Does Socialism Have a Future?

Volume 1

When and Why Socialism in the Soviet Union Failed

Translated into English by George Gruenthal

Published by:
Red Star Publishers
P.O. Box 1641
Manhattanville Sta.
New York, NY 10027

www.RedStarPublishers.org

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Critical Comments on the Book

This book originally appeared as a series of articles in *Roter Morgen*, the organ of the KPD in 1995, just a few years after the final downfall of the Soviet Union, the revisionist countries of Eastern Europe, and of socialist Albania. (To understand why this translation took so long, see the Note on the Translation.)

This is one of the first (and few) attempts to analyze the downfall of the Soviet Union from a Marxist-Leninist perspective, that is, recognizing that socialism was overthrown shortly after Stalin's death and the coming to power of Khrushchev and company, and not just after Gorbachev was ousted in 1991.

What makes this book even more important is that it tries to analyze those class-based forces that were acting in the Soviet Union while Stalin was still alive, and were already looking for an opportunity to turn away from socialism, a transitional society to communism, a classless society, and to return the country to capitalism. Thus, it tries to deepen the analysis beyond pointing out that Khrushchev was a traitor (which he was). For a brief summary of this analysis, see Chapter 11.

This does not mean that everything in this book is correct. There are some obvious errors from a Marxist-Leninist point of view, and others that are less obvious. The most obvious is that the authors, revising the earlier correct view of their party, think that the Soviet Union under Khrushchev, Brezhnev and later, was a society of exploitation, but it was not capitalist. This leads to the rather absurd conclusion that it was (or at least had features of) a pre-bourgeois society. The authors only state this view directly in Chapter 17.*

Another point that the authors make is that the socialist Soviet Union had to rely on two "crutches" from the old society, commodi-

* The undialectical nature of this view is similar to that of Bill Bland and his U.S.-based protégé, Hari Kumar. They said of the revisionist Soviet Union that it was capitalist, and capitalist counties are either bourgeois-democratic or fascist; since it was obviously not bourgeois democratic it must be fascist. The authors of this book take the view that since it was an exploitative society, but not capitalist, it must be pre-bourgeois. I will not try to deal here with their view that a capitalist society must be based on competition.

ty-money relations and the state apparatus. Beyond noting that Stalin pointed out the need to continuously restrict commodity exchange, and that he fought against bureaucracy in the state apparatus, I will not deal more with this here.

What I hope Marxist-Leninist forces will **not** do is to reject the book out-of-hand because it contains criticism of forces in the Soviet Union during the socialist period, and even points out that Stalin did not always analyze these forces correctly. One of the major points of importance is that it notes that, in order to move on to a classless, communist society, the workers must increasingly take a **direct** role in the management of production (and, although the authors do not specifically deal with this, in formulating and accepting the policies of the Party and State). In order for a socialist revolution to move on to communism, the errors that led to the reversal in the Soviet Union and other formerly socialist countries must be understood. One rule of scientific experiment is that if one runs an experiment the same way several times, one should not expect different results. And Soviet socialism was one of the world's greatest experiments.

One final point. One may criticize the authors for downplaying the great achievements of Soviet socialism in this book. These include the rapid development of socialist industrialization and collective agriculture, the elimination of unemployment while the capitalist world was undergoing the Great Depression, the elimination of illiteracy, the freeing of the nations that had been held captive under tsarism, the defeat of fascism in World War II, its feats of science, and of course its influence in support of the workers' and national liberation movements internationally, both through the Comintern and after. Even if these achievements are not emphasized, this book was meant to **begin** to explain "When and Why Socialism in the Soviet Union Failed." In this task a certain degree of one-sidedness is understandable.

I include other comments directly as footnotes, which the reader is of course free to ignore. I hope that this book can be translated into other languages for comrades internationally. Of even greater importance is for other forces to take up the points in the book and expand and correct them. This would serve for the successful and durable outcome of the next wave of socialist revolutions.

Note on the Translation

I began work on the translation of this book some 25 years ago, as the series in *Roter Morgen* came out. Although my parents came to the U.S. from Germany, the German I knew was limited, and mainly as a spoken language. At that time, Google Translate was rather primitive, and it was specifically difficult with German, which has a rather unusual sentence structure. I said about Google Translate with German that it took a sentence, translated it word for word, then through the words up in the air and wrote them the way they fell down.

Realizing the importance of this text, I sat down with a friend of my mother's, a former citizen of the GDR, and tried to go through the translation. This had some success, but it involved an enormous amount of work, and I left the project after translating the first 4 articles.

Some months ago, a German revolutionary told me about another translation program, deepl.com. This program does a very good job with German, including dealing with the German sentence structure. Using this program, I was able to go through the whole book in about four months. This is why there was a 25 year gap in concluding the translation. The result is the translation before you.

There are many quotations in the book. Where possible, I have found the quotes in a published English edition (particularly but not only in the Marxist-Leninist classics). For works that are only in German, I have obviously had to translate the quotes from the German. However, even in works that have a published English translation, there are times where I could not find the phrases in question, possibly because I had a different edition in the English, or because the English was considerably different from the German In those cases I have marked the text {Translation from the German], or for the page numbers [German edition]. I hope this is clear.

Preliminary Remark

"Socialism has finally failed" – this is the conclusion that public opinion has drawn from the collapse of the Soviet Union, the GDR and the countries allied with it. We see it differently.

First of all, we believe that socialism was already eliminated in these countries in the 1950s. But at least: even if our view is correct, socialism was eliminated in these countries **at that time** and not at the end of the 1980s. In any case, it was eliminated. And this circumstance has a tremendously demoralizing effect on the workers' movement and on all democratic movements – not only in Germany, but all over the world. Because many questions arise: Is it worthwhile to fight for socialism? What is socialism anyway? Can there be a second attempt, and would such an attempt have a chance?

Whether such questions can be answered convincingly or not has immediate practical effect. For if the existing capitalist social order were insurmountable, if it were the "end of history", then it would make no sense to really **fight** against the ruling capitalist class, against the big banks, insurance companies and industrial monopolies; then for better or worse, one would have to come to terms with them, one would have to accept the social order ruled by them as inevitable. In the final analysis, that is the way most people think today, no matter how consciously they ask the question. That is precisely why big capital can be so bold as to put ever greater pressure on the living conditions of millions of people. That would change to the extent that more and more people would gradually see a realistic alternative to the existing social order. Because then they would face the rulers in a very different way. The question of socialism therefore has **direct consequences for the here and now**.

But before socialism can once again become a perspective for millions, it is necessary to take stock soberly, to thoroughly evaluate the historical experiences. The present book on the development of the Soviet Union is intended as **one** contribution to this. It will be followed by others.

The text of this book was published as a series in the central organ of the KPD *Roter Morgen* (*Red Dawn*). This first form of publication led to the necessity of certain repetitions in order to make it easier for readers to understand the context. When published in

book form, such repetitions may appear disturbing, but we have mostly refrained from deleting them. Had we started with a revision first, the question would have been where the limit would be. Those readers who have followed the publication in the newspaper would rightly want to see the text they know in book form and not a revision.

So we have limited changes to what is absolutely necessary. References now refer to pages or chapters of this book and not to the respective newspaper edition. Chapter headings and quotations are more clearly arranged, and quotations have been checked (also those passages where, in the original version, they were freely quoted from memory, but these were only two or three passages). In rare cases, the presentation has been supplemented by individual facts. Recognized misprints were of course corrected.

Comrade Dr. Gossweiler sent a critical statement to the Editorial Board of *Roter Morgen* during the publication of the series. This statement refers mainly to an article which *Roter Morgen* had already published before the series of articles on the Soviet Union, namely in the issues #24, 1995, and #1, 1996. In the appendix we reprint this article, the statement of Comrade Gossweiler as well as the response of *Roter Morgen*. On some points the editorial board agrees with Comrade Gossweiler. On these points the original text of *Roter Morgen* is nevertheless reproduced unchanged in order to document the discussion.

***Roter Morgen* Publishing House**

1. Some Observations by Eugen Varga

Eugen [Jenö] Varga was a Hungarian political economist; he lived in the Soviet Union and was a member of the CPSU. For a long time he belonged to the outer circle of the Soviet Party leadership. He often drew up economic analyses, on which Stalin based his reports for Party Congresses and other documents.

Varga died in Moscow in 1964. Shortly before his death, he wrote down notes that dealt with class relations in the Soviet Union, among other things. He did not write these notes to give them to anyone, but in the hope that they would later be found and published. They were published for the first time in Gerhard Duda's book *Jenö Varga und die Geschichte des Instituts für Weltwirtschaft und Weltpolitik in Moskau 1921-1970* (*Jenö Varga and the History of the Institute for World Economics and World Politics in Moscow 1921-1970*). They were reprinted in the journal *Streitbarer Materialismus* (*Militant Materialism*) No. 19. The Varga quotations given below are taken from the latter publication.

