

Character Of The Soviet Economy Today—I

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IS the Soviet Union still a socialist country? Or is she really reverting to capitalism? These questions are raised not only in the capitalist press but also by people who honestly consider themselves communists by conviction and once loved the Soviet Union almost religiously. A sizeable portion of these people say that although the present leaders of the USSR are revisionists, the social system there has not undergone any structural change for which it can be called capitalist. Some people say, a socialist society, particularly a classless socialist society like the Soviet Union, cannot revert to capitalism from inside peacefully and gradually as this contradicts the very law of social development. Again, some other people say that a 'capitalist type of superstructure' can develop on a socialist structure. (Joan Robinson etc.). Some others altogether deny the fact of emergence of a classless society in the transitional period to justify the restoration of capitalism from inside peacefully and gradually.

Of course, all these arguments are somewhat partial and one-sided and as such are somewhat mechanical, not dialectical. Emergence of a classless society is the result of a single process of socialist construction. Classless society does not and cannot emerge suddenly, overnight, nor through any other independent process. In the Soviet society the

exploiting classes were disorganised and disarrayed economically, politically, socially and organisationally and there remained only *elements*, not classes. The disorganised and disarrayed elements had no chance of reconsolidating themselves as a class. Undoubtedly, the division between mental and physical labour, the difference between the city and village, the difference between workers and peasants and industry and agriculture remained and hence remained the class instincts and habits as well as class desires. But the *base* upon which these instincts, habits and desires take material shape no longer existed. These habits etc were the superstructural weaknesses of the classless society in its initial period as the "birth marks" of the capitalist society from whose womb it had just emerged.

Besides these, there were, of course, weaknesses in the structure itself also. The complete invalidation of commodity-money relations could not be effected in Soviet society and as such the operation of the capitalist law of value, however subordinated, was an *objective* impediment to smooth socialist sailing. In a socialist society commodity-money relations and the operation of the capitalist law of value are double-edged weapons. It can be used and utilised in favour of socialism, provided there is the will and correct proletarian leadership of the dictatorship of the proletariat. Again, it can be

used and utilised in favour of restoration of capitalism if the leadership wishes so. The disorganised and disarrayed *elements* of the exploiting classes may take and naturally do take advantage of each and every wrong step of the dictatorship of the proletariat and may reconsolidate themselves first as a group and then, if opportunities permit, as a class. "This, above all, concerns such economic factors as group or collective form of property and commodity circulation... it would be unpardonable blunder not to see at the same time that *these factors* are already beginning to hamper the powerful development of our productive forces," said Stalin in his last book, *Economic Problems of Socialism in the USSR*. Thus the emergence of a classless society with weaknesses in the structure and superstructure does not preclude the possibility of re-emergence of classes.

More, when uneven development is the absolute law of capitalist imperialism and socialism in one country is a living fact, international trade and commodity market remain as such even if the commodity-market relations are completely done away with in the internal relationship of a socialist country. In that case also, it is a question of suitable *policies* by the leadership of the proletarian dictatorship so that the capitalist law of value of the international market may not, in any way, influence the internal life

and relation of the socialist society.

In Stalin's time internal prices remained isolated from the world market and the nominal gold value of the rouble had little relation to internal prices and a barrier was erected between the domestic and world prices as well as between the money serving the home market and that used in foreign trade transactions. This policy of Stalin's time has been abandoned by the present leaders of the Soviet Union and they have tied up the internal price policy with the movement of world price. In Stalin's time, foreign trade, though pushed vigorously, was not allowed to defend the economic development of the Soviet Union on the world market as is being done now.

The social laws act almost in a way like those of natural laws. One can divert them, restrict their spheres of operation, use and utilise them in our favour but cannot invalidate their operation so long as their material bases, their social roots are there. The commodity-market relations, internal and/or external, are the material, objective basis of the operation of the capitalist law of value in socialist society. The superstructure which still carries the "birth marks" and the old habits is the subjective factor. Besides, thought and consciousness always lag far behind material development. So the "factors" of which Stalin spoke may raise and do raise their heads with all their fangs at the weakest moment of the policy of the proletarian dictatorship independently of the wishes of the people and the policy-makers.

With this background, the changes in the Soviet economy since 1953 will be discussed in this paper. The paper will confine itself to the internal changes only and will not discuss international trade, finance, aid, joint exploitation of labour and resources.

