

Part IV Chapter 1  
STATE CAPITALISM AND WORKERS REVOLT

It In Theory

The profound simplicity of Marx's analysis of capitalist society is seen in this prediction: once man's labor power has been transformed into a commodity, that is to say, once your society is dominated by the law of value, or payment of labor at its minimum and extracting from him the maximum surplus necessary to maintain production on an ever-expanding scale, then nothing -- nothing on earth or in heaven -- will stop the inevitable, irresistible, chronic, engulfing crises leading to the system's utter collapse, not even if you have achieved such concentration of power, centralization of capital, that all capital is concentrated in the hands of "one single capitalist or one single capitalist corporation."

That Marx was primarily concerned with was not the abstraction, "a single capitalist society." What he was concerned with was the freedom of humanity and the inevitable waste of human life which is the absolute general law of the constant growth of machinery and the constant degradation of the laborer. As far back as 1845, long before he had worked out his strictly economic analysis of capitalism, he attacked Proudhon for being concerned with "organizing exchange" when what was crucial was the despotism of production of which exchange is but the necessary phenomenon. Once you leave the factory, relations in the factory, intact, the young Marx predicted, then any organization of society would only end in having "one single master."

The hierarchic structure of management in production is there for one reason and one reason only -- to discipline the worker. It is the workers resistance to this "barracks-like discipline" which discloses that what appeared, ideally, as plan, was in actuality "the undisputed authority of the capitalist. The theoretical axis of his greatest work, CAPITAL, became the question of plan -- the despotic plan of capital against the plan of free and associated labor.

The Paris Commune burst upon the world's horizon after the first

edition of CAPITAL. The Parisian workers "stormed the heavens" and created an entirely new type of society, where the workers were to rule themselves in cooperative, not private, production. Marx watched "fighting, bleeding, thinking" Paris and told it that cooperative production itself might become a "snare and a snare" unless it was under the control of free and associated labor.

When the White Terror had wiped out the last of the Communards, Marx first then introduced a decisive addition to his CAPITAL. He asked readers to pay special attention to the "French edition" of CAPITAL even if they had already read the original German because this new edition contained material that had "scientific value" independent of the original. The reference was to the logical conclusion he had drawn in his analysis of the laws of capitalist development -- concentration and centralization of capital:

"In a given society the limit would not be reached until the moment when the entire social capital was united in the hands either of a single capitalist or of a single capitalist company."

At that point he adds:

"When this latter (centralization of capital) result is the consequence of accumulation or of centralization, whether centralization is accomplished by the violent method of annexation... or whether the fusion of a number of capitals already formed or in process of being formed takes place by the another method of joint stock company formation -- the economic effect remains the same." (emphasis added)

The prediction of state capitalism was so far removed from the apparently real world of highly competitive capitalism with its market pre-occupation that the analysis was entirely lost, not alone on his generation but on many generations which followed. It was lost not only on bourgeois economists but on Marxists. The conception of the German Social Democracy -- the whole German Democracy including its most extreme left wing, Rosa Luxemburg -- was that capitalism meant planlessness and chaos and that only when the workers "took over" would they first introduce plan and socialism.

Marx himself, however, built Volume II of CAPITAL precisely on the conception of an isolated given capitalist society which has all its obvious problems -- selling, competition, "realizing surplus value" or making a profit

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—solved for it and yet cannot escape the law of motion of capitalism in general which is the law of its collapse. The world was not to see Volume II until after Marx's death and then millions of words began pouring out questioning its premise. Here Luxemburg even wrote an entire volume "to supplement it" which would nevertheless take in "the real world of imperialism which Marx had not foreseen" -- and ended by revising CAPITAL. (cf.: Luxemburg's Assassination of Capital and my critique of it.)

The outbreak of World War I and the collapse of the Second International did bring the analysis of monopoly capitalism and "its development into state monopoly" by Lenin but it is still more theory than fact. Only after the 1929 crash which shook rigid capitalism to its foundations and brought forth a whole plethora of plan from New Dealism to Fascism, from the Russian Pyatiletka (Five Year Plan) to Japan's "Co-prosperity Plan" that the world first began to look seriously into the Marxian theories. That precisely marks the 1929-1933 of Marx's analysis, that one hundred years ago, he posed theoretical problems of crisis, centralization of capital, unemployment and capitalist collapse that first became concrete matters that were being battled out in the 1930's and have first now become a matter of life and death of civilization as we know it. What is not seen to this day is his prediction -- that the only solution is that of a proletarian revolution in the process of production itself.