We are not dealing with Varga's text because we agree with his political views. Quite the contrary. In our opinion, these political assessments are in part extremely confused. In the conflict between the Soviet leadership under Khrushchev and the Chinese leadership under Mao Tse-tung, Varga took a position in favor of the Chinese. At that time, probably almost all Marxist-Leninists around the world did so, due to a misjudgment of the class character and goals of the Chinese leadership. But Varga's reasons are in themselves partly absurd and un-Marxist. Thus he makes the reproach that it was due to a lack of internationalism that the Soviet Union had supported China diplomatically, but "*never militarily... on the question of Taiwan and on the question of the admission China to the U.N. and the Security Council*". (Varga, *The Conflict between the Soviet Union and China*, op. cit., p. 134. Translated from the German.) Should the Soviet Union have waged war over these questions? In the same breath Varga laments "*that since Stalin took power there has been a constant and successive decline of proletarian internationalism in the Soviet Union that has continued*." (ibid.) In Varga's opinion, Stalin was overall to blame for the negative changes in the Soviet Union that he lamented. (ibid. p. 162)

This reverse personality cult of Varga's, in which he believes that a single man could be to "blame" for the fundamental develop-

ment of a huge country, is only one example of the fact that Varga had lost his orientation. Of course, he cannot personally be blamed for this. The development of the communist movement at the time was so complicated and contradictory that it was easy to lose one's bearings, especially when one was politically and personally largely isolated, as Varga probably was at the time.

Varga's notes are nevertheless valuable for two main reasons: First because, as we said, he describes certain facts that shed a significant light on the class relations in the Soviet Union at that time. Second, because he presents facts that are at least indicative of Stalin's class attitude, namely that he opposed those who were in the process of transforming the dictatorship of the proletariat into a dictatorship over the proletariat. Varga firmly rejected Stalin at the time of his notes, but through these facts he unwittingly revealed that Stalin was fighting against conditions commonly referred to in bourgeois propaganda as "Stalinist."

Of course, the details given by Varga cannot **alone** be used to draw conclusions about the development of class forces in the Soviet Union or about Stalin's class attitude; but these details can help to fill out a picture that is formed on the basis of a multitude of facts and a totality of analyses.

Huge Income Differentials

Varga laments the *"far-reaching moral deterioration of Soviet society". "The people up to the upper echelons of the bureaucracy try to increase their income not only by greater work efficiency, but through all possible means: stealing from the state, speculation (N.I. Smirnov, the secretary of the Crimea region), betrayal of military secrets (O.V. Penkovsky), theft of personal property, starting at school and ending with the appropriation of manuscripts. The depiction of the refined fraudulent maneuvers, with the help of which assets and income of the socialist state and other socialist organizations are transferred into private hands, would require many books....*

"A worker in a sovkhoz [state farm] receives a monthly wage of 30-50 rubles, an academician about 1000 rubles, that is, 20 to 30 times as much.

*"And what is the **real** income of the highest levels of the bureaucracy, the actual ruling stratum? Or rather, how much does the state spend on them per month?*

"Nobody knows!

"Nowhere is it accounted for! But everybody knows that they have dachas near Moscow – state owned, of course – where a guard of 10-20 men is permanently stationed: in addition gardeners, kitchen staff, maids, a private doctor and nurse, chauffeurs etc., up to 40-50 people. All paid by the state. In addition, of course, a city apartment with corresponding staff, and at least one other dacha in the south. They have ***personal*** *special trains,* ***personal*** *planes, both with kitchens and kitchen staff,* ***personal*** *yachts and of course a variety of cars with chauffeurs for day and night service for themselves and their family. They receive or at least used to receive (now I don't know for sure) all food and other articles of daily use that they request for free.*

"What does all this cost the state? I do not know! But I do know that a corresponding household in America would require the fortune of a mult-millionaire! The pay for at least 100 people for their personal service alone would amount to about 30-40 thousand dollars a month! ***With other expenses altogether over half a million dollars a year!***

"How can the transition to communism, to 'distribution according to need, take place with this state of income distribution and the general striving for an ever-higher 'standard of living'?

"It is said that there will be an abundance of everything!

"But will the people at the top give up a life with an army of a hundred servants and serve themselves? It is clear that under communism no one can be anyone else's servant (except doctors, nurses, etc.).

"Is a transition to communism from today's morally rotten society, with its strata with thousand-fold differences in income and countless privileges, even conceivable?

"Or is the present state an eternal one?

"I will die sadly!" (Varga, p. 122 ff., Varga's emphases)

Production Determines Consumption

One can very well understand Vargas' emotions in view of these facts. However, Varga, who knew the economic writings of Marx extraordinarily well, completely lost his orientation as a theoretician when he made such **relations of consumption** the central point of the whole social development. He did this by still assuming that in the early 1960s "*the means of production are socialized..., but the*

differences in the real distribution of income are as great as in capitalist society". (p. 121) For Varga, the socialization of production was therefore still not in question; for him, the evil lay solely in the relations of distribution. The huge income differentials began in the 1930s, and consequently Varga blamed Stalin for the negative development of the Soviet Union: "*The irreparable sin of Stalin is the transformation of the 'workers state with bureaucratic distortions'* (Varga here refers to a quote from Lenin, RM) *into a state of the bureaucracy..., by abolishing the 'party maximum'* (whereby party members with high incomes had to contribute most of the amount exceeding a certain ceiling to the party; it was first eroded in the 1930s and then apparently abolished, RM), *by breaking up Soviet society into classes and strata with huge income differentials, making a mockery of any notion of equality and renunciation and* ***the consequent bourgeoisification of the way of life of the strata with higher income****, especially the bureaucracy. The saying of Marx that man's social being of determines his ideology is undoubtedly also valid for today's high-income bureaucracy...*" (Varga, p. 162, emphasis by RM)

Of course it is also true that under socialism social being determines consciousness – there Varga is undoubtedly right. However for Marx, it is not only, and not in the last analysis, the amount of income that determines one's social being. "*The structure of distribution is entirely determined by the structure of production. Distribution itself is a product of production, not only with regard to the object, [in the sense] that only the results of production can be distributed, but also with regard to the form, [in the sense] that the particular mode of participation in production determines the specific form of distribution, the form in which one shares in distribution."* (Marx, *Introduction to the Critique of Political Economy,* Chapter I, Section 2b, *Marx Engels Works (MEW),* vol. 28, p. 32-33, English edition)

Had Varga been guided by this reference of Marx, he would not have confined himself to the observation that the members of a certain stratum (which he calls the "bureaucracy" without further analysis) participate in distribution in a certain way, but he would have examined their "mode of participation in production". Then – as we will show below – it would also have become clear, among other things, that these high income differentials at the end of the 1950s and beginning of the 1960s arose from **different relations of pro-**

duction than existed in the 1930s. That Khrushchev and the stratum, or rather class, he represented did not continue what Stalin and his comrades-in-arms had begun, but pursued opposite class interests. But more details on this later.

Gossweiler and Holz Cover up the Class Interests

In order to continue our polemic with Gossweiler (see appendix, p. 190 ff.), let us first note that Varga, despite his crass distancing from Marxism on the question of the relations between production and distribution, is still a thousand times closer to Marxism and reality than Gossweiler. Gossweiler makes clear his revisionism concerning the development of the Soviet Union after Stalin's death in the following points:

"The first main line: Class collaboration instead of class struggle." (Gossweiler, *Stärken und Schwächen im Kampf der SED gegen Revisionismus* (*Strengths and Weaknesses in the Struggle of the SED (Socialist Unity Party of Germany) against Revisionism*, op. cit., p. 43). What he means is the external class struggle, against imperialism. Gossweiler does not speak of the class struggle **within** the Soviet Union at all. *"The second main line: The propagation of imperialism as a model for the construction of socialism"*. (ibid., p. 48) So a certain propaganda in relation to the external enemy. *"The third main line: The exchange of the image of the friend and enemy"*. (ibid., p. 50) By this Gossweiler means that Khrushchev's people talked nonsense about the alleged crimes of Stalin instead of denouncing the crimes of imperialism. So if they had attacked imperialism externally in word and deed, but internally acted (at least by and large) the way they did, then the world would be all right for Gossweiler, then there could be no talk of revisionism. *"The fourth main line: The destruction of communist party consciousness"*. (ibid. p. 53) One can see that Gossweiler is a great friend of consciousness, while material conditions interest him much less. (Instead of "communist party consciousness" he need only have to say "proletarian way of thinking", and he could agree with the MLPD [Marxist-Leninist Party of Germany]). His points 2, 3 and 4 deal exclusively with the contents of consciousness, namely a "propagation", a "model" of a friend or enemy (that is, an image in consciousness of something objective, whereby the object imaged, the

social conditions that produce this image, are not examined more closely) as well as a party consciousness (or rather its destruction). Only point 1 deals with the class struggle or its alleged ending, but only in relation to the external enemy. If Gossweiler thinks that this struggle has ended, then it would be obvious to assume that this is based on internal class relations, or rather, on the class interests of the people at the top of the Soviet Union. Such a thought, however, does not come to him. The "communist party consciousness" that Gossweiler swears by or whose destruction by Khrushchev's people that he deplores has nothing to do with any class relations, class interests or class struggles within the Soviet Union. It is classless, and this consciousness is based on itself, it is spirit of the spirit. However: "The 'idea' always disgraced itself insofar as it differed from the 'interest.'" (Marx/Engels, The Holy Family, Chapter VI, Section 1a, MEW vol. 4, p. 8, English edition) Gossweiler's "communist consciousness", distinguished from class interest, as well as the destruction of this consciousness, distinguished from the class interest, really disgraced themselves, for example, if one contrasts them with the facts vividly described by Varga.