Socialist Man

At the 22nd Congress of the CPSU, Khrushchev in his Report of

the C.C., CPSU, said, "our homeland has entered the period of full-scale construction of communism along the entire broad front of giant undertakings", and in the same report elsewhere he said, "It is important that the growth of public funds properly combined with the *principle of material incentives*". Four years after his report and after the 1965 March and September plenary meetings of the CPSU an editorial in *Pravda*, on January 14, 1966 said: "The economic changes signify:—

"Creation of necessary conditions for more consistent application of the socialist principles of providing *material incentives* in production in combination with moral stimuli to work."

The two quotations signify that full-scale construction of communism begins with the application of material incentives and material incentive is the chief motive force for full-scale construction of communism. These have been said and done in the name of "socialist principle" and in the name of Lenin and Leninism. What did Lenin say about material incentive vis-a-vis communism? "Communism begins when the rank and file workers begin to display a self-sacrificing concern... which do not accrue to the workers *personally* or to the close 'kin', but to their 'distant' kith and kin i.e., to the society as a whole, to tens and hundreds of millions of people united first in one socialist state and then in a union of Soviet Republics". Further, "communist labour in the narrower and stricter sense of the term is *labour performed in gratis for the benefit of the society*, labour performed not as a duty, *not for the purpose of obtaining right to a certain product*, not according to the previously established and legally fixed rates, but *voluntary labour* irrespective of rates, *labour performed without expectation of reward*, labour performed out of a habit of working for common good and out of a conscious realisation (because of habit) of the necessity for the common good—labour as

the requirement of healthy organism." (The Great Beginning).

The present Soviet leaders are, therefore, violating the theory and practice of socialist man conceived by Lenin. They are upholding and practising the theory of Economic Man of Adam Smith. The economic man, naturally, cannot build even socialism, let alone communism. The economic man can only build private property instincts, self-interest, personal gains etc. Blaming and criticising Stalin and Stalin's discouragement of material incentives and encouragement of social consciousness Khrushchev said, "Disdaining the material needs of workers and emphasizing mainly enthusiasm and social consciousness, social and moral forms of incentives and rewards, he hampered the development of production and of raising living standards of the workers. This had negative results in the internal politics and international politics." The *Pravda* editorial referred to earlier, wrote, "It is not the aim of the communists to bring happiness to the coming generation by subjecting the present generation to *ascetic self-denial* (obviously hinting at China). They call for preparing a better future for the succeeding generation and at the same time do everything to make life happier and better for contemporaries." While Lenin advocated self-sacrifice and labour in gratis, the present Soviet leaders jeer at Lenin by calling it "ascetic self-denial".

Bourgeois economists and sociologists in general and Adam Smith in particular said that it is the inherent nature of man to give something only in exchange for getting something more beneficial. That is why every man is Economic Man with self-interest and preservation of self first. Lenin in the same book referred to above said, "We shall solemnly and firmly pledge ourselves to one another to make every sacrifice, to hold out and win in this arduous struggle against force of habit—to work without relaxation for years and decades. We

shall work to eradicate the accursed rule, 'Every man for himself and good for us all', (to eradicate the habit of regarding work only as duty and of regarding as legitimate such work as is paid for at certain rates. *We shall work to inculcate in people's mind, to convert into a habit, to induce in the daily life of the masses the rule: 'all for each and each for all', the rule 'from each according to his ability to each according to his needs', gradually but steadily to introduce communist discipline and communist labour.*"

This was on May 2, 1920. Today the present leaders of the Soviet Union, blaming Stalin for treading the path charted by Lenin, reintroduce in Soviet life "Every man for himself and good for us all".

One can easily conceive, without going deep into the economics of the Soviet society, what kind of society the present leaders of the Soviet Union are building—communism or capitalism.

Materialist Conception

"In political economy the production relations of socialism were for a long time considered quite abstractly as relations between the individual members of socialist society and society as a whole. But actually the relations of man with society are least of all direct when man acts as producer. Man enters into direct relations with society most frequently not when he acts as producer, but when he acts as a member of society, receiving remuneration or benefit from public funds, participating in social life etc. When Man acts as producer he primarily comes in contact directly with the enterprise and only through the enterprise with society. In political economy little attention was paid to these concrete forms of production relations—the relations between enterprise and the State, and between enterprises and their personnel. The starting point for improving the entire system of incentives is to improve relations be-

tween the enterprises and the society as a whole."

These apparently innocent lines are from an article "New elements in economic incentives" by one B. Sukharevsky, published in *Voprosy Ekonomiki*, no. 10, 1965, and reproduced in *Soviet Economic Reform, Main features and aim*, published by Novosti Press Agency Publishing House, Moscow. If the bagatellian sentences are paraphrased it comes to: (a) Man's relation is not determined by the system of production but by the system of distribution; (b) Man's direct relation with man is the enterprise where he works, so not the society but the enterprise is the basic unit, the improvement of which is basic to man, which will indirectly improve the society; (c) So long political economy failed to discover this concrete relation, now it has been "discovered" by the Soviet economists and sociologists and such a system of incentives must be enterprise-wise.