It is this which Lenin saw in 1920.

(Here II -- 1920-3 --Anticipation of World Crisis and  
State Capitalism --  
Trade Union Debate with Trotsky-Bukharin and Shlyapnikov)

STATE CAPITALISM IN ACTION: RUSSIA THROUGH THE FIVE YEAR PLANS

#### Introductory Note

Just as capitalism in general is a world phenomenon, so is state capitalism. Let no one think that because we are taking Russia as the supreme example that America is exempt from this development. The 1929 crash split the world mind into two in each country. Precisely because capitalism had reached a new super stage of development, it sharpened class attitudes. What World War II showed

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the rule of the state in the economy was not a war phenomenon. The foundations for it were laid in the previous period as can be graphically seen from a study of the INEC reports. The true index of the present stage of capitalism is the role of the state in the economy. War or peace, the state does not diminish monopolies and trusts but develops, in house fashion, that characteristic mode of behaviour of capitalism: centralization of capital, on the one hand and socialization of labor on the other. The Planners form to one side; the workers to the other: the workers build their own organizations like the CIO, as against the NRA; or take to wildcatting as against the labor bureaucracy.

State capitalism is not a continuous development of capitalism in the sense of a development without breaks. Rather it is a development through transformation into opposite. Capitalism lived and progressed by free competition and hence, found its fullest development under a democratic bourgeois or parliamentary democracy. State capitalism means -- and can only mean -- bureaucracy, tyranny and barbarism, as could have been seen in Nazi Germany and can be seen in totalitarian Russia. But one would have to be blind not to see the elements of it everywhere, most especially in the United States. We ask the readers to keep in mind the admonition that Marx has made to the readers of CAPITAL:

"Intrinsically, it is not a question of the higher or lower degree of development of the social antagonisms that result from the natural laws of capitalist production. It is a question of these laws themselves, of these tendencies working with iron necessity towards inevitable results. The country that is more developed only shows, to the less developed, the image of its own future."

A: THE FIRST FIVE YEAR PLAN: Relations between Planners and Workers.  
1928 - 1932

The First Five Year Plan was introduced in October 1928, shortly after Stalin came out the complete victor over all tendencies in the Russian Communist Party which had been unloosed with Lenin's death and which ended with the expulsion of Trotsky.<sup>5</sup>

<sup>5</sup> Trotsky was the first to propose the Plan while Stalin-Bukharin maintained

that Russia needs no plan, that it can reach socialism "at a snail's pace." But he was no sooner expelled than the Plan was introduced. But all this is beside the point for we are now dealing with plan in action and it was Stalin who put into action and created an objective base for it. To the extent that Trotsky clung to the Plan, to that extent he was in actuality the prisoner of Stalin's Plan.

The workers had meanwhile gained the seven hour day. For a brief moment -- the first few months of the Plan, the workers were enthusiastic over the end of the NEP and the beginning of what they thought would be socialist planning, that they over-fulfilled all norms set by the State Plan.

Workers Conflict Commissions were still functioning and generally favored workers in the fight with management. On January 5, 1929, for example, Pravda Workers Life, organ of the Council of Labor and Defense, emphasized that piece-work rates are subject to the approval of the Workers Conflict Commission but that the responsibility for fulfilling the financial program rested exclusively with management. That issue of the publication also reports that it is an ordinary occurrence for workers dismissed by management to be reinstated by the labor inspector. A new decree, on January 24th, however, made workers responsible for damaged goods. The Planners ordered the Five Year Plan completed in Four. This became the sharp division point between planner and worker.

The antagonistic plans, inherent in capitalist production, came to the fore. From then on, the execution of the State Plan turned into an endless battle between the State Planners and their representatives at the point of production, and the workers.

The Planners called 1929 "the year of decision and transformation." That was certainly fact. The appearance of workers' resistance to the State Plan was met by substituting, for workers production conferences with their conflict commissions, a production conference of engineers and managers and the inevitable politicians. At the same time, trials of professional personnel began. Some Gosplan officials were charged with "wrecking" and we had the first foretaste of that distinctive feature of state capitalism -- mass confessions



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and reanimation -- but the world crisis came just then and this first minor spectacle was lost upon the world.

