

BUREAUCRATIC COLLECTIVISM (Draft with NC Amendments)

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Note: There are several sections which are only in outline or note form. Comments will be appreciated but since this is such an involved subject help will be appreciated even more. Since this is supposed to be the statement of our collective politics, I would strongly request that comments and criticisms take the form of amendments or proposed alternative sections.

OUTLINE

- I. Introduction
- II. The rise of the Bureaucratic Class
- III. Bureaucratic Class consolidation and privileges
- IV. Bureaucratic Class Rule
- V. Contradictions of the Bureaucratic Collectivist Economy
- VI. Bureaucratic Struggle
- VII. Bureaucratic Collectivism Internationally
- VIII. Bureaucratic Collectivist parties in capitalist countries
- IX. Revolutionary Struggle within Bureaucratic Collectivist Societies
- X. Is Russia a Workers State?
- XI. The Theory of State Capitalism

Mike Parker -

Bureaucratic Collectivism

Introduction - p. 1

I. Introduction

This pamphlet is a beginning in putting forward a theory about the nature and workings of the present day so-called "communist" states. Our vantage point is that of the working class. From this point of view these states have nothing in common with socialism or communism except the rhetoric. The working class of these countries is not emancipated, nor in control of the society but exploited and oppressed by a new ruling class which maintains its power by control of the economy through control of the state.

This new ruling class is located in and organized as the bureaucratic apparatus of the state, and the economy it controls is basically collectivized. We call these states Bureaucratic Collectivist to indicate their central features and to differentiate them from either capitalist or socialist social systems. For short-hand we also use the term "Stalinism" to mean the same as Bureaucratic Collectivism.

The terms Stalinism and Bureaucratic Collectivism apply to all of the present-day so-called Communist countries: the Soviet Union, the Eastern European countries, China, Cuba, North Vietnam and North Korea as well as movements in other countries which represent the same political and social program.

This is not to underestimate the vast differences between these countries. But the purpose of our discussion here is to examine characteristics and dynamics that seem general to all of them as the same kind of social system. We speak of many very different nationalisms as Capitalist. The United States, Nazi Germany, Fascist Spain, Japan, Welfare-state Sweden despite their enormous differences are all examples of capitalist nations. The failure to understand the differences between bourgeois Democracy and fascism can lead to enormous mistakes. But analyzing the differences between capitalist nations only makes sense after we have developed a basic framework by determining what are the general characteristics and laws of motion of capitalism.

We are attempting here to develop an understanding of the general characteristics of the Bureaucratic Collectivist system. We will focus more on Russia and the Eastern European countries -- particularly Czechoslovakia because they are the most advanced of the Bureaucratic Collectivist societies. While we will try to take into account important differences, we are seeking out the similarities and the common dynamics.

The new form of class rule discussed in this document is a mode of exploiting the working class based not on capitalist surplus value, but rather on a surplus product controlled by a totalitarian, bureaucratic state. The emergence of this new form of class rule as a distinct social system requires a new application of the ideas of Marxism to the modern world. This is all the more important since the bureaucratic ruling class claims to speak in the name of socialism, Leninism, the working class, democracy, internationalism, and bases much of its ideological appeal on its genuine commitment to the destruction of capitalist relations wherever it takes power.

Today there are no longer only two fundamental social classes contending for power -- the bourgeoisie and the proletariat -- but three. It was the degeneration and internal counter-revolution which destroyed the Russian revolution, i.e., a historic defeat for socialism, which brought the third fundamental class, the bureaucratic ruling class, into existence. While unlike the young bourgeoisie, this new class has no progressive historical role (in the sense that the bourgeois revolution laid the economic and social prerequisites for socialism), The bureaucratic class is a contender for power against both the bourgeoisie and the working class.

The emergence of the bureaucratic class was the product of a unique historic situation, the isolation and destruction of the Russian Revolution. The expansion of the bureaucratic collectivist system, however, -- even though capitalism and its imperialism remain the more powerful dominant system in the world -- and the fact that this system has been able to contend for power in both underdeveloped and relatively advanced countries, show that this system is a product of the decay of capitalism. It has grown up where capitalism cannot survive, but where the working class could not take power in its own name, or where it had power and lost it. Thus, it is our view that only the rebuilding of a conscious workers' movement, independent of the ruling classes and imperialist camps to which workers in every nation have been tied for the past generation, can overthrow both capitalism and its bureaucratic rival.

The struggle against the ideology of Stalinism and the analysis we develop of bureaucratic collectivism and its imperialism are part of a struggle to build that movement. Thus, this theoretical work is no academic exercise but is part of the same struggle which we wage in fighting capitalism in the trade union bureaucracy, building a rank and file movement in the unions, and working to build a revolutionary party in this country.

THE ORIGINS OF THE THEORY

The theory of Bureaucratic Collectivism we are presenting here is not new. Events in Russia in the 1930's and 40's such as the purges, Comintern Policy Hitler-Stalin Pact, and the Russian invasion of Finland forced many revolutionaries to carefully examine the nature of the Russian State. The theory of Bureaucratic Collectivism was developed in the U.S., beginning in the 1940's, by the Workers Party (which became the Independent Socialist League in 1948) under the leadership of Max Shactman.¹

Unfortunately, the post-war Capitalist boom, the betrayal of "communist" parties, and the cold war weakened the revolutionary Marxist Movement. Marxist theories stagnated as the Marxist movements were weakened and isolated. What passed for Marxist thought were attempts to artificially impose the brilliant Marxist analyses of the past onto new developments.

The theory of Bureaucratic Collectivism was one of the casualties of the stagnation of Marxist analysis. The theory was never systematically stated in one place and by necessity it had many weaknesses. The theory was based on the experience of one country, Russia, during only a few of the periods of its developments. In several places the general was mistaken for the particular and vice-versa. (For example, the theory assumed that Stalinism could only come to be as the result of an incomplete workers revolution. The theory at one point also assumed that slave labor camps were a necessary part of the Stalinist economy.)²

Our goal in this document is to examine the fundamental nature of the Stalinist economies and societies as a more developed social system with contradictions that are more mature and easy to identify than in the 1930's or World War II, rather than a "regime of permanent crisis" or a slave labor society in which the working class is literally driven to starvation. We must develop an analysis which puts these historical facts into their proper context. In particular, we will demonstrate the contradiction between the needs of planned economy and the class interests of the bureaucracy which require investment in certain sectors of the economy (heavy capital goods and arms) to the detriment of the social needs of consumption and eventually even the economic apparatus itself.

Over the last decade, with the revitalization of the Marxist movement, the development of the theory of Bureaucratic Collectivism has understandably taken second place to the tasks of reorganizing and building revolutionary activity in the working class and developing our analysis of modern capitalism. But the lack of a full understanding of the class forces in the world is a critical weakness for any revolutionary movement. Our task here is to begin the rebuilding of our theoretical understanding of the Stalinist countries.

In the present pamphlet we are attempting to bring together the theory as it has been developed to now and make some attempts to update it. We have discarded freely what we believe was incorrect or no longer adequate in the theory developed by the Workers Party while acknowledging it as our starting point.

There are other "new class" theories of the Stalinist countries which, on first glance, look similar to the theory of Bureaucratic Collectivism, such as Hannah Arendt's "Totalitarianism," or James Burnham's "Managerial Society." In fact, these theories have little in common with ours. They take the privileges and needs of intellectuals rather than the working class struggle for socialism as their starting point, and they see the "totalitarian" rulers as all powerful, capable of successfully suppressing all contradictions of the society. These "end of struggle" theories have failed the test of events almost as soon as they appeared. They serve little purpose except as one strand of ideological cover for support of the West in the Cold War.

On the other hand, there are the theories of State Capitalism (most notably developed by the comrades in the British I.S.) which we regard as in the same revolutionary tradition as the theory of Bureaucratic Collectivism. The State Capitalist theory points to the need for the working class to struggle against an exploitative ruling class. Further, the best empirical work on the Stalinist countries have been done by the British comrades within the State Capitalist framework. While many of the differences between the two theories are terminological, there do remain important theoretical differences. We shall try to deal with these in a separate section at the end of this pamphlet.

WHY IS IT IMPORTANT?

While the first task of revolutionaries in any country is to challenge its own ruling class, there are several reasons why it is critical for revolutionaries in the capitalist west to clearly understand the nature of the Stalinist countries.

1) What is Socialism? The nature of the Stalinist countries raises the basic question as to the nature of Socialism. Does socialism merely mean greater production or more social services? Does Socialism mean the working class merely trades one exploitative ruling class which calls itself capitalist for another which claims to be Socialist? Does Socialism mean that the working class actually rules and reorganizes society or does it mean just that another class reorganizes and rules the working class? Does socialism mean the fullest possible extension of freedom, development of individual potential, and culture so restricted under Capitalism. Or does it mean even more restrictions of freedom which under capitalism would be considered Fascism?

It is not only the Stalinist ruling classes which insist that the Stalinist countries are the models of communism or socialism and the logical conclusions of working class revolutionary struggle. The Capitalist ruling classes insist on the same idea but for its own reasons. They hope that by showing the working class that the outcome of class struggle means the intensified exploitation of the working class and a greater limitation on human freedom that the working class struggle against Capital-

ism can be dampened and the idea of socialism discredited.

2) International Struggle. The struggle for Socialism is international.. This is not a pious hope but a reality. A successful struggle in one country contributes to the struggles in other countries. The victory of the working class in one place gives encouragement to the working classes elsewhere. At the same time the victorious struggles weaken the Imperialisms which help enable the ruling classes to maintain their class power. The importance of political support and cooperation by revolutionaries in one country for those in another cannot be minimized.

Further, the international struggle between the capitalist and Stalinist systems as well as the power struggles between various states often has a decisive impact on the class struggle at home. One need only consider the impact of the two world wars and Vietnam war to see the importance of international struggles in shaping revolutionary struggles at home. But where to stand in relation to these international struggles requires understanding the nature of the social forces involved.

3) Leadership. If one regards the Stalinist societies as examples of successful socialist revolutions, then it is natural to follow their political leadership. But if, as we argue here, the ruling classes of the Stalinist countries do not represent socialism but their own class interests, then their policies represent their class interests as against those of the international working class. This "leadership" means disaster for the working class: as it did in Germany in the 1930's when the series of policies of the CP following Russia's lead helped give rise to Hitler; as it did in the 1940's when the policy of the Communist Parties in the west, following Russia's lead, contributed to the gutting of the militant leadership and tendencies in the labor movement: as it did in the 1950's when hundreds of thousands and perhaps millions were slaughtered in Indonesia because the Communist Party (PKI) followed the lead of the Chinese ruling class.

THE APPEAL OF STALINISM

The appeal of Stalinism -- the fact that so many regard one or another of the Stalinist countries as a model for socialism -- is unfortunately not simply the result of insufficient or mistaken knowledge. Like all ideologies, there are material or social reasons for this appeal. Just to indicate two of the most important:

1) The Planner mentality. Stalinist systems are appealing to those who have no faith in the ability of the working class (the ignorant masses) to themselves rule society. For the alienated intellectual with all the bourgeois anti-working class prejudices, the Stalinist system seems a wonderful solution. Here is a system where a few can organize and direct an entire society, manipulate its people like computer statistics in order to build their (the intellectuals') vision of a new society. It is the mentality of "serving the people rather than the people serving themselves."