Marxist Socialism

Let us next note what, in Marx's view, the content of the transitional society to communism, namely socialism, consists of in the final analysis: *"This Socialism is the declaration of the permanence of the revolution, the class dictatorship of the proletariat as the necessary transit point to the abolition of class distinctions generally, to the abolition of all the relations of production on which they rest, to the abolition of all the social relations that correspond to these relations of production, to the revolutionizing of all the ideas that result from these social relations."* (*The Class Struggles in France, 1848 to 1850*, Chapter III, *MEW* vol. 10, p. 127, English edition) It goes without saying: as long as this socialism, this class dictatorship of the proletariat, is necessary, as long as communism has not been achieved, there will be class forces whose interest is to **preserve** these relations of production, these relations and (for Marx, finally!) these ideas. If one denies this, if one replaces the

study of these interests, or rather the opposing interests of the proletariat, as well as the struggle between these two interests, with a "class struggle" à la Gossweiler, that is, with a struggle which has its driving force almost exclusively in **external** relations as well as in ideas, then one thoroughly **revises** Marx's conception of socialism and the dictatorship of the proletariat. This revision objectively serves to make the working class lose sight of what this struggle is about, and this in turn serves the class interests of those who want to prevent the abolition of all relations based on class differences. We should therefore not be surprised that Gossweiler tells us how the revisionist Ulbricht "fought revisionism". We should also not be surprised since Gossweiler himself was and is a revisionist. All his chatter about the "fight against revisionism" is only meant to obscure the fact that he himself revises one of the cardinal points of Marxism, namely the question of socialism and the dictatorship of the proletariat.

Gossweiler and Holz: Fighters for the Survival of Revisionism

The readers may wonder why we take the trouble to deal with Gossweiler in such detail. But Gossweiler here embodies a whole tendency. Take for example the book by Hans Heinz Holz, *Niederlage und Zukunft des Sozialismus* (*The Defeat and Future of Socialism*), Essen 1991. Holz is not just anyone, and this book is not just any book. Holz is a leading ideologist of the DKP [German Communist Party], and this book was written as the ideological basis for the continued existence of the DKP, for its continued existence not as a left social democratic party, but on the basis of its own revisionist traditions. In this book Holz deplores "*the turning point of the 20th Party Congress*" of the CPSU, and he attributes this turning point to "*the state of consciousness in the Soviet Union*", which in his opinion "*allowed this turning point, and perhaps even made it necessary*". (Holz, op. cit., p. 103) He essentially holds two material factors responsible for the content of this consciousness: one, the low level of the productive forces, and the other, the pres-

sure of imperialism. These factors existed, of course, and they had a great effect, but Holz talks of them only to divert attention from the internal class-based interests. In Holz's view, the class struggle is replaced by the "*struggle for the consciousness of the people*" (Holz, p. 107), and this struggle must be le by the party, or rather by the party leadership, that is, by those very people who lived in the way that Varga described. Holz laments that this struggle "*was no longer led, but bureaucratically replaced by educational decrees*" (ibid). The people who allowed themselves to be served should therefore have educated their servants in a non-bureaucratic manner in the communist sense – an almost insoluble task that Holz sets for the Soviet apparatchiks.

Holz laments "*the impoverishment of theory*" in the post-Stalin period. According to him, "*the Marxist theoreticians*" had "*lost sight of the practical side of their ideological analyses and objectives*". (ibid.) The question of what class-based interests these theoreticians represented at that time does not occur to Holz. The peak of irony: a few sentences later Holz complains that these rhetoricians did not examine "*the contradictions of their own society*", namely the Soviet society (ibid.) – a task that he himself is **still** not able to take up **today**!

Holz: "*For a long time the dictatorship of the proletariat could only be the dictatorship of the party*"; according to Holz, the "*broad masses*" should be satisfied with such a "*socialism*", since this would bring them "*a significant improvement in their standard of living and social security*". (p. 100) We by no means deny that in the given backward circumstances great concessions had to be made, that extraordinarily great obstacles stood in the way of the development of the communist self-activity of the members of society. (We shall discuss this later.) But **Stalin** in particular, whom Holz and Gossweiler have recently begun to praise, never drew the conclusion that the dictatorship of the proletariat could only be the dictatorship of the party. He fought such a conclusion in theory and practice. He **explicitly** opposed such an equation in what we quoted on p. 194 (Stalin Works, Vol. 8, pp. 50-51 [from "Concerning Questions of Leninism," English edition].) In another place Stalin said:

"*The fact that we have a group of leaders who have risen excessively high and enjoy great prestige is in itself a great achievement for our Party. Obviously, the direction of a big country would*

be unthinkable without such an authoritative group of leaders. But the fact that as these leaders rise they get further away from the masses, and the masses begin to look up at them from below and do not venture to criticize them, cannot but give rise to a certain danger of the leaders losing contact with the masses and the masses getting out of touch with the leaders. This danger may result in the leaders becoming conceited and regarding themselves as infallible. And what good can be expected when the top leaders become self-conceited and begin to look down on the masses? Clearly, nothing can come of this but the ruin of the Party." (Stalin *Works*, Vol. 11, p. 34, English edition) Indeed, this led to the downfall of the CPSU as a communist party and to the downfall of the Soviet Union as a socialist country, irrevocably already in the 1950s.

And today, 40 years later, Holz tells us that the dictatorship of the proletariat could not have been anything other than the dictatorship of the party, and that after all for the broad masses the standard of living had improved. It must be stated clearly: Holz and Gossweiler's class stand has nothing to do with that of Stalin; the one is directly opposed to the other. The class stand of Holz and Gossweiler is the same as that of the Soviet leaders, who arrogantly looked down on the masses, as Stalin pointed out in the last quote. Leaders who thought the masses were stupid and backward and that they themselves were irreplaceable, leaders who did not even think of working towards the abolition of class distinctions but who wanted to remain "on top" for all time and thus perpetuate class distinctions, leaders who worked towards monopolizing all decision-making powers in their own hands and permanently removing the proletariat from the exercise of power. The emancipation of a stratum of such leaders to a new ruling class, that was the content of the socio-economic events after Stalin's death. But of course these people were already there long before Stalin's death and were pursuing their own interests. The sympathies of Holz and Gossweiler lie with these people. If at the same time they have a certain nostalgia for Stalin, it is because it is easy to see today that the decline of the Soviet Union began with the seizure of power by Khrushchev's people. And nostalgic people like Holz and Gossweiler would like to see a strong, powerful Soviet Union – with such leaders at the top who monopolize all power and degrade the proletariat to decorations. That is the reason why they, who are themselves revisionists, on the one hand decry Khrushchev's revisionism and on the other

hand are scrupulously intent on consistently sweeping the class roots of this revisionism under the rug.

Stalin against the Pigs in the State's Vegetable Garden

But if one is dealing with a stratum (and later a class) of people who strive to get all the levers of society irrevocably into their hands, instead of reducing class differences, then it is an inevitable **consequence** that these people also want to get hold of as much private wealth as possible. "*There can be no powerful stratum without making political and economic use of its prerogatives.*" (Wittfogel, *Geschichte der bürgerlichen Gesellschaft* (*History of Bourgeois Society*), op. cit., p. 86) Although Wittfogel did not write this with reference to socialism, there is no reason why it should not apply there. Thus Stalin was forced to make the following statements as early as 1926:

"*We see prevailing among us now a regular riot, an orgy, of all kinds of fêtes, celebration meetings, jubilees, unveilings of monuments and the like. Scores and hundreds of thousands of rubles are squandered on these 'affairs.' There is such a multitude of celebrities of all kinds to be fêted and of lovers of celebrations, so staggering is the readiness to celebrate every kind of anniversary – semi-annual, annual, biennial and so on – that truly tens of millions of rubles are needed to satisfy this demand. Comrades, we must put a stop to this profligacy, which is unworthy of Communists...*

"*Most noteworthy of all is the fact that a more thrifty attitude towards state funds is sometimes to be observed among non-Party people than among Party people. A Communist engages in this sort of thing with greater boldness and readiness. It means nothing to him to distribute money allowances to a batch of his employees and call these gifts bonuses, although there is nothing in the nature of a bonus about it. It means nothing to him to over-step, or evade, or violate the law. Non-Party people are more cautious and restrained in this respect. The reason presumably is that some Communists are inclined to regard the law, the state and such things as a family matter. This explains why some Communists do not scruple sometimes to intrude like pigs (pardon the expression, comrades) into the state's vegetable garden and snatch what they can or display their*

generosity at the expense of the state." (Stalin *Works*, Vol. 8, p. 141-2, English edition)

As the second part of the quotation shows, the pigs in this period already knew very well how to organize themselves in such a way that the those in front did favors for those behind, and the latter thanked them with "loyalty" – certainly not with loyalty to the working class, the party or the state, but with loyalty to their patron. We will come back to this problem later. At this point let us once again consider the scorn in Holz's statement that it was inevitable that the dictatorship of the proletariat should have represented itself as the dictatorship of the Party; after all, the broad masses would have benefited from it economically.