The world crisis, in turn, adversely affected the price of Russian wheat could command on the world market for which they wanted to buy tractors. (A ~~capitalist~~ capitalist society cannot tear itself out of the vortex of the world market.) This was crucial for the plan since tractors were not manufactured rapidly enough in Russia to take the place of draft animals. Not only that. The peasants' resistance to collectivization was such mass slaughter of animals\* that Russia has not recovered to this day, after a quarter of a century

\* Again the case of the famine, which Russia never admitted, they first revealed the extent of the slaughter of animals in 1934 in Stalin's Report to the 17th Congress of the RCP, thus:

<u>In Millions of Head</u>	<u>1928</u>	<u>1932</u>
Horses	33.9	19.5
Large Horned Cattle	70.5	40.7
Sheep and goats	146.7	52.0
Pigs	26.0	11.6

This, they called, at the end of the Plan, "100% completion of plan" of collectivization!

There was such havoc on the countryside that the harvest declined from 283.5 million tons to 70 million tons in 1931. This was after Stalin's famous "Dixy with Success" speech. All his speeches are famous since the dictator never says a word without its being forced, by the millions of copies, upon the people, not alone in word but by law, by police action, by terror -- but this one in particular will be remembered for its doubletalk on "the art of leadership":

"The art of leadership is a serious matter. One must not lag behind the movement, because to do so is to become isolated from the masses. But neither must one rush ahead, for to rush ahead is to lose contact with the masses. He who wants to lead masses must wage a fight on two fronts -- against those who lag behind and against those who rush on ahead."

What going neither too far ahead nor lagging too far behind has meant in the land of planning, is that they plan -- from crisis to crisis.

That critical year of 1930, the labor exchanges were instructed to put

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workers who leave jobs on their own initiative on a "special list." That blacklist deprived the worker of unemployment compensation. By October 9th, unemployment was declared "abolished" and unemployment compensation was stopped altogether. It became obligatory for factory directors to insert into the worker's paybook, the reasons for his dismissal. But nothing could stop the labor turnover. By the end of the first five year plan, it had reached the staggering figure of 152%. Thereupon they passed a new decree.

"Forbid that a worker be dismissed from the services of a factory establishment even in the case of one day's absenteeism from work without sufficient reasons and be deprived of the feed-and-goods card issued to him as a member of the staff of the factory or establishment and also of the use of the lodgings which allowed to him in the houses belonging to the factory or establishment."

"Specialist Accumulation" or "Upon what seat hath this our Caesar fed  
That he has grown so great?"  
-- Shakespeare: Julius Caesar

In tracing the history of primitive accumulation, Marx concluded that

"The only part of the so-called national wealth that actually enters into the collective possessions of modern peoples is their national debt." Never was this truer than in the case of Russia where the whole cost of industrialization and militarization has been borne by the people through that ingenious scheme known as the "turnover tax." The manner of raising the State Treasury to pay for The Plan appeared in an innocent enough guise. On December 5, 1929, the Central Committee of the RCP passed the following resolution: "To instruct the Peoples Commissariat of Finance and Supreme Council of National Economy to draw up a system of taxation and government on the principle of a single tax on profits."

"The single tax on profits" turned out to have two sections: 1) a tax on profits which comprized nine to 12 per cent of the state budget and (a) a turnover tax which comprized 60 to 80 per cent of the budget. It is the latter tax which is crucial for it suffices to finance all industrialization and militarization. Contrary to the usual sales tax, which is a fixed percentage of the base price of the commodity, the turnover tax is a fixed percentage of

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the total sales value of merchandise, including the amount of tax. In plain language, this means that whereas a 90 per cent sales tax raises the price of merchandise 90 per cent, a 90 percent turnover tax increases the sales price tenfold.

The turnover tax is unevenly applied, going lightest on heavy industry and heaviest on bread and agricultural produce. To get the full significance of the turnover tax, let us consider how it affects that single commodity which is the staff of life for a Russian worker -- bread. The proletarian, in paying a ruble for his kilo of black bread, pays 25 kopeks for the actual cost of the bread -- including production, distribution, transportation and delivery -- the remaining 75 kopeks of that ruble goes to the state as turnover tax. This is the meat of what they call "socialist accumulation." There was such chaos in the city and in the country --and prices skyrocketed so, that the worker was faced with actual starvation. To assure the manual laborers getting at least sufficient to be able to work at all, rationing was introduced.