2) The enemy of my enemy. In struggling against the xploitation and oppression of capitalist society, many radical individuals and sections of the working class become supporters of one of the Stalinist systems. This tendency is part of the developing pains of a workers movement growing politically and in numbers. As political consciousness develops the tendency is to believe that "the enemy of my enemy must be my friend."

But when all that is involved is one specific struggle, such reasoning is often accurate. When we are talking about building a movement to completely remake society then searching for "friends" by locating the enemy's enemy is a trap. In World War II

Means 'self-service'

for example it was a mistake for workers opposed to American Imperialism to see the Fascist "enemy" as a friend. Similarly, the Greek, German, Italian, and French workers who were fighting Fascism and thought the Allied Imperialist powers were their friends found out after World War II that their "friends" did not hesitate to crush the workers movement.

It is just as illusory for workers who struggle against exploitation under capitalism to see the Stalinist countries as their allies as it is for the genuine revolutionary movements in Stalinist Countries to support capitalist nations as bastions of liberty and freedom.

Nonetheless, this "enemy of my enemy" tendency does exist until the working class movement strips itself of the notions taught it by the ruling class -- that if you want to oppose one ruling class you must seek power from another. Only the continued growth of the working class movement and new victories can fully convince it that its real power and real allies are not in one or another ruling class but in the working class and the oppressed masses even if for the moment this power is not being exercised.

But consciousness and movement are interlated. The model of leadership Stalinism produced by "the enemy of my enemy" tendency can thwart the building of a powerful working class movement. It is never too early to fight against the illusions or false consciousness of the working class while it struggles even if those illusions will not be stripped away for some time to come.

II. The Rise of the Bureaucratic Collectivist Class

"Men make their own history but they do not make it just as they please; they do not make it under circumstances chosen by themselves but under circumstances directly encountered, given, and transmitted by the past."

-- Marx, Eighteenth Brumaire of Louis
Napoleon

COMBINED AND UNEVEN DEVELOPMENT

The enormous development of capitalism in the nineteenth and early twentieth centuries succeeded in providing the material conditions for socialism on a world scale. For the first time in the history of man the productive forces had been developed to a sufficient extent that they could produce enough, if distributed fairly, for everyone to have a decent life. This included the vast areas of the world which were not themselves economically developed. The reorganization of industry by a socialist working class that could produce both efficiently and towards fulfilling human needs rather than profits would mean that tremendous material aid for underdeveloped economies to industrialize without the dehumanizing exploitation of capitalist development.

But the growth of capitalism only made this a possibility dependent ultimately on a working class revolution in the advanced capitalist nations. In the mean time the advanced capitalist countries were having a direct impact on the underdeveloped countries.

The less developed countries could not follow along the same lines as the advanced capitalist nations primarily because these latter already existed. Capitalist imperialism became more and more a central part of the capitalist economy in order to stave off or defer the growing crisis of capitalism. In some ways capitalism contributed to economic development in the less developed countries. The modern technology that was developed by capitalism was imported and imposed on the more backward social structures. In some cases this was done by the investment from the advanced capitalist nations. In others it was done by elements of the old feudal ruling classes, or government bureaucracies which desired modern technology and industry at least to the extent of being able to maintain a modern army for national defense against the imperialists.

But at the same time imperialism limited the development of the less developed economies. Industrial development was limited to those industries which served imperialist needs (such as extractive industries). And the surplus (profits) generated by these industries which totaled very quickly many times more than the initial investment were not used for further industrial development (accumulation of capital) within the country but were taken back to the imperialist country.

BOURGEOIS REVOLUTION?

The native bourgeoisie of the underdeveloped countries were incapable of taking the lead in building modern capitalist societies. Foreign investment made much of the native bourgeoisie dependent on and therefore political lackies to the imperialist powers. Sections of the bourgeoisie were actually outgrowths of the Feudal ruling class and government bureaucracies. And what independent native bourgeoisie had developed did not have the resources to industrialize at the increased rate necessary to compete with the advanced capitalist nations.

Further, the capitalist class began more to fear the working class than it felt restrained by the old feudal order.

(7)

The native bourgeoisie saw what working class organization and development led to in the revolutionary movements in the west and they saw that these movements were developing with speed even as the working class was in early formation in the underdeveloped economies. There became less and less possibility of this weakened, frightened bourgeoisie, with its ties to both the feudal ruling class and the imperialist powers to carry through to completion either the revolution against the feudal ruling class to establish bourgeois democracy or against the imperialists to free the nation for further development.

THE PEASANTRY

The peasantry in underdeveloped economies is by far the most numerous class amounting to as high as 90% of the population. Its sheer numbers and miserable conditions of life make it critical in any social struggle. The armies which wage the military battles are made up largely of peasants. In underdeveloped nations, the peasantry can and must be mobilized or at least neutralized by any social class which is to successfully take state power.

But the conditions of life of the peasantry are such that it is incapable of organizing and exercising its own class interests. ^{small producer} Unlike industrial workers who are brought together organized and taught discipline and cooperation by capitalism, the peasant class is atomized, and individualistic. Peasants compete with each other to sell their surplus on the market and as such tend to have the consciousness of the small producer or petit bourgeoisie.

For the working class, individual property ownership is no solution. A few workers may dream of owning their own small shops, but this is an illusion; it can be no solution for the working class as a whole. Working class struggles thus tend to lead toward collective solutions, collective organizations and ultimately the collective control of the society and the economy.

But the primary solution for the individual peasant faced with the results of the bulk of his labor being taken by the landlord is to demand his own piece of land.

Peasant conditions of life then do not force the development of peasant class organizations capable of representing the peasants as a class pursuing peasant interests yet responsible to the peasantry. There is a tremendous difference between the peasantry and agricultural workers, as the sugar workers in Cuba. Peasant consciousness is narrowly defined by the relationship of the peasant to a specific plot of land. Production is primarily to meet peasant family needs through direct consumption or exchange. What surpluses remain are sold on the market as commodities. For agricultural workers the agriculture is organized around factory lines. They are not tied to a specific piece of land, the workers sell their labor power rather than agricultural produce, and they are organized by the capitalists to work collectively. Solutions to their problems are collective and in every sense they are part of the working class, not the peasantry.

The peasantry as a class plays little independent role in history. Spontaneous peasant rebellions have taken place but the lack of class organization and the petit bourgeois consciousness meant that these could not be sustained or carried forward into a serious challenge for social power.

The leadership in the struggle for social power is to be found in one or another of the urban classes. This is not to say that the peasantry is not important. The ability of an urban class to mobilize the peasantry behind it is often critical. The Russian Bolsheviks understood this and were able to win the peasantry in support

of the working class revolution in Russia by promising and carrying out land reform. The Hungarian Soviet Republic in 1919 failed to try to win over the peasants with land reform. As a result the peasantry had no interest in defending the workers state and large sections joined the successful bourgeois counterrevolution.¹

But it was not the peasantry which acted in its own interests. The counter-revolution succeeded only in returning the nationalized estates back to their previous landlords.

The misery of peasant life screams for relief. That is partly why peasants are easily recruited to the armies of other social classes. And every class contending for power in an undeveloped economy must make promises to the peasantry. But the victory of capitalist or Stalinist classes bring only a reorganization of agriculture to a lesser or greater degree but still based on the oppression and exploitation of the peasant. Only working class leadership offers a real road to liberation for the peasantry.

WORKERS REVOLUTION

The weakness of the bourgeoisie and the relative strength and self-confidence of the working class opened new possibilities. The working class, especially if it provided political leadership for the masses of peasants by putting forward programs of land reform could carry out the socialist revolution. But it couldn't create socialism because the economic base for socialism had not been created.

That is, the working class could be victorious in a revolution against the Feudal ruling class and weak bourgeoisie. But once it took power it would be faced with the task of industrializing the country. Without outside aid, the only way that industrialization could be accomplished rapidly was by boosting production as high as possible and keeping consumption as low as possible. The difference being what is available to build new factories.

This, despite the fact that production could not yet provide for decent living conditions, the working class would have to extract from its own work even greater rates of surplus than the capitalists had done. In a sense the working class would be called on to exploit itself even more than under capitalism. This the working class could not do. While it could make the revolution in an underdeveloped economy it could not create socialism without outside aid.

With outside aid to industrialize the country, a workers state could survive because it would be able to provide for continually increasing the amount of production devoted to consumption (increasing living standards) while it was industrializing. But this outside aid could only come as a result of socialist revolution in the advanced countries.

Without revolution in the advanced countries a workers state in an underdeveloped country cannot survive. Faced with the task of industrializing plus facing the inevitable military opposition of counter-revolutionary forces and imperialist nations, the state would be forced to attempt to extract the very heavy surpluses from working class production. For a short period of time (perhaps a few years) the working class can make such enormous sacrifices voluntarily. In addition there would be some immediate gains in living standards by a fair distribution process. But with no end to the period of rapid accumulation in sight sections of the working class begin to demand an increase in production of consumer goods to raise the living standard. Other problems of the economy provide additional pressures. The need to

keep technicians from leaving the country requires the payment of higher wages. The peasantry demands real consumer goods in exchange for the food it produces.

To maintain industrialization at a sufficient rate just to maintain a military defense at comparable level to the advanced countries, the state begins to shift from the instrument of the working class remaking society to the instrument for disciplining the working class.

Inevitably then the institutions for the working class to democratically control the state break down. The working class cannot democratically decide on the policies to use the armed force of the state to force itself to produce more for less in return. Workers institutions of protection like trade unions are transformed into institutions to discipline the working class, smother opposition to the industrial policies and spur on still greater production.

Without these democratic institutions of control over the state the working class loses its social control. Unlike the bourgeoisie, for example, which rules through its direct control of the economy, the working class has dominant social power only through its control of the state. And because of its size and nature the working class as a class can only rule through democratic institutions of its own. That is, only through such institutions can workers as a class express and implement what they decide is their own interests.

But if the state remains and the class which controls it is not the working class, what class does control it? The state as Lenin explained so clearly in State and Revolution does not exist independent of the classes in society. For brief moments in history when the contending classes are at a standoff the state may seem to rise above any class and act independently then. But this is an inherently unstable position and the state must base itself in one of the powerful social classes of the society. And by holding state power that class is the dominant class. It exercises class dictatorship in the society. If the bourgeoisie holds state power then it is a bourgeois class dictatorship (even if the form of government is nominally "democratic".) If the working class holds state power through its democratic institutions then the state represents the dictatorship of the proletariat over the bourgeoisie while the proletariat remakes the society to rid itself of the tradition and institutions which make the bourgeoisie a class.

The state itself exists because there are contending classes in society. The class struggle would rip the country apart at every moment except that the dominant class imposes its institutions and ideology on the society and backs these with a system of coercion and armed force (the state) to maintain its dominant position over the other classes.

When the working class loses control of the state as it did after the Russian Revolution, the state can only exist for any lengthy period as the instrument of another class. But what class?

THE BUREAUCRATIC RULING CLASS

Given the uneven development and material conditions facing underdeveloped countries in the capitalist world the elements for the new Bureaucratic Collectivist class develop. These elements can be found in the technicians, government bureaucracy, sections of the relatively huge military and defense establishment, and intellectuals. They all share many of the same problems and the same aspirations. They are strongly nationalistic and desire rapid industrial development. Getting out from under the shadow of imperialism is necessary to be able to escape imperialism (defense against advanced countries requires industrial development),

(Need for statement linking class to class - necessity that
this is not simply generalization -

plus industrialization is necessary for itself. It is a sign of prestige, and can provide greater material benefits.

