

is the
Soviet Union
a
"State Capitalist"
Society?

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CONTENTS.

INTRODUCTORY. WHY ARGUE ABOUT STATE CAPITALISM ?....PAGE 1.
IS IT CAPITALISM ? Economic Arguments.....PAGE 2.
IS IT CAPITALISM ? History.....PAGE 5.
IS IT CAPITALISM ? Implications.....PAGE 6.
CONCLUSION and NOTES ON FURTHER READING.....PAGE 7.

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IS THE SOVIET UNION A "STATE CAPITALIST" SOCIETY ?

INTRODUCTORY. WHY ARGUE ABOUT STATE CAPITALISM ?

For many people who think of themselves as on the left, or as being critical of the existing set up, the disputes between the different left organizations seem a waste of time, disrupting left unity, and diverting attention from getting on with tackling the innumerable jobs that need to be done. It cannot be denied that sometimes this criticism is valid. Yet the more important of these disputes need to be taken seriously. The criticisms of polemics often reveal a confusion about what unity means for socialists, about what the practical importance of the polemics is, and about their style.

Unity. It is often the same people who find the disputes boring who are most frightened of the monolithic suppression of argument and opposition by the Soviet Communist Party.

We do not want to see a future society in which a dull uniformity prevails, a small community writ large, weighed down with the intolerance of tradition, or worse repression. A socialist society will be one in which people are involved, in a thousand ways. Because they are involved, they will disagree. Only people who are not involved think that argument doesn't matter.

We argue that the degeneration of the Soviet Union into a repressive dictatorship occurred for specific historical reasons. But it was clearly accelerated by the banning of other socialist parties, necessary under the quite exceptional circumstances, and by the banning of factions and tendencies inside the Bolshevik party, unnecessary in the view of the I.M.G. The existence of different socialist groupings and parties, and of the right for tendencies to form within parties is something we should not seek to stifle, as the price of a monolithic "unity".

Practical Importance. Even more importantly, the arguments do reflect real differences in analysis of the world situation. Since in Marxism, analysis is the basis for action, these differences can have real consequences for political practice in the short or long term. For instance, the I.M.G. differs from the I.S. (International Socialist) group in a number of respects - over state capitalism, discussed here, over the way marxists should try to be internationalists, over the significance of the Cuban Revolution, over the importance of radical movements of youth and of women, over tactics of industrial work, over how to recruit new members, and so on. These differences emerge in practical terms in different localities. As the organizations grow we may reach agreement on some, on others differences may increase. They therefore will have

real consequences as to the direction of our activities in the future, which could themselves affect success or failure in pre-revolutionary situations such as that of France, 1968.

Style. The style of the polemics between us upsets some people, who have a model of an argument which seems to be derived from the conduct expected in the drawing room of an English Gentleman. Marxists, of course, do not accept such a model, although invective can take the place of argument sometimes, as "wit" almost always takes its place in bourgeois circles.

STATE CAPITALISM.

The Background. The idea that the Soviet Union is a form of capitalist society is a local form of analytical error. Nowhere but in Britain does it appear to have any significant following, apart from a small group in the United States, where every idea can find some adherents. The thirty other sections of the Fourth International have to argue with all sorts of political ideas, but nowhere else is there a serious group which has the State capitalist view. Perhaps the interaction of a particularly intensive cold war ideology, together with a general lack of theoretical interest and a specific lack of penetration of marxist theory into the British labour movement have contributed to the continuing support for State capitalist theories here. Since some understanding of the arguments about the nature of the Soviet Union is not a condition of entry into the I.S. group, many I.S. members are quite hazy about the arguments involved. We think that people should have some understanding of this difference when they join. Certainly, the idea "Neither East nor West, but International Socialism" is superficially attractive to people entering left wing politics who have been heavily indoctrinated, as we all have, about what goes on behind the "Iron Curtain". But it is an oversimplification that is fundamentally incorrect. If we were to say "East over West, but for a Socialist International", it would be an equal oversimplification but not a fundamentally incorrect one. A slogan on such a level of generality is not very helpful, but there is a difference between the two of some significance. The argument over State capitalism does need more analysis.

