

Character Of The Soviet Economy Today—II

MONI GUHA

WHAT were the major changes in the Soviet economy by which the present leaders consciously and deliberately extended the spheres of commodity-money market and made the capitalist law of value virtually the regulator of production and thus reverted to capitalism?

(a) *The kitchen garden plots:* The Soviet peasants, irrespective of State farm and collective farm peasants, own a private plot of land for family use, where they raise various sorts of vegetables and even food grains. This is called kitchen garden plot. Besides this plot, they are allowed to rear a definite number of livestock for domestic use. The Soviet peasants used to sell the "surplus product" of the kitchen garden as well as eggs, milk, meat etc. on the "free market". Immediately after the termination of the Second World War these free and private markets grew in dangerous proportion throughout the Soviet Union. The free commodity market and the private property instincts of the peasants began to exert a tremendous baneful influence on Soviet society, both politically and economically. On the one hand, the anarchic capitalist law of value began to assert its law of dislocation on socialist plan-

ning and price policy and on the other private property instincts began to damage the idea of socialist man. The Soviet Government under Stalin imposed an extra tax on the marketable "surplus" of the peasants, cut down the size of the kitchen garden plots and number of livestock. By another decree the Soviet Government introduced payment in kind on team work unit basis in order to curb the commodity market and develop the collective sense of the collective farmers. But after Stalin, Khrushchev "won" the peasants by playing on their private property instincts with his measures and "reform" to stimulate development of capitalism in the countryside: abolition of the extra tax, enlargement of the size of the private plots, abolition of restrictions whatever on livestock; abolition of work-units and system of payment in kind and introduction of individual hours of work and payment in cash; exemption of more farm products from price control and allowing the farmers to sell on private markets; introduction of about 3500 free markets replacing the State stores etc.

Together with these measures, the nationalised lands were distributed to the highest bidder's team who

gave assurances of fulfilling a fixed quota of production. The State Bank gave them long-term loans to promote increase of production and number of livestock. As a result 55 per cent of the national income began to come from private plots and only 45 per cent from the collective and State farms. In other words, more than half of the Soviet Union's total income was being derived from agriculture *capitalistically*. The theory of "Enrich yourself and thereby enrich the country" of Bukharin was resurrected. Why were these measures taken? In order "to achieve a steep rise in production" was the reply. The same question had been posed during the introduction of the First Five Year Plan by the Right deviationist Bukharinite group. Stalin, in reply had said, "Is it true that the central idea of the five-year plan in the Soviet country is to increase the productivity of labour? No, it is not true. It is not just any kind of increase in the productivity of the labour of the people that we need. What we need is specific increase in the productivity of the labour of the people, namely, an increase that will guarantee the systematic supremacy of the socialist sectors of the national eco-

nomy over the capitalist sector. A five-year plan which overlooks this central idea is not a five-year plan, but a five year rubbish." (Stalin, Vol. 10). This is what is called class outlook, this is what is called politics in command.

By introducing the new measures the present Soviet leaders have added grist to the private property instincts. This has gone on uninterruptedly with the increasing extension of the commodity market. The capitalist law of value has become almost supreme in the countryside, in agriculture and in the exchange of agricultural products through markets.

(b) *Sale of Machine Tractor Stations (MTS)*(--Formerly in the Soviet Union, the instruments of production were not commodities and these could not and did not come under the sphere of operation of the law of value. Means of production are the most vital thing in society, since through their private ownership exploitation has so long taken place. The socialist revolution made the means of production socialised property and thus laid down the basis of the end of exploitation. Hence the means of production were neither sold to the individual enterprises nor to the collective farms. As agents of the Soviet Socialist State the directors of the State enterprises received the machines for use in factories and the Machine Tractor Stations (MTS) were simply transferred to the collective farms, retaining the State ownership. The products of the collective farms were procured in exchange for service rendered by the MTS to the collective farms. Hence these did not and could not become capitalist commodities. But in 1953, immediately after Stalin's death, together with the changes enumerated above, the Soviet Government sold the entire MTS to the collective farms and made them the owners of the means of production in one of the vital sectors of the national economy, departing from the very principle and practice of socialised ownership of the means of production. It may be noted here

