialectical and complicated interaction of the degeneration of the superstructure and the base, where the one pushed ahead and impelled the other, until at last they assumed their complete capitalist form. Also in the question of the degeneration of the socialist relations of production into capitalist relations, just as our Party has pointed out in its documents, the treacherous Khrushchovian leaders exploited some shortcomings which existed, especially in the relations of distribution (the great discrepancy of salaries, which our Party has rightfully described as a dangerous evil).

It is known that capitalism is the highest and most general stage of commodity production. With scientific genius Marx proved in his work "Capital" that wherever commodity production becomes general and flourishing, there capitalist exploitation comes into being spontaneously. Therefore, in his work "Capital",

Marx begins his whole analysis of capitalism “precisely with his analysis of the commodity. Defending and further developing Marx's economic theory Lenin underlined that:

“The essential features of capitalism, (author's emphasis) according to his theory, are: (1) Commodity production, as the general form of production. The product assumes the form of a commodity in the most varied organism of social production, but only in capitalist production is this form of the labour product general and not exceptional, isolated, accidental. (2) The second characteristic of capitalism is the fact that not only the product of labour, but also labour itself, i.e. human labour power, takes the commodity form. The degree to which the commodity form of labour power is developed is an indication of the degree to which capitalism is developed”.

After the usurpation of the leadership of the Soviet Party and State, the Soviet revisionist traitors in a camouflaged way, created objective conditions for the emergence and development of the above two features in the Soviet economy. And in as much as any practical activity requires prior ideological preparation, after 1953, the first thesis attacked by the Soviet revisionists in the Marxist economic theory was that about commodity production and the law of value in socialism.

It is well known that Marxism-Leninism does not negate the necessity of the existence of commodity production after the seizure of state power by the working class. On the contrary, in the first stage, this form of production exists objectively, but being a vestige of capitalism, it is never allowed to extend and flourish; on the contrary, with the extension and strengthening of the socialist sector of the economy, with the maturing of the socialist relations of production the sphere of commodity production and of the operation of the law of value is also narrowed and limited, until objective conditions are finally created for their complete liquidation. While they consider commodity production as inevitable for a certain time, the genuine Marxist-Leninist Party and the socialist state of the working class are also aware of the danger it conceals, and take conscious measures for the creation of the objective conditions for its final liquidation in the future.

But in opposition to all this, with the aim of concealing the process of the restoration of capitalism with demagogic phrases, after the year 1953, the Soviet revisionist traitors brought out the diabolical thesis that before they cease their operation, and in order to bring about this cessation, the old categories inherited from capitalism (thus including commodity production and the law of value) must be developed and flourish in a full and general way.

In the impossibility of presenting here all the "scientific arguments" for this diabolic thesis, suffice it to mention that in a camouflaged manner, it found its expression in the so-called “Programme of the Communist Party of the Soviet Union”, which was approved at the 22nd Congress of this party, which says:

“In communist construction it is necessary to fully utilize the commodity – money relations...” (author's emphasis).

As is seen, in opposition to the entire Marxist-Leninist theory, which stresses the indispensability of the limitation and restriction of commodity production during the transition to communism, the Soviet revisionists, as conscious traitors to Marxism wanting to conceal the process of the restoration of capitalism, speak of “full utilization” of commodity-money relations in communist construction. As to

what is the meaning of the words “full utilization”, this emerged clearly from all the practical economic measures they adopted, which are measures for the transformation of socialist production into capitalist commodity production. All the “theoretical” creations and practical measures of these renegades were blatant betrayal of the precepts of Marxism-Leninism which they claim they are “developing”.

Here, concretely is what Lenin stresses:

“Marxism teaches us that the society, which is based on commodity production... at a certain level of development, inevitably, takes the road of capitalism”, (author's emphasis).

And precisely the measures taken by the Soviet revisionists after the year 1953 in the economic field, along with the process of the degeneration of the superstructure, objectively created that certain level of development of commodity production which brought about the birth of capitalism in the economy, which has now been completely and definitely formed.

All the concrete measures of the Soviet revisionists after the year 1953 in the field of the economy, which reached their culmination in 1965 with the so-called “economic reform”, had one aim: the restoration of the capitalist economy of commodity production. Irrespective of “Marxist” phraseology with which these measures have been justified, or how their capitalist essence has been concealed from the working people, in essence they were measures for the reestablishment of capitalism which has now been completed. At various periods these measures have affected production, distribution, exchange, the management of the economy, etc., but in their entirety they express one thing: the degeneration of the socialist economy, the unlimited extension of the commodity-money relations, the creation of the economy of capitalist commodity production, the creation of conditions for the emergence and operation of all the categories of the capitalist economy which will be mentioned below.

