the moment the friend of the poor and helper of all "who fight for justice and liberty," to quote the words of the priest, who gives his blessing to the martyred Communist. The Vatican Concordat Mussolini, its support of Fascism and Franco, are shamefully forgotten.

I have assumed up to this point that The Open City is a Stalinist work; but I am not sure that this is correct. In Italy and France, during the war, the Resistance movements included many non-Stalinists who respected the CP as a powerful militant apparatus and the Catholic Church as a noble ally; the lower clergy more than once saved the lives of underground fighters. The ideas of the Popular Front came to life again spon-

all available data on the dynamics of the Five Year Plans, it was shown that the law of value dominated the Russian economy. This law expressed itself in two ways: (1) The production of means of production outdistances the production of means of consumption. (2) The misery of the workers increases, along with the increase in capital accumulation. No one has challenged this study based on official Russian documents, which, however, did not draw the inscep-

conclusions implicit in the statistical analysis, which this author has always considered as Part I of his study of the Nature of the Russian Economy. - F. F.

Introductory—"A Single Capitalist Society"

The profound simplicity of Marx's method of analysis of capitalist society revealed that, given the domination of the law of value, which is a law of the world market, a given society would remain capitalist even if one or all of several conditions prevailed: (1) the exchange between the sub-

divisions of the department producing means of production were effected directly; (2) the relationships between the department producing means of production and the one producing means of consumption were planned so that no ordinary commercial crises arose; and, finally, (3) even if the law of centralization of capital would reach its extreme limit and all capital were concentrated in the hands of "a single capitalist" or "a single capitalist society." 

Precisely because Marx analyzed a pure capitalist society which has never historically existed, his analysis holds true for every capitalist society, but only for capitalist society. What Marx was primarily concerned with was not the abstraction, "a single capitalist society," his concern was with the fact that this extreme development would in no way change the law of motion of that society. He made this abstraction a point of analysis because by it the limitations of any individual capitalist society could be seen more clearly. The only basic distinction from the traditional capitalist society would be in the method of appropriation, not in the method or laws of production.

RUSSIAN STATE CAPITALISM: A GIVEN SINGLE CAPITALIST SOCIETY

I. The Mode of Appropriation

Since under the specific Russian state capitalism legal title to the means of production as well as the competitive market for such means have been abolished, how is appropriation achieved?

Insomuch as private property in the means of production has been abolished in Russia, it is a deviation from the juridical concept to permit accumulation within any enterprise since the state aims to increase only "national capital." Nevertheless, with the establishment of "public control," enterprises were permitted to accumulate internally. In fact, incentives towards that interest in capital accumulation were created through the establishment of the Director's Fund. In 1940 internal accumulation comprised 32.5 per cent of capital investment.

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Because these agents of state capital do not have title to this accumulated capital, however, is production thereby governed by a different motive force?

1. Planning vs. the Average Rate of Profit

The Stalinists, in denying that Russia is a capitalist society, insist that the best proof of that is that Russia is not subject to "the law of capitalism: the average rate of profit." 6 "The law of capitalism" is not the average rate of profit, but the decline in the rate of profit. The average rate of profit is only the manner in which the surplus value extracted from the workers is divided among the capitalists. It is impossible to jump from that fact to the conclusion that "therefore" Russia is not a capitalist country. It is for this reason that the Stalinist apologists, with great deliberation, perverted "the law of capitalism" from the decline in the rate of profit to the achievement of an average rate of profit. With this revision of Marxism as their theoretic foundation, they proceeded to cite "proof" of Russia's being a non-capitalist land: Capital does not migrate where it is most profitable, but where the state directs it. The theory that in Russia there was a drive to build up heavy industry, though the greatest profits were obtained from light industry. In other words, what the United States has achieved through the migration of capital to the most profitable enterprises Russia has achieved through planning.

Profit, moreover, does not at all have the same meaning in Russia as it does in classical capitalism. The light industries show greater profit not because of the greater productivity of labor, but because of the state-imposed turn-over tax which gives an entirely fictitious "profit" to that industry. In reality, it is merely the medium through which the state, not the industry, sheds off anything "extra" it gave the worker by means of wages. It could not do the same things through the channel of heavy industry because workers do not buy its products. That is why this "profit" attracts neither capital nor the individual agents of capital. That is the nub of the question.

Precisely because the words, profit and loss, have assumed a different meaning, the individual agents of capital do not go to the most "profitable" enterprises, even as capital itself does not. For the very same reason that the opposite was characteristic of classic capitalism: The individual agent's share of surplus value is greater in heavy industry. The salary of the director of a billion dollar trust depends, not on whether the trust shows a profit or not, but basically upon the magnitude of the capital that he manages.

State capitalism brings about a change in the mode of appropriation, as has occurred under forms of capitalist, through its competitive, monopoly and state-monopoly stages. The individual agent of capital has at no time realized directly the surplus value extracted in his particular factory. He has participated in the distribution of national surplus value, to the extent that his individual capital was able to exert pressure on this aggregate capital. This pressure in Russia is exerted, not through competition, but state planning. But this struggle or agreement among capitalists, or agents of the state, if you will, is of no concern to the proletariat whose sweat and blood has been congealed into this national surplus value. 7 What is of concern to him is his relationship to the one who performs the "function" of boss.

2. Private Property and the Agents of Capital

It is neither titles to property nor motives of individuals that distinguishes different exploitive economic orders, but their method of production or manner of extracting surplus labor. If it was the legal title to property that were basic, the Stalinists would be right in assuming, "Since there is no private property in Russia, there is no exploitation of the workers."

Behind the imposing façade of the "socialist economy," however, stands the "classless intelligentsia." 8 The specific weight of the upper crust of this ruling class, as we saw in Part I, comprises a mere 2.05 per cent of the total population.