These elements are disgusted with the inefficiency, timidity, and imperialist ties of the local feudal and bourgeois class. But they do not constitute at this time a social class. They have no central relationship to the means of production in the society. As such they have very little social power. The commonality of interests that exist are in their aspirations and frustrations. These elements tend to float around in the society seeking some social force to which they can hitch their stars to make society. Some seek the working class, others seek to base themselves on a modern army. Still others seek to build some form of organization, movement or government under the banner of nationalism and exist by trying to play off the social forces in society or even the rival imperialist powers.

These elements can only cohere as a class by using the state to establish their control of the means of production and at the same time smashing the power of other social classes. The bourgeoisie and the feudal nobility must be wiped out since their functions are unnecessary in the Bureaucratic Collectivist scheme and their existence is a threat to the Bureaucratic Collectivist class in formation. The working class must continue to exist but it is necessary to thoroughly wipe out the institutions of social power of the working class and its relation to the process of production is shifted.

The Bureaucratic Collectivist class, like every other social class in history, has unique characteristics. The first is that unlike any other class it does not come into being as a class until it has taken state power. It consolidation of itself as a class with a primary and direct relationship to the means of production takes place at the same time that it consolidates state power in its hands. Because it is through its consolidation of state power that it takes control of the economy and disposes of the surpluses of production as it sees fit.

But since it does not exist as a class prior to taking state power these pre-class elements do not have the social power under most circumstances to vanquish the working class, or bourgeoisie in a struggle for power. That is why Bureaucratic Collectivist classes can only come to power and come to be as a class as the result of the defeats and extreme weakness of the contending classes.

It is unlike Bonapartism where the state can momentarily stand above classes because the contending classes are equally strong and therefore it is an unstable situation. The state cannot by itself defeat both classes, and one of the classes soon established hegemony over the state and in the society. Bureaucratic Collectivism comes into being because of the equal weakness of the contending classes and the independent state power as it is sufficient to crush these classes.

This weakening of the contending classes and establishment of a Bureaucratic Collectivist Class can take place in several ways.

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RUSSIA

The workers revolution in Russia in October 1917 began a new period of human history. For the first time the working class had successfully taken and held state power. A workers state was organized. Despite all the problems of having to rebuild a society with an underdeveloped economy further devastated by war, faced with large fighting counter-revolutionary forces and invasions by capitalist nations, workers democracy far exceeded the "freedom and democracy" in any other

place or time (with the possible exception of the workers democracy of the Paris Commune in 1871).

The modern apologists for Stalinist regimes who claim that democracy just cannot be afforded under revolutionary conditions would do well to study the Soviet Union immediately following the revolution. Working Class democracy was the central feature of the revolution for it was through the democratic institutions that the working class ruled. Soviets or workers councils were firmly established and the new workers government was based on them. Elections for delegates to the Soviets were based on proportional representation. The different political parties received delegates in proportion to the number of votes they received. These parties could freely campaign and voters voted for the party and program not the individual candidate. Delegates were immediately recallable. The factory shop committees began to take charge of production.³

But the fact of underdevelopment, civil war and capitalist invasion all quickly began to take their toll of the workers institutions. For Lenin and Trotsky the building of socialism depended on the revolution in the advanced countries to provide the industrial basis for socialism. But post World War I revolutionary movements of Western Europe failed and the young Soviet Republic was isolated.

The process of degeneration which we described earlier in general terms began. The institutions of workers democracy and hence working class state power began to erode as opposition political parties were outlawed and the factions within the Bolshevik party were banned (at the 10th Party Congress). The Soviets were bypassed and atrophied and the trade unions became institutions for boosting productivity and disciplining the working class.

The victory of Stalin and the slogan "Socialism in one Country" meant the effective end of working class social rule and the beginnings of the consolidation of the Bureaucratic Collectivist Class. For what "Socialism in One Country" meant was that the country would no longer attempt to hold on waiting for and helping build revolutionary movements in the advanced capitalist nations which could aid industrial development in Russia. Instead, the Russian economy was now to be organized to industrialize as rapidly as possible to provide the industrial basis for military defense as well as to provide for building a modern nation state. International revolution was to be subordinated to defense and industrialization of the Russian State.

But such rapid industrial development meant disciplining and restricting the working class and peasantry to make the widest possible gap between production and consumption by boosting production and restricting consumption.

The state and party bureaucracies became increasingly independent of the working class and began to alternately shift between smashing the various social classes with which it was contending for power. In the middle twenties the growing bureaucracy attempted to neutralize the peasantry and bourgeois elements with the New Economic Policy and encouragement to the wealthier peasants (kulaks) while it directed its attack at the institutions and the political spokesmen for the working class (such as the Left Opposition). Stalin flooded the party (in the Lenin Levy) with new members who were careerists and opportunists to dilute the strength of the hard core of original Bolsheviks. By 1929 the Central Committee of the Party could declare that workers committees

"May not intervene directly in the running of the plant or endeavor in any way to replace plant administrators. They shall by all means attempt to secure one-man management, increase production,

plant development and, thereby improvements in the material conditions of the working class.

In 1929 the Bureaucracy turned to wiping out any threat of bourgeois power. The NEP men who had grown stronger in the economy, and the wealthy peasants and the Kulaks in the countryside were stripped of all social power and to a large extent were literally wiped out along with the potential political tendency towards reestablishment of capitalism in the "right opposition."

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The purges of the 1930's were part of the campaign of the bureaucracy to consolidate its rule in Russia, primarily against the working class. Production in the first and second five year plans called for increasing surpluses to be extracted from the backs of the working class, with almost no improvement in living conditions. Forced labor camps were developed on a massive basis. Workers institutions were either completely smashed or kept in name only as they were turned into institutions to discipline the working class. The party was purged to rid it of all elements who still might have some ties or commitments to the working class aims of the Bolshevik Revolution. The new constitution of 1936 formally did away with workers soviets. (19)

The changes that took place in the Communist Party just in the 5-year period between 1934 and 1939 revealed the extent of the purges.

Party Congress Membership

	<u>1934 Congress</u>	<u>1939 Congress</u>
Had been party members since 1917	39.2%	5%
Had been party members since 1919	80%	14%

Virtually every member of the original Bolshevik central committee at the time of the October Revolution had died an unnatural death -- most at the hands of Stalin.

The Bureaucratic Collectivist class had thus smashed the contending classes and was clearly in the process of consolidating State power and itself as a class. The Russian case is the most complicated because it was the first and because the Stalinist class came to power on the back of a degenerated workers revolution. It had to smash a conscious working class to consolidate power. But once it was established it became a world force which both by its existence and in some cases by its political and material aid enabled Bureaucratic Classes to come to power in other countries more easily.

THE CASE OF CHINA

Here the working class was smashed in the revolution of 1925-27. The Stalinist ruling class in Russia under the policy of "socialism in one country," directed and led the Chinese CP, based in the working class, to dissolve into the rotten Kuomintang. The Communists were held defenseless despite the attack of Chiang Kai Chek on the Communists. Huge numbers of Communists were murdered and the working class was crushed.⁵

The Chinese Communist Party fled to the countryside and based itself in the peasantry. The working class, which was crushed in the 1925 revolution and had lost almost all of its leadership still had not regained its own strength, initiative and most importantly political organization during the next 20 years, where it was faced with the reactionary policies of Chiang and Japanese invasion.

(20) + (21)

Section II - p. 8

The 1949 revolution was not made by the working class but by an army led by Mao consisting mostly of peasants. By itself it was not strong but it had the passive support of the peasantry. The forces of Chiang Kai Chek were sufficiently weak reflecting the extreme weakness of the Chinese Capitalist class, and the forces of imperialism were still in sufficient disarray that Mao was successful.⁶

While Mao's army was based in the peasantry, in no social sense did the Chinese revolution represent a peasant revolution. The masses of peasants were not mobilized and there were no peasant institutions to control Mao or the party. The tasks for the Chinese Communist Party were similar to that in Russia: to consolidate state power, smash the bourgeoisie and discipline the working class.

~~the working class~~ (22)
Mao was careful during the revolution not to mobilize the working class into struggle because once mobilized the working class would be hard to control and discipline. As Mao's armies approached the cities, workers were told to stay at their jobs and Kuomintang officials were to stay at theirs for an orderly transfer of power to the Peoples Liberation Army.⁷

The consolidation of power was first directed against the working class. Within months regulations were passed to discipline the working class, prohibiting the right to strike and restricting working class organization. This was despite the fact that the revolution had established only "New Democracy," officially allowing the bourgeoisie to continue operating. With the disciplining of the working class, gradually the weak bourgeoisie was stripped of its remaining power.

The relative bloodlessness of the Chinese Bureaucratic Class over the next years does not indicate any qualitative difference between it and its Russian counterpart. What it does reflect is the political weakness of the old Chinese ruling class and the fact that Mao did not have to smash the remnants of a workers revolution.

THE CASE OF CUBA - no copy of B.C.

The Castro revolution in Cuba in 1958-59 was in essence a bourgeois democratic revolution. Castro's program contained no threat to bourgeois rule but was centered around a re-establishment of democratic rights under the old 1940 constitution. The government of military dictator Batista was so corrupt that he lost virtually all support among all classes in the country and his army fell apart. On assuming power Castro's first government consisted primarily of representatives from the anti-Batista bourgeois political parties.

But the conditions of imperialism would not allow a bourgeois democratic government in Cuba serious about carrying through its programs of reforms. In response to the limited expropriation of foreign corporations who owned the land even with offers of compensation, the U.S. attempted to isolate Cuba economically and bring the Castro government to its knees. At the same time the U.S. was not immediately prepared (or didn't think it necessary) to take decisive action to smash Castro. So much of Cuba's economy had been dominated by imperialist corporations that the native bourgeoisie was extremely weak and could neither defeat Castro on its own or provide a class base for rule (with the opposition of the U.S.). Castro was able to get sufficient economic support from Russia (which had its own imperialist reasons) and organizational support from the Cuban Communist Party not known for its revolutionary traditions to staff the government apparatus.

The Cuban working class, while relatively large, had not been in active struggle. It represented no immediate political threat to the regime and it was with little resistance that Castro was able to first intervene and then control the trade unions to use them as institutions for disciplining the working class.

The struggle between Cuba and the United States -- the national struggle -- made the consolidation of the Cuban bureaucracy much easier. With the appeal of nationalism, against the very real threat of American imperialism, Castro was able to strip the other contending classes of what power they had.

THE CASE OF EAST EUROPE

Here the Bureaucratic Collectivist class came to power on the backs of the Russian Army. The local Communist Parties were simply placed in power and defended there by the armed might of Russia while they set about the task of consolidating their control over the state and themselves as a class. It is important to note that large numbers of the bureaucracy of the capitalist states (including Nazis) joined and became part of the Stalinist bureaucracy.

SUMMARY

(26)

The Bureaucratic Collectivist class is unique in that its coming to be as a class coincides with its taking state power. It is through state power that the class control the means of production, extracts the surplus product from the working class and disposes of it.

Because the elements which form the bureaucratic collectivist class are not themselves a class prior to gaining state power they can only gain state power if the bourgeoisie and the working class are themselves extremely weak. This can happen as a result of an isolated workers revolution where the working class exhausts itself and cannot industrialize the society. Or it can happen under a variety of conditions brought about by imperialism.