that all the collective farms could not afford to buy the MTS as their financial resources were not adequate. So these were sold only to those collective farms which were in a position to pay the price, thereby leaving the poorer farms under the mercy of the richer farms. This measure laid the material basis of class differentiation of rich and poor peasants and exploitation of the poorer by the rich along capitalist lines, with a capitalist market and speculation etc. The consequence can easily be conceived. Since then, as and when these tractors, combines, harvesters etc. are required, the richer collective farms purchase them outright and become owners and the poorer farms hire them from the owners. The Soviet factories also produce these machines with a view to selling them on the internal market, which means that the factories are also more or less guided by the market law. The Soviet Government did not and could not stop there, as the very logic of the sale of MTS to the "effective buyers" forced it to introduce other concomitant measures. It also permitted some of the "financially sound" big collective farms to build up factories for production and sale of accessories, spare parts and other small agricultural tools, thus widening the class differentiation in the countryside. The poorer collective farms were not only forced to hire tractors, combines etc. from the big collective farms but also to "adjust" the price of their produce as per their dictates.

Arguments

The present Soviet leaders, in defence of these measures, say that since collective farms are collective property, not private property, and since the land, an important means of production, cannot be sold or bought at all, it is no longer a commodity. They further say, "Socialist commodity production is a commodity production without private ownership, without capitalists and without small commodity producers." (*Fundamen-*

tals of Marxism-Leninism). Of course, it can be shown that now-a-days capitalist commodity production is also commodity production without private ownership without capitalists and without small commodity producers. But that is not the point of discussion here. The revisionists, surprisingly enough, baptised the commodity as "socialist commodity"! Apart from that, they speak *only* of land which is nationalised, but not of other means of production in large-scale mechanised agriculture, that is the machines. In mechanised large-scale agriculture land is but only *one* of the means of production. What about the other? Can it be bought or sold? The same arguments are advanced by the capitalists by saying that co-operatives are not privately owned. But the question is: Are the collective farms socialised property? The answer is no. Is then collective farm property private property? Again, the answer is no. The collective farms under the political and economic management and control of a capitalist state is a *specific type* of economy which comes under the capitalist sector and can be called capitalist economy. Again, the collective farms under the political and economic management and control of the dictatorship of the proletariat are a *special type* of economy, *on the basis of a special alliance with the peasantry*, which can be called one of the *rudimentary forms of socialist economy* of the socialist sector. Lenin in his pamphlet *On Co-operation* long ago said, "under our present system, co-operative enterprises differ from private capitalist enterprises because they are collective enterprises, but they do not differ from socialist enterprises if the land on which they are situated and the means of production belong to the State, that is to the working class." A considerable portion of the nationalised land has already been distributed to the highest bidders' team and the means of production no longer "belong to the State", working class or otherwise. As such, collective farms can no longer be consi-

dered a form of socialist economy, rudimentary or developed.

Bhowani Sen, the late revisionist leader, coming back from a Moscow tour at the time when MTS were being sold to the collective farms, wrote in *Swadhinata* that this selling was an act of "silent revolution". Indeed, it was a silent revolution in the double sense. It was 'silent' because its far-fetched economic, social and political significance was not immediately perceptible to the Soviet and world working class. It was a 'revolution' because it brought about qualitative structural changes in the socialist system, though in a reverse process.