The division point between planners and workers was coming to a breaking point. Stalin, as usual, didn't flinch from taking the most extreme ~~away~~ from the workers. Far from stopping the unbearable taxes of industrialization that was the result of the slogan of the Five Year Plan in Four, he now declared an increased tempo in creating a new "industrial and technical intelligentsia" to help bear down upon the worker. He may not have been very brilliant but he was very specific and tirelessly repetitious on what these "New conditions, New Tasks" were:

1) It was necessary "to end depersonalization" by displaying "the maximum care for the specialists, engineers and technicians."

2) It was necessary to be done with the foolishness of "egalitarianism." "Better pay for better work."

3) It was necessary to stop the "instability of labor industry": a greater differentiation must be made between skilled and unskilled and "wages must be organized in a new way."

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4) Business accounting must be introduced and an increase in accumulation and a lowering of production costs achieved.

"Such," continued Stalin in his address to the conference of industrial managers on June 23, 1931, "are the new conditions of the development of industry, demanding new methods of work and methods of leadership in our economic construction."

Although this was being done with great deliberation and consciousness, let no one assign omnipotence to Stalin. There is no doubt that he was making a conscious effort to create "leaders," "managers," "organizers" -- in a word, bosses. As a matter of fact, it was not going to work quite as he had envisioned it for four more years when he is finally able to create an aristocracy of labor through piece-work and the creation of Stakhanovism. But his iron will was the manifestation of the objective drive of the industrial development, which Marx long ago analyzed when he analyzed the objective basis of the theory of classical economics:

"Accumulate, accumulate! That is Moses and the prophets!.... Accumulation for accumulation's sake, production for production's sake: by this formula classical economy expressed the historical mission of the bourgeoisie and did not for a single instant deceive itself over the birth-throes of wealth."

Neither did Stalin. He was more ruthless because we live in the age of state capitalism. While the basic problem everywhere in the world now is labor productivity -- how to get <sup>workers</sup> to work more -- nowhere is it more so than in a totalitarian state. Which is why it is totalitarian.

The First Five Year Plan ended with actual famine conditions on the countryside where Stalin was busy "liquidating the kulak as a class;" a mass of such rebellious workers that the labor turnover in 1932 was 152 per cent; the beginnings of a new class called "the industrial and technical intelligentsia." While we can easily dismiss the fantastic claims of accomplishments of industrialization (See statistical abstract in Appendix 1), while more unplanned-for things happened than those which were planned, the one thing that is certain beyond the peradventure of a doubt was the direction in which the economy was

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developing, the economic structure that was evolving out of its law of motion, was the same one that was so profoundly summarized by Marx when he divided up the whole national economy into but two departments of production -- means of production and means of consumption -- and showed that the law of development and law of crisis of capitalism was that it was constantly developing machines at the expense of workers and there was a constant preponderance of means of production over means of consumption. The exact direction of the whole economy, and the relationship achieved between those two departments during the First Five Year Plan is:

	<u>1928</u>	<u>1932</u>
Means of production	44.6	52.3
Means of consumption	55.7	46.7

On the horizon is the social physiognomy of the new ruling class which Bukharin, back in 1930, had called "the singular class resting on the singular form of private property, state power." Its specific production? Forced labor camps -- as we shall see for the Second Five Year Plan.

**E. THE SECOND FIVE YEAR PLAN: The One Party State Takes Full Totalitarian Shape and Completes the Counter-Revolution**

"Assume a certain mode of production...."  
--K. Marx

Forced labor camps are the first specifically state capitalistic creation. There, before, we were tracing the direction of the Russian economy along the beaten line of any capitalism, what greets us in the Second Five Year Plan is new. That horrific feature of the new phase of capitalism makes its first appearance in a modern industrial society under the euphemistic title of the "Labor Correction Code." This decree, of August 1, 1933, lists as "places of detention": Corrective colonies, factory colonies, agricultural colonies, colonies of mass work and penitentiary colonies." And then explains that "Factory colonies are organized for the purpose of inculcating labor habits." On October 27, 1934, it is supplemented by a Resolution of the Central Executive Committee and Council of Peoples' Commissars, as follows: "All correction institutions (prisons, isolators, correction colonies and the bureaus of

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correction work without deprivation of freedom) which are at present managed by the Peoples' Commissariat of Justice of each constituent republic, are to be transferred to the competence of the Peoples' Commissariat for Internal Affairs and its local organs."