IS IT CAPITALISM ? 1. Economic arguments.

State caps., as they are affectionately known, argue that State capitalism is different from plain capitalism (when you challenge the view that it is the same). But, logically, in order for it to remain capitalism, there must be something in common. The following three arguments are adduced (together or separately) :-

a. Exploitation. The labour power of those who produce is exploited and alienated. True (there are economic arguments as to whether even exploitation is an appropriate term, but let us accept it to be so here). But this has also been true of every other social

form that has been known to man since primitive communism - yet we don't call feudalism, capitalism, or slavery, capitalism. In each type of society, the exploitation has a different basis, and the society develops in different ways, justifying us giving them different names. Thus, however objectionable exploitation of workers is in the Soviet Union, it is no reason for calling that country capitalist.

b. Industrialization. The Soviet bureaucracy has performed the "historical" tasks of the capitalist class by industrializing, therefore it is capitalist. Tony Cliff, who has made the only systematic modern presentation of the State capitalist view, says :-

"Both periods (youthful capitalism and State capitalism) are characterized by the use of compulsion in addition to the automatic mechanism of the economic laws. The synthesis of State capitalism with the youthful tasks of capitalism gives the Russian bureaucracy an unlimited appetite for surplus value..." (p.123 of Russia, my italics.)

But what is the "automatic mechanism of the economic laws", what gives this "unlimited appetite for surplus value" in a society where there is no competitive pressure? There is a logic in a capitalist society. Marxists argue that it is that of a competitive system of generalized commodity production based on profit. That is, every item produced is equivalent to the capitalist. It is, labour included, a commodity to him; the use of a commodity is totally incidental to its profit making capacity. In this system, accumulation derives not from the motives of the capitalist, but because those who do not accumulate will in the long or short term be eliminated by those who do. Capitalists do not accumulate for accumulation's sake. They accumulate because they will be eliminated if they don't. Acquisitive motives grow out of the structural demands that are made on entrepreneurs. The same essential logic is at work today, but the growth of monopoly and oligopoly has occurred on an international scale (imperialism), partly as a means of trying to protect against the harshness of the logic and the economic contradictions it generates. This has led the Fourth International analysts to call the system "neo-capitalist" sometimes.

The same logic as expressed above patently does not operate in the Soviet Union (unless argument ii below is used), since generalized commodity production, and its consequent competitive profit logic was eliminated, except in the agricultural sector, as a result of the October Revolution. Even Cliff is forced to admit that this is a "partial negation" of capitalism. But it is not capitalism at all! What the worker does in the society and how the products are priced is totally subject to planning. There have been huge, inevitable problems because of the very low level of economic development when the socialist revolution has occurred in the Soviet Union and similar states. These apart, the mistakes made are due to the substitution over a historical period of a dictatorship of bureaucrats for the dictatorship of the proletariat, and to the consequent suppression of nation wide debate as to resource allocation.

c. The World Market. The third argument is that the effect of the world market on the Soviet Union makes it a capitalist society, whatever its internal arrangements, since it is forced to act in a capitalist way. There are two grounds for such an argument :- (i) that armaments' competition makes it capitalist, and (ii) that the pressure of the world market makes it capitalist.

(i.) Armaments' Competition. It is quite clear that the Soviet Union does compete with the West in terms of armaments, since its social system would be overthrown by force if it did not. It also competed with Germany in the war, and before it. Such a competition does put a considerable restriction on the freedom with which the bureaucracy can allocate resources. But arms production has been an important means of stabilizing capitalism (some State caps., especially Kidron, say the only means). It is very profitable to some large corporations; it provides wages for large numbers, and thus helps to stabilize the consumer market. It is not a stabilizing factor in the Soviet Union, but an irritant - it diverts resources which could otherwise be allocated to production of consumer goods or to improving the quality of life, and/or reduces the income which could be paid to workers, in both ways encouraging negative feelings. Thus, while the arms race grossly distorts resource allocation in the Soviet Union, the logic of the two cases is different.