What was the effect of these measures? The collective farms became the owners of the means of agricultural production like in all other capitalist countries, as well as owners of products. The mutual help in supplying the MTS and in procuring the products did no longer work. It has now become a question of pure selling and buying between two independent owners, in a purely capitalist method through the commodity-money market. The initiative of bargaining and manipulation of price mechanism are transferred to the hands of powerful collective farms from the hands of the State. *The special form of alliance* between the peasantry and the working class no longer exists. The poorer farms have become the victims of the State and big collective farm speculators. The Soviet theoreticians now say that "one of the chief measures introduced in the Soviet Union during the last few years in order to achieve steep rise in agriculture, was the change over from State procurement of collective farm produce to purchase at prices permitting collective farms to replace their outlay incurred in the production of agricultural produce as fully as possible and also to build up the necessary reserve." (*Fundamentals of Marxism-Leninism*). This is purely a capitalist solution for the agrarian problem notwithstanding their chatter about socialism. "The building up of necessary reserve" by

the big collective-farm speculators could not prevent the Soviet society from near-famine conditions as the reserves are being used by the collective farms for speculative prices. As a result, the Soviet State has been compelled to take the capitalist measure of curbing the price of food grains and guaranteeing the supply by building up its own reserve stock through imports from America avoiding the road of direct procurement from the peasants which may antagonise them.

(c) *Liberianism and its effects*:— The logic of market economy cannot stop half-way. The introduction of group ownership of property in agriculture led the Soviet society to introduce group ownership in industrial enterprises also. Besides the sale of MTS to the collective farms, all the means of production in Soviet society have become, for all practical purposes, of saleable commodities with the introduction of new economic reforms in 1965. Formerly, machines were simply delivered to different enterprises and no charges were made for using the machines. Only a system of book-keeping was maintained to know whether the enterprises were running at a loss or were paying with a view to subsidising the "losing concerns" from the State budget and replenishing the amount of subsidy from the paying concerns" exactly like that of a family. The enterprises were collective, socialised property and hence collective, socialised tasks were given to each enterprise, irrespective of "loss" or "profit" according to the priority of importance in the national economy as a whole. This is what was rightly called socialist principles of planning. But after the introduction of new economic reforms the means of production are no longer simply delivered, but sold at their price to the directors of the enterprises. The Soviet theoreticians say, "Unlike enterprises subsidised by the State budget those run on cost accounting lines conduct independently their economic operations. They have the

necessary material and financial resources at their disposal and in applying them, they can use their own initiative to a large extent. Cost accounting means that the expenditure incurred by each enterprise, by each economic organisation has to be replaced by its own income, and that moreover, the enterprise must show a profit. Part of the profit is allocated to the enterprise's fund and used to satisfy the needs of its employees. Cost accounting is an inducement to strive for profitability and this is only possible if the outlay of labour, material and money is kept as low as possible.

"The operation of the law of value makes it possible to compare and correctly appraise the results of economic activity of separate enterprises and it supplies economic incentives both to the enterprises as a whole and to workers to achieve high results." (*Fundamentals of Marxism-Leninism*).

Economic Man Again

This means firstly, the abandonment of the very principle of socialist planning based on socialised appropriation, leaving the initiative to each enterprise to accrue profit and income individually and separately. Secondly, it means that the re-introduction of the principle and practice of "Economic Man" of bourgeois society and enterprise as the basic unit pushing society as a whole to the background. Thirdly, it means the re-introduction of money as an independent variable, whereas in Stalin's time money was treated as a mere counter. These are all capitalist measures.

"Expenditure incurred by each enterprise...has to be replaced by its own income." This may have utilitarian value but not an iota of socialist value will be found in it. How is the expenditure to be replaced by its own income? "This is only possible if the outlay of labour, material and money is kept as low as possible." Directors are not in a position to lower the cost or price of raw materials as they can

only keep the outlay of money as low as possible if they are allowed to lower the purchase price of labour power i.e., if fixation of wages is kept outside the domain of central planning, if directors are allowed to bid up wages freely. Secondly, if the directors are allowed to choose freely the commodity to be produced and if this too is kept outside the domain of Central control and planning, one logically leads to the other. If you are asked to lower the cost of production and forbidden to choose your path of lowering the cost of production, you can at best forego your wages. But foregoing of wages is an "ascetic self-denial" to the present Soviet Society. So there is no alternative but to allow the directors to freely bid up wages and select the commodity of production. But if the enterprises are free to bid up wages and manipulate the market price by independent choice of production of diverse commodities, what remains of the authority which the central planners must have in a socialist society? In capitalist countries also economic programming is a must, which they call planning. This economic programming does not and cannot interfere with the independent choice of production or free bidding up of wages as each and every capitalist is an emperor in his factory. The capitalist State makes a blueprint of general directives of production, general directives of minimum wages etc. etc. and they call this planning. The new economic reform in the Soviet Union also could not stop half-way only by asking the directors of enterprises to keep as low as possible the outlay of labour, material and money. It had to give the directors capitalist rights and freedom, i.e. free bidding up of wages and freedom to choose the commodity of production. In explaining the economic reforms B. Rakitsky says that the plenary meeting (September 1965) in its application of economic reform, has decided to abandon the system of central directives towards wage fixation in the enterprises. "The Soviet econo-