The necessary conditions for the rise of Bureaucratic Collectivism to power are typical of underdeveloped countries. Bureaucratic Collectivist elements within an advanced capitalist nation relying on their own social power are not likely to vanquish the relatively strong capitalist class or working class. An exception to this would probably require catastrophic events, such as a war which devastated both the bourgeoisie and working class, and/or social power provided from the outside.

What even its subjective intentions, the incipient Bureaucratic Collectivist class is driven by its circumstances to consolidate itself and its state power. Defending its own position means defending the nation. This requires massive expenditures on defense which in turn requires a rapidly expanding industrial base. And this requires exploiting the working class at a faster rate in order to increase the surpluses which can be used for industrialization. This requires disciplining the working class far more than even under capitalism. It requires, as we shall show, totalitarian control of the society.

(26)

Because the state controls the economy, membership in the Bureaucratic Collectivist ruling class corresponds to the center of political power in the government and party apparatus which makes up the state. Like the capitalist and Feudal ruling classes, it is hierarchic in shape, shading down to the petty bureaucracy.

The Bureaucracy uses communist rhetoric and categories for historical reasons and because this helps hide the true social relations that exist in much the same way as capitalist systems use the ideas of democracy and individual initiative to camouflage its exploitative property relations.

The Bureaucratic Class is extremely nationalistic and makes a strong national

delete
+
substitute

(27)+(28)

Section II - p. 10

appeal to mobilize the nation. Its first main historical tasks are to consolidate its own class position and defend the nation. Its class privileges come later.

Wes - corner Linnant
~~Avon~~ Avon - (Just before
corner on Linnant (on right - 2nd house)
or Hard Times -
or Haycock 221 Elm St

Donna - 80 Linden Ave
Somerville - West Somerville - near Cedar -

III. Bureaucratic Collectivist Ruling Class and its Privileges

The term "social class" is commonly used with many different meanings, varying with the theory of society (implicit or explicit) which provides its context. For Marxists, social systems are best understood as being primarily organized around the process of production. Social classes are then defined by common relations to the process of production. Particularly critical is the relationship to control over the surplus product developed by the forces of production.

In Stalinist societies, the bureaucracy constitutes a class because it controls the economy through its control of the state apparatus. It is the Bureaucracy which determines the purpose of production and therefore determines and controls the uses to which the surplus product is put. We will examine this in more depth in the next two sections.

The question of distribution is a related but secondary consideration in defining social class. Highly paid skilled workers are in the same social class as low paid unskilled workers. Managers and owners of the means of production in a capitalist social system are in the same social class regardless of the wide disparities in their incomes which may even, at the bottom end, overlap with the range of working class incomes.

Gross inequalities in distribution and other special privileges derive from a developed class society and are not the fundamental basis of it, although once established they then play a role in reinforcing the fundamental relationship to the process of production. It is the establishment of the different relationships to the productive process that makes possible and probable (although not absolutely necessary at every point in time or in every conceivable social system) disproportionate ruling class consumption and privilege.

A new ruling class rarely flaunts its privileges until it has succeeded in consolidating its power. The early capitalist class did not engage in significant personal consumption. It exploited the working class to be sure, but it reinvested the bulk of the surplus product (in the form of profits) in order to build bigger factories and therefore bigger profits in the future (capitalist accumulation). This was one of the features of early capitalism which made it progressive over feudalism. Whereas the feudal ruling class consumed as much of the surplus as it could, the dynamic of capitalism forced the early capitalist to reinvest surpluses.

The frugality of the early capitalist was a part of his own defense in mobilizing an attack on the feudal aristocracy. Profits were what the capitalist was entitled to because he deferred consumption. These were translated on a popular level to slogans like those of Ben Franklin: "a penny saved is a penny earned;" "waste not, want;" etc.

Not until it had consolidated its class power and it had no longer needed to mobilize the lower classes against the feudal aristocracy did the capitalist class begin to rapidly increase their luxury consumption. This became even greater with monopolization of the economy which limited the capitalist free market dynamic which forces almost total reinvestment of surplus product.

But even here capitalist class direct consumption is a small part of the total surplus product. The significance of the capitalist class lies not in its "conspicuous consumption" but in its control over the surplus product most of which it continues to reinvest.

We would not then expect to see a flaunting of class privileges in the early stages of Bureaucratic Collectivism. The first tasks of the early Bureaucratic Collectivist ruling class is to preserve itself by consolidation of its state power over the other classes in society and by defending the nation against external enemies. In this context material class privileges get in the way. They make it harder to ideologically defend the new ruling class while demanding tremendous sacrifices from the population.

As, however, state power is stabilized and the ruling class begins to feel secure in its position, members of the Bureaucratic Collectivist class begin to demand and get special privileges and material benefits. As we would expect these special privileges are most obvious in the most advanced Stalinist countries of East Europe and Russia. We will here cite some examples. It is important to note that these class privileges were well developed under Stalin.

INCOMES

Before 1928 there was a rule that no member of the Communist Party could earn more than the average skilled worker. By 1938 this limitation was dropped. Factory managers who were in large proportion party members earned roughly ten times the average worker. Plus, a manager could make an additional 30% for fulfilling his quota in the economic plan and still 4% more for each percentage point the quota was overfulfilled.

Income differentials between workers and managers still remain great although it is hard to get exact figures since many of the class privileges consist of getting the use of automobiles, significantly better housing, or just in getting those goods which are in extremely short supply.

The main source of state income is the turnover tax, a tax much like a sales tax except that it is applied at each point of exchange in the chain of production and distribution. Since state income includes not only governmental expenses but also the surplus which is used to build new industry, the turnover tax itself is extremely large. Since the turnover tax does not apply equally to all products, its application indicates a subsidy for the ruling class.

TURNOVER TAX AS % OF FINAL TOTAL PRICE (INCLUDING TAX) (1939)¹

Wheat	73-75%
Meat	67-71%
Caviar	40%
Radio	25%
Automobile	2%

In capitalist countries it is well recognized that as sales tax is regressive -- it taxes the poor far more than the rich because the poor have to spend a large proportion of their incomes on necessities. In Russia not only is the turnover tax much greater but is itself regressively structured. It is one more way of extracting greater surpluses from the working class.

Direct taxes (income taxes) amount to a small percentage of state income. And even this is not steeply graduated, ranging from 1% to a maximum of 13%². In 1960 the regime announced the aim of getting rid of direct taxes altogether.

MILITARY

(30)

The organization of the armed forces is a sure sign of the nature of the society. In a socialist society, the working class itself would be armed and there would be only limited if any standing army during peace. No Stalinist society dares arm its working class. Even where there are "people's militias" as in Cuba, the major weapons and all ammunition are kept under very tight control by the regular army.

In the regular army of Russia privilege developed very quickly. In the Red Army immediately following the revolution there were no permanent ranks and the abolition of all special privileges for officers. And the socialist aim was to move toward the election of officers. By World War II there were several grades of officers mess facilities. Officers were now prohibited from mingling with the ranks and a colonel was paid 240 times that of a private.

An article in Pravda explained the 1940 military statutes:

"Grievances may be introduced only personally and individually. Submission of group grievances for others is prohibited. No more group declarations, no more joint discussions -- whether concerning an order, bad food or any other topic -- all this comes under the heading of "insubordination" and for it a soldier may be shot on the spot with out so much as a court martial, hearing or investigation, if a superior officer solely and personally decides."³

THE LAW

The law is also a reflection of the class structure of society. In the 1930's property offenses became more serious than crimes against people. Stealing was made a capital crime. Human life and rights were simultaneously devalued. In 1934 special commissions under the NKVD (secret police) were organized with the legal right to pronounce by administrative order sentences of imprisonment or exile of up to 5 years, with no right of appeal."⁴

BUT IS THE BUREAUCRACY A CLASS?

One could theoretically imagine a society where certain people in certain positions make the decisions concerning production and control the surplus product, but that these positions are temporary and/or are regularly rotated throughout the society. But this is not the case in Bureaucratic Collectivist societies. There are no institutions for the masses to control, recall, and recall those who occupy positions of control over the productive process. Further, the bureaucracy has developed barriers so that it primarily determines who has entry to positions in the bureaucracy. The Bureaucratic Collectivist class maintains itself as a class through the institutions of the family, education system, and party.

THE FAMILY

Following the Bolshevik revolution, tremendous strides were made toward the liberation of women. The 1926 family code provided that all property was to be jointly held between husband and wife. De-facto marriages were recognized and either partner in a marriage could get a divorce upon application. Plans were drawn up for systems of social childcare, social dining rooms, social laundries,

etc. There was the understanding that so long as these functions were left to the nuclear family that members of the family (particularly the women by tradition) would be kept tied to isolated and inefficient work. The task was not to "abolish" the nuclear family by decree, but to replace its degrading but socially necessary functions with social institutions which could carry out these tasks efficiently and without requiring the oppression of women.

But by the 1930's the Russian ruling class was moving in the opposite direction. The social care centers were not getting adequate support and the nuclear family was reinforced.

Abortions were made illegal, homosexuality was made a criminal offense, unwed mothers' legal rights to support was ended. Divorce was made difficult and expensive so that it tended to become an option only for managers, and party functionaries. Pravda claimed that enemies of the people had introduced "the foul and poisonous idea of liquidating the family and disrupting marriage."⁶

In 1955 abortions became legal again and in 1964 divorce was made somewhat easier, but nothing approaching simple application by one or the other partner.⁷ Birth control information was made available. But the state continued to encourage the maintenance of the family structure. Despite the fact that the economy needed the labor of women in industry there were regular campaigns to insist on the woman's primary responsibility in the home. Although women made up almost one-half of the industrial work force the distribution of jobs was such that women received pay on the average less than half that of men.⁸

There were three basic reasons that the Stalinist ruling class moved to re-establish the family or allow the family to re-establish itself. One had to do with the needs of the economy and one with the method of Bureaucratic Class rule. These will be discussed in later sections.

The third basic reason was that the family became an important part of defining the ruling class and a mechanism in transferring class power and privilege. Following the October Revolution massive inheritance was completely abolished. All inheritance over 10,000 rubles was confiscated. By the 1950's the inheritance law structure had been changed to reflect the needs of individuals in the new ruling class. There was now no limit to the amount that could be inherited and the maximum inheritance tax was only 10%.⁹

EDUCATION

Class family structure worked through the educational system to provide ruling class children with easier access to managerial and bureaucratic positions. In 1960 only 30% of the students at Moscow University were children of workers. Until 1962 the education system was so openly geared to "tracking" -- workers children were prepared to be workers, and bureaucrats' and managers' children prepared for ruling class jobs, that it was embarrassing to the regime. Reforms of 1958 (which began in 1962) were supposed to correct this. Under the new system there was to be eight years of compulsory education and then two years work experience. Then entrance to college was based on competitive examination. But there were so many loop holes in the law that this had little effect in changing the class bias of the educational system. Children of the bureaucracy objected to "wasting" their time and managers objected to training students for jobs they would not hold long. University studies are expensive and scholarships are provided. However, these are withdrawn in case of failure. Since the system is set up so

that average students fail at least once, this meant that only those average students who came from fairly wealthy backgrounds could continue their studies.¹⁰

Every Stalinist society has faced the same contradiction. The reality of the education system disputes the ideological claims of working class rule in the society. Every Stalinist regime has made "formal" attempts to correct this. But all the new laws and procedures do is disguise the reality and force the class reality to work through loop holes and string-pulling.