The individuals who act as agents of the state and its industry are, of course, theoretically free to refuse to participate in the process of accumulation, just as a capitalist in the United States is free to stay away from the workers in his factory and his legal title to the means of production. In the United States he would retire to Catalina Island, or, at worst, be sent to an insane asylum. In Russia he would be "liquidated." But he does not refuse. He acts exactly as the agent of capital that he is, as agent of the dead labor alienated from the worker and oppressing him. The class difference between the two, which the Russians euphemistically call "functional", is expressed outwardly, too, in no different manner than under traditional capitalism, where the one lives in luxury and the other in misery. It is true that this agent of capital does not "own" the factory. But personal property is recognized in the unlimited right to purchase interest-bearing bonds, sumptuous homes, datchas, and personal effects. State bonds, no matter how large the amount, are not subject to inheritance or gift tax. All forms of personal property can be left to direct man or son, whereas the sons and daughters of the ruling class. This, however, is entirely incidental to the relationship in the factory.

It is not the caprices of bureaucracy nor the "will" of the individual capitalist in competitive capitalism that sets the wages of the workers. It is the law of value which dominates both.

The law of value, i.e., the law of motion, of the Russian economy has led to the polarization of wealth, to the high organic composition of capital, to the accumulation of misery at one pole and the accumulation of capital at the other. This is a given single capitalist society, which is fixed by the laws of world capitalism, originating in the separation of the laborer from control over the means of production.

But how could that arise when not only private property was abolished, but the capitalists were expropriated?

II. THE COUNTER-REVOLUTION (Emphasis 1935-1937)

Given, on the one hand, the environment of the world market, and, on the other hand, the failure of the advanced proletariat of Europe to make its revolution and thus come to the aid of the Russian proletariat, it was inevitable that the transition stage between capitalism and socialism perish, and the law of value reassert its dominance. It is necessary, Lenin warned the last party congress at which he appeared, to examine squarely the "Russian and international market" to which we are subordinated, with which we are connected and from which we cannot escape.

The counter-revolution did not make a "formal" appearance, with arms in hand, and therefore it was hard to recognize it. Along with the bureaucratization of the apparatus and loss of political control over the state by the proletariat, the relations of production were undergoing a transformation. It was, in fact, the changing relations which laid the basis for the eventual consolidation of the bureaucracy as a class.

The initial changes in the relations of production appeared imperceptibly. The labor inspectors failed to defend the workers' interests because, with the adoption of the First Five Year Plan, all enterprises became state enterprises and automatically were labeled "socialist." The leaders of the trade unions were displaced, first the Left Oppositionists, and then the Tomskaya leadership, were all too ready to speak out against any "right wing unionistic tendencies" of those who put their welfare above those of the "socialist state." What, then, in 1931, the state told the worker he could not change his job without permission of the
director of the plant in which he worked, the trade unions had to acquiesce when the worker's ration card and his right to living space were placed in 1932 in the hands of the factory director, the trade unions hailed the step as a necessity for establishing "labour discipline." The Workers Production Conferences, established by the early workers state so that every worker "to a man" might participate in the management of the economy, seldom convened. In 1934 the trade unions were made part of the administrative machinery of the state.

But the final divorce of labor from control over the means of production could not be achieved merely by legal enactment, any more than the constitutional dictum that the means of production belonged to the "entire nation" could give the workers automatic control over them. Stalin saw early that the dual nature of the economy violently shook his rule, now to one extreme, now to the other. In his address to the directors of industry, he issued the slogan: "Let there be an end to depersonalization." This, translated in industrial terms, read: pay for better work. "Better pay for better work" needed a foundation, a piecework system that could gain momentum only with such a momentum as Stakhanovism, which arose in 1935.

1. Stakhanovism and the Stalinist Constitution

The high organic composition of capital in all capitalist countries, which makes necessary a comparable technical composition in any single society, demands sacrifice in the sphere of the production of articles of mass consumption. That the resulting distribution of the scarce means of consumption is at the expense of the proletariat as a whole is only the "natural" result of value production. This, in turn, engenders a certain relationship which gives the limited materialistic movement of the economy. The "underconsumption" of the workers in a capitalist society is not merely a moral question. It is of the essence of Marxism, that once the workers are in that relationship of life, variable to variable capital moves in a certain direction. This is the hardest point for the petty bourgeoisie to understand.

The piecework system was declared by Marx to be best suited to the capitalist mode of production. The Stakhanovite piecework system was best suited to the mode of production prevalent in Russia. These record-breakers-for-a-day soon entered the factory—not through the back door, but through the front office—because they themselves occupied that front office. The political bureaucrat found an "heir apparent" in this "production intelligentsia." Both groups soon fused to comprise the new "classless intelligentsia." Stakhanovism made possible the development of a labor aristocracy. But not merely that. A labor aristocracy meant a better prop for the ruling clique. But not merely

that either. No, as master over the productive process, Stakhanovism as a base and nourishing soil for "heirs" to bureaucrats, the bureaucracy began to feel the stability of a class. Feeling the stability of a class and having a source of reinforcement from the managerial activity, the bureaucracy moved headlong toward the juridical liquidation of the dictators of the proletariat. To legitimize the counter-revolution against October, the new class needed a "revolutionary" law. The Stalinist Constitution of 1936 recognized the intelligentsia as a special "group," distinct from workers and peasants. With this juridical acknowledgment of the existence of a new ruling class went the guarantee of the protection of state property form "thieves and misappropriators."

Moreover, the Constitution raised into a principle the Russian manner of payment of labor. The new slogan read: "From each according to his abilities, to each according to his labor." This seemingly senseless slogan is in reality only a method of expressing the valid capitalist law of pay according to value. Ten or twenty rubles for a man's work, grants the free functioning of this truly economic law, it became necessary to exterminate the remnants of the rule of October, even if it were only in the memory of some men.

2. The Moscow Trials

The Moscow Trials of 1937 were the culminating point to the counter-revolution that we saw developing early in the changed relations of production. A hangman's noose, rather than arms in hand, sufficed because only one of the parts to this conflict was armed. The October Revolution was exterminated and the proletarian state overthrown not only by the execution of the Old Bolsheviks who led it, but by clearing a place in the process of production for the new class. That place could have been cleared for that "classless intelligentsia" only when there existed such a class only when there existed the method of production called it forth.