"The Commissariat of Justice" is nothing other than the GPU which has been transformed into the Commissariat for Internal Affairs or NKVD so that from now on, party purges, arrests, exile and work for the plan are all "co-ordinated." That is to say we see the image of the One Party State Ruling <sup>Class.</sup>

The first year of the Second Plan had begun, along with the announcements of the goals to be achieved, with the ordering of a party purge which was to last no less than two years and completely transform what was left of the original Bolshevik Party.

This was April 28, 1933. On June 23rd, they moved to the abolition of The Commissariat for Labor and Defense. The trade unions were blamed for the resistance of the workers to the norms set by the plan and so the trade unions were liquidated and made part of the state apparatus. The workers continued to fight the "norms" through the technique of slowdowns.

However, the famine on the countryside, the terrible privations of the people, sent millions of peasants to the city and though they introduced internal passports to stop the flow of peasants to the city, they didn't do this 'til after a considerable army of "surplus labor" was created. In tune with the times, Industry, the organ of the Commissariat of Heavy Industry, in its issue of March 16, 1933, informs managers that they now have "a trump card: there are more workers in the shops than is necessary according to plans." (Emphasis in original.) The advice isn't lost upon them and the struggle between management and workers intensifies.

Stalin's slogan of 1931 -- "Better pay for better work" -- had lain dormant because it could not gain momentum until there had been a piece-work system (which Marx had declared to be best suited for the capitalist mode of production.

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Such a system came to them, according to Stalin, as "a gift from heaven."

V. Koshlank (the then chairman of the State Planning Commission) thus explained the "gift from heaven":

"A plain miner, the Donets Basin hewer, Alexei Stakhanov, in response to Stalin's speech of May 4, 1935, the keynote of which was the care of the human being and which marked a new stage of development of the USSR, produced a new system of labor organization for the extraction of coal. The very first day his method was applied, he cut 102 tons of coal in one shift of six hours instead of the established rate of seven tons."

In the four months elapsed between the speech of Stalin's, on May 4th, and the achievement of Stakhanov on August 31st, the State did not miss a single bourgeois trick in setting up this "miracle." The press, photographers, the wires of the world, all immediately heard of the "gift from heaven." What they did not hear about, was the hothouse conditions that were created for Stakhanov to become a speed demon: 1) the fact that he and subsequent Stakhanovites got the finest tools and spoil them at the fastest pace without the necessity of paying for them as the average production worker must pay for goods he damages; 2) the brigade of helpers who do all the detail work but get no Stakhanovite recognition either in fame or money; and, above everything, 3) that those record-breakers for a day, do not repeat their records but retire behind swivel chairs while the mass of workers are now told that the "miracle" must be the norm."

Armed with Stakhanovism, the State was able to revive the 1931 slogan -- "to train the recalcitrant factory hands," as Ure put it in his day -- for it had the wherewithal. Piece-work was made the prevailing system of work. In the early workers' state, the range of pay was one to three; now it became one to twenty!

"Ending depersonalization" and creating this extreme differentiation in pay would, however, mean nothing if rationing was still in effect and the Stakhanovites could buy nothing with their money. Rationing was ended and the production of luxury goods extended.

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	1932	1936
Matches	65,000	558,000
Gramophones	58,000	337,000
Cameras	30,000	357,000
Silk (million meters)	21.5	512,000

In contrast to the 2400 per cent increase in the production of silk there was a mere 44 per cent increase in the production of cotton goods -- and the average worker continued to eat black bread and have his ~~khovotok~~ (hot water). Under the given base and with the given aim, it was impossible simultaneously to expand production of the means of production and the production of means of consumption. One or the other had to be sacrificed. The course of development of the state-owned means of production, the constant necessity to expand "in order to catch up with and outdistance the capitalist lands," the high organic composition of capital in the advanced capitalist world which imposed the same technical composition of the economy upon Russia, all these demanded sacrifice in the sphere of producing articles for mass consumption. Distribution of articles of mass had to be brought into conformity with the reality of the stage of production. It was not a question, as Trotsky thought, of "bourgeois norms of distribution." It was a matter of the bourgeois method of production.