The most important element in the whole process of the extension and flourishing of capitalist commodity production in the Soviet Union was precisely the transformation of labour power into a commodity. Marxism teaches us that “capitalism is that stage of the development of commodity production when even labour power, becomes a commodity”. Precisely because this process of the transformation of labour power into a commodity has been completed in the Soviet Union, it is understandable that we have to do here with a completely capitalist economy.

For labour power to become a commodity it is necessary for the worker to be divested of all means of production and be obliged to sell only his labour power. The process of divesting the Soviet labour force of the means of production, has been the very process of the degeneration of the dictatorship of the proletariat into a dictatorship of the new Soviet bourgeoisie. Thus, with the degeneration of the Soviet State, with its transformation into a dictatorship of the new Soviet bourgeoisie, the means of production too, which were state or collective farm property, were automatically transformed into property of the new revisionist bourgeoisie, which usurped the state power. The Soviet working class was deprived of the means of production, it no longer has anything to sell for its livelihood but its labour power, which like all the other factors of production, has been transformed into a commodity.

In order to become convinced that the character of the state property depends on the character of the state itself, on whose hands the state is in, suffice it to cast a glance on the present day reality of the western capitalist states, where state ownership has been extended in recent years. Nobody thinks .of considering

the state ownership existing today in the western capitalist states as socialist ownership, ownership by the workers. Why? Because state ownership is always the ownership of that class which holds the state power. And as long as the state power is in the hands of the bourgeoisie, of the capitalists, state ownership, too, is a form of capitalist ownership, is state monopoly capitalism.

In essence, we have the same thing also in the Soviet Union. It is not superfluous to note here that a century ago, in his work "Anti-Dühring", Engels pointed out that the character of state ownership depends on whose hands the state is in.

Of course, the transformation of socialist ownership into state capitalist ownership of a special type, and of labour power into commodity did not take place in the Soviet Union at the touch of a magic wand, but through a whole process of the degeneration of the dictatorship of the proletariat into a dictatorship of the new revisionist bourgeoisie.

In as much as the processes of the degeneration of the superstructure, of the change of the character of ownership, of the transformation of labour power into a commodity, of the extension and flourishing of capitalist commodity production were completed, the process of the restoration of capitalist exploitation, too, in all its breadth and depth, was automatically completed in the Soviet Union. This was the inevitable result of the restoration of the capitalist commodity production. Here is what Marx teaches us:

"To the extent that commodity production develops in conformity with its inherent laws into capitalist production, to the same extent the property laws of commodity production are turned into laws of capitalist appropriation".

2

Now there is no doubt that the main form of capitalism in the Soviet Union is state monopoly capitalism of a new type. But this "new type" does not mean at all that we have to do with another essence of capitalism. The new type consists only in the way of its birth and its role, while as far as its essence is concerned, it is capitalism as in all the capitalist countries.

State capitalism in the western countries came into being mainly as a result of nationalisations with compensation carried out by the bourgeois state, whereas in the Soviet Union it came into being through the completion of the process of the degeneration of the dictatorship of the proletariat into a dictatorship of the new bourgeoisie. In the western capitalist countries, state capitalism plays a role dependant on private capital, as a tool of the latter, while in the present-day Soviet Union it plays the dominant and principal role.

But while stressing the fact that the main form of capitalism in the Soviet Union is state monopoly capitalism of a special type, we must mention the other forms of capital and capitalism existing there today.

As a result of the fat salaries which the new Soviet bourgeoisie receives in the state and collective farm sector, it manages not only to lead a fabulous life, but also to create colossal "savings" in the form of deposits, which, by means of interest, "give birth" to other money. Here it is not a question of denying the possibility of savings in socialist society. Naturally, parallel with the increase of general wellbeing, the

working people also create savings in order to better fulfil their needs of consumption in the future. But when these savings belong only to “people with special abilities”, when they stem from the exceptionally high salaries and bonuses they receive, and yield large sums of interests, they are no longer savings, but loan capital, money which gives birth to money.

Here is what Lenin says:

“The starting point of any capital, – both industrial and commercial – is the formation of free financial means in the hands of individual persons (the words “free means” should be understood as those financial means which are not necessarily used for personal consumption, etc)”.