Varga on the Abolition of the Party Maximum

Of course, after all, more questions have been raised than answered. What kind of state power was this? Where did the privileges for the leaders of the party, state and society come from? Did it have to be that way? Was what happened under Khrushchev not just the logical consequence of the previous state of affairs? And why did Stalin tolerate it?

We will return to these questions. Let us first return to the starting point, to Vargas' notes. These notes still contain some facts which are worth relating. First of all, the remarks concerning the abolition of the party maximum are of interest. There is no discussion or decision on the abolition of this party maximum in the Soviet literature. According to Holmberg, the regulation concerning the party maximum provided that 90% of any income above 210 rubles would go to the party. According to Holmberg, the regulation was initially abolished for Stakhanovite workers. After that, according to Holmberg, "*it also disappeared for bureaucrats, and their wages were raised without exception, especially those of top bureaucrats. At the same time, the higher bureaucrats and also the officers received further privileges. Special closed shops were established where they could freely buy goods of various kinds that were not available to the broad masses or which they could only obtain in limited quantities due to rationing. The bureaucrats were also allocated summer villas and other benefits.*" (Holmberg, *Friedliche Konterrevolution* (*Peaceful Counterrevolution*), op. cit., Vol. I, p. 36)

1. Some Observations by Eugen Varga

An indication of the argument over the party maximum as early as the mid-1920s can be found in Stalin's closing words at the 13th Party Congress in 1924. Stalin disparagingly comments on " *a certain number of Party members receiving 1,000 or 2,000 rubles a month, who are considered to be Party members but who forget that the Party exists* " (Stalin *Works*, Vol. 6, p. 240), who thus did not pay dues according to the rules.

Vargas' remarks, as vague as they are, are of interest precisely because information on this issue is so extremely scarce:

"*When the 'party maximum' was abolished, I do not know exactly. In 1930, when I formally transferred from the Comintern to the Communist Academy, the party maximum still existed; it was 150 rubles at the time, and was later raised to 225 rubles. It is interesting that none of the 'party histories' say even one word about the 'party maximum'...!*

"*In the 1930s, the radical division of Soviet society into strata with very different incomes began. One after the other privileged strata – according to their importance for Stalin's regime –were created: first the high and higher party bureaucracy, then the officers' corps. Much later, after the war, the scholars.*" (Varga, p. 137 f.)[*] Varga's reverse personality cult, according to which all this was obviously the result of a diabolical plan by Stalin and thus could have no other causes, especially no objective ones, need not concern us here, although such a view is more than pathetic for a Marxist political economist. We shall return to the questions of the real causes of this development later. Let us note here that Varga broadly confirms Holmberg's account of the abolition of the party maximum in the 1930s.

Varga on Conditions during the War

Varga: "*This division into strata became most blatant during the World War. In the autumn of 1941, the Academy moved to Kazan: the Academy members received a watery soup and a plate of lentils for lunch. At that time I was a very popular lecturer on the international situation: I gave lectures at the Obkom (regional committee of the Party, RM) and in factories. The Obkom secretary rewarded me with an entrance ticket to the 'G' canteen. I went in*

[*] A.L. Strong discusses this in *I Change Worlds*, written in 1935, so the party maximum apparently still existed at that time.

***once**; they had everything there: meat, fish, even beer. But it took too much of my time and was repugnant: I did not go there again...*

"*In December I moved to Kuibyshev. There was the diplomatic corps, the Foreign Ministry. They were prepared for the possibility that the government might move there. Therefore the 'Kremlin canteen' functioned there, which I (coming from Moscow) had the right to use. Never in Moscow had there been such an abundant supply of food for those 'entitled' to it* (Varga means: as was the case in Kuibyshev at that time, RM), *while the population of the city was in dire need....*" (Varga, op. cit., p. 138)

This description corresponds to the portrayal by Stalin's daughter Svetlana Alliluyeva. Her book was published in the West as anti-communist literature, but contrary to the intentions of its distributors, it shows in many respects that Stalin's class standpoint was that of the working class. Alliluyeva was politically naive and at the time her book was written she was religious, making her portrayal of the facts in some ways all the more unbiased. Indeed, in 1941 parts of the government were moved to Kuibyshev, and Stalin's daughter was also evacuated there and attended school there. She tells of a visit to Stalin in Moscow. Stalin asked her whether she had made friends with anyone in Kuibyshev yet. "*'No,' I said. 'They've set up a special school there for children who have been evacuated, and there are a whole lot of them.' It never occurred to me that this remark might cause any special reaction. My father suddenly turned a pair of darting eyes upon me as he always did when something made him mad. 'What? A special school?' I saw that he was getting angrier by the minute. 'Ah, you –' he was trying to find a word that wasn't too improper – 'Ah, you damned caste! Just think! The government and the people from Moscow come and they give them their own school. That scoundrel Vlasik* (a general who was responsible for such matters, RM) *– I bet he's behind it!' By this time he was furious and was distracted only because there were pressing matters to attend to and other people in the room. He was quite right, it was a caste, a caste of bigwigs from the capital that had come to Kuibyshev. Half the population had eo be evacuated to make room for all these families, who were used to a comfortable life and felt cramped in modest provincial apartments....*

"*It was quite evident in Kuibyshev, where the people from Moscow were stewing in their own juice. Our evacuee school really was full of the children of well-known Moscow people. It was so distilled*

a group and so awesome a spectacle that some of the local teachers were too intimidated even to go into the classrooms." (Alliluyeva, *Twenty Letters to a Friend*, p. 166-7])

From this description it can already be seen that there were many developments that Stalin not only did not initiate, although according to Varga he was the author, but that he even opposed them with impotent anger.

Varga: "*My experience in Leningrad was even worse (than in Kuibyshev, RM). In September 1942 I voluntarily went to Leningrad (as one of the first from Moscow) to give lectures. I wanted to get to know life in the besieged city. I took half a loaf of bread with me. But in Leningrad, where hundreds of thousands had literally died of starvation, where the food supply of the population still bordered on starvation and many were still dying of the consequences of hunger, I was taken to a canteen at the 'Moyka'... where everything was 'normal'. There was only one restriction at lunch: you were not allowed to eat* ***two portions of meat****! Everyone received a package of food – enough for supper and breakfast. There were civilian party functionaries – no officers – who ate there. When I returned to the Hotel Astoria, I gave the half loaf of bread that I had brought from Moscow to the maid: she was so happy she couldn't believe it!*

"*I am giving these details so that the reader (if anyone will ever read these lines) may see concretely what kind of gulf separated the privileged ones from the working people. This gulf became even wider in the post-war period....*

"*Khrushchev had 13 new luxurious residential buildings built for himself in ten years. In Crimea, a new residence was built for him on the seashore: the fortification of the seashore alone required a sum of 8 million (new) rubles! A marble palace was built in the Crimea Nature Park in place of the old hunter's cottage, etc.*" (Varga, op. cit., p. 138 f.)

Svetlana Alliluyeva: Stalin Was in Many Ways a Prisoner of the Relations

Of course, the question arises to what extent Stalin also lived in such luxury. The portrayal by his daughter, which revolves strongly around personal matters, is of interest here in many ways. On the basis of this description one can briefly answer: Stalin himself lived modestly and also encouraged his family to do so. For example, the

children were not given a great deal of money, but he could not escape the general relations prevailing among the leadership. So he obviously received a high salary, which was administered by certain people and trickled away in certain channels. Alliluyeva's portrayals have been known for a long time, but it has been difficult to tell whether certain portrayals are based on sober observation, her subjective views or editing in the interests of the Western publishers. Many of her accounts, however, coincide astonishingly with Varga's, so that a relatively high degree of truthfulness is at least probable.