The mid-thirties saw the emergence of a "new type of Soviet man" -- a new type of executive-administrator who made clear by his everyday behaviour how different he was from the workers, as if giving bodily form to what Marx called "the strictly regulating authority of the social mechanism of the labor process graduated into a complete hierarchy." The hierarchic structure of the labor process, the hierarchic structure of the party and the state, all were in the image of the Plan and norms to be fulfilled by others. The men to administer the goals were engineers and administrators, who bore as much resemblance to the men who led the revolution as Napoleon did to the "sans culottes". They were mass produced by the State, so that by 1937, Molotov could boast that there were 1,751,000 "leading positions" in the Soviet Union and "250,000 engineers and architects without personal responsibility for enterprises or projects." Two years later,



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when he will supply us with figures that reveal the physiognomy of the new ruling class, we will learn that the top echelons comprise only 2.5 percent of the whole population. Meanwhile, the "classless intelligentsia" has to be given legitimacy and we move into the great hullabaloo about the "Stalin Constitution" which, in 1936, will replace the Constitution which bore witness to the transitional character of the dictatorship of the proletariat:

"The principal object of the constitution of the RSFSR, which is adapted to the present transition period, consists in the establishment of the dictatorship of the urban and rural proletariat and the poorest peasantry in the form of the strong All-Russian power with the aim of securing the complete suppression of the bourgeoisie, the abolition of exploitation of man by man, and the establishment of socialism under which there shall be neither class division nor right authority."

The new Stalin Constitution, which claimed that "socialism was irreversibly established", on the other hand, strengthened the state authority in the form of complete totalitarianism, establishing piece-work as the reigning system ("From each according to his abilities, to each according to his work") and decreeing the protection of state and personal property from "thieves and misappropriators." Far from withering away of this state, this octopus will first now gorge itself on what is left of the revolution and the workers who dared to resist it.

Suddenly, the ruling bureaucracy let loose with a series of macabre trials, the like of which had not been seen since the Spanish Inquisition and the hunt for witches, with all the added terrorism, violence and shamelessness that only a totalitarian state can produce. First the Zinoviev-Kamenov Trial, then the Bukharin-Pistakov Trial, then the trial, en camera, of Tukhachevsky and, finally the trial of the Yagoda who staged the first set of trials. The fantastic confessions and debasement of the "General Staff of the Revolution" who had long since capitulated and re-capitulated and been isolated and imprisoned and were without stature and dignity, all added up to the extermination of the memory of revolution in some men. The full totalitarian state had taken shape, wasthrowing its weight around, needed that blood-

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letting to install firmly the new class created by the "new" method of production. The greatest framup in history, is, however, not limited to the men who led the revolution. Quite the contrary. Its full fury is unleashed against the workers. In a profound study of the "Origins of Totalitarianism," Hannah Arendt writes: "The terror increased both in Soviet Russia and Nazi Germany in inverse ratio to the existence of internal political opposition so that it looked as though political opposition had not been the pretext of the terror...but the last impediment of its full fury." In the second stage of terror, she continues, they begin killing not those who were left from the revolution but those who cannot make the adjustment to "t he new society." The ~~mass graves~~ discovered at the end of the war bear terrifying witness to that.

The Moscow Trials 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 a full army, sufficed because only one of the parties to this conflict was armed. Whatever had been left of the October Revolution was exterminated and the proletarian state overthrown, not so much by the execution of the Old Bolsheviks (although that is always a manifestation of counter-revolution) but by clearing a place in the process of production for the new class. That place could have been clear for the "classless intelligentsia" only where there existed such a full-blown class, only where the method of production itself called it forth. The production relations established by the Revolution had long become incompatible with this new method of production. That is why the blood-bath which came at the end of the Second Five Year Plan. The Russian worker knows that the production relations of state property demands his sweat and degradation. He knows that the job of a factory director is not, as the Russians so euphemistically put it, merely "functional". The factory director behaves like a boss because he is a boss. The state bears as much resemblance to a workers state as the president of the United States Steel Corporation does to a steel worker just because

they are both "employess" of the same corporation.

The counter-revolution of 1935-1937 was the culmination of what began with the introduction of the Plan. It's the Plan which brought worker and manager into immediate conflict. The liquidation of the trade unions into the state apparatus was the symbol of the unbridgeable gulf between Planner and Worker. Stakhanovites, engineers, administrators in production, joined these in the state to form the bulwark of the new ruling class which was given juridical status, that is legitimacy, in the Soviet Constitution of 1936. The experience of Stalinist Russia since 1936 has exploded the idea that planning by any other class than the proletariat can ever reverse the law of motion of capitalist society.