The Russian worker knows that the job of factory director is not, as the Russians put it, "assistant sufficiently enough, merely "functional." The factory director behaves like a boss because he is a boss. The state bears no more resemblance to a workers' state than the president of the U. S. Steel Corp. does to a steel worker just because they are both "employees" of the same plant. The Counter-Revolution has triumphed.

Yet it was not the laws that caused the triumph of the counter-revolution. The accumulation of these laws only bears witness to the accumulation of changes in the role of labor in the Soviet state and the process of production. The Counter-Revolution is not the child, not even an illegitimate one, of "Bolshevism." The Counter-Revolution is the legitimate offspring of the "new mode of production, out of Stalinism and fired by the increased accumulation of these laws, and not the legal enactments, that needs, above all, to be investigated. In this investigation we will find that, as in any capitalist society, the two major contending forces are capital and labor.

III. LABOR

"The economic laws of such a régime (state capitalism could present no mysteries."

—Leon Trotsky.10

The inner essence of the Marxian theory of value, and hence of surplus value, is that labor power is a commodity bought at value. Up until 1943, the Soviet theoreticians had denied that the law of value, the dominant law of capitalist production in Russia where socialism had been "irrevocably established." In 1943, however, a startling reversal of this position was published in the leading theoretical journal of that country, Pod Znamenom Marxismoa.11 The authors of this article state that the teaching of political economy is being reversed after a lapse of several years, and offer the teachers rules to follow in their "teaching" of political economy. Even a superficial glance at the article reveals, however, that it is not the teaching that is being reversed, but the political economy taught.

The Stalinist ideologists affirm that the denial of the operation of a law of value in Russia has "created insurmountable difficulties in explaining the existence of such categories as money, wage, capitalist price, social value... Now the admission that the law of value operates must bring with it the further admission that the law of surplus value operates. Like all apologists for ruling classes, this admission is a refusal to make.

This then, is their dilemma, which does not concern us here.12 What does concern us here is the admission that the law of value does in fact function in Russia, and that money is therefore the "price expression of value."

1. Value and Price

As in all capitalist lands, so in Russia, money is the means through which prices and wages are equated in the supply and demand for consumption goods, that is to say, the value of the worker is equal to the socially-necessary labor time that is incorporated in the means of subsistence necessary for the reproduction of his kind. So long as the production of means of consumption is only sufficient to sustain the masses, prices will irresistibly break through legal restrictions until the sum of all prices of consumption goods, the sum of wage payments are equal. Price-fixing in Russia established neither stabilization in prices of goods nor of wages. The abolition of rationing in 1935 brought about so great an increase in prices that the worker who had ceded out an existence under the very low rationed prices, could not exist at all under the "single uniform prices." The state was therefore compelled to grant general

10 Revolution Betrayed, p. 245.
12 For an analysis of how they attempt to justify their diametrical departure of Raya Dunayevskaya to the above article, published in same issue of A. E. R., under title, "A New Revision of the Soviet Economies," the attacks upon this from the Stalinist apologists in this country were published by a circular in the following issue, and Dunayevskaya's rejoinder, "Revision or Reform of the Theory of Marxism," appeared in the Sept. 1945 issue.

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increases in wages, so that by the end of the Second Five-Year Plan wages were 96 per cent above that paid in 1937.

The erroneous concept that because prices are fixed by the state, they are fixed "not according to the law of value, but according to government decision on 'planned production'"14 calls to account the workers and workers' cooperatives living under the economic law that dominates prices. Even a casual examination of any schedule of prices in Russia will show that, giving consideration to deviations resulting from the enormous tax burdens on consumers, goods and prices are not fixed capriciously and certainly not according to use-values, but exhibit the same differentials that prevail in "recognized" capitalist countries, i.e., prices are determined by the law of value.13

2. Labor: "Free" and Forced

Time is of the essence of things in a society whose unit of measurement is socially necessary labor time, whose mode of existence is enveloped in technological revolution, and for which a guaranteed surplus labor is from its very nature inassailable. The machine age has therefore passed this wisdom on to its trustees, the bourgeoise: Use "free" labor to allow you to push the wheels of your production to turn faster.

As if to prove that they are not "real" capitalists, the Russian rulers ignored this elementary wisdom and attempted to turn wage slaves into outright slaves through legislative enactment. At the lowest point of production in 1932 when the whole régime was tottering and labor was turbulently realizado a law was enacted which transferred the workers' ration card into the hands of the factor director who had the right both to fire the worker and evict him from his home for even a single day's absence. This statute failed to fulfill the desired end. Labor would not come to industry and when it did come, it left soon, after producing as little as possible. Since industry needed labor the factory director "forgot" to fire the worker for absence and slowdowns in production. By 1938 the crisis in agriculture and consequent unemployment and actual famine caused such an inflow of labor into the factories that it permitted the machine of industry to discipline labor through "natural" bourgeois methods. What the reserve army of labor accomplished in 1938, the speed-up and piecework system of Stakhanovism accomplished in 1935.

These "natural" methods brought about natural results: the class struggle. The simmering revolt among the workers, which was ruthlessly crushed during the staging of the Moscow Trials, only produced further chaos in production and a mass exodus of the workers from the city. In 1938 the state grew desperate. The 1932 law was revived and "improved upon." This still proved

fruitless. In 1940 came the creation of the State Labor Reserves, and with it came the institution of "corrective labor": workers in whose work the laws were made to work six months with 25 per cent reduction in pay.

Because the state is in their power, the rulers think that it is within their power to correct labor by non-selective wage hikes to obey the needs of value production. Statification of production has resulted in restricting the free movement of workers. It has not achieved the increase in labor productivity required by constantly expanding production.