Alliluyeva: "*Now* (1937 or 1938, RM) *the entire household* (Stalin's, RM) was run at state expense. At once the size of the staff, or 'service personnel,' as they called it to avoid the old bourgeois word 'servants,' increased enormously. At each of my father's houses there suddenly appeared commandants, a detail of bodyguards each with a chief of its own, two cooks to take turns during the day, and a double staff of waitresses and cleaning women, also working in two shifts. These people were all hand-picked by a special section for personnel, and, of course, once they had been appointed as part of the household staff, they automatically became employees of the MGB (or GPU, as the secret police were still known.)" (Alliluyeva, op. cit., p. 124)

"*Our household staff grew by leaps and bounds. It wasn't just in our house that the new system was put into effect, but in the houses of all the members of the government, at least the ones who belonged to the Politburo... They were all paid for out of government funds and maintained by government employees who kept their masters under close surveillance night and day.*" (ibid. p. 125)

For Stalin's salary "*the secret police had a division that existed specially for this purpose and it had a bookkeeping department of its own. God only knows how much it cost and where the money all went. My father certainly didn't know. Sometimes he'd pounce on his commandants or the generals of his bodyguard, someone like Vlasik, and start cursing: 'You parasites! You're making a fortune here. Don't think I don't know how much money is running through your fingers! But the fact was, he knew no such thing. His intuition told him huge sums were going out the window... From time to time he'd make a stab at auditing the household accounts, but nothing ever came of it, of course, because the figures they gave him were faked. He'd be furious, but he couldn't find out a thing. All-*

powerful as he was, he was impotent in the face of the frightful system that had grown up around him like a huge honeycomb." (ibid. pp. 209-210.) "*The other bodyguards... The one thing they wanted was to grab as much as they could for themselves. They all built themselves country houses and drove government cars and lived like ministers and even members of the Politburo" (p. 125-6). "My father never cared about possessions. He led a puritanical life, and the things that belonged to him said very little about him*" (p. 15).

Alliluyeva also describes how much Stalin hated the personality cult that had grown up around him, but evidently he could do nothing about it.

The question of how such phenomena can be explained will be discussed later. But first, we would like to quote some of Vargas' remarks that relate to Stalin himself.

Varga on Stalin

Varga: "*I would like to add here some information about Stalin personally. I often had to deal with him: he regularly turned to me for data and an analysis of the situation when he was concerned with questions of world economics*". When an appointment was made, Varga "*never had to wait in the anteroom at the appointed time.*" (Varga, op. cit., p. 168) This seemingly apolitical passage, which refers to a courtesy that should be a matter of fact, is not so uninteresting, because such courtesy was obviously not a matter of fact for some high Soviet functionaries at that time. Varga: "*He had this punctuality in common with Lenin, in contrast to the lordly manners of Zinoviev, who would arrange to see 10-20 people from the Comintern at the same time and kept them waiting for hours. Once I got fed up and I simply left. The next day his secretary told me that Zinoviev was 'surprised' that I left without being received by him...*" (ibid.)

Varga describes how, in 1934, before the 17th Party Congress, he had compiled detailed material on the economic situation under capitalism, material which, in contrast to the Comintern leadership of the time, concluded that the great economic crisis was over. They did not want to print Varga's material. But Stalin was convinced of Varga's arguments. He pushed through the printing of the material, and wrote an anonymous preface saying that the material was printed at Stalin's suggestion. Varga also opposed the claim of Khrushchev's people that Stalin dressed up his analysis with other people's

feathers: Stalin always stated publicly when he took something from Varga.

With regard to his material prepared for Stalin's Report to the 17th Party Congress, Varga gives the following detail about his collaboration with Stalin: "*A characteristic episode: When I asked him how much I should write and how much time he had for it, he replied: As much as you think is necessary*" (pp. 169 f.). It speaks to Varga's confusion that he explains in the following sentence that Stalin was "*undoubtedly an oriental despot*", only to say a few sentences later: "*It is not true that Stalin did not tolerate any objections. One could easily contradict him. That was my experience...*" (ibid. p. 170)

Varga never tires of lamenting that Stalin had personally on his conscience the deaths of many excellent communists, but on the other hand he states that *"he saved me twice: in 1938, when the GPU tried to arrest me on countless false charges, and in 1943...*." (p. 170) Varga describes the second incident in detail:

During the Second World War, several people spread the absurd thesis that fascism lies in the German national character. Varga gave a lecture in which he rejected this thesis with Marxist arguments. After that, some apparatchiks tried to bring him *"to the gallows*". According to his account, he literally had to fear for his head. On Dimitrov's advice, Varga turned directly to Stalin, that is, he sent Stalin his lecture with a brief account of the situation. Stalin called Varga and said, "*That is a good Marxist lecture! Who accused you?*" "*He got information about all the people who slandered me. What happened next I only know from a remark by Dimitrov that he gave those people a terrible dressing-down*" (p. 170 ff). Varga's lecture was printed.

It is less important that Varga raised the question: "*Why Stalin did this, I do not know! Perhaps he thought that he still needed me...*" (p. 170). That the reason could simply be that Stalin was against slanderers, that he was interested in spreading Marxist and not anti-Marxist theories, did not occur to Varga. But that was his problem.

This concludes our account of the facts that Varga relates. So far we have made scarcely evaluated these facts. For the time being, more questions remain have been raised than answered. We shall now attempt to unravel some of the mysteries.

2. From the October Revolution to Collectivization

Varga's notes contain a number of very remarkable facts about the relations of distribution in the Soviet Union. From the 1930s onwards, there were enormous differences in consumption between the leaders of the party, state and society on the one hand and the working class and peasants on the other. However, we have said that the conclusions which Varga drew from this are wrong and incompatible with Marxism. Relations of consumption do not have their bases in themselves, but are ultimately based on the mode of production. The mode of production is the unity of the productive forces and relations of production. The productive forces are the human abilities and skills in the production process together with the material means of production; the relations of production are the social relations that people enter into in the process of production. Thus Varga does not provide an explanation of the relations of consumption he describes, since he does not consider them in relation to the mode of production. But this is precisely what we want to do.

The Chain of the Imperialist World System Breaks Where It Is Weakest

Let us begin with a quotation from Marx: "*Except as personified capital, the capitalist has no historic value... But, so far as he is personified capital, it is not values in use and the enjoyment of them, but exchange-value and its augmentation, that spur him into action. Fanatically bent on making value expand itself, he ruthlessly forces the human race to produce for production's sake; he thus forces the development of the productive powers of society, and creates those material conditions, which alone can form the real basis of a higher form of society, a society in which the full and free development of every individual forms the ruling principle.*" (*Capital*, Vol. 1, English edition, International Publishers, 1967, Chapter 24, Section 3, p. 592)

This is the progressive historical content of capitalism: it creates highly developed productive forces, on the basis of which communism for the first time becomes possible. A subjective thorn in this development is the capitalist's petty pursuit of profit, the

main reason for which is not even his private consumption, but the increase of capital for its own sake.

But what if the working class comes to power in a country where capitalism has not yet done its work? What if the productive forces have not yet been developed for a "form of society whose basic principle is the full and free development of each individual"? This problem can arise and has arisen because of the law of uneven development of individual imperialist countries. Therefore, the conditions for the working class to seize power arise at different times in different countries. And they do not necessarily arise first where the productive forces and thus the material prerequisites for socialism and communism are most advanced. Rather, the chain of the imperialist world system breaks first where it is weakest, and there are a multitude of factors, some of them highly accidental, whose interaction determines where it is weakest in each case. In 1917 it was weakest in Russia.

What Is To Be Done in a Backward Country?

The working class, led by the Bolshevik Party, seized power in a country whose population consisted largely of peasants, in a country in which capitalism was still relatively weakly developed and in which, consequently, the working class itself was relatively weakly developed, basically representing a small minority of the population. The bourgeoisie had had its chance to take power in February, when tsarism was overthrown, but it had proved incapable of seizing this opportunity for the long term. The immediate reason was that, because of its class interests, it could not satisfy the demand of the broad masses for bread and peace. The deeper reason was that it was unable to win the peasantry as allies for the long term, or more correctly, to harness them to its cart. The reasons for this did not only develop in 1917, but long before that; however it would take us too far afield to go into this in detail here.

Now it had to be shown whether the working class could achieve what the bourgeoisie had failed to achieve, namely, to remain in power for the long term. The first and most urgent question had to be how the working class could forge an alliance with the peasants. This was anything but easy, since the class interests of the workers and the peasants in no way coincided. The Mensheviks (the opportunist wing of the workers' movement, the equivalent of Western social democracy) believed that in a backward country like

Russia the working class could not take power. Correspondingly, the Trotskyists argued that if the revolution were not victorious in the Western industrialized countries, the working class could not remain in power. Logically, they refused to seek an alliance with the peasants. They did not mind disregarding the interests of the peasants, and if Soviet power had collapsed in the process, this would have been fine with them. This was their schematic, mechanistic falsification of Marxism. The majority of the Russian workers and the Bolshevik Party had a different idea. Logically, the question of the policy towards the peasants was at the center of the internal party disputes for a very long time, because this question was to be the main problem of the Russian revolution for a long time to come.