3. THIRD FIVE YEAR PLAN AND THE WAR: State Capitalism Vights Death However It Can

The figures for the accomplishment of the Second Five Year Plan were not released 'til two years after it was over, in 1939. At that time they showed the tremendous development of industry and lagging behind in means of consumption, has not brought Russia out from its backwardness if we are to judge by per capita production. Thus, relative to the rest of the advanced capitalist world, including Japan, labor productivity was low:

	<u>Per Capita World Production in 1937</u>				
	<u>Unit</u>	<u>USSR</u>	<u>USA</u>	<u>Germany</u>	<u>Japan</u>
Electricity	kwt. hr.	215	1160	755	421
Coal	kilo	757	3429	3313	643
Pig Iron	"	86	292	234	30
Steel	"	105	397	291	62
Cement	"	32	156	173	60
S Soap	"	7	12	7	--
Sugar	"	14	12	29	17
Cottons	Sq. Meter	16	38	--	39
Leather footwear	pair	16	2.6	1.1	--
Paper	kilo	5	48	42	8

In presenting the Third Five Year plan, therefore, Molotov made per capita production the key word: "People here and there forgot that economically that is, from the point of view of the volume of industrial output per capita of the population, we are still behind some capitalist countries....

Socialism has been built in the USSR but only in the main. We have still a very great deal

to do before the USSR is properly supplied with all that is necessary...before we raise our country economically as well as technically to the level not only as high as that of the foremost capitalist countries but considerably higher."

Thus, the slogan of the First Five Year Plan "to catch up with and outdistance the capitalist lands" and which held for the Second, still remained for the Third Plan. Again, the unpardonable sin was the workers' attitude to work. Malotov knows better than anyone that to accomplish what they did do in the First Plan, they were forced to use 22.8 million workers where the Plan called only for 15.7 million and, he knows above all, that the low labor productivity of the Russian worker is not a sign of his backwardness but a sign of revolt against the conditions of production. So, armed yet with one more law, the introduction of labor booklets, he thinks he can degrade slavery. Well, they degraded forced labor camps but productivity in the wilds of Siberia is even lower because you cannot degrade slavery on the production line or you'll need more gunmen than laborers and still the labor productivity will not go up.

In addressing the same 18th Party Congress, the Leader, Stalin, complains

"Notwithstanding the complete clarity of the position of the party on the question of the intelligentsia there are still in our party those who have views hostile to the Soviet intelligentsia and incompatible with the position of the party. Those who hold such incorrect views practice, as is known, a disdainful, contemptuous attitude toward the Soviet intelligentsia, considering it as a force foreign, even hostile to the working class and the peasantry... incorrectly carrying toward the Soviet intelligentsia those views and attitudes which had their basis in old times when the intelligentsia was in the service of the landowners and the capitalists." (Emphasis added)

Iznadov follows with a new theory to the effect that there could no longer be any bosses "since there are no exploiters" and if the workers don't understand that, the party should, so he proposes to change the statutes of the party and make no "occupational distinction," that is, class positions, in allowing people to become members. Of course there is a "unanimous decision" to that effect. So far as the worker is concerned, the boss had long been both the head of the Party cell and of the NKVD, so this belated catching up with the

reality of class relations in Russia is no surprise to him. It is he whose productivity is needed to keep the wheels going and he maintains his opposition day in and day out, year in and year out, despite the forced labor camps, despite the Moscow Trials and the constant tirades of the leaders, whereupon the Party bureaucracy, armed with full state power, wreaks its vengeance in a new set of anti-labor legislation ever recorded in the history of modern times. (See Appendix 2 for tables on pay going to ruling class and conditions of living among working class.)

By the 1940 laws, a worker is forbidden to leave his job. Any infraction of factory discipline, such as coming 15 minutes late, was made punishable by six months at "corrective labor," that is, labor in the factory at 25 per cent reduction in pay. If this law was violated, then he was to be sent to forced labor camps in the wilds of Siberia.

From labor, the totalitarian bureaucracy moved over to take its vengeance on the youth. Teen-agers were taken out of school and given from six months to two years "free vocational training," at the end of which they were to work where the state directed, for two and up to four years at "the prevailing rate of pay."