mists believe that an important subject like the total payroll could be kept outside the central planning in future. They also believe that the production of diverse commodities could be brought outside the central planning in course of time." (*Soviet Economic Reform*).

As is known, it is not possible to calculate hours of work in each case representing the same quantity of "abstract" or socially necessary labour and thus, the wage, accordingly cannot be calculated on the basis of number of hours worked alone. So wages are determined, even in capitalist society, by average subsistence level. (In a socialist country and for that, in the Soviet Union, formerly, wages were not considered as the purchase price of labour power, the value of which is equivalent to subsistence cost. *Wages, there, represented a conscious allocation of total social production and had no relation to value or subsistence.* Why was this so? Because "within the co-operative society", said Marx, "based on the common ownership of the means of production the producers do not exchange their products, just as little of the products appear here at the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labour no longer exists in an indirect fashion, but directly as a component part of the total labour." (*Capital*, Vol. II). The Soviet society consciously used to raise the wages of workers in those factories which were, in fact, below the subsistence level, despite "loss" incurred there, as loss or profit were then considered social loss or profit and not loss or profit of a particular enterprise. Allocation of wages was thus related to the production of total social product.

The principle of allocation of wages i.e., the socialist principle of the total social product, has now been thrown overboard. The Russians have "discovered" the long neglected law in political economy (quoted earlier) in order to justify enterprise-wise labour. Now labour

is seen neither as a direct component part of the total social labour nor the product as the component part of the total social produce. The producers in Soviet society, now as individual workers, sell their labour power and the directors of the enterprises purchase it. The chief factor in the determination of the skill of workers and directors, therefore, is the total volume of income of a particular enterprise. The socialist principle of socialised appropriation has been replaced by the capitalist principle of enterprise-wise appropriation. In capitalist society labour power is a commodity sold by its owners for money-wage equivalent to its value, that is labour embodied in the goods needed for its existence. Each individual owner of factory tries to keep the wages below the subsistence level to reduce the cost of production in order to compete on the market. The Soviet enterprises now also try to keep the wages below the subsistence level to reduce the cost of production in order to compete on the market exactly like those of capitalist countries. Liberman, the father theoretician of economic reform, says, "We must see to it that enterprises themselves strive to get orders because the best utilisation of productive assets will become fully advantageous for each enterprise. It may be reasonably assumed that competition between enterprises will arise in getting orders, based on a comparison of quality guarantees offered, as well as delivery dates and prices of goods under the new orders." (*Soviet Economic Reform*). It means each enterprise will bargain and settle prices separately and independently on the competitive market and in order to secure orders, apart from corruption, the directors will strive to lower the cost of production, ultimately by lowering the wage of the workers, while ensuring the quality. It means lowering of wages as well as intensification of labour. It is a double exploitation.

In capitalist countries trade union actions and struggle of the workers

may force the capitalist to raise the wage above the subsistence level where the trade union is powerful or the wages may be forced below the subsistence level where the trade union movement is weak. But, in the Soviet Union, in the name of socialism, the new Tsars have forbidden all independent trade union actions. As such, the directors in their ugly bid for economising the cost of production force the workers below the subsistence level.