In this connection we would like to refer to a remarkable publication of 1993, namely Karusheit's and Schröder's book *Von der Oktoberrevolution zum Bauernsozialismus* (*From the October Revolution to Peasant Socialism*). The authors examine the development of the Soviet Union on the basis of the thesis that the peasant question, or rather the policy of the workers' party towards the peasants, was the decisive linchpin of this development. Since this question was indeed by far the **most important particularity** of Soviet development, they therefore arrive at correct analyses and results in many respects. Certain points, which we will only briefly outline in this chapter and at the beginning of the next, are presented and developed in detail there. The book's crucial shortcoming is that the analysis of this particularity removes its general validity, those problems and laws that **always** arise under socialism, that is, in the transition to communism. In particular, the authors do not examine the development of the class differences between the working class and the leading stratum, or – to the extent that they do – they do so only from the perspective of the peasant question. The work is thus based on a false theory of socialism. Accordingly, the authors arrive at the erroneous view that under Stalin's leadership the working class achieved what it could, but at no time were the relations socialist. This view is based on the fact that socialism is **not** consistently regarded as a transitional society which, by its very nature, contains elements of the old society in addition to seeds of communism. (Even if the elements of the old society had to appear in much harsher ways in a backward country than they would in a country that was already highly industrialized at the time of the seizure of political power by the working class.) The book's shortcom-

ings must, however, be assessed in the light of the fact that the historical experience of socialism which has now become available has not yet been satisfactorily generalized into a theory of the transitional society that is equal to the task. This still needs to be worked on.

Back to the development of the Soviet Union.

First of all, however, the special problems of the socialist revolution connected with the peasant question only appeared to a limited extent. With the victory of the working class, the large landowners were expropriated and the land effectively fell to the peasants. The peasants thus gained immediate advantages from the October Revolution. In the following years the young Soviet power had to stand up against the military aggression of the imperialists. During this period, the surplus of peasant production was collected without compensation and distributed to the workers in the cities ("war communism"). In this context, the Bolsheviks were subject to the illusion that this was the beginning of communist relations. In reality, it was a stopgap measure with which the mass of the peasants agreed only because they knew very well that the large landowners would come back if the Red Army was defeated. That changed with the victory of the Red Army. The solution of the military problems made fully visible the socio-economic problems that were initially hidden. The dissatisfaction of the peasants with the compulsory delivery system would have quickly led to the downfall of Soviet power if the party led by Lenin had not made a radical change of course in 1921 with the transition to the New Economic Policy (NEP).

The NEP included, on the one hand, the replacement of the peasants' compulsory delivery system with a tax in kind. The state thus began to trade with the peasants. (However, the largest part of peasant production was still at the low level of natural economy, so here production was not for exchange but to maintain oneself.) Furthermore, capitalist industrial enterprises were allowed (albeit to a limited extent), some of them under foreign concession. Some of the state-owned enterprises were transformed into so-called state capitalism, that is, the enterprises remained state-owned but were managed according to capitalist principles. In particular, they were no longer supplied with raw materials by the state, but had to buy them themselves and, on the other hand, they could sell their products freely. Another part of the state-owned enterprises formed the

socialist sector of industry; they were directly managed by the state. However, this sector was far too small to allow for effective overall planning of the economy by the proletarian state.

This meant that in the village the intensification of the class struggle was avoided. The kulaks, the rich peasants who exploited agricultural workers, were by and large left untouched. In the city, capitalist production was reintroduced, but only to the extent that the proletarian state allowed it. The proletarian state made far-reaching economic concessions due to the backwardness of the country, but kept the political commanding heights in its hands.

The NEP Could Only Be Carried Out For a Limited Time

The proletarian power could not carry out the NEP indefinitely without losing its character as a working class power. The purpose of the NEP was to allow a limited degree of capitalist economic activity, which would create those productive forces that the working class had not found when it seized power. The danger of the NEP lay in the fact that the forces of capitalism in the city and the countryside would grow increasingly strong on this basis. In particular, the kulaks, who had most of the grain at their disposal and had begun to blackmail the Soviet power with holding back grain, strengthened their position in the countryside.

In 1928-29 the critical point was reached. A further continuation of the NEP would have led to the downfall of the workers' power. In 1929 the party under Stalin's leadership decided to set course for the destruction of the kulaks as a class and for the collectivization of agriculture. This led to an extremely intensified class struggle, not to say class war. After all, the dekulakization affected about 900,000 farms with 8.5 to 9 million people (see Karuscheit and Schröder, p. 193) These class forces fought collectivization with all their means. The bourgeois claim, however, that the masses of small and middle peasants were forced by the state to enter the collectives against their will is simply false. There were two factors that caused the masses of peasants to be gradually prepared to enter the collectives. First, most Russian peasants were not farmers of the western type with their own plots of land; they lived in a village commune in which the fields were redistributed at regular intervals. Moreover, the tsarist power had ruined the peasants because it had

tried to carry out a capitalist reform in the village (under tsarist Prime Minister Stolypin). As far as Soviet power was concerned, the backwardness of the village had very great disadvantages, but now the collective traditions of the peasants turned into an advantage for socialist collectivization, the concrete form of which largely corresponded to the level of development and consciousness of the peasantry. Furthermore, there were tractors and other agricultural machines which the state made available to the collectives in the form of state Machine and Tractor Stations, so that the economic advantages of collectivization were tangible for the peasants.

3. Creation of the Industrial Basis for Socialism under the Conditions in the Soviet Union

The Upswing in Industry Created a New Working Class with the Imprint of the Peasantry

As important as collectivization was, what was decisive for the future of the workers' power had ultimately to take place in the cities, in industry. The limited concessions to capitalism had led to a certain upswing in industry. As a result, masses of peasants flocked to the cities and became workers, because that way they could live better. Within a short time the working class went from being a small minority of the population to a numerically large class. At the same time, the conditions were created to put an end to the NEP in industry as well, to put all industrial enterprises under the management of the proletarian state. This created the conditions for a uniform planning of the economy by the proletarian state.

But the fact that the mass of the workers were now former peasants had to have an effect on their work habits and work discipline. The problem that the working class, victorious in October 1917, had inherited backward conditions now shifted to industry, or rather to the working class itself.

To a certain extent, of course, this problem had existed from the outset in relation to the working class itself. In 1918 the new, peasant-formed working class of the 1930s did not yet exist; it was still the working class of the October Revolution. Even then, however, Lenin saw the need to demand the "*granting of 'unlimited' (i.e. dictatorial) powers to individuals,"* that *"the people unquestioningly obey the single will of the leaders of labor."* Lenin pointed out that although industrial production always requires leadership and subordination, "*"Given ideal class-consciousness and discipline on the part of those participating in the common work, this subordination would be something like the mild leadership of a conductor of an orchestra. It may assume the sharp forms of dictatorship if ideal discipline and class-consciousness are lacking."* (Lenin, "The Next Tasks of Soviet Power," in *Collected Works*, Vol. 27, pp. 267, 269, English edition.) The latter was the case, and it could not be other-

wise in a backward country with a small proletariat that had not gone through the school of capitalism over a long period.

In the 1930s, however, with a proletariat that had grown enormously in numbers but which had largely peasant habits (even though not the habits of peasants with their private plots but of peasants of the Russian village commune), in the 1930s the question of the necessity of dictatorial forms of management had to be posed much more sharply. The peasant workers were not and could not be used to the discipline of industrial production. The factories suffered an incredible degree of fluctuation. Stalin complained about the type of worker who " *feels himself a 'visitor' in the factory, working only temporarily so as to 'earn a little money' and then go off to 'try his luck' in some other place."* (Stalin, "New Conditions – New Tasks in Economic Construction," in *Works*, Vol. 13, p. 58, English edition) Stalin correctly opposed egalitarianism in wages, because such egalitarianism corresponded to the ideology of the peasant of the Russian village commune. Stalin rightly demanded a differentiated wage system.

But a differentiated wage system could not be the only method to deal with the enormous problems. Considerable pressure had to be put on the workers. At the end of 1932, for example, the internal passport was introduced; moving from one town to another had to be approved by the authorities. From 1939 on there was a workbook: one could only be employed in a new enterprise if one had properly left the former one. If one was late three times, one could be dismissed without notice. There were strict penal laws against the violation of work discipline. The unions lost their independence, which had been defended by Lenin against Trotsky in 1920 in a different situation, and were subjected to the "principle of production" in 1932. Their task was now no longer to defend the economic interests of the workers against the enterprise management, but only to achieve the plans. (See for example Karuscheit and Schröder, p. 215, for further proof.)

These were all very mild means of enforcing labor discipline when compared with the means the bourgeoisie used in corresponding phases of industrialization. (See Marx, *Capital*, Vol. 1, Part VIII, "The So-Called Primitive Accumulation," International Publishers edition.) On the other hand, these were very drastic measures for a workers' power. Even more drastic than immediately after the October Revolution was the fact that capitalism in Russia had **not**

created the "*material conditions, which alone can form the real basis of a higher form of society, a society in which the full and free development of every individual forms the ruling principle"* (ibid., p. 592). These productive forces had to be created by the workers' power itself, and this circumstance had to give socialism in a backward country a very special character, had to give rise to special difficulties and dangers.