Today, the new Soviet bourgeois and a part of the worker aristocracy possess almost 60 billion roubles of deposits, bringing in 2 billion roubles interest annually, without even lifting a finger. The formula of capital, loan P–P', demonstrated by Marx a century ago, is precisely the formula of these “savings” of the new Soviet bourgeoisie.

But this is not the only form of private monetary capital possessed by the new Soviet bourgeoisie. There are also other forms, in the form of state obligations, insurance, etc. Finally, we cannot fail to mention another form of commodity production which gives birth every day to new capitalists in the Soviet Union, which involves the so-called ‘collective farmer's personal plot’. No Marxist has denied that as long as the agricultural cooperatives are unable to fulfil some of the needs of their members, the cooperativists must have a personal plot of land for some of their family needs. But when this “personal plot” is extended beyond measure and is used not for personal needs, but to supply the market, then it is turned into an economy of simple commodity production which, as Lenin has said, every minute, every hour, and every day, gives birth to capitalism. This is precisely the type of the economy of a large number of “collective farmers' personal plots” in the present-day Soviet Union. These “personal plots” today supply up to 60 per cent of the vegetables, 80 per cent of the fruit, etc. Therefore, as commodity production economies, they give birth to new capitalists every day.

3

The analysis of the capitalist character of the Soviet economy must be done not on the basis of external appearances, of the demagoguery of the traitors to Marxism, of the laws and juridical forms which still preserve the “socialist” shell, but in the way in which the classics of Marxism-Leninism, the Party of Labour and comrade Enver Hoxha teach us, on the basis of the real economic relations.

Criticising the Narodniks, Lenin taught the Marxists:

“In order to define the ‘type’ (of an economy – A. Pano) we must naturally, consider the principal economic features of an order and not its juridical forms”. And the economic reality of the Soviet Union today is such that, without having in their pocket any deed entitling them to ownership of the country's means of production but thanks to their actual position, the new revisionist bourgeoisie use these means for the exploitation of the working class, for the capitalist appropriation of the surplus value created with the unpaid labour of the rank-and-file working people.

Just as all the other elements of the relations of production, the relations of distribution, too, have degenerated completely. Just for this reason, the new Soviet bourgeois can readily allow the workers to keep in a drawer the text of the Soviet constitution, which legally consecrates the right to common property, provided these bourgeois themselves keep hold of the bank book in which the sums of deposited roubles continually increase.

The whole of the surplus value appropriated by the Soviet bourgeoisie assumes various forms. A large part of this surplus value is transformed in various ways by this bourgeoisie itself, as the collective owner of the means of production, into capital of the form of state monopoly capitalism. This part, like the means of production, it owns as a class and not as individuals. Another part of the appropriated surplus value it distributes individually among the members of its class in the form of the fat salaries and innumerable bonuses, established for the new Soviet managers in recent years, which are constantly increasing.

Suffice it to compare the second part of the surplus value appropriated individually by the members of the Soviet bourgeoisie in the form of “salaries and bonuses” with the wage of a rank and file worker, to understand the entire exploiting character of the capitalist relations of distribution in the Soviet Union. Today the salaries and bonuses of the top Soviet managers (let alone the elite of the Party, State, army and science) are 15-20 times higher than the minimum wage of ordinary workers. Of course, in order to preserve its domination more easily. The Soviet bourgeoisie, by means of bonuses, also corrupts a small part of the working class, transforms it into an aristocracy of the working class, as is the case in any capitalist society.

But the entire system of distribution operating in the Soviet Union today, the colossal number of bonuses, which in some cases are entirely unlimited, have nothing in common with the socialist principle of distribution according to work, but under the label of the “recognition of the special merits of managers”, serves the individual appropriation by the new bourgeois of a part of the surplus value produced with the unpaid labour of the Soviet workers. Precisely on this background we have the growth of the social contrast: On the one hand, the class of the new Soviet bourgeoisie, leading a fabulous luxurious life, and, on the other hand, the rank and file working people who live in such poverty that, as the Soviet newspaper “Socialisticheskaya Industriya” unintentionally let out a few years ago, only now are they replacing their wooden spoons with metal spoons! It could not be otherwise. It is true that immediately after he came to power, Khrushchov promised golden spoons to everybody, but by the word “everybody” he implied only the new Soviet bourgeoisie, which became the masters of the state power and the means of production, while the others were reckoned to become, as they did, wage slaves.