There is this constant pull and tug between the needs of production for highly productive labor which means "free" labor, and the resort to legislative enactment to bring this about in hot-house fashion. On the one hand, several million workers end up in prison camps as forced laborers. On the other hand, many are released back to join the "free" labor army. The phenomenon of "corrective labor" is the result of a compromise between the resort to prison labor, and the need to get some sort of continuous production right back on the factory.

Labor, too, has shown ingenuity. Where it cannot openly revolt, it either "disappears," or so slows up production that in 1938 production was lower than in 1931! There has been an increase of the rate of value of the wage has been at a practical standstill, and all the while labor turnover continues to be very high.15 So widespread were the labor offenses during the war that the state was forced to find that it must disregard its own laws if it wishes to have sufficient labor to begin to put the Fourth Five-Year Plan in effect. It has therefore declared a general amnesty for such offenses.

Thus while the state has found that it cannot by legal enactment transform wage slaves into outright slaves, the worker has found that he has the same type16 of "freedom" he has on the capitalist competitive market: that is, he must sell his labor power if he wishes to get his means of subsistence.

3. Unemployment and the Growing Misery of the Workers

Just as labor power being paid at value is the supreme essence of the law of value, so the reserve army of labor is the supreme essence of the dependence of constant over variable capital. The greater expansion of production, it true, has meant the absolute increase in the laboring army, but that in nowise changes the fact that the repulsion of labor to capital is that of the decrease of living labor as compared to constant capital. It is for this reason that Marx called the unemployed army "the general absolute law of capitalist production."

In Russia unemployment has officially been abolished since 1930. In 1938, however, it was revealed, as the Russians so deliberately put it, that "there are more workers in the city to the country. The 1939 census revealed that 67.2 per cent of the total population was rural, and that of the 114.6 million rural dwellers 78.6 millions were peasants. To find so overwhelming a percentage required by constantly expanding production.

To this in "corrective labor" itself when, in announcing the creation of State Labor Reserves, he appealed to the kolchozes for their surplus labor. "The kolchoze have the full possibility," said Stalin, "to take care of our required reserve of mechanization in the kolchozes free part of the workers in the country... ."

It has been impossible for Russia, as it has for traditional capitalism, to avoid unemployment over a considerable period because this single capitalist society is straining every nerve to bring its plants to the level of the more advanced productive systems of the world. The only way to do this is to use as little living labor as possible to produce as much value as possible. It is for this reason that Russian state capitalism has had to base its entire calculation, not on the amount of labor time, as in a transitional society, but basically on wages, that is to say, upon the value of the worker. This has been further aggravated by the backwardness of the Russian economy so that we meet there the extreme condition to which Marx pointed in Volume III of Capital.17 In order to obtain sufficient surplus value to increase production, part of the agricultural population receives payment as a family unit.18

The conditions of the workers have constantly deteriorated. Since the initiation of the Five-Year Plan, the real wages of the workers, as I have shown in part, have decreased by half. This is not at all accidental. It is the inevitable consequence of the law of motion of that economy which had resulted in so high an organic composition of capital. Accumulation of misery for the class that produces its products in the form of capital necessarily flows from the accumulation of capital.

IV. CAPITAL

Capital, said Marx, is not a thing, but a social relation of production established through the instrumentality of things. The instrumentality which establishes this exploitative relationship is, as is well known, the means of production alienated from the direct producers, i.e., the proletariat, and oppressing them. The capitalist's mastery over the worker is only the "mastery of dead over living labor." The material mani-

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14 This has finally been admitted by the Stalinists. In the above cited thesis, they write: "Accounting, which is based on the conscious use of the law of value, is an indispensable method for the human management of economy under antisocialism. Value of the commodities in a socialist (sic) society is determined by the units of labor expanded in its production, but within the quantity of labor socially necessary for its production and reproduction."
16 The same type of "freedom," Franz Niewmman shows, existed for the German worker in Nazi Germany. Cf. His Belehmoot.
feastation of this greater preponderance of constant over variable capital is the preponderance in the production of means of production, that of consumption. In capitalism it cannot be otherwise for the use values produced are not for consumption by workers or capitalists, but by capital, i.e., for productive consumption, and expanded reproduction. The greater part of the surplus value extracted from the workers goes back into this expanded production.

The Russian exploiters are so well aware of this fact that surplus value, in the aggregate, is uniquely determined by the difference between the value of the product and the value of labor power, that the Plan for 1941 stipulated openly that the workers are to get a mere 6.6 per cent rise in wages for every 12 per cent rise in labor productivity.

"This proportion between labor productivity and average wages," brazenly proclaimed Voroneshsky, "furnishes a basis for lowering production cost and increasing socialist (1) accumulation and constitutes the most important condition for the realization of a high rate of extended production." 19

1. The Production of Means of Production at the Expense of the Production of Means of Consumption.

The huge differential between labor productivity and labor pay goes into expanded production at a stupendous rate. According to Voroneshsky, the Chairman of the State Planning Commission, 162.6 billion rubles were invested in plant and capital equipment from 1929 to 1940. Of the entire national income in 1937, 26.4 per cent was expanded in capital goods. The plan for 1942 had called for an estimated 28.6 per cent of the national income to be invested in means of production. Some idea of the rate at which production goes into capital goods in Russia may be gained from the fact that in the United States, during the prosperous decade of 1922-1932, only 8 per cent of the nation's income was utilized for expansion of means of production.

At the time the Plans were initiated, the production of means of production comprised 44.3 per cent of total production, and production of means of consumption 55.7 per cent. By the end of the First Plan, this was reversed, thus: means of production, 52.5 per cent; means of consumption, 47.7 per cent. By the end of the Second Five-Year Plan, the proportions were 57.5 per cent to 42.5 per cent. By 1940 it was 61 per cent means of production to 39 per cent means of consumption. This is true of contemporary world capitalism.