All this is being done by investing power to a very powerful managing agency of intermediaries who are neither direct producers, nor entrepreneurs. This agency is called *Khozraschot*. This *Khozraschot* is one of the forms of subordinating the Soviet economy to a particular group of people. As in India or elsewhere a person or a group of persons can declare in a memorandum and articles of association before setting up a proprietary, private limited or public limited company, before the Registrar of the Government and these companies are protected juridically, the economic reform in 1965, in the Soviet Union has introduced a similar law. Article 7 of the Statute of the Socialist enterprise (approved by the USSR Council of Ministers on October 4, 1965) says, "The enterprise shall have a charter approved by the body that has passed the decision of setting up the enterprise. . . . The charter of the enterprise shall contain :

"the name (or number) of enterprise and its location (postal addresses) ;

the name of the body to which the enterprise is directly subordinated (the superior body) ;

object and purpose of the enterprise ;

stipulation to the effect that the enterprise has a charter fund ;

stipulation to the effect that the enterprise operates on the basis of the present Statute and is a juridical person ;

status of the official placed at the head of the enterprise (directors, managers, chief" and more.

Why is this charter invited and from whom? As shown earlier, the nationalised lands were given to the highest bidder teams who gave guarantee of the highest production. The socialised enterprises have also been given to a group of persons who give a guarantee and assurance of the highest production with the lowest cost. The above charter is meant for them and this group of people are the managing agency who are called *Khozraschot*. *Khozraschot* or the intermediary managing agency enjoys in fact the exclusive right of purchasing plant equipment, works as intermediaries to obtain credit from the State bank, have the right of purchase of raw materials, the authority to determine the wages of the employees and the price of commodities, authority to plan for internal production and external sale etc. etc. In one word, *Khozraschot* is now the all-in-all in the Soviet economy. "In their work the ministries depend on *Khozraschot* amalgamations, to which they have relegated many operative functions. Along with the enterprises the intermediate managing body plays an important part in managing the entire production. . . . The development of economic methods of management and extensive introduction of the *Khozraschot* principle in industry have necessitated the establishment of mutual rights and obligations," as the modern Soviet economists say *Khozraschot* will gradually extend its sphere of control by forming big trusts and amalgamations of all enterprises. Kosygin in explaining the task of *Khozraschot* said, "The ministries that are being organized now will work in entirely different conditions, the function and administrative management of industry being combined with greatly enhanced methods of *Khozraschot* and economic stimuli, and the economic rights and incentive of enterprises broadened. . . . Emphasis will be laid on economic levers on aiding enterprises and firms in improving their work and gradually introducing the principle of complete *Khozraschot*."

(The above quotations are from *Economy, Management, Planning* by Anatoli Yefimov and Alexander Anchishken, published from Moscow).

With the completion of *Khozraschot* in all the enterprises, amalgamating them under one management with money playing the role of an independent variable, capitalism in the Soviet Union will blossom. That a factory-wise appropriation by a new exploiting group has arisen in Soviet society through capitalist accumulation in the process of extended reproduction through the group ownership of the means of production and using money as independent variable will be discussed now.

Means of Production

"When Marxists speak of production of means of production, what they have primarily in mind, is the production of implements of production. What Marx calls the instrument of labour, those of mechanical nature which taken as a whole we may call the bone and muscle of production which constitute 'characteristic of a given epoch of production'. To equate a part of the means of production, including the implements of production, is to sin against Marxism, because Marxism considers that the *implements of production play a decisive role* compared with all other means of production." (Stalin, *Economic Problems of Socialism in the USSR*).

In capitalist society means of production are commodities, they have value and they are bought and sold for money. That is why capital is also value which brings more value by exploiting wage labour. In socialist society means of production are not commodities and they have no value and they are not bought or sold for money nor is interest charged for their use. That is why they are not capital and do not bring more value through the exploitation of wage-labour.