(ii.) The Pressure of the World Market. This argument is very weak. The foreign trade of the Soviet Union with the West is a tiny proportion of the national income compared to that of the capitalist countries. It is largely in inessential areas. The total elimination of exchanges with the imperialist countries would make a negligible effect on the Soviet economy, and the same has been true ever since 1917, with the exception of the war years, when military aid was of significance. Any actual analysis of the goods exchanged shows this without possibility of refutation, therefore no I.S. comrades have produced one or made use of one.

If this argument held, we could have expected economic developments in the Soviet Union to have corresponded to those in the imperialist countries. But this has not been the case. In the capitalist boom years up to 1929, the Soviet economy grew very modestly. In the great capitalist depression, the Soviet economy grew at its fastest pace, as the first 5 year plan was implemented. In the 25 post-war years, there was no great boom in the production of consumer goods as there was in the West. This is because the logic of a socialized economy is different from that of one characterized by commodity production; the distortions in the former result from the control of the State by bureaucrats.

A Transitional Type of Society. Because the economic logic of the Soviet Union is not capitalist, that does not mean that it is socialist either. Nor does it mean that there is an inevitable move towards socialism. It is best to think of the Soviet Union as a post-capitalist society in transition to socialism, but distorted to such a degree by bureaucratic control of power that there are increasingly

powerful tendencies towards the restoration, not of state capitalism, but of capitalist forms to be found in the West. In the most recent period, large sections of the Soviet bureaucracy are increasingly attracted by the life styles of the wealthier in the West, and they are prepared to begin the jeopardisation of the socialised property relationships by schemes which will allow the export of Soviet resources, such as that with Fiat. Such a trend has gone much further in Yugoslavia, where, with a much greater dependence on foreign trade, socialised property relationships are now seriously threatened. These trends, which are very real, could lead to the restoration of capitalism if the working class does not deal with its bureaucracy. The economic basis of the attraction of such "market socialist" schemes lies in the increasing inefficiency of an ever more complex economy being run by an inflexible centralized bureaucracy. Thus, the developments have an explanation which has a different basis from one derived from capitalism. They do not show that either Russia or Yugoslavia is now capitalist.

IS IT CAPITALISM ? 2. History.

If the 1917 revolution did overthrow capitalism in the U.S.S.R. as the State caps. admit, then it must have been restored at some period for their argument to hold. Most of the State caps., including Cliff, take this period to be that around the first 5 year plan (1929-35). Roughly, during this period, Stalin eliminated the Kulaks, and liquidated the leadership of the Russian Revolution and their followers. The society was ruled with a brutality and in an atmosphere of suspicion that will forever remain an abomination to civilized man. Yet it must be stated that, far from the restoration of capitalism, it was in this period that the socialized property relationships resulting from the 1917 Revolution were consolidated. The rise of the Kulaks and their personal accumulation of capital occurred because of political mistakes by the stalinist bureaucrats. By 1929 it constituted a real threat to the existence of the regime, because of the lack of a socialised industrial base to counteract them. In the first 5 year plan, Stalin removed the Kulaks as a threat, created the industrial base necessary to prevent any further threat of that type, and also provided the means for the Soviet Union to defend itself against the physical overthrow by imperialism. These achievements could have been made relatively painlessly in 12 years instead of 5 or 6, if the Left Opposition, with their alternative programme for more rapid industrialisation in the earlier period, had triumphed over Stalin. But it is ironic that the State caps. consider this period to have constituted a counter-revolution.

What In Fact Happened ?

In fact, the degeneration of the Soviet Revolution began much earlier, and was inevitable in the absence of further revolutions in other more advanced capitalist countries. The basis of the Revolution was the Russian working class, the most politically advanced working class in the world, but a very small one. It was eliminated by the military intervention of 14 capitalist armies -

the entire working class became Red soldiers, and was replaced by peasants, who ravaged the factories. Socialist opposition parties had to be banned because they adopted policies which would have led to the elimination of the revolution. Old Czarist administrators were once more pressed into service in the administration. By 1923, a bureaucratic administration had become established in place of a dictatorship of the proletariat. Stalin as party secretary controlled the means of power, and, by totally throttling itself through its acceptance of the abolition of faction and tendency within the Party, the Left Opposition made its elimination certain. Thus, a bureaucratic administration emerged, and consolidated itself in power, based on the socialised property relationships of the revolution, but distorting them. This is the basis for calling the Soviet Union, as the Fourth International does, a distorted, or degenerated workers' state.