The slogan "to catch up and overdistance capitalist lands" was the reflection of the compelling motive of present world economy: who will rule over the world market? Therein lies the secret of the growth of the means of production at the expense of means of consumption. Therein lies the cause for the living standards of the masses growing worse despite the "state's desire" for what it called "the still better improvement of the conditions of the working class."

The fundamental error of those who assume that a single capitalist society is not governed by the same laws as a society composed of individual capitalists lies in a failure to realize that what happens in the market is merely the consequences of the inherent contradictions in the process of production. A single capitalist society does not have an illimitable market. The market for consumption goods, as we showed, is strictly limited to the luxuries of the rulers and the necessaries of the workers when paid at a real value. The innermost cause of crisis is that labor, in the process of production and not in the market, produces a greater value than it itself is.

But wouldn't it be possible to raise the standard of living of the workers (not of some Stakhanovites, but of the working class as a whole) if all capital is concentrated in the hands of the state?

What a grand illusion! The moment that is done, the cost of production of a commodity rises above the cost of the surrounding world market. Then one of two things happens: Production ceases because the commodity can no longer compete with the cheaper commodity from a value-producing economy, or, even though the society insulates itself temporarily, it will ultimately be defeated by the more efficient capitalist nations in the present form of capitalist competition which is total imperialist war.

Our specific single capitalist society has achieved some highly modern factories, and a showy subway, but it has not stopped to raise the living standards of the masses of workers. It cannot. Capital will not allow it. Because of this the economy is in constant crisis.

2. Crises, Russian Brand

The value of capital in the surrounding world is constantly depreciating which means that the value of capital inside the capitalist society is constantly depreciating. It may not depreciate fully on the bureaucrats' books. However, since the real value of the product can be no greater than the value of the corresponding plant on the world market, the moment the Ford tractor was put alongside the Stalingrad tractor, the state had to reduce the price of its own brand. This was the case in 1931 when Russia, while importing 80 per cent of the world's production of tractors, sold its own below cost.

However, of greater importance — and therein lies the essence of Marx's analysis of all economic categories as social categories — is the fact that, no matter what values may appear on the books, the means of production in the process of production reveal their true value in their relationship to the worker. That is to say, if an obsolete machine was not destroyed but continued to be used in production, the worker suffers the more since the overload of production still expects him to produce articles at the socially-necessary labor time set by the world market.

As long as planning is governed by the necessity to pay the laborer the minimum necessary for his existence and to extract from him the maximum surplus value in order to maintain the productive system as far as possible within the lawless laws of the world market, governed by the law of value, that is how long capitalist relations of production exist, no matter what you name the social order. It has thus been absolutely impossible for Stalin's regime to guide the productive system without sudden stagnation and crises due to the constant necessity of adjusting the individual components of total capital to one another's drift to the world market. He has avoided the ordinary type of commercial crises. But, on the other hand, when the crises came, they were more violent and destructive. Such was the case in 1933. Such was the case in 1937. And one is brewing now.

The Fourth Five-Year Plan is being initiated in the midst of a new purge wave, at a time when the country has suffered a loss of 26 per cent of capital equipment on the one hand, and of 25 million homes on the other. And, towering above all these now that "peace" has arrived, is the need to keep up with the latest and greatest discovery of atomic energy. All this keeps the Russian economy in a constant state of turmoil. Behind this turmoil is the law of value, and hence of surplus value, which cause world capitalism in decay to wrinkle. If this law, in its essence and in its essential manifestations, is dominant also in Russia, what kind of society can it be but capitalist?

F. FOREST.

(Part two will appear next month)

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need or instinct, is given primary importance by Freud. You cannot help seeing at once that two different theories of history arise out of the fact that the emphasis in the case of Marx is placed on the struggle for material means and in the case of Freud, on the need for sexual gratification. For Freud the sexual component is the greatest and most decisive factor. Even eating and drinking are brought under the influence of the sexual instinct in the oral stage of infantile sexuality. For Marx, however, “life involves before everything else eating and drinking, a habitation, clothing and many other things. The first historical act is thus the production of material life itself.”4 And further, “that the multitude of productive forces accessible to men determine the nature of society, hence that the history of humanity must always be studied and treated in relation to the history of industry and exchange.”

A later development of Freudian theory is the placing of a greater emphasis on the aggressive drives of man but these are attributed to the highly dubious death instinct.

The third factor contributing to the reactionary character of psychoanalysis is its failure to understand the relationship between individual psychology and mass psychology. Here, if I may call Farrel’s attention to it, “dialectics” does help. Fundamentally, it is the failure of all analysis to understand the law of quantity changing into quality. For psychoanalysts mass psychology is nothing more than the sum total of the psychology of all the individuals within the mass. It is not only true of the Freudian school, but of Horney-Fromm, and Wm. Reich, as well. Fromm says, “Any group consists of individuals and nothing but individuals, and psychological mechanisms which we find operating in a group can therefore only be mechanisms that operate in individuals.”5 It is this that leads him from the authoritarian need of individuals to the conclusion that the working class of Germany desired Fascism. It is this that imbues his otherwise progressive theories with a predominately “psychological” view of human history.

I believe that a group or a mass develops psychological laws of its own which are more than the sum total of the psychology of the individuals within it; and that these laws lie in the realm of social science, not in individual psychology. While in a mass strike a great many individuals may participate because of a psychological revolt against the father (Freudian theory), this factor plays a minimum role, and the psychological attitudes of the entire mass are not determined by this but by social factors. These in turn create mass psychological attitudes which are themselves social factors.

I hope to be able to develop the above views further in subsequent articles and show their relationship to the various schools of psychoanalysis. The Freudian school contains all three of the contributing factors giving psychoanalysis its reactionary bias. The School of Reich contains the second and third. Fromm and Horney have freed psychoanalysis from its Freudian premise but have not yet freed themselves from the third factor, the failure to grasp the relation between mass and individual psychology.

Although I am not an analyst and consequently any attempt on my part to make a critical evaluation of the clinical aspects of psychoanalysis would be an arrogant presumption, I believe that it is incumbent upon every Marxist to continuously submit to Marxist analysis every science insofar as it relates to social science. Only in this way do we constantly test our Marxism.