The means of production themselves do not create any value. The value created by labour remains congealed in the machine and it is

realised *all at once* either through its outright sale or reappears in the value of the product in the process of production only to the extent of its wear and tear and the same amount of value is realised in the process of circulation of the commodity produced by the machines. Here lies one of the principal differences between the capitalist and socialist systems. In the capitalist system the means of production function as circulating capital and fixed capital, whereas in the socialist system the means of production function as neither but only as instruments of labour. In capitalist society, because of the compartmentalisation of society in different groups and sections even within a class and because the working class is treated as property in a particular enterprise, some people are machine producers and sellers while others are machine buyers and factory owners. The machine seller realises the value and surplus value as soon as he sells the machine to the machine buyer. Here the machine functions as commodity capital for their producers and does not constitute an element of his fixed capital. (Marx, *Capital*, Vol. II; unless otherwise mentioned, henceforth all the quotations from Marx are from *Capital*, Vol. II). But the machine buyer cannot realise the value unless the machines "have undergone a preliminary transformation into capital, into the means of exploiting human labour power." (Engels, *Socialism—scientific and utopian*). As the machines do not create any value and as the machine-buyer realises the value in the process of circulation of the commodity produced by those machines bit by bit, only to the extent of wear and tear of the machine, the greater part of the capital invested in machine remains unrealised is called the fixed capital.

In socialist society this part of labour embodied in the machines is not the labour of a compartmentalised society, as "in contrast to capitalist society, individual labour no longer exists in an indirect fashion,

but directly as component part of the total labour", said Marx. In capitalist society, as has been shown, machines undergo a preliminary transformation of capital which is characteristic of capitalism, whereas in socialist society machines function *only* as instrument of labour. Marx said, "they are fixed capital only if they transfer this value to the product in a particular way. If not, they remain instruments of labour without being fixed capital. It is not a question here of definitions, which things must be made to fit. We are dealing here with definite functions, which must be expressed in definite categories."

What definite functions do the means of production play in the Soviet Union today? They function as capital, fixed and commodity capital.

It is necessary to investigate and find out how the machines "have undergone a preliminary transformation into capital since the new economic reform in 1965 and how the transfer of value of the machine to the product is made in that "particular way" which is "characteristic of capitalism".

Marx, in his *Critique of Gotha Programme* said there should be deduction from the *total social product* of the cooperative proceeds of labour for covering the replacement of the means of production used up and an additional portion for expansion of production. But the Soviet Union in Article 9 of the *Statute of the Socialist Enterprise* enacts "The State shall not be responsible for meeting the commitments of the enterprise, nor shall the enterprise be responsible for the commitments of the State". It means, so far as the use of the means of production is concerned, "cover for replacement of the means of production used up and additional portion for expansion of production are no longer the task of the State of the dictatorship of the proletariat but are the task of the enterprises individually and separately as in capitalist countries. It also means

that the product of labour is no longer considered as a component of total social product of co-operative labour. Labour and its product are compartmentalised. That is why Article 13 of the same Statute enacts, "The enterprise shall earmark depreciation allowances for overhauls and for complete renewal of fixed assets. . . . Depreciation allowances for the complete renewal of fixed assets shall be fixed to finance capital investment in conformity with the law."

If the responsibility of replacement of machine used up and extended reproductions does not rest with the State and if the product is not considered as the co-operative proceeds of the total social product then the State cannot be considered as socialist State as the very principle of socialised appropriation has been abandoned. As the means of production are treated as the *first stage* as commodity capital, as ownership of the means of production is no longer social ownership, but group ownership, the capital invested in buying machines needs realisation of full value for the *second time*, in spite of the realisation of full value at the *first stage*, as *ownership changes* with the sale. Hence the transfer of value of the machine to the product is done in the process of production and it cannot be done otherwise except in that "particular way" which is "characteristic of capitalism" where the means of production are treated as commodity capital. As such, the group who bought the machines cannot realise the capital invested unless the machines have undergone a preliminary transformation into capital". So instead of treating the machines as instruments of labour, the directors of the Soviet enterprises treat these as *fixed capital*. For this violation of socialist principles and treating the means of production as commodity, the Soviet authorities are gradually losing the grip over society, and private industries with private ownership are daily growing in contravention of the Soviet laws of group

ownership. The Soviet press has told the world that several "underground" and private factories have been unearthed in the country. How and why has this been possible? It is the logical consequence of the new economic reform. Article 21 of *Statutes* enacts, "Surplus equipments, transport facilities, instruments, tools, stock, raw and other materials, fuels, draught animals and productive live stock may be sold by the enterprise to other enterprises and organisations. . . . Material, tools and other assets acquired by enterprise as part of local procurements may be sold by it without permission of the higher body."