For example, in Yugoslavia, Marshall Tito had to announce in 1974 that despite past campaigns, there were still not enough university students of worker and peasant backgrounds.¹¹ Some sympathetic observers of China explain the process there:

"But as many pre-Cultural revolution cadres returned to their posts, they wasted no time in guaranteeing their children admission to universities. Some high university officials, aware of the egalitarian grip on the people of the Cultural Revolution ideology, have given long, patient briefings to explain the obvious good sense of admitting those who already have a high cultural level, thus saving the state vast amounts of time and money. Their argument is hardly new. Those who experienced the intensity of popular feeling on this subject wondered how it had been possible so quickly to initiate a reversal of policy in so critical an area."¹²

The education system plays such a central role in determining the maintenance and admission to the ruling class that simple administrative or procedural changes in education itself cannot change its class role. One way sees to it that education serves it first.

THE PARTY

The October Revolution in Russia established a workers state. The government of the state was based on the organization of Workers Soviets. The Communist Party originally played no official governmental role. The party was conceived as the collective consciousness of the most advanced sections of the proletariat. Its "leading role" meant that it campaigned for its leadership within the working class against other parties for working class support for its programs.

The tendency for the functions of government and party to be merged corresponded with the degeneration of the revolution. In all Stalinist states the top party apparatus is effectively the center of state power although this overlaps with the ruling heights of the administration of the army and economy.

In Russia the Communist Party presently has about 14 million members or approximately 5% of the population of about 275 million. The party serves two related and important functions for bureaucratic class rule. The party plays a critical role in the totalitarian control of the society as we shall discuss in the next section. Secondly, the party serves as the means to recruit and socialize members into the ruling class.

While adequate figures of the social composition of the party do not seem to be available, certain general outlines can be determined. At the lowest levels of the party there are significant numbers of workers although even here it is not clear just what this represents. In one case for example only 40% of the miners who held party cards worked underground -- the rest were "surface specialists."¹³

As one goes further up the hierarchy there are fewer and fewer workers or even persons from working class families.

Because of the role of the party in the economy, military, and in virtually every important institution in society, party membership and backing is extremely important if not decisive in rising in the managerial, professional, or bureaucratic apparatus.

The Party begins at a very young age. A child begins with the Young Pioneers then graduates into the Komosomol and at 18 is eligible for the party. Since the party is controlled completely from the top, organization of any opposition views is "anti-party" and extremely dangerous. In effect, only the leadership which already has control of the means of communication, distribution of jobs, and political influence have the right and ability to organize. Elections are meaningless. Protests when they occur spontaneously or clandestinely tend to take the form of large numbers of abstentions in particular elections.

The party reforms of 1961 supposedly designed to democratize the party in actuality served to increase the top-down leadership of the party. The new 1961 party rules specified a maximum number of terms (2 or 3 depending on the post) that a party official could hold. The rules explicitly say, however, that

"Particular Party officials may, by virtue of their generally recognized prestige and high political, organizational and other qualities be successfully elected to leading bodies for a longer period."¹⁴

What this means in practice is almost no turnover at the top in normal times but regular turnover at the bottom. This helps maintain top-down rule by preventing stable local or regional power bases from developing which might threaten those at the top. (We will return to this later in our discussion of bureaucratic struggle).

Thus, the Party serves well as the means for socializing up and coming members of the bureaucratic class into the real rules, social attitudes, and power relations of that class. It is very effective system for training or weeding out possible rebels and potential opposition. The pressures are great; those who do not "learn" the proper attitudes and activities required as part of the ruling class face roadblocks in their work, in gaining material benefits, and even in their social lives.

IV. The Method of Bureaucratic Collectivist Rule

How Totalitarian rule works

Trade Unions - Conditions of Labor, Working Class relation to the means
of Production

Other Social Institutions

History

Science

Culture

Family

Party

Why Totalitarian rule is necessary for a Bureaucratic Collectivist System

Threat of independent organization

Threat of any political struggle

Why "liberalization" is not democratization

Meaning of "Thaws" or "One Hundred Flowers"

V. The Dynamic and Contradictions of the Economy

Under capitalism, the motive force of production is production for profit. The capitalist produces goods not because they may be needed but because they may be needed but because they can make him a profit. The capitalist invests his profits in new, expanding production not because he is interested in the economic growth of the productive forces for society, but because the consequences of the capitalist system which forces him to do so if he wants to increase or even maintain his level of profits.

In Bureaucratic Collectivist systems, decisions of production are based on explicit needs for specific goods. Production is for use, not profits. But whose use? Not the use of the masses of workers or peasants who have no real role in the decision-making process. What is produced and in what quantities and how it is to be distributed within the society is determined by the ruling class. The ruling class plans production in its interests to be used as it decides. As we shall show, this doesn't mean that planning is efficient or even very successful. But the difficulties in planning are themselves caused by the fact that different sections of the bureaucracy operating under the plan have different needs and production is skewed to fit these needs.

In a capitalist social system, individual capitalists have their own specific interests which may be opposed to the interests of other capitalists (eg. Northern Manufacturing vs. Southern textile producers in the U.S.) and even opposed to the needs of the capitalist class as a whole. In part this is resolved by the workings of the market which drives out the weaker and more inefficient capitalists. But with increasing monopolization the market mechanism can less perform this function. Therefore, one of the functions of the state under capitalism is to act as "the executive committee of the capitalist class." That is, while the primary role of the state is to keep the working class in line (accepting its exploitation by the capitalists) the state also has to mediate between the different interests of individual capitalists and act in the defense of the capitalist system as a whole.

In Stalinist societies, although there is no clear distinction between the state and the economy, there are distinctions in interests. Different sections of the ruling class have different interests and the ruling class as a whole may have interests which are not exactly the same as the interests of any individual section of the ruling class. Individual bureaucrats want to protect or improve their own power and prestige which generally means striving to increase the scope and power of their section of the bureaucracy. The military bureaucracy wants to protect and expand the military. Economic ministers and managers want to expand their industries and so on. While the self-conception of those whose main identification is with the party apparatus is to defend and advance the "general interests" of the nation (actually the ruling class) there is also a tendency toward strengthening the party apparatus at the expense of other sectors of the bureaucracy.

Because of the fusion of economic and political rule almost every political struggle in the bureaucracy has economic consequences. More importantly, every economic problem means a political conflict and every economic crisis means a political crisis.

THE INTERESTS OF THE ENTIRE CLASS

The Bureaucratic Collectivist Class as a whole has certain common interests. The historical circumstances under which it took power require that it carry through certain tasks.

1) It must provide for a large and modern defense to protect the national and intervene internationally against the advanced capitalist nations. This requires a large portion of the national product to be devoted to defense. Russia today consumes between 10 and 25% of its national product on military expenditures (depending on how this is calculated and what is included).¹

In addition, because production is interrelated, a modern defense requires a large and modern heavy industry sector of the economy. To make military tanks for example, huge quantities of steel are required. Huge machines are also required to stamp out and machine the steel parts. But machines are required to mine the iron ore and coal and process these to make steel. And more steel is required for these machines and for the transportation of all these raw materials and machines. And more machines are required to produce the steel. Thus, all of the individual processes in the production of the means of production (Dept. 1 in Marx's terms) require a large part of the production of other processes in Dept. 1. What is available for the end product, in this case, tanks or military goods, is only the remainder of production from Dept. 1 after it has provided for itself.

2) The Bureaucratic Collectivist Class requires rapidly expanding production to maintain the growing size of the government and party, the bureaucracy and apparatus which keep it in power.

3) As the Bureaucratic Collectivist Class stabilizes and consolidates itself there are growing demands from members of the class for additional material benefits, or "luxury" consumption. For example, the production of linens and the developing "high fashion" industry.

4) While the ruling class must keep workers' consumption as low as possible in order to maximize the difference between production and consumption, at the same time the needs of industry require certain improvements for the working class. Any advanced industrial structure requires a stable and literate work force. Modern factories require trained workers and a reduction in turnover and absenteeism. On one level this is dealt with through the totalitarian controls described earlier. But it also requires improvements in working class health.

All Stalinist regimes beginning in the early years have made rapid improvements in medical care for the working class. Modern technology also requires a literate work force. Stalinist countries have also made great advances in health and education and wiping out illiteracy. These advances in health and education were possible because establishing these did not require diverting large quantities of capital from Dept. 1 but rather reorganizing existing services and utilizing the large quantities of available excess labor. That is why advances are great in these areas but are slow in other areas such as food and housing which also greatly contribute to a healthy stable work force.

The capitalist class long ago discovered that it needed to improve worker health and education as well as providing minimum improvements in worker diet and housing to provide for a stable, trained working class capable of operating modern production. It was not the good will of the capitalists that forced these improvements but the recognition that, in effect, the requirements of modern industry increased the necessary minimum subsistence for the maintenance and reproduction of the working class.²

The rapid improvement in health and education in Stalinist societies was not simply the result of the ruling class' desire to improve working class conditions. This is one case where the ideological inheritance of the Stalinist ruling class corresponds with its ruling class interests. Without underestimating how beneficial these improvements were for the working class,

we have to understand that what made them historically necessary was that they were required as part of a drive to modernize the economy. And what made them historically possible, especially during the early years of the consolidation of the bureaucratic class, was that much could be done by a simple reorganization of services and they did not require massive capital investment.

BUREAUCRATIC PLANNING

Despite all of the claims made for it, bureaucratic planning has proven to be enormously wasteful. One of the Russian liberal establishment economists estimated in 1959 that a 30% to 50% increase in production would be the result by getting rid of irrationalities.³

Because the society is bureaucratically structured, maintenance or advancement in the hierarchy is determined by fulfilling or exceeding the demands from above. It makes no difference whether the demands themselves make sense, the aim is to meet them. So it is with bureaucratic planning in the economy.

Since the aim of managers is to meet or exceed the plan, they first attempt to use political influence to get the quota set as low as possible. Once this is done the aim is to exceed the quota in whatever terms it was specified. If it was specified by units, then goods of poor quality or possibly not even finished are included in the output of the plant. If the quota was specified thicker, heavier sheets. If the quota is specified in price terms then the manager seeks the setting of the highest possible price and seeks to use the costliest inputs so that the total price of the goods produced will be as large as possible.

All of these lead to greater inefficiencies. Over production of plans in specific factories leads to as many economic problems as underproduction. Overproduction in one plant means diverting raw materials to that plant and therefore probably a shortage of those raw materials for others. The poor quality products, or products (like the extra thick steel sheets) that were designed to best meet the form of the quota, make undependable raw materials for the next stage in production.

So, to meet their quotas managers must be concerned about raw material. Some meet the problem through political influence to divert raw materials. Others meet it by enormous stockpiling of raw materials. Some factories meet the problem by producing as many of their own raw materials (e.g. nuts and bolts for assembly plants) as possible even though the small quantities involved make the production much more costly than in large plants.

Short term or marginal efficiency changes are actively sought by plant managers in order to meet quotas. Mostly these consist of gimmicks to try to boost worker output. But there is a negative incentive (or a disincentive) for making long-term improvements or experimenting with innovations. The introduction of major technical changes almost always results in short-term losses in production since the bugs in the new systems have to be worked out and workers have to be retrained to use the new equipment efficiently. Since the economic plan necessarily focuses on short-term production, managers are loathe to take the chance of discarding the techniques and operations for which the plan was designed and taking a chance on the unknown.