ROBERT STILER.

The Nature of the Russian Economy

A Contribution to the Discussion on Russia

PART II

Trotzky dismissed the idea that Russia might be a state capitalist society on the ground that, although theoretically such a state was conceivable, in reality:

“The first concentration of the means of production in the hands of the state to occur in history was achieved by the proletariat with the method of social revolution and not by capitalists with the method of truflation.”

It is true, of course, that historically state property appeared as workers’ state property, but that is no reason to identify the two, and in no way justifies Trotsky’s transformation of that historic fact into a theoretic abstraction.

1. History and Theory

In the early years of existence of the Soviet state, Lenin fought hard against those who, instead of looking at “the reality of the transition,” had tried to transform it into a theoretic abstraction. In the trade union disputes with Trotsky6 Lenin warned the latter not to be “carried away by abstract arguments” and to realize that it was incorrect to say that since we have a workers’ state, the workers’ primary concern should be with production. Lenin insisted that the workers had a right to say:

“...you pitch us a yarn about engaging in production, displaying democracy in the successes of production. I do not want to engage in production in conjunction with such a bureaucratic board of directors, chief committee, etc., but with another kind.”

We must not forget, Lenin continued, that “All democracy, like every political superstructure in general (which is inevitable until classes have been abolished, until a classless society has been created) in the last analysis serves production and in the last analysis is determined by the production relations prevailing in the given society.”

This stress on the primacy of production relations in the analysis of a social order runs like a red thread through all of Lenin’s writings, both theoretically and in the day-to-day analysis of the Soviet Union. In his dispute with Bukharin on the latter’s Economics of the Transition Period, he strenuously objected to Bukharin’s assumption that the capitalist production relations could not be restored and therefore his failure to watch the actual process of development of the established workers state. Where Bukharin had written: “Once the destruction of capitalist production relations is really given and once the theoretic impossibility of their restoration is proven...” Lenin remarked: “‘Impossibility’ is demonstratable only practically. The author does not pose dialectically the relation of theory to practice.”

So far as Lenin was concerned, the dictatorship of the proletariat, since it was a transitional state, could be transitional “either to socialism or to a return backwards to capitalism,” depending upon the historic initiative of the masses and the international situation. Therefore, he held, we must always be aware that (1) internally there was “only one road...changes from below; we wanted the workers themselves to draw up, from below, the new principles of

24. Lenin’s Remarks on Bukharin’s The Economics of the Transition Period (in Russian, in his Lenin’s Works, No. 11).
tions of production. The legitimization of the counter-revolution against October, the Stalinist Constitution, Trotsky viewed merely as something that first "created the political premise for the birth of a new possessing class." As if classes were born from political promises! The macabre Kremlin purge only proved to Trotsky that "Soviet society organically tends toward the ejection of the bureaucracy."26 Because to him Stalinism was the state he had thought that the Moscow Trials weakened Stalinism. Actually, they consolidated its rule.

The dilemma created by continuing to consider Russia a workers' state is not resolved by calling the bureaucracy a caste and not a class. The question is: what is the role of this group in the process of production? What is its relationship to the workers who operate the means of production? Calling the bureaucracy a caste and not a class has served as justification for remaining in the superstructural realm of property. An already bourgeois-oriented workers to beamused as mere plunderers. How far removed is that from the petty bourgeois concept that the evils of capitalism come not from the vitals of the capitalist system, but as a product of its "ruling class." In her struggle against reformism, Luxemburg brilliantly exposed what the transformation of the concept of capitalism from "a category of production" to "the right to property" would lead to:27

"By transporting the concept of capitalism from its productive relations to property relations, and by speaking of simple individuals instead of speaking of enter- preneurs, he [Bernstein] moves the question of socialism from the domain of production into the domain of relations of fortune—that is, from the relation between Capital and Labor to the relation between poor and rich."28

Trotsky, on his part, substitutes for analysis of the laws of production, an analysis of the distributive results. Thus he writes: "We all know that the working classes exploit and the universal struggle to obtain them generate a policeman who arrogates to himself the function of distribution."29

But what produces the necessity of consumers goods at all? The mere backwardness of the economy since the same backwardness has not prevented Russia from keeping, approximately, pace with advanced capitalist lands in the production of means of production. The relationship of means of production to the means of consumption, characteristic of capitalism generally, including Russia, is: 61.39. That, and not the "scarcity of consumers goods" is the decisive relationship. That is so because this relationship is only the material reflection of the capitalist's domination over the laborer through the mastery of dead over living labor.30

To Trotsky, however, the existence of nationalized property continued to define Russia as a workers' state because, to him, "the property and production relations established by October" still prevailed there.

Which relation is the property? They are not one and the same thing. One is fundamental, the other derivative. A property relation, which is a legal expression of the production relation, expresses that relationship, sometimes correctly and sometimes incorrectly, depending upon whether the actual production relationship has been validated by law. In periods of revolution and counter-revolution, when the actual production relations undergo a transformation while the legal expressions are still retained in the laws, production relations cannot be equated to property relations without equating revolution to counter-revolution.

The Marxist law of value is not merely a theoretic abstraction but the reflection of the actual class struggle. The correlation of class forces in Russia in 1917 brought about the transformation through the method of proletarian revolution. But, as Engels long ago noted, statification in and by itself, "does not deprive the productive forces of their characteristic of capital." The more productive forces it [the modern state] takes over, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. The workers remain wage-earners, proletarians. The capitalist relationship is not abolished; it is rather pushed to an extreme. But at the extreme it changes into its opposite. State ownership of productive forces is not the solution of the conflict, but it contains within itself the technical conditions that form the elements of the solution.32

Neither the particular method of achieving statification—socialist revolution—or the creation of the "technical conditions which form the elements of the solution" to the conflict of capital and labor could assure the real abrogation of the law of value, once the Russian Revolution remained isolated. However, the isolation of the Russian Revolution did not, as Engels assumed, just because the bourgeois revolution was accomplished by the proletariat who proceeded to make of it a socialist revolution, the bourgeois revolution, too, was accomplished with roughness not seen in history. It cleared away centuries-old feudal rubbish, nationalized the means of production and laid the basis for "the technical conditions" for socialism. Hence the power of Russia today.