Labour-power is now a commodity in the Soviet Union and sold by its owner for money wages equivalent to its value, that is, to the amount of labour embodied in the goods needed for existence since (a) labour is not considered components of total social labour; (b) products are not considered total social product and (c) each of enterprise directors are free to bid up wages.

The Soviet society is a commodity-producing society since "socialist enterprises enjoy a certain margin of economic independence and freedom of *business activity*. Everything they produce they sell either to enterprises or to the population", and elsewhere, "greater use is made of the possibilities of commodity-money relations." (V. Dyachenko, *Econometry, the Market and Planning*, a Moscow publication); and since the means of production function both as commodity and fixed capital.

Money in the Soviet Union is no longer treated as a means of more or less exact measurement and supervision by *society*. It is treated as *capital*. The Soviet Union does not follow the principle of socialist accumulation based on socialised appropriation and socialised covering up of replacement of machines used up and an added portion for extended reproduction. On the contrary, it follows the principle of capitalist accumulation based on en-

terprise-wise appropriation. Money serves as capital through the replacement of fixed capital into money and through its circulation.

VI. Conclusion

Engels said in his *Socialism—Utopian and Scientific*, "But the transformation, either into joint stock companies and trusts, or into State ownership, does not do away with the capitalistic nature of the productive forces. In the joint stock companies and trusts this is obvious. And the modern state, again, is the only organization that bourgeois society takes on in order to support the external condition of the capitalist mode of production against the encroachments as well of the workers as of individual capitalists. The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital. The more it proceeds to the taking over of productive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The workers remain wage-workers—proletarians. The capitalist relation is not done away with. It is rather brought to a head. But, brought to head, it topples over. State ownership of the productive forces is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of solution." In criticising the draft of the Eurfurt programme, Engels wrote to Kautsky referring to the word "planlessness" of capitalism used in the draft programme, "when we pass from joint-stock companies to trusts which assumes control over, and monopolize, whole industries, it is not only private production that ceases, but also planlessness." This is most revealing.

It is clear from the above two quotations that even the capitalists fight against the individual capitalist and 'nationalise' all private capitalist enterprises and transform them into state ownership. It also means, that in capitalist society even, pri-

vate production may cease together with the cessation of planlessness. So neither the State ownership and cessation of private production, nor the planned economy are a special feature of the socialist society in these days. Capitalists today, in order to cope with the basic contradiction of socialised labour and individual appropriation introduce a kind of spurious socialism and socialised appropriation which is, in reality, an appropriation by a particular group for which planning and State ownership are unavoidable. Lenin in his *State and Revolution* said, "But however much they do plan, however much the capitalist magnates calculate in advance the volume of production on a national and even on an international scale, and however much they systematically regulate it, we still remain under capitalism—at its new stage, it is true, but still capitalism without doubt. The "proximity" of such capitalism to socialism should serve genuine representatives of the proletariat as an argument proving proximity, facility, feasibility and urgency of the socialist revolution, and not at all as an argument for tolerating the repudiation of such revolution and the efforts to make capitalism look more attractive, something which all reformists are trying to do."

As such, neither the absence of private production, nor the presence of State ownership nor the planned economy should be the criteria of judging the Soviet society. The objective of the capitalist planning is to 'control' as far as practicable the anarchy of the blind operation of the law of value by "adjusting" the

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basic contradiction between socialised production and individual appropriation, whereas the objective of the socialist planning is the gradual eventual invalidation of the operation of the law of value altogether from the social life and transform the society from "the Govern-

ment of persons" into "the administration of things". The objective of the present Soviet leaders is *not the invalidation but the 'control' of the law of value*. That is why the Soviet society can no longer be called a socialist society.

(Concluded)