The inefficiency of the bureaucratic plan necessarily shows up most in Department 2, the production of consumers goods. There are two basic reasons. First, bureaucratic planning from the top is least capable of handling the decisions about the myriad of consumer goods in all their variations. With consumer goods generally scarce and long waiting lists or lines for what goods there are, Dept. 2 (consumer

goods production) production can get away with producing very low quality goods.

Secondly, because of the Stalinist ruling class' need to expand production and maintain defense, Dept. 1 (production of the means of production) takes priority. This reinforces the normal tendency in Dept. 2 at the end of the chain in the manufacturing process: The inefficiency and poor planning in Dept. 1 are passed on to Dept. 2. What is made available to Dept. 2 as raw materials is what is already produced by an inefficient system and after Dept. 1 and military production have already taken what they need.

The tip of the iceberg of the economic problems of planning can be seen regularly in the Russian press. For example one manager of a Dept. 2 industry complains:

"Year in and year out the association is allotted only enough yarn for its production program and we have no chance to build stable inventories. Hence the downtime of knitting machinery, because of interruption of raw materials deliveries it is frequently necessary to have materials delivered by airplane."⁴

The inefficiency of the planned economy is of such enormous dimensions that there are constant attempts at the top to try to find a solution. One series of solutions involved no basic changes in the system of central planning and arbitrary prices. We will discuss them in the section on bureaucratic struggle. Another series of solutions involved attempting to integrate some form of market relation in prices and "profit" accounting from capitalism into the system of planning. We will discuss this later in this section.

Neither of these kinds of "solutions" could solve the basic problem of the economy which stems directly from the nature of the social system. No matter how camouflaged or tinkered with, bureaucratic control from the top means that the feed-back from below is less a reality and more of what the levels about want to hear. It is a common problem for all such top-controlled hierarchical structures. There is safety in following orders or routine. There is danger in challenging or criticizing. With no institutions or organization independent of the bureaucracy allowed to exist, criticism and opposition means one person against his superiors and against the system. The only hope is to find some support in other sections of the bureaucracy, a difficult and potentially dangerous act.

Yet the top of the bureaucracy knows it cannot trust the feed-back it gets through, channels and is constantly calling for rooting out and "narrow minded bureaucrats," and "creativity, innovation and initiative in their work."⁵

Such exhortations are made in all Stalinist countries so regularly because the problem continues to exist and grows greater as the economy becomes more and more complex. But the appeals for initiative and independent feed-back can produce little real changes because the institutions for such feed-back don't exist. And these institutions cannot exist because they would be a threat to the whole bureaucratic structure of control of the economy and society.

These appeals have about the same meaning as similar ones in capitalist countries against corruption in government and for workers to exhibit initiative and responsibility in production. The appeals can have little effect because the problems of corruption and alienated labor are built into the system. And maintaining the system is more important than getting rid of the problems.

THE FIRST STAGES OF INDUSTRIALIZATION

With all of the inefficiency, the early periods of Stalinist rule have produced large growth rates in the economy. One of the characteristic features of bureaucratic planning is that statistics themselves are reported to meet political needs. Official statistics, when they are available at all, are notoriously inaccurate often by many times the true values. Further, frequent changes in method of accounting and deciding what is to be included and the arbitrary setting of prices means that the statistics are difficult to compare.

Nonetheless, certain overall trends are clear. One need only look at Russia, for example, to see that in 50 years, it has become a relatively modern industrial power. In fact, most Stalinist countries have had periods of extremely rapid economic growth. While there are individual capitalist countries such as Japan which have also had comparable large rates of growth, in general, the rates of growth of the Stalinist countries have initially exceeded the rates of growth of capitalist nations. There are two basic reasons.

1) The process of combined and uneven development means that, in periods of early development the technology and methods of the advanced capital nations could be directly introduced without having to go through comparable periods of development.

2) Through totalitarian controls working class consumption could be held down and the working class more effectively disciplined than in the capitalist countries.

Stalinist methods and planning though are suited for economic growth only under certain conditions -- what the liberal Stalinist economists call "extensive" growth. Essentially, this means adding to productive capacity by building new factories to employ additional workers rather than by rebuilding present factories with more advanced technology to boost labor productivity.

This "extensive" growth can be rapid so long as there are large supplies of workers who are unemployed or severely underemployed in the economy. That is why the rapid rates of growth in Stalinist countries correspond to those periods when large numbers of people can be rapidly moved from the country (agricultural) to the cities (industry) without at the same time expending enormous amounts of capital to industrialize agriculture. So, for example, in China, industrial production grew 2½ to 3 times in the period 1952-1965 (although 1959-62 were disastrous for the economy because of the "Great Leap Forward" policies). G.N.P. and per/capita G.N.P. more than doubled. But in this same period industrial employment went up three times, from about 5.3 million to 14 million.⁶ In other words, the rapid rate of growth was due to the increase in the industrial labor force.

In Yugoslavia, the greatest growth took place between 1947 and 1961 and amounted to about 70% growth. During this period however labor productivity increased by only about 6.5% (comparable to the west). The remainder of the growth was due to rapid increases in the industrial workforce.⁷

This kind of "extensive" growth cannot continue forever. There are limits to the surplus potential workforce in the countryside. Further, to maintain a constant rate of growth in industry by increasing the industrial workforce requires increasing the movement from agriculture to industry at an exponential (ever increasing) rate.

This need for an increasing supply of labor to make the system work partially accounts for family policies. It is official policy to attempt to increase the population because it is required by "competition with capitalism."⁸

"Extensive" growth also has built-in limitations. After a period of time labor productivity begins to decline rapidly as the original machinery becomes obsolete. In Czechoslovakia, for example, by 1968 large portions of the means of production were obsolete.

% of Means of Production over 15 Years Old⁹

Textiles	65%
Foodstuffs	58%
Footwear	54%
Printing	59%

Bureaucratic planning was somewhat suited to the needs of "extensive" growth. The totalitarian controls enabled the ruling class to rapidly move large numbers of people into industrial work. Further, the building of new factories and increase in employment were the kinds of crude indicators which could at least be handled by the system of bureaucratic planning. As inefficient as the system was, it could still squeeze growth out of the economy. But after the period of "extensive" growth, bureaucratic planning was not capable of dealing with the decisions of "intensive" growth -- increasing labor productivity and industrial efficiency.

For these reasons, in the 1960's, the growth rates of Russia and the East Europe countries slowed down.

Compound Annual Growth Rates in National Incomes¹⁰

	<u>1950-55</u>	<u>1955-60</u>	<u>1960-65</u>
East Germany	11.4	7.0	3.5
Czechoslovakia	8.0	7.1	1.8
U.S.S.R.	11.3	9.2	6.3
Hungary	6.3	6.5	4.7
Poland	8.6	6.6	5.9

THE LIBERAL ALTERNATIVE

The problems, inefficiencies, and contradictions of bureaucratic planning have led to political struggles in the advanced Stalinist countries over the method of controlling the economy. While there are many differences in specifics, the basic idea is that central planning be reduced to cover only certain broad outlines of the economy and certain specific industries; that prices be set in relation to costs of production and that there be some version of a market system so that supply and demand would determine production and distribution of goods at least for consumption goods (Dept. 2); and that instead of quotas for production, industries would be judged on the basis of what amounts to "profitability." (usually a euphemistic term is used).

In Russia, these proposals are identified with the economist Lieberman and date and date to 1961. In 1965 the New Economic Course was announced and limited experiments have taken place allowing "managerial discretion" and use of a profitability accounting. The experiments have been expanded and there have been several reshufflings of industries to try to make it work. There are signs of continual political struggle over these reforms even though they have been quite limited.

In Hungary, the New Economic Mechanism was in effect from 1968-1971 and then dropped as a "failure," although national income grew at a slightly greater rate than in the

previous three years.¹¹

In Bulgaria, the economic reform blueprint presented in 1965 was fought over for 3 years. By the time it was presented in "modified" form in 1968 it represented very little change. The official rationale for the 1968 reversal was that the "scientific-technical revolution" (i.e. computers and mathematical modelling) gave new life to central planning. (Russian pressure, and fears after the invasion of Czechoslovakia undoubtedly were more substantial reasons).

In Czechoslovakia, the New Economic Mechanism was associated with Professor Oto Sik. It was introduced in the mid-sixties and reached its peak under the Dubcek liberalization. It was continued even after the Russian invasion under Husak in 1968 but was dropped in late 1969 as chaotic and unworkable.

To a lesser degree the same kinds of economic-political struggles are surfacing in the less-developed Stalinist nations like China and Cuba. While the struggles do not yet seem to be over the whole question of the role of central planning vs. "managerial initiative", they do focus on one aspect of the debate -- "moral vs. material incentives."

At bottom what these struggles represent is growing tensions between different sections of the bureaucracy. Those sections which are directly involved in the administration of industry, especially at secondary levels tend to be in opposition to those sections whose interest is in maintaining tight central control of the economy.

The reformers themselves are the counterparts to western liberals. They seek reforms that will make the system work better rather than seeking to fundamentally change the system. Their interest in the working class is from above, seeking to find the tricks to make workers produce better for the ruling class. They place their hopes not in the working class, but in better managers and technicians. Oto Sik, when he was in a position of power, writes for example:

"But such an intensive technical development of production requires, first of all, that the enterprise have a real economic interest in such development and the indispensable conditions to carry it out, the most important employees (technicians, designers, planners, researchers, etc. must have sufficient financial motivation and the necessary requirements for their work." (emphasis added)

WHY THE REFORMS CANNOT WORK

While the reforms if carried to their logical extension would mean an end to almost all planning and a return to the capitalist system, the mechanisms as proposed, do not represent a qualitative shift towards capitalism because they operate in a totally different context. They serve more as accounting devices. While they can solve some of the problems of the system, they create new ones, both economic and political which is why the struggle over the reforms will continue.

1) "Profitability" accounting gets rid of some of the irrationalities of planning described earlier but introduces new ones. Just as under capitalism the theory only really works rationally when applied to a free market consisting small producers and consumers. But with only one producer (monopoly) or only a few, the theory makes little sense. In a modern economy because of the size of industrial units, there will necessarily be monopoly or oligopoly (a few large units). Under these conditions in Stalinist countries, maximum "profits" are obtained by introducing still new irrationalities, also "borrowed" from capitalism.

- A. Collusion between industries in setting prices
- B. Production of shoddy goods at high profits.
- C. Stripping the industrial assets to produce high profits for the short term.

Poland's Oscar Lange's solution was to recognize this and maintain Dept. 1 industry under central planning and set prices. But setting prices means basically setting production and therefore most of the original problems of central planning remain and are passed on to Dept. 2. Ota Sik's solution wants the role of central planners to be anti-monopoly action in Dept. 1. But trying to create a branch of small producers or stopping collusion between managers in the heavy industry of Dept. 1 as Utopian and inefficient under Stalinism as it is under capitalism.

2) So long as the general decisions of the economy are made by central planning the "free market" for consumer goods makes little difference. Since the planning determines the total amount or proportion to go to Dept. 2 consumer goods, and the need of the bureaucracy is to keep this down, there will be a shortage of consumer goods. In a situation of total shortage, consumer "choice" has only a minor impact on the decisions of production. More important than the "market" will be "profitability" or some other indicator which encourages producing shoddy or low utility goods.