The entire thing is against the materialist conception of history enunciated by Marx, Engels and Lenin. One need not go through the chapter on Co-operation in Vol. I of *Capital* in order to understand the anti-Marxian stand of the above quotation. Marx, in criticising the Gotha programme, said, "Quite apart from the analysis so far given it was in general a mistake to make a fuss about so-called *distribution* (italics by Marx) and put the principal stress on it". "In production", Marx said, "men not only act on nature but also on one another. They produce only by co-operating in a certain way and mutually exchanging their activities. In order to produce, they enter into definite connections, and relations with one another and only with this social connections and relations does their action on nature, does production take place." (Karl Marx and F. Engels, *Selected Works*, Vol.1). Man is a social being and he establishes social relations. At different times, these operate in different concrete ways. These concrete ways are the

manifestation of different modes of production. As such concrete ways are neither primary nor principal. But to the present economists and sociologists this concrete way is the principal determining factor of social relationship against which Marx warned not to "make fuss". Once relation between man and man was direct and that is the true relation built through the process of production. In course of time various kinds of walls emerged, among which money became the predominant one. Relation between man and man became mystified and began to be expressed through money, through exchange. Money became the cash nexus of society. As people create idols with straw and clay and paint them with proper colours and then worship them as gods, though they are his creation, money, though created by man to meet his social needs, becomes the master. Marx called this fetishism. It is the task of the materialists to clear the mists and the wall that has been created between man and man and re-establish the true direct relations of the social beings and do away with the fetishes, and make man master. Here lies the significance of the discovery of the law of materialist conception of history. But the Soviet economists and sociologists, discarding this important and significant side of the materialist conception of history, are re-introducing the idealist conception and historical idealism and creating more mists between the social relations of man advocating enterprise as the basic unit of social relation from where man gets remuneration.

Why was this unique "discovery" in political economy needed? Why did the Soviet economists suddenly discover that "in political economy little attention was paid to these concrete forms of production relations"? It was prompted by the urge to restorate capitalism step by step in the Soviet society; first by introducing enterprise-wise ownership. The Soviet economists and the Soviet economic reform have tied

the remuneration, bonus etc. of the workers and directors of an enterprise to profit. In doing so they had to discard Marxism and introduce and "discover" a new theory. In a socialist society social profit or socialist accumulation is quite a natural thing and nobody has any reason to object to it. But if the earning by individuals of more income through an enterprise is linked with profit, if enterprise is made the basic unit of earning more income, it no longer represents socialist accumulation or social profit. It invariably gives rise to competition between the enterprises, a capitalist urge to earn more at the cost of others and simultaneously it widens the inequality of income and standard of living and leads to revival of classes in society.

Capitalist Law of Value

To have a clear and scientific understanding of the real character of a socialist society, it is imperative to study and investigate firstly, the operation of the capitalist law of value there; secondly, whether the sphere of operation of the capitalist law of value is gradually narrowing down and is in the process of eventual invalidation or gradually widening its sphere and is in the process of eventual reassertion; thirdly, whether the capitalist law of value has again become the regulator of production which had ceased to be the regulator in Stalin's time; and fourthly, what is the attitude of the present leaders of the Soviet Union towards the operation of the law of value in a socialist society—is it contradictory and an impediment to the planned socialist economy or supplementary and necessary instrument for the operation of the law of planned socialist economy?

The last point will be discussed first. It is an undeniable fact that the building up of a socialist society is a long drawn process. After a socialist revolution, the country concerned naturally inherits non-socialist sectors, in spite of seizing the commanding heights over the vital and key industries, commerce and

finance. These non-socialist sectors operate in accordance with their appropriate objective laws. As these take place under the general regulation and control of the commanding heights of the economy of the socialist sector, they can neither dominate nor regulate the national economy as a whole. The dictatorship of the proletariat by its economic as well as political power gradually weakens it in order to invalidate eventually the non-socialist sectors and bring the whole national economy ultimately under socialist planning. This is the task practically of the whole of the transition period. As such, throughout this period, though the capitalist law of value operates together with the law of planned socialist economy, it does so in a very restricted sphere and under the general regulation of planned socialist economy. The laws of movement of the commodity-money economy and the laws of movement of planned socialist economy are both objective laws. Consequently the laws of planned socialist economy are affected by the movement of the laws of the non-socialist sectors to the extent of their existence and influence.