However, socialism cannot be achieved except on a world scale. The socialist revolution is only the beginning. The greater and more arduous task of establishing socialist relations of production begins after the conquest of power. That task, as the leaders of October never wearied of stressing, cannot be accomplished within the confines of a single state. Without the world revolution, or at least a world revolution in several socialist states, the law of value reasserts itself. The new "technical conditions" began to dominate the Russian laborer, once he lost whatever measure of con-
control he had over the process of production. In this unforeseen manner, Marx's theoretical abstraction of "a single capitalist society" became a historical reality.

Since then Germany had achieved the stabilization of production through fascist methods; Japan through totalitarian methods began its Five-Year Plans. Both these methods are the more recognizable capitalist methods of achieving the extreme limit of centralization. Since World War II Czechoslovakia has achieved stabilization through "democratic" means. No one, we trust, will call it a "workers' state," degenerate or otherwise. What then happens to the identification of stratified property with workers' society? It falls to the ground. So false to the roots was that method of analysis of the nature of the Russian state and the policy of unconditional defense, which followed from it that it led the Man of October to call for the defense of Russia at a time when it was already participating in an imperialist war as an integral part of it!

3. Bureaucratic Imperialism and Bureaucratic Collectivism

The counter-revolutionary role of the Red Army in the war II has shaken the Fourth International's theory of Russia. A break with the policy of unconditional defense was made inevitable. But how explain the imperialist action of the Army of a "workers' state," degenerate or otherwise? Daniel Logan searches seriously for the answer:

"However," he writes, "the Stalinist bureaucracy manages the Soviet economy in such a way that the yearly fund of accumulation is greatly reduced.... Thus, the bureaucracy finds itself forced, lest the rate of accumulation fall to a ridiculously low level or even become negative, to plunder means of production and labor power, everywhere it can, in order to cover the cost that its management imposes on Soviet economy. The parasitic character of the bureaucracy manifests itself, as soon as political conditions permit it, through imperialist plundering."

His explanation has all the earmarks of confinement within Trotsky's theory of Russia as a state bureaucracy managed. The error in it reveals most clearly that it is not so much an error of fact as an error in methodology. It is not true that the yearly fund of accumulation is greatly reduced; on the contrary, despite usual periods of stagnation, it is growing. Within the stifling atmosphere of degenerated workers' statism, however, it was natural to identify the decrease in the rate of accumulation with the decrease in the yearly fund because to grasp clearly the distinction between the two would have meant to be oppressively aware of the fact that decrease in the rate of accumulation is characteristic of the whole capitalist world. It is a result, not of the bureaucratic management of the economy, but of the law of value and its constant tendency of the rate of profit to decline.

It is not "the parasitic character of the bureaucracy" that causes the decline any more than the growth in the rate of accumulation is. The parasitic character of the bureaucracy is caused by the "abstinence" of the capitalists. The present world decline, which is the reflection of the falling relation of surplus value to itself to total capital, is a result of what Marx called the "general contradiction of capitalism." This general contradiction, as is well known, arises from the fact that surplus value is only the method of getting ever greater masses of it is through the ever greater use of machines as compared to living labor. This causes at one and the same time an increase in the rate of profit and labor. A socialization of labor; a decline in the rate of profit and an increase in the reserve army of labor.

The decline in the rate of profit brings to the fore the means of production the realization that the method that value production carries within it the germ of its own dissolution and sends them hunting for "counter-acting measures" (just like plunge into imperialism, go laboriously into stagnation of production, or into both. Imperial plundering is just as much caused by the objectives of value production.

Trotsky left the Fourth International a dual heritage: the Leninist concept of the world proletarian revolution and a Russian position which contained the seeds of the present dilemma and disintegration. The Fourth International's position, in his Russian position, wishes to escape its logical political conclusions, but wishes to do so without breaking with Trotsky's premises. That, it will find, is impossible.

Trotsky himself considers it a theory of "profound pessimism."

Raising itself upon Trotsky's characterization of nationalized property as progressive, the Workers Party has labelled Russia a bureaucratic collectivist society, a part, though mongrelized, of the collectivist epoch of human history. To this collectivist rationalization of nationalized property, although Trotsky himself considers it a theory of "profound pessimism."

The official party position on bureaucratic collectivism, along with the Cartier-Garrett position on it, as well as the Johnson position of state capitalism, are all included in the Russian Question, a documentary compilation issued by the Party's Educational Department. The party thesis written by Shachtman, states: "Bureaucratic collectivism is closer to capitalism so far as its social relations are concerned. It is a state of the socialist type. Yet, just as capitalism is part of the long historical epoch of private property, bureaucratic collectivism is an unforeseen, mongrelized, reactionary part, but a part nevertheless—of the collectivist epoch of human history. The order of bureaucratic collectivism is distinguished from the social order of capitalism primarily in that the former is based upon new and more advanced form of production, namely, one property form of property—e.g. a conquest of the Bolshevik revolution—"is progress. I.e., historically superior to the social order of capitalism manifestly by Marxism and by the test of practice." This resolution has also been printed in The New International, October 1941, p. 228.


35. Cf. Los Revolucionarios ante Rusia y el socialismo. Mendelkow, after Russian Revolution, Apartado 9945, Mexico, D. F.
ple with the problem of planning in terms of the categories, c. r. s, and the social economy. To solve them, he has made the decisive step of breaking with the concept of degenerated workers' state and initiating within the Fourth International the development of a theory adequate to the analysis of Stalinist totalitarianism and the present stage of world development.