3) The reforms create new political problems for the ruling class. They shift and to some degree disperse economic power toward the secondary levels of the bureaucracy. This creates possibilities for more centers of power within the bureaucracy. Further, since there is no "final arbiter" in the Stalinist system, a dispersion of power makes it more difficult to act to defend the system as a whole and any dispersion of power threatens to destabilize and shake up the whole bureaucracy.

The "new economic reforms" cannot solve the problems of Stalinism because they themselves represent part of the crisis.

THE CONTRADICTIONS OF BUREAUCRATIC COLLECTIVIST ECONOMY

The fusion of the economy and politics means that any economic problem becomes a political one. And because of the nature of Bureaucratic Collectivism any political problem is potentially a crisis for the whole social system. Economic problems are resolved by political struggle within the bureaucracy. But while the norms of the ruling class necessarily loosens and the loosening itself brings new problems as it encourages workers and dissidents to take some limited action. Further, sections of the bureaucracy finding they have little to lose may change breaking the bureaucratic code against mobilizing the masses in the hopes of regaining control later.

As Bureaucratic Collectivist societies develop the economies are producing deepening contradictions which force regular and intense political struggles within the bureaucracy and fundamental conflicts between the working class and the bureaucracy as a whole.

1) The central contradiction is that between the class goals of production of the ruling class, production of the means of production, and those of the working class, production for the sake of social consumption. The need of the bureaucracy to limit consumption in order to maintain or increase its growth rate by ever greater inputs into the production of the means of production produces both growing conflicts between itself and the workers and a growing disproportion in the economy. Enhanced by all the inefficiencies produced by the system as a whole, this contradiction produces a bloated means of production that seems to produce proportionately

less for the masses as it grows -- even if there is some overall increase in living standards over time. This disproportion not only causes economic problems, but underlies the social crisis of the system. It is this absurd disproportion which brings forth growing demands from the masses and, at times, open class rebellion, as in Poland in 1956 and 1970, Hungary in 1956, East Germany in 1953 and Czechoslovakia in 1968.

2) The ruling class can plan and direct. But it cannot plan well. Gross irrationalities develop within the system which can only be even partially solved by major shakeups in the bureaucracy. The system of ministries in Russia under Stalin became so inefficient (industries in one ministry would not provide well for those in others -- a producer of raw materials in one might not provide these to a plant nearby because it was in a different ministry). Under Khrushchev industry was reorganized along regional lines (Sovnarkhoz). These huge provincial bureaucracies failed to provide for an integrated national economy. Under Brezhnev these were abolished and new industrial ministries (Glauk) were established. How much these shifts were made for reasons of "economy" and how much because the sections of the bureaucracy in question were "opposition" is not important, since in reality the two questions are fused. What is important is that in each case huge sections of the bureaucracy were uprooted and the shifts represented considerable political struggle.

3) There is a constant tension which periodically breaks out into bureaucratic struggle between those sections of the bureaucracy whose positions are closely tied to managing the economy and the needs of the ruling class as a whole. This is reflected in the periodic emergence of the "moral vs. material incentives" debate over the "new economic reforms."

The "moral" incentive represents the needs of the bureaucracy as a whole -- to keep consumption as low and production as high as possible to provide the maximum surplus for growth. Hence the need for "moral" appeals to workers to produce more. This also means greater use of totalitarian organization and controls.

But as the industrial managers know, these methods do not work very well, especially when the need is quality production and individual initiative. They understand the limits of such moral appeals in the reality of a totalitarian society where the working class does not feel any subject part in the process of production. Hence the promises of increased material benefits in a society of consumer scarcity can produce results -- at least in the short run.

The problem is that to be real, material incentives require an increase in the total production of Dept. 1 since the general level of working class wages is kept at bare subsistence and cannot be lowered without opening a real struggle (as in Poland). Further, material incentives must be increased regularly if they are to have any effect. Differences develop in general levels of wages between industries creating comparisons and dissatisfaction in sections of the working class. This begins to greatly cut into the surpluses available to the ruling class and programs of material incentives are eliminated. Moral incentives, or the "militarization" of labor is tried once again. But since this doesn't work there are regular cycles or vacillations between the moral and material incentives, each swing representing a struggle within the bureaucracy.

The same kind of struggle is represented in the debates over the new economic reforms as we discussed earlier. The more developed the economy becomes and the less that extensive growth can produce economic growth, the more critical these struggles are and the deeper they go in the bureaucracy.

4) Just normal industrial growth creates new stresses for change. Since political power of many bureaucrats is associated with particular industries, shifts in

industrial structure brought on by growth and modernization become threatening. For example, the plastics and petro-chemical industries are new and rapidly growing in size and importance. Under what ministries should they be placed? Who has control of nuclear power? These are all relatively small questions but they continually produce constant cracks and tensions within the bureaucracy.

A similar kind of thing can be seen with the military. After the Korean War the bureaucracy wanted to demobilize huge numbers of troops because it needed the expanding labor force (as described earlier). This was resisted by the military section of the bureaucracy and the military levels stayed high.¹³

5) The slowing of the growth rate, the failure to solve the agricultural problem so that droughts still raise the spectre of food shortages means that there are increasing promises to the lower levels of the bureaucracy (as well as the masses) which go unfulfilled and these produce still additional strains. The bureaucracy in Russia is trying to bail itself out through relations with the west including the grain deal and agreement for building of foreign plants in Russia. But these are only temporary measures at best and will introduce still new problems, political as well as economic.

VI. Bureaucratic Struggle

Russia After Stalin
Chinese Cultural Revolution
Poland 1970
Czechoslovakia, 1968

Keeping Class Rule
Can There be a gradual transition to a workers state?

VII. International

The National Question
Between Stalinist States
With Capitalist States
Third World

Stalinist Imperialism -- Yalta to sugar policies

Drives
Methods
Conflict of World Social Systems

VIII. Stalinist Parties in Capitalist Nations

I do not agree with Shactman on this. A distinction must be made between a sect C.P. (U.S.) and mass C.P. I would argue that Stalinism is as alien (or no more alien) to the working class than is the pro-capitalist labor bureaucracy. Both represent the influence of ruling class ideas and institutions within the working class. The "enemy of my enemy" mentality is just as much a legitimate working class tendency as is capitalist reformism.

The material base of a Stalinist movement shifts when it develops a base in the trade union bureaucracy. The movement contains contradictory influences. The pressures on the trade union bureaucracy would seem to constitute a relatively powerful material or social fact for Stalinist cadres relative to other forces on them to make possible and even probably that a mass C.P. can and would effectively act as and could be treated similarly to social democratic parties.

IX. Revolutionary Struggle in Stalinist Societies

Is Stalinism historically progressive?
Answer to the "historical necessity leads to political defense"
Necessity of working class totally remaking institutions
Is Stalinism the end of struggle?
General sources and specific examples of struggle in Stalinist world

X. Workers State?

Specific arguments with the views that in some sense Stalinist countries are workers states, or in any sense socialist.

Section XI. The Theory of State Capitalism

The difference between the Bureaucratic Collectivist analysis of Stalinism and any of the theories which hold on Stalinist Countries to be some form of workers or socialist states is the difference between working class and ruling class.

As different as its name may sound, the theory of state capitalism and the Bureaucratic Collectivist analysis both lead to the conclusions of no defense for the Stalinist ruling classes, that reform or evolution of Stalinist societies into socialism is not possible and a dead end strategy, and that the working class must make a social revolution and create its own institutions to rule and remake the society. It is a theory on the same side of the barricades as ours.

Nevertheless, we believe that this theory is wrong. In order to fit Stalinism into an analysis of capitalism, it stretches the categories and laws of capitalism so far that they include almost anything. Things which describe everything describe nothing at all. Further, the theory itself helps us very little in understanding how Stalinism came to be, how it works internally, and the nature of the crises within it. *? states Cliff as his principal sources*

This is not to deny the tremendous amount of empirical work on Stalinist societies done by the adherents to the state capitalist theory. But the bulk of the empirical work is just that -- a collection of facts hardly tied together by a theory or framework. *Have res. of working class*

The primary argument for state capitalism is that there is rapid accumulation under Stalinism -- that is, that the Stalinist ruling class carries out the same historical task as the capitalist class. It is true that under Stalinism the forces of production are rapidly expanded as under capitalism. But whether this can be called "accumulation" depends first on proving that this expanded reproduction in Stalinism is in fact a capitalist process.

Rapidly expanding the productive forces by itself does not determine the nature of a social system. A Workers State following world revolution will also have to expand production, possibly even more rapidly, in order to meet the needs of the Third World.

Expanded reproduction under socialism is qualitatively different from that under capitalism in a number of critical respects. One is particularly important for the argument here.

The expanded reproduction under socialism takes place in the context of a world economy sufficiently advanced to already provide a decent living for all -- the material basis for socialism.

The expanded reproduction of capitalism plays the historical role of developing the productive forces to a sufficiently high level to create the material basis for socialism. *can*

Expanded reproduction under Stalinism plays a different historical role. Stalinism appears on the scene after the productive forces on a world scale were sufficient for socialism. Stalinism is the result of the contradiction between the developed productive forces on a world scale (and the corresponding rotting of capitalist society), and the failure of the working class in the advanced countries to make the socialist revolution.

Capitalist Dynamic within Stalinist Societies (to be expanded)

Aside from the fact of rapidly expanding productive forces, "laws of motion" of Stalinist economies which produce expanded reproduction are entirely different from those of capitalist economics.

No competition -- qualitative difference between capitalist monopoly competition
No force to equalize the rate of profit which in turn determines the specific decisions of investment.

Production for use values, not exchange values.
Qualitative change in working class relationship to process of production when it can "sell" its labor to only one employer.

THE BRITISH I.S. THEORY

While there are many widely varying theories which use the term "state capitalism," the most serious is that put forward by the comrades in the British I.S. In brief, the theory is as follows:

"Seeing that State Capitalism is the extreme theoretical limit which capitalism can reach it necessarily is the furthest away from traditional capitalism. It is the negation of capitalism on the basis of capitalism itself. Similarly, seeing that a workers state is the lowest state of socialist society, it must necessarily have many features in common with state capitalism. What distinguished between them categorically is the fundamental, the essential, difference between the capitalist system and the socialist system. The comparison of state capitalism with traditional capitalism on the one hand and with a workers state on the other will show that state capitalism is a transition state to socialism, this side of the worker's revolution, while a workers state is a transition state to socialism the other side of a socialist revolution."¹

Marx developed his laws of motion for capitalism on the basis of a model of capitalism which included relatively small producers and consumers, negligible state interference and therefore a free market. Under these circumstances there is an order given to the seeming anarchy of production: the law of value. The capitalist system operates in such a way that commodities produced for profit are exchanged in relation to the socially necessary labor time required to produce them. This in turn determines the kind and quantity of each good that is produced and the division of total labor time. Further, Marx determined that other dynamics followed from the nature of the exchange. One is that capitalists were forced to accumulate. But this accumulation, as it increased, produced monopolies. And monopoly production in the market place alters the basis on which goods are exchanged. Therefore, monopoly is a partial negation of the law of value. But since monopolies were created by the operation of the law of value, they are then a partial negation of the law of value based on the law of value. We can continue with this process. Crudely put, the developing economy also leads to imperialism and state intervention and even state ownership of some of the means of production. Again, these are partial negations of the law of value based on the law of value. The developing concentration of the means of production and state intervention could lead to a pure state capitalism in isolation -- a total negation of the law of value based on the law of value.