In particular, a strictly centralized system of management, a tightly hierarchical structure was necessary. One needed "cadres who could get their hands dirty," who could assert themselves, even against the workers. There was no longer a NEP, there was no longer state capitalism, but a centralized state-planned economy, but the inevitable price was such a system of management. An enormous pyramid-shaped apparatus was created, with the Politburo of the Party at the top, which now ran the economy of a huge country. At the same time the possibilities for workers to directly influence political and economic decisions were quite limited. Such conditions had to create the habits of command among the leaders and encourage a mentality among those "below" of waiting for orders from those "above." Of course this was not absolute; otherwise there could be no talk of socialism. In comparison with earlier times, the workers had a thousand times more opportunities to develop their creative power, and the political power was, in spite of everything, such that the majority of the working class definitely had the feeling of being the leading class politically. Nevertheless, the system of management that was inevitable at that time could only be temporary. The given relations of production were the material basis for phenomena that Stalin attacked when he deplored the fact that the masses were beginning to look up to the leaders and no longer criticized them, while the leaders were becoming arrogant and looking down on the masses. (*Works*, Vol. 11, p. 34, quoted on p. 20 of this book) The increase in such class differentiation was inevitable in such a hierarchical system of management with relatively limited participation of the masses in decision-making. The emergence of huge differences in income was also inevitable. The relations of production determined the consumption relations. Those cadres who were supposed to "get down to work" and actually did so, who – depending on their position in the hierarchically-structured management apparatus – often had an enormous amount of power, but as a rule had to work around the clock, these cadres also demanded

a corresponding income. No wonder that the party maximum had to be dropped in the end. Once certain management structures had been established, the party had to come to terms with the corresponding consumption relations.

A Slower Pace of Industrialization Would Have Led to Its Downfall

But was all this really inevitable? Wasn't it possible have taken a different path by achieving a slower pace of industrial development? In particular, could one not have slowed down the development of heavy industry, which had been pushed through at a tremendous pace compared with capitalist countries? The answer to this question was given by Stalin in 1931, and it was the bitter truth: "*To slacken the tempo would mean falling behind. And those who fall behind get beaten. But we do not want to be beaten. No, we refuse to be beaten!... We are fifty or a hundred years behind the advanced countries. We must make good this distance in ten years. Either we do it, or we shall go under."* (Stalin, "The Tasks of Business Executives," *Works*, Vol. 13, p. 40, 41.) That this was correct is particularly clear in retrospect. That goal **was** achieved, and one can say without exaggeration that such a development of the productive forces in such a short period of time is probably unique in world history. But one had no choice in the means of achieving this objective.

But could the relations of production that were established in the 1930s be described as socialist? Was there not already at that time a new ruling class that commanded the workers and enriched itself? No, and for two main reasons. It was not a class, but only a leading stratum, because this stratum was constantly recruited from the working class. "*Large sections of the old working class rose to positions of leadership. From 1930 to 1933, the number of management personnel in heavy industry grew from 125,000 to 362,000. As a result, nearly two-thirds of the leading forces in 1933 did not take up their positions until after 1930.*" (Karuscheit and Schröder, op. cit., p. 217) On the other hand, the production decisions – at least by and large – were made **in the interest of the working class**. The productive forces had to be created that were necessary to maintain the working class power and to advance towards communism.

On the other hand, in this situation the inevitable means themselves would become a danger to the working class. Even though the majority of the leaders were recruited from the working class, there was a danger for socialist relations in a system of management in which there was a sharp contrast between leaders and masses, in which more and more leaders would develop a mentality directed against the proletariat and against communism,. That on this basis a **class interest** of the leading stratum had to develop. As necessary and inevitable as the system of management established in the 1930s was, it was also necessary to overcome it in order to maintain socialism.

Seen in this light, the Second World War – even though the Soviet Union was victorious militarily – was a terrible blow to socialism.* Of course, the forms of management could not be democratized during the war; on the contrary, they had to be militarized. "*On June 26, 1940, four days after Hitler Germany's victory over France and one year before the invasion of the Soviet Union, the seven-hour day was abolished* (in the Soviet Union, RM) *by decree and the freedom of labor relations was altogether abolished. Work was placed under military law, and leaving the workplace was punished as desertion."* (Karuscheit and Schröder, p. 215) What else could have been done, but the position of the leading stratum had to be further strengthened by these necessary measures, and **in a way contrary to the communist goal**.

The Relations Limited the Possibilities of Understanding

However, the Party was not clear about the development of the class forces. For example, Zhdanov's *Report on the Amendment to the Party Rules* at the 18th Congress of the CPSU(B) in 1939 states: " *The class boundaries dividing the working people of the U.S.S.R. are being obliterated; the economic and political contradictions between workers, peasants and intellectuals are disappearing – becoming obliterated. A basis for the moral and political unity of Soviet society has been formed.*" (Zhdanov, "Amendments to the

* This is of course very backward. It was a tremendous victory for socialism, despite the terrible losses in people, including cadre, and material destruction.

Rules of the C.P.S.U.(B.)," published in *The Land of Socialism Today and Tomorrow*, FLPH Moscow, 1939, pp. 447-8, English edition)

This became the prevailing view of the Party, and in this way the Party itself distorted its view of class reality, distorted the view of the obstacles that had piled up – along with the enormous victories, or more precisely, as the price for these victories – in relation to the communist goal. With this romanticization of the real class relations, the theory was partly transformed –in the areas we are concerned with here – into ideology in the bad sense. (Incidentally, the significant fact that the abolition of the party maximum was obviously took place underhandedly, that no decision was made on it, let alone a justification and political assessment of such a decision, must also be seen in this context.)

One could now say that such an ideological development corresponded to the interests of those who had taken leading positions in the existing system of management, who wanted to maintain these positions and the privileges associated with them at all costs, who in reality – whether consciously or still unconsciously – had a firm interest in preventing a development in the direction of communism. That is certainly the case, but it would be taking too narrow a view to see this as the only reason for such an ideological development. There were also reasons why the revolutionary communists could not clearly see the reality in this respect. There were enormous struggles and enormous efforts that had to be made since October 1917 in order to maintain the perspective of communism; a clear view of the great detours and concessions that were connected with the victories achieved in the 1930s would probably have sapped the fighting spirit and communist enthusiasm. The force, energy and steadfastness which Stalin in particular had to have, as the head of this highly contradictory social structure, must have been enormous. In such a position, one was constantly at the crossroads of all social contradictions, and that must have been an immense ordeal, even for an exceptionally strong personality. One would therefore have to be a narrow-minded know-it-all if one wanted to say in retrospect: "How could one be so wrong about the development of class relations!" Since being determines consciousness, then the thinking of very great personalities is also subject to certain limitations that are determined by objective conditions. Stalin fought the degenerate apparatchiks who were increasingly

emerging, but he was ultimately forced to rely on the existing apparatus. This necessity limited the possibilities of a Marxist analysis.

It was obviously Stalin who ultimately made the decisions on all major issues. Not because he was forced to take on such a role due to a subjective lust for power, but because of the objective conditions of development. The necessity to achieve a tremendous advance in the development of the productive forces in record time led to the necessity of a hierarchical, strictly centralized management apparatus; it also produced the necessity of such a strong head of this apparatus. Such a position of the highest leader of the Party and State was naturally very unfavorable for development in the direction of communism, towards the abolition of classes. On the other hand, Stalin's extraordinarily strong position under the circumstances was also a prerequisite for the maintenance of socialism. If the existing class differentiation had the effect that the more one looked upwards, the more the degeneration increased, then at the very top of this apparatus a powerful person with a proletarian standpoint and an iron will was needed to set limits to the action of these forces. This made it possible for ordinary communists and workers, who sensed and rejected the manifestations of the decomposition of the apparatus, to retain their revolutionary enthusiasm, since they also felt that at the top was a Party leader with a communist standpoint. This proletarian, communist basis in turn enabled Stalin to push through decisions that were increasingly in conflict with the interests of the leading stratum. However, this could only work for a certain period. The more the apparatchiks at the top consolidated their position, the more their possibility grew to push through their special interests "underhandedly", and the more vulnerable such a proletarian power had to become.

Today One Must Soberly Analyze the Development at That Time

If one takes a historical-materialist approach to the questions, one must clearly see that both the actions and thinking of the communists of that time were subject to objective limitations. But on the other hand, in retrospect, today one cannot simply be content with repeating the mistakes of those who acted at that time. It is necessary to further develop the theory on the basis of historical experience and to cleanse it of ideological distortions.