It is clear that socialist planning and uninterrupted forward movement of the law of socialist economy are not compatible with the operation of the capitalist law of value. But compatible or not, it will go on operating so long as non-socialist sectors remain, so long commodity-money relations remain. So the quarrel is not over the operation of the capitalist law of value in a socialist society in the transition period, but over the question of its *mode of operation and regulation* and also over the question of adoption or non-adoption of effective measures to curb, restrict and eventually eliminate the non-socialist sectors and commodity-money relations, thereby invalidating the operation of the capitalist law of value altogether from the social life.

Stalin, in his *Economic Problems of Socialism in the USSR* said, "Com-

rade Sanina's and Vanzher's basic error lies in the fact that they do not understand that the role and significance of commodity circulation is incompatible with the prospective transition from socialism to communism. They evidently think that the transition from socialism to communism is possible even with commodity circulation, that commodity circulation can be no obstacle to this." Stalin, then advising the introduction of a "products-exchange system" with the collective farms further said, "Such a system, by contracting the commodity circulation, will facilitate the transition from socialism to communism," and will "preclude the conversion of products into commodities and with it, their conversion into value."

That the operation of the capitalist law of value is incompatible with the operation of the law of planned socialist economy is neither recognised nor accepted by the present leaders of the Soviet Union and here lies the root of their fundamental departure and desertion from the path of building socialism and advancing towards communism. Here lies the basic point of division between the communists and revisionists as the question of building socialism is not an academic one. The Soviet leaders do not take any practical measures, economic and administrative, to weaken, curb and ultimately eliminate the basis of operation of the capitalist law of value. Nobody objects to the utilisation of commodity-money relations so long it is a compelling necessity, but to speak of such relations as a necessary instrument of socialist society is not only going too far, but a definite surrender to a capitalist instrument.

With the recognition of the capitalist law of value as a necessary law of the socialist society, the present Soviet leaders have taken measures since 1953 by which they have extended the spheres of its operation enormously. They not only advocate and practise the capitalist law of value as a necessary instrument in socialist society, but also say that

instead of being an impediment, it "supplements" the law of planned socialist economy. In *Fundamentals of Marxism-Leninism*—a manual meant for the world Marxist-Leninists, they write, "But how is socialist planning compatible with the law of value since the former depends on another law, the law of planned proportional development?"

"Experience shows that it is perfectly possible for the two laws to operate together, because they do not contradict but supplement each other."

With this unique theory of "experience shows" Leontiev—the erstwhile reputed Marxist economist, writes in an article in *New Times* (No. 12, December 1967), "Practice which is the best criterion of truth, has debunked the theory of the 'rudimentary' nature, role and place of CMR [commodity-money relations] in a socialist economy." Further, "With the development of the socialist system and perfecting of its production relations, CMR far from vanishing play a substantial part as one of the economic instruments of socialist planning."

True, the law of value operates together with the law of planned socialist economy during the transition period. Also capitalism exists together with socialism due to the operation of the absolute law of uneven development of capitalist imperialism. But do these mean "perfect" relations, non-antagonistic relations? Do they mean that one is necessary for the existence and development of the other, that one supplements the other?

The present Soviet leaders with their revisionist attitude and practice have brought some significant changes in the Soviet economy in

the name of economic reform as a result of which basic structural changes in production relations have occurred. The Soviet economists also could not conceal this fact. One economist says, "The measures discussed in the September plenary meeting [1965] are quite different from all those past measures. *These measures will not only influence the structure but will also bring basic changes in the sphere of economic relations.*" (Soviet Economic reform).

All this reminds one of what Lenin said in explaining the causes of degeneration of the German Social Democratic Party—one-time leader of the international working class movement—the party of Marx and Engels. "The general public know that German Social Democracy is regarded as a model of Marxist proletarian policy and tactics, but they do not know what constant warfare the founders of Marxism had to wage against the 'Right Wing' (Engels' expression) of the party. And it is no accident that soon after Engel's death this concealed war became an open one. This was an inevitable result of the decades of historical development of German Social Democracy." (Lenin—*on Britain*). Exactly the same thing can be said of the CPSU. If anybody carefully follows the history of the "concealed war" of the 'Right Wing' of the CPSU, especially from the period of introduction of collectivisation and five-year plan to the three important "warfares", one with Varga in 1947-48, the second on the problems of science and philosophy and the last one on the economic problems of socialism and other relevant questions of war, peace, co-existence international politics etc. it would not be difficult to find out the causes of the inevitable result of the decades of historical development of the CPSU immediately after the death of Stalin, who to his last day was a continuer and developer of Marxism-Leninism.

(To be continued)

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