The degree of exploitation of the workers in every capitalist economy is measured with the norm of surplus value, which represents the ratio of the surplus value to variable capital. The Soviet statistics of these categories still preserve the so-called “socialist” terms and falsify the amount of variable capital, by including the salaries of a part of the new Soviet bourgeois, which, as we said, represent a part of the surplus value. But even from those figures “fiddled” by the Soviet statistics, it emerges that the norm of exploitation of the Soviet working class in 1972 was 23 per cent greater than in 1960. Such is the “gain” of the Soviet working class from the so-called construction of communism (read: restoration of capitalism).

The restoration of capitalism in the Soviet Union also brought about the replacement of all the socialist economic laws and categories with the capitalist ones. The process of the restoration of capitalism extended over a number of years, which were also the years of the extension of the operation of capitalist laws and categories, until they reached their complete and final state.

The fundamental law of the present day Soviet economy is the law of drawing maximum profits. One of the aspects of its manifestation in practical activity consists in the fact that the entire activity of Soviet enterprises is evaluated from the main index, which is the so-called “profitability on funds” (read: profitability on capital). The Soviet revisionists may engage in demagogy as much as they want, claiming that the aim of their production has remained the fulfilment of the needs of the working masses, however it is not words that are important, but deeds. As long as the fat bonuses of the new Soviet managers depend only on the “profitability on funds”, everybody understands that, in order to fill their pockets, they do their utmost, not to fulfil the needs of the economy and the working people, but to increase their bonuses. Their motto is precisely the old Russian saying, “Svoja rubashka blizhe k tjellu” (my shirt is closest to my body).

The only regulator of Soviet production is the law of value and market spontaneity. Volume of sales is the second index for evaluation of the work of Soviet enterprises. But the volume of sales is directly determined by the situation of the market; therefore, it is precisely this market spontaneity that regulates Soviet production, and not the “plan” as they prattle. For sake of appearances the Soviet revisionists may play comedies and “criticize” the so-called “market socialism” of a certain Otto Schick, but they themselves have long ago established market capitalism.

The distribution of investments in the Soviet Union today, is done according to the so-called “normative coefficient of capital investments”, which is nothing but a “socialist” label for the average norm of profit. The category of the capitalist price of production, for which the revisionists find a thousand and one “socialist” names and justifications, is operating in the entire Soviet economy. Through the decentralisation of prices, which are fixed by the enterprises themselves, “escalated prices”, etc., etc., the free play of prices is fully operative, although in other forms. The capitalist category of interest on capital has been established in the entire economy.

The struggle of individual enterprises for the most favourable conditions for the creation of incentive funds, for the most advantageous credit and capital, for a more profitable structure of assortments, etc., is nothing but a form of competition operating in the capitalist economy. Through uniting, merging, and transferring the activities of individual enterprises, the Soviet revisionists conceal the processes of the bankruptcy of individual capitalist enterprises, but in fact, this bankruptcy exists. Many Soviet enterprises today have landed in a bankrupt financial situation. During the 1965-1971 period, the bank loans alone not repaid on time by the enterprises increased 2.3 times. During the period 1966-1970, violation of the normal time-limit for the liquidation of obligations by Soviet enterprises increased by 25 per cent, while the total of all the obligations not paid on time increased by 78 per cent.

The complete restoration of capitalism in the Soviet Union could not fail to bring about the fabulous enrichment of the new bourgeoisie, the impoverishment of the working masses, continuous economic failures, unemployment and crises, manifested in hidden forms, and other capitalist phenomena.

To show the disastrous consequences of the restoration of capitalism in the Soviet economy, we shall mention only the marked decline of the rates of economic development in comparison with the time when socialist economy still existed. Thus, in comparison with the 1945-1960 period, the average rate of increase of national income in the Soviet Union in the years 1960-1965 dropped by 44 per cent, in the years 1965-1970 it dropped 35 percent, and in 1974 it dropped 58 per cent. And it must be said that the rates of economic development calculated by the Soviet statistics contain in themselves the colossal increase, in recent years, of Soviet military production, and if this were excluded, the situation of crisis and the real Soviet economic decline would be even more pronounced.

All analysis of real facts shows very clearly that the Soviet economy today is completely and definitely a capitalist economy. It is precisely this economy which constitutes the basis of Soviet social-imperialism, which is characterized in the internal field by savage exploitation of the working people; by antagonistic class contradictions, by phenomena of decline and successive crises, unprecedented militarization, etc., while in the external field it is characterized by expansion, not only political and military, but also economic; by the exploitation of other countries, and primarily, of the East European "allies".