A fundamental error not only about the class reality in the former Soviet Union, but also about the content of socialism as the transitional society to communism is expressed in the following statement by Stalin: *"... because it* [socialist society, RM] *does not include the obsolescent classes that might organize resistance. Of course, even under socialism there will be backward, inert forces that do not realize the necessity for changing the relations of production; but they, of course, will not be difficult to overcome without bringing matters to a conflict."* ("Economic Problems of Socialism in the U.S.S.R.," Reply to Comrade Alexander Ilyich Notkin, FLP Peking, 1972, p. 52, English edition) Although the stratum of leaders was not yet a class, it already had its own class-based interests, and there was the possibility that it would develop into a class. Moreover, as things developed in the 1930s (and they **had to** develop in the interests of the proletariat because of the existing backwardness of the productive forces), as things developed, there was a spontaneous tendency for this stratum to develop into a new ruling class. This could only have been prevented by a targeted activity of the proletariat under the leadership of its Party. It was and is by no means the case that " *in general, time is working for socialism* " (Nexhmije Hoxha, *Some Fundamental Questions of the Revolutionary Policy of the Party of Lab our of Albania about the Development of the Class Struggle*, English edition. Tirana. 1977, p. 9)[*]. "Time" does not do anything at all, but certain sections of the leading stratum did everything they could to pursue their class interests directed against the proletariat, and under certain conditions this section of this stratum will grow. This had to be the case in the Soviet Union, as things were. Stalin's view that there are only "*inert forces*" in this stratum, but that they had no class-based interests, they only "*do not realize the necessity*..." this position obscured the view of the real shifts in class forces that were taking place. Stalin, on the other hand, quite obviously felt this; he certainly sensed the growing danger. This presentiment was expressed, for example, in Stalin's remark stated in anger, described by Svetlana Alliluyeva:

[*] This quote is taken entirely out of context, for N. Hoxha makes the same essential point as RM. She says immediately preceding the passage quoted: "*The struggle which is going on at present between socialism and capitalism is not automatically crowned with the victory of socialism, although in general...*"

"*You damned caste!*" But the self-deception of the communists about the real content of the event and the consolidation of this self-deception in the official and "unquestionable" theory was obviously so strong that he could not theoretically develop these realistic dark premonitions.

To be sure, Stalin correctly assumed that the class struggle would intensify. But he saw the roots of this class struggle only in the remnants of the defeated classes, in imperialist countries abroad and in the fact that consciousness lags behind being. He did not analyze the roots that lay in the relations of production created by the Soviet power itself. But these roots were the main ones that later led to the downfall of Soviet power. This was **not only** due to the Soviet particularities. There would always be divisions of labor from the old society that socialism had not yet been able to overcome completely (and will only be completely overcome under communism), class differences that could lead to the downfall of socialism if the working class lost the revolutionary initiative. In order to keep the initiative in its hand, however, the working class and its Party also needed, among other things, a theory that scientifically analyzed the class-based differences rooted in the socialist relations of production themselves. The Soviet working class and its Party lacked such a theory.

Besides, this lack of theory was also not overcome later in Albania either. For example, in the 1983 scientific conference in Tirana, it was declared that the antagonistic contradictions in society were "not due to the socialist relations of production, **but** rather are a product of the existing birthmarks of the old bourgeois society internally and the pressure of capitalist-revisionist encirclement externally". (Scientific Conference, op. cit., p. 175, translated from the German, emphasis by RM) This "but" expresses a whole misconception: socialism **contains** as an **essential component** the birthmarks of the old society, especially old divisions of labor, and here again especially the division of labor between managing and implementing functions [in the German, "in leitende und ausführende Funktionen"]. These birthmarks are by no means something external to socialism, but its essential part. If they are not more and more pushed back, they will expand and bring down the communist kernel of socialism and thus socialism itself. Besides, this view expressed at the 1983 scientific conference in Tirana was not new. Enver Hoxha said in 1978 that "*the base and the superstructure... in*

our socialist society... are free from class antagonisms and, as such, they are constantly perfected." (*Proletarian Democracy is Genuine Democracy*, Tirana, 1978, p. 9, English edition) The obvious logical error by itself indicates that such a thesis is ideological in nature: if the base and superstructure were really "*free from class antagonism*", they could hardly be "*perfected*" "*as such*".

It is true that Enver Hoxha did indeed point to "*the socio-economic conditions*" that arise within socialist society and that lead to the danger of a development back to capitalism: "*The productive forces and the relations of production, the mode of distribution based on them, are still far from being completely communist. The distinctions which exist in different fields, such as between country and town, manual and mental work, qualified and unqualified* [skilled and unskilled – *translator's note*] *work, etc., which cannot be wiped out immediately, also exert their influence in this direction... Socialism can greatly restrict the emergence of negative phenomena alien to its nature, but it cannot avoid them completely."* (*Report Submitted to the 7th Congress of the Party of Labor of Albania*, Tirana, 1976, p. 110, English edition) However, a real analysis of these material conditions was lacking, and in the end Enver Hoxha here also emphasized that such phenomena are "*alien*" to socialism. However, they are necessarily produced by it. Lenin stated: "*Theoretically, there can be no doubt that between capitalism and communism there lies a definite transition period which must combine the features and properties of both these forms of social economy. This transition period has to be a period of struggle between dying capitalism and nascent communism – or, in other words, between capitalism which has been defeated but not destroyed and communism which has been born but is still very feeble."* ("Economics and Politics in the Era of the Dictatorship of the Proletariat," in *Collected Works*, Vol. 30, p. 107, English edition) It is therefore a mistake to regard socialism exclusively as not yet completed communism and to play down theoretically the inherent birthmarks or features of the old society as phenomena "alien" to it, instead of analyzing them soberly and relentlessly revealing their class roots, not only the external ones but also the internal ones.

This theoretical error of the communists always benefited those parts of the leading stratum which pursued their own interests directed against the proletariat; it aided their efforts to develop into a new ruling class. Characteristic here is the claim of the Textbook of

Political Economy published in Moscow in 1954 that in the Soviet Union "*the entire people – the working class, peasantry and intelligentsia – ... are all deeply interested in the establishment of the communist social order".* (Textbook of Political Economy, op. cit., p. 427, translated from the German) At the time the Textbook was published, the leading stratum had just carried out the decisive political action that was a prerequisite for its emancipation into a new ruling class. In doing so, it had sealed its turning away from the communist goal of a classless society.

Incorrect Assessment of the Question of the State

In the Soviet Union, the incorrect assessment of class reality also led to an incorrect assessment of the character and functions of the socialist state power. In 1939, at the 18th Party Congress, Stalin declared that since there was no longer any exploitation, the state had lost its function of suppression: there was " *there was no one to suppress"* (except for *"thieves and pilferers of the people's property"* as well as *"spies, assassins and wreckers"* whom imperialism had sent into the country) (*Works*, Vol. 14, p. 421, English edition). *"The function of economic organization and cultural education by the state organs"* remained; but the repressive character of the state power was only directed *"to the outside, against external enemies"* (ibid).

That was a blatant misunderstanding of reality. The labor book, the internal passport, penal laws against violations of labor discipline – were these not repressive functions of the state directly related to the organization of production? Obviously, the underlying problems here were neither criminal tendencies nor the activities of foreign agents, but the Soviet relations of production themselves. The repressive functions of the Soviet state were unquestionably necessary on the whole, and they were ultimately in the interests of the working class. This is precisely the dialectic of the matter, that the working class in power must to a certain extent impose coercive measures on parts of itself, that it must produce a leading stratum to the extent necessary, and that this stratum in turn may, at a certain level of development, run counter to its own strategic objectives.

But there were also other repressive functions of state power **internally**. It must not be forgotten that all the twists and turns* of policy of the Party since the October Revolution rested on class interests. These interests, in turn, expressed themselves in fierce party struggles. There was a very strong left opposition, for whom the policy of alliance with the peasants went too far. On the other hand, there was a right opposition, which opposed the repression of the kulaks. At a certain point these two wings formed an alliance against Stalin, who represented the only possible policy on these issues that would not lead to the downfall of Soviet power. From a certain point on, this opposition bloc led the struggle using all means: sabotage, assassinations, secret negotiations with imperialist foreign countries, etc. Therefore, on the other hand, the repressive organs of state power were strengthened. And one should not to forget: about 9 million people were affected by the dekulakization; most of them were certainly bitter enemies of Soviet power.

In whose hands was this state power? As we have already mentioned, the direct influence of the workers and peasants on the state power was quite small, and under the given circumstances it could not be otherwise. However, it was a proletarian state power, for it served to realize the strategic goals of the proletariat. But looked at from this view, that it was a socialist state power, it had extremely strong bureaucratic features. Increasingly, certain sections of the state power became independent, and they developed their own interests. This state power was led directly by the leading stratum, and large sections of this stratum, as we already said, had begun to form class interests against the proletariat. This also had to have an effect on the state power itself. But this difficult and contradictory situation was removed from Marxist analysis by the thesis that there was no longer any internal basis for repression.

The facts increasingly ran counter to this thesis. The repressive functions of the state did not weaken, but rather increased, and they were directed not only against the enemies of socialist construction. It is significant that during Stalin's lifetime two leaders of the secret police had to be executed for counterrevolutionary crimes (Yagoda and Yezhov). In this context, for example, the descriptions of the various intrigues at the Hotel Lux, where German emigrants of the

* This is a phrase that the bourgeois use, as these changes in policy in general reflected changes in the objective situation.

KPD (Communist Party of Germany) were lodged during the war, can also be seen. Apparently, the intrigues of various factions of the Soviet secret service took place there, and it was easy to lose your head. In this context, one should examine Varga's description that certain forces wanted him dead because during the war he opposed the thesis that fascism was part of the German national character, and that only Stalin's intervention saved him. In spite of Stalin's strong position