On December 26, 1940, Pravda reported that in the coal mines, especially, truancies were greater in the first six months of the operation of the law than in the previous period. At the 1941 Party conference, held just a few months before the Nazi attack and after the European war had already been going on for nearly two years, the report stated that workers "were constantly absenting themselves, particularly after pay day," and that fully a third do not accomplish their "norms."

The truth is, this draconian anti-labor legislation records the terror of the ruling bureaucracy in the face of the revolt of the workers which has been going on for two solid decades since the inauguration of the First Five Year Plan and which performs miracles of ingenuity and endurance in resisting the totalitarian stranglehold over production. The millions in forced labor



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camps are the true measure of the never-ending resistance of the Russian workers to the Russian rulers in the state and in the factory. Had the revolt not been so persistent, the terror would not have been so violent. Nobody wants to put millions of people in concentration camps.

Facing Stalin was Hitler with his own Five Year Plans, his "end to unemployment," his gas chambers and concentration camps ready to centralise European capital as a step to world domination. In 1939, he gets the go-sign from Russia and with the Nazi-Soviet Pact they carve up Poland and Russia goes in for outright imperialism. But by June 1941, he turns against Russia. So deep are the antagonisms in Russia that he marches up to Stalingrad before the Russian people see what he has in store for them and choose to stand up to him and turn him back.

In the midst of the war, the totalitarian bureaucracy discovered "the conveyor belt system." That is the way in which 1943 is referred to officially as "the year of the conveyor belt system." The assembly line technique was used to transform the individual break-neck competition of Stakhanovism by "socialist emulation to factory-to-factory competition. It seemed to embolden them also to lay their brutal hands on Marx's CAPITAL.

Heretofore, all the theoretical revisions had been political. They had stopped being concerned with theory with the abolition, in 1936, of the Communist Academy and the many archives of Marx were lying unpublished in the Marx-Engels Institute as they had lain unpublished in the Archives of the Second International. But any works that had been published were untouched and, when taught, followed the sequence of the original works. It seems, however, that during the war, the teaching of political economy had stopped altogether. No Russian worker could see the difference between his "socialist labor" and that which was described by Marx as capitalistic labor and the questions asked by students were unanswerable. So, in the year that they discovered the conveyor belt system, they were emboldened to lay their hands on CAPITAL and to demand that the dialectic structure be not followed. (1943 dispute here).

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The fetishism of commodities is the mystery with which social relations of production are clothed in bourgeois society. In Russia, where the society is completely state capitalist, the bourgeois fetishism of commodities seems to be overcome and, in a sense, it is. The Russian bureaucrats are not affected by problems of the market nor confused by ideas of equal exchange as are the bourgeois economists. But another aspect of fetishism, the critical one that Marx uncovered, was the reversality of relations between machine and man, where dead labor dominates living labor. That is why Marx is so insistent in saying that the form of the commodity is fantastic, not because labor is bought and sold, but because it correctly reflects the real relations at the point of production, where machine employs man, not man machine. This real fetishism not only has not been overcome in Russia; the Plan has perfected it and become prisoner of it.

They have substituted for the fetishism of commodities the fetishism of the Plan. But their plan turns out to be no more than a disguise for the actual relations of production in the factory. They are no more able to overcome this fetishism than are the bourgeois economists. In other words, far from the plan bringing light into the relations of production in the factory and particularly the domination of the worker by machinery, the state planners, in getting rid of the domination of the commodities as such, in the Plan express, to a total degree, the domination of the workers by the machine. The plan in reality is nothing else but the organization of the proletariat under the domination of the machines to produce.

Never before has so gigantic a state mobilized itself with such murderous vigilance to keep the proletariat at work while the leaders plan. This is the most deadly, the most insidious, the most dangerous enemy because it springs from the proletariat and cloaks itself in Marxist terminology.

Often intellectuals turn toward Marx and Lenin. They meet Stalinism which spends incredible time, care, energy and vigilance in holding Marx and Lenin within the bounds of their private property-state property philosophy. The critical question, which the Russian Communist must avoid like the

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... is 1929 was the October Revolution transformed into its opposite, the  
Stalinist counter-revolution, and how is this counter-revolution, in turn,  
to be transformed into its opposite, truly free and associated labor. Can  
man achieve freedom out of the totalitarianism of our age? We will here  
take up the development and death of Stalin, the beginning of the end of  
totalitarianism, on the one hand, and the East German and Vorkuta Revolts,  
two new pages in man's long struggle for freedom.

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