IS IT CAPITALISM ? 3. Implications.

If the Soviet Union is capitalist, what is needed is a revolution to change the logic of its social structure - in our countries we need to eliminate commodity production for profit as the basis of the system - this would be a complete economic and social revolution, since all our institutions, habits of thought even have come over time to be profoundly related to the economic system of capitalism. But what is required in the Soviet Union is not the abolition of commodity production, which has been achieved already, but the re-establishment of the dictatorship of the proletariat over decisions as to resource allocation (and everything else) - that is, a change in political organization, in what marxists call the superstructure, thus a political revolution. The mistakes of the State caps. become important in the actual development of revolutionary movements in East Europe, something which affects us profoundly, since as members of an International, we are actively trying to assist the development of sections in these countries.

If the Soviet Union is capitalist, the logic of its relations with the Third World should reduplicate those of the imperialist countries. The logic of imperialism "underdevelops" these countries - makes them relatively, and in some cases even absolutely poorer and poorer, and reduces them essentially to raw materials producing dependencies (since nominal political independence is largely meaningless). It is clear that the Soviet Union's relations with other workers' states do not correspond to those of fraternal socialist countries, since it buys cheap and sells dear. But the logic of the relationship does not lead to the development of underdevelopment, but on the contrary, to industrialization. The force of this argument is seen when we compare countries which a few years ago were at about the same level of economic development - China with India, or Pakistan, North with South Vietnam, North with South Korea, Cuba with the Dominican Republic, etc.

Indeed, the theory of State capitalism leads to some very queer positions indeed in regard to the over-exploited nations. It is

difficult to put one's full heart into supporting revolutionary action which can only lead to the establishment of varieties of capitalism. By the logic of State caps.' own arguments, it hardly matters if new sections of the world are removed from the capitalist world market, if that market is so all pervasive that the $\frac{1}{2}$ of the world already removed from it has its character determined by that market. No doubt that feeling underlies why the State caps. felt able to pull out of the Vietnam Solidarity Campaign after the big demonstration in 1968. As an I.S. member quite bluntly put it, "It was a peg to hang a hat on." The State capitalist view itself logically leads to such a position, but a lot of members of the I.S. group would be very unhappy if they realized it.

CONCLUSION.

We have tried to give an outline of why the debate about the nature of the Soviet Union is important, and why theories of State capitalism are inadequate economically, historically and in their implications. This relates back to why such theories are largely confined to Britain. The loose structure of the I.S., its cheap worker-oriented newspaper and stimulating journal have been attractive to many young radicals here. But the low level of understanding of key political problems, of which the theory of State capitalism is one major example among others, leads to disunity and political mistakes which could be avoided, and which will be more and more serious in their consequences as the organized left grows. In the meantime, we will work together with I.S. comrades on specific political issues where we are in agreement, while carrying on a sharp but fraternal argument with them over the others.

A NOTE ON FURTHER READING.

The State cap. position is put by Tony Cliff in Russia - A Marxist Analysis. A full economic analysis of the nature of the workers' states is given by E.Mandel in Vol.II of Marxist Economic Theory. The alternative economic programme of the Left Opposition is outlined in E. Preobrazhensky, The New Economics. The degeneration of the Soviet Union is documented in E.H.Carr, The Bolshevik Revolution, Vol.2, ch.17, and Socialism in One Country, Vol.1, chs. 2 and 3, which should be read together. The extent of the degeneration is shown in Trotsky's The Revolution Betrayed, which also summarizes State capitalist arguments. Relevant sections of Deutscher's 3 volume biography of Trotsky summarize all the arguments involved (The Prophet Armed, The Prophet Unarmed, and The Prophet Outcast.). Finally, the I.M.G. has published two polemical pamphlets by Ernest Mandel, The Inconsistencies of State Capitalism, and The Mystifications of State Capitalism. All these are available from Red Books, 182, Pentonville Road, London, N.1.