While he seems to contradict himself at different points, Cliff appears to admit that if we reach this situation of total negation, then it no longer would be capitalism. Socialism, after all, is also a negation of capitalism, yet created

by the operation of capitalism. But it is not capitalism. Cliff's argument though is that state capitalism is only the partial negation of capitalism, a more extensive negation in the same way as monopoly is a partial negation of capitalism.

"Partial negation of the law of value does not, however, free the economy from this law. On the contrary the economy as a whole is subordinated to it even more. The difference lies only in the form in which the law of value expresses itself. When one monopoly increases its rate of profit as against other industries, it simply increases its share in the total surplus value or it increases the rate of exploitation of its workers by compelling them to produce more surplus value."²

Why according to Cliff do the state capitalist countries represent only a partial negation of the law of value based on the law of value? Cliff examines the relations within the Russian economy and finds that exchange is not related to socially necessary labor time, that labor power is not a commodity as under capitalism because there is only one employer.

"Hence if one examines the relations within the Russian economy, one is bound to conclude that the source of the law of value, as the motor and regulator of production is not to be found in it. In essence, the laws prevailing in the relations between the enterprises and between the labourers and the employer -- state would be no different. If Russia were one big factory managed directly from one centre, and if all the labourers received the goods they consumed directly in kind."

What makes the negation only partial is nothing internal to Russia, but that the fact that Russia is engaged in international competition with the capitalist nations. But even here it is not competition on the world trade market, for at the time of writing as Cliff admits the trade was extremely limited. (We will come back to this) The key point for Cliff is that Russia is engaged in military competition with the capitalist nations.

We have tried to present here a fair and complete outline of Cliff's argument. We do not believe it stands up.

1) The argument that military competition with capitalism means that Russia operates under the law of value just does not follow. Military production in capitalist countries is a negation of the law of value. It is developed as a result of the operation of the law of value but military production itself is negation of the law of value. That Russia's main relations with capitalist nations is with those aspects which are negations of the law of value in no way logically implies that the law of value is carried over through interaction with its negation.

We could theoretically imagine a workers revolution that includes half the world. While it is not likely, it is not theoretically excluded for the world to be half capitalist and half workers state for a considerable period years, the situation maintained by a combination of peculiar events plus a military standoff which prevents the capitalist nations from invading. The fact of military competition itself cannot determine the nature of a social system or the laws which govern its economy. (There is of course the elementary starting point that military competition requires an economy which can produce military goods. But the fact of competition does not dictate the nature of the economy which produces the weapons.)

2) This point is reinforced by the way in which Russia relates to the international market which is a non-negation expression of the law of value. Defenders of

state capitalism theory argue that Russia is equivalent to a single monopoly company. "From this point of view (world competition) the Russian state is in a similar position to the owner of a single capitalist enterprise competing with other enterprises."³ Russia doesn't act like a single capitalist company. When it "trades" on the world market, it tends more to use that trade for political purposes. What capitalist company buys huge quantities of sugar at higher than market prices and then threatens to dump them on the world market at great losses. Russia's relation to the world market can simply not be understood as a single capitalist company. All of the production within a monopoly capitalist firm is ultimately directed toward producing for the world market. No matter how big it is, it must produce and show a profit on the world market or it perishes. But this is clearly not the case with Russia.

The world context, of course, effects the social system of every social system within it. But the fact of interaction between a social system and capitalism does not by itself decisively determine the character of social relations within the society. Pre-Civil War southern slavery was heavily involved in the world capitalist market. Its production was directly tied to British capitalism. Yet it was still fundamentally a slave system of production although capitalism distorted many of its features.

Similarly, the capitalist world market will influence the productive process in Stalinist countries to a greater (e.g. Yugoslavia) or lesser (Albania) degree. But that influence is decisive in transforming the relationships to the productive process. It is important to note that the social relations were established in almost all Stalinist countries during years with almost no foreign trade in the world market. Increasing involvement in the capitalist world market comes with the social relationship already consolidated.

3) There are a few state capitalist arguments which are also used occasionally which are not central to the main argument outlined above. Cliff says:

"The rate of exploitation, that is, the ratio between surplus, value and wages (S/V) does not depend on the arbitrary will of the Stalinist government, but is dictated by world capitalism. The same applies to improvement in technique, or, to use what is practically an equivalent phrase in Marxism terminology, the relation between constant and variable capital, that is between machinery, building, materials, etc., on the one hand, and wages on the other (C/V)...

These statements would make a good test of the theory of state capitalism. In general, they do not appear to be true. It is one of the characteristics of Stalinism that it is able to keep wages (V) lower than in the Capitalist countries. The word technique might be interpreted to mean technology. In which case the general level of world technology would determine, or at least set a top limit on, the level in any country. But this would be true also in our hypothetical workers state example above.

4) The state capitalist theory helps us very little in understanding what goes on inside of the "single enterprise" -- the Stalinist economy. Virtually the only place where we have seen the theory used to explain a specific trend or development in the Stalinist economy is by Chris Harmon who argues that the slowing rates of growth in the 1960's in Stalinist economies are the result of the increasing organic composition of capital and therefore the tendency is for the rate of profit to fall. This is an unlikely explanation. Growth rates slowed very quickly in the data Harmon presents. But the tendency for the rate of profit to fall is a long term, gradual affair, and there is no evidence or explanation as to whether the rate of "profit"

did in fact fall and how it produced these sudden shifts in the economy. We would expect to see long term trends as a result of its actions -- not relatively sudden shifts. (We have presented an alternate explanation in Section V).

Besides this one example we are not aware of even any attempts to apply the state capitalist theory to an analysis of the dynamics and contradictions of the Stalinist economy.

6) The theory of state capitalism has no organic relation to social forces in history. Stalinism comes into being not as the result of the process of capitalism (except in the sense that socialism is the result of the process of capitalism). Instead, it comes to be only with the social overthrow of capitalism. Where it takes power, Stalinism wipes out the capitalist class.

or equalizes it -

FOOTNOTES

Section I.

1. Much of the material written by Shactman was brought together and published as a book, Max Shactman, The Bureaucratic Revolution, N.Y.: The Donald Press, 1952

2. Shactman himself was one of the political casualties of the isolation of the Cold War. In the late 50's after almost 40 years of consistent revolutionary struggle against capitalism, Shactman moved rapidly to the right finally ending up as a left political defender of the Meany trade union bureaucracy and American imperialism. But his contributions to Marxist theories in the 1940's were great and must be evaluated on their merits.

Section II.

1. The Hungarian Soviet Republic under Bela Kun made a similar mistake in not defending the right of self-determination. Both mistakes were extremely costly and were major reasons that the bourgeois counter-revolution supported by invading armies could succeed. The Hungarian Soviet Republic lasted from March to August 1919.

2. For a full account of the Russian Revolution and its subsequent degeneration, see Leon Trotsky, The Russian Revolution and The Revolution Betrayed.

3. See John Reed, "Soviets in Action," reprinted in International Socialism #67.

4. On the German Revolution see _____.

5. See Harold Isaacs, The Tragedy of the Chinese Revolution.

✓ 6. See Ygael Gluckstein, Mao's China.

✓ 7. Gluckstein, p. 211-213.

8. On the Cuban Revolution see _____.

Section III.

✓ 1. Tony Cliff, Russia, A Marxist Analysis, p. 47 and 48

2. M. Dobbs, Soviet Economic Development since 1917, p. 426.

✓ 3. Quoted in Cliff, p. 72.

4. Cliff, p. 82.

6. S. Rowbotham, p. 161.

7. B. Stolbov, "Applying the Legislation on Marriage and Family," trans. in Soviet Review, Summer 1973.

8. H. Ticktin, Critique #1, p. 40.

9. Cliff, p. 59-60.

10. See D. Sorlin, The Soviet People, p. 218-219.

11. Speech at Yugoslavia Communist Party, 10th Congress.
12. D. Milton, N. Milton, and F. Schurmann, Ramparts, April 1974, p. 56.
13. Sorlin, p. 248.
14. Rules printed in J. Triskin, Soviet Communism: Programs and Rules, p. 170.

Section V.

1. Percentage estimates of this kind must be extremely broad because prices in Stalinist countries are arbitrary and there is no clear line between those parts of the economy which should be considered "military." The 15% figure is official Russian figure. See Current Digest of Soviet Press 11(2): 27, 1959. The 25% figure is a U.S. estimate.

2. Individual members of the bourgeoisie were not always conscious of this shift. Many of the improvements to keep up with rising minimum subsistence for the maintenance and reproduction of the working class were only won through struggle. The bourgeoisie's recognition of their necessity only took place after the fact or by the more advanced members of the bourgeoisie. Other improvements beyond these were of course won by sections of the working class (organized in unions) through struggle.

3. Cited in H. Ticktim, Critique #1, p. 27
4. Pravda, 12/16/69.
5. See for example, Brezhnev's speech, printed in Pravda, 12/16/73
6. Barry Richman, Industrial Society in Communist China, p. 609.
7. U.S. Dept. of Labor, Labor Law and Practice in Yugoslavia, 1963, p. 11, 12
8. K. Vermishkev, "Stimulation of Population Growth," translated in Soviet Review, Fall 1973.
9. O. Sik, Czechoslovakia, The Bureaucratic Economy.
- ✓ 10. Harman, I.S. # _____, p. 47.
12. Sik, Plan and Market under Socialism, p. 76. After the Russian invasion and the economic reforms were reversed, Sik lost his influence in the bureaucracy and questions of democracy and workers control became more important to him although his fear of workers control still comes through.
13. Sorlin, p. 208.

Section XI.

- ✓ 1. T. Cliff, Russia, A Marxist Analysis, p. 110.
- ✓ 2. Cliff, p. 112.
- ✓ 3. Cliff, p. 159.
4. C. Harmon, I.S. #42.

Parker - Stalinist discussion important - Deck the Azov & Trotskyism

Finkel - Stalinism come to power in Cuba, China & N. Vietnam
w.c. defeated in Cuba, China & N. Vietnam - ^{not after force} social revolution in West?

Zelack - In West - 2 decision classes - bourgeoisie + proletariat
but ~~not~~ vests with ~~force~~ of fusion rev - fusion, but
of confusion - what is it? If not a bourgeoisie - put this copy - is
b - specific historical class - proletarian -
winning workers to
rev. consciousness - some
problem.

Is there a work class -
alienation - socialization - (but not exploitation?)

3A but doesn't sell its labor power - because only one employer (buyer)
- no possibility for strike in same way - one employer - means no
capitalism - process critical?

5 Political democracy a threat - workgate kept from masses -
is this, entire
to system - is
of social structure
of history
of system

6 B.C. analysis - 3 cornered struggle - formed in process of
comes into rev. opposition to capitalist class (then outside 3rd world -)

corporations different from Stalinism - to deal with market -
Stalinist production not geared for market, but "hunting" -
totalitarianism -

Barry - S. Cap shows dynamic of world market
B.C. is static view of bureaucracy in isolation -

Bradley - profit, not accumulation -
labour + workers are not accumulators
in Stalinist countries - quotes Cliff

(even in
3rd W - success of Stalinism
depends on its forging of
work popular front for
national liberation)