The Johnson Minority has successfully corrected the false Russian position of Trotsky by revising it in terms of the Leninist-Trotskyist analysis of our epoch. For us the Russian experience has made concrete the fundamental truth of Marxism, that in any contemporary society there can be no progressive economy, in any sense of the term, except an economy based on the emancipated proletariat. Proletarian democracy is an economic category, rooted in the control over production by the workers. So long as the workers are chained by wage slavery, the laws of capitalism are insurmountable.

The Fourth International does grievous harm to the very doctrine of socialism when it teaches that a society can be progressive with labor enslaved. It hands off itself politically as well as organizationally in the task of gaining leadership of the European proletarian movement.

Statified property equals workers state is a fetishism which has disoriented the whole Fourth International. If in the early stages of the war when the impulse of revolution seemed to come from the march of the Red Army, there was some shred of excuse for a political policy which disoriented the movement and led to its being split, by what rhyme or reason can the Fourth International justify the position that revolutionists must "tolerate the presence of the Red Army" at a time when Stalinism proved to be the greatest counter-revolutionary force in Europe? To tolerate the presence of the Red Army in Europe is to doom the European revolution to be still-born.

The recent turn in the position of the Fourth International, calling for the withdrawal of all occupation armies, including the Red Army, is the first necessary step in the right direction. But it is only the first, and a very halting and belated step it is, precisely because it has been arrived at empirically and not through a fundamental understanding of the class nature of the Russian state. It is high time to take stock, to reexamine not merely the policy flowing from the false theory of the class nature of the Russian state, but to reassess the theory itself. It is the urgent pre-requisite for rearming the Fourth International and making it possible for it to take its rightful place as the vanguard of the world revolutionary forces.

37. Ibid., Aug. 1946.

F. FOREST.

POLITICS OF THE INTERNATIONAL WORKING CLASS

The resurrected German Social Democracy has, as is well known, achieved astounding electoral victories in Germany—Berlin elections, British zone, American zone and—in terms of popular support—even in the largely conservative, Catholic French zone. Its leaders have become the principal administrators in Berlin and, now, the British zone; Germany's most industrialized and proletarian center.

Its vote in recent elections (see Post-Stuttgart Germany in a forthcoming issue of THE NEW INTERNATIONAL) has been impressive indeed. There is no question that, as a mass electoral machine, the Social Democratic Party has indeed revived. Its greater significance lies in its transformation into a popular mass movement expressing the general dissatisfaction with Allied occupation policies (that is, the grinding stagnation of the people), as well as a bitter antagonism to Russia and its quelling Socialist Unity Party. The recent visit of Dr. Kurt Schumacher to London, where he hobnobbed with Attlee and his Labor cabinet, symbolized the increasing alliance between the British occupation forces and the Social Democratic leadership.

But has the Social Democratic leadership changed from its pre-Hitler character? In what sense has the Social Democratic Party become a meeting place for revolutionary, semi-revolutionary and other valuable material for the rebuilding of Germany's revolutionary movement? We print below, in full, the letter, as originally written in English, of a young member of the German Social Democracy. Its genuineness and sincerity speak for itself, in addition to furnishing us with, at least, partial answers to the problems of politics in ruined Germany.

The letter appeared in the early November issue of Socialist Appeal, English Trotskyist bi-monthly.


British Zone, Germany

First of all I've to say, that all following is my own opinion, but that all that I write, can be regarded as the German public opinion for every German in my age and with the same ideas than me. I don't write in bribery by cigarettes, money, or anything else, but I write in strong hope to see a real socialist world-regulation in the next future.

The Real Attitude of the SPD

What means SPD? It means: social-democratic party of Germany. When you hear that, you'll think, that the SPD is a socialist party on a democratic basis; but that is not true. The SPD is very far of a real socialism, for its leadership are non-socialists, but materialists. The more they speak of socialism, the more they mean materialism. They only are party-members for to get something extra. I think, it will be very interesting for you to be told, that the party-functionaries get extra food—rations from Sweden, as well as chocolate, what another German, except on the black market, can't get. Farther they look for very good jobs in their profession, and they get them. Some work for a fantastic wage in the party-offices as officials. When you look more and more into the interior of the SPD, you think it is nearly the same than the passed Nazi-party: the same hypocrisy towards the other—mainly the outside—and the same pompous life of the party-bosses, in the inside. The old members don't concern with all that—but we, the youth, know, what the only one way-out for us is: An international-socialism on the democratic base of Marx and Engels.

The fundament for the left wing in our party is the youth. The same youth, which fought with the biggest enthusiasm for the nazi and capitalism against the socialist revolution during the last war, fights for a better Europe, for a better world, for a real international-socialism with the same enthusiasm. We have been on the wrong way once, but once only, that cannot happen to us a second time again. We will not suffer, that the people of the world will be told lies and will be deceived again by the capitalism or their tools, the ruling classes. We will put the words: Workers of the world, unite! in golden letters on our red banner.

The left wing, the real socialists put forward the ideas of Marx and Engels, of Lenin and Trotsky. The leadership of the SPD exclusive is the right wing, but the first part of the election, which took place at the 15th of September, showed us, that the SPD didn't get the majority, I think it necessary, to replace the present leadership by young, active members with socialist ideas.

Our Attitude Towards the Communism

When you use in Germany the word communism, everybody will see in that the Stalinism. Nobody will remember the real communism of Lenin and Trotsky. The reasons for that are:

1. During the nazi regime in Germany it was strictly forbidden to circulate any anti-nazi-political papers, and the nazi-propaganda didn't tell us any more than terrible lies about the Russians and their cruelty. The nazi's said, that the communists are the worst enemies of the working class, and that the communism means nothing more than blood-regiment, and that the native-country of the communism is Russia.

2. The German PoW's coming back from Russia now; tell us something about the real attitude of the Soviet Union, about the conditions of life of the Russians, and about the Stalinism, short, they tell us, that it looks in Russia quite as in Germany during the nazi-regime.

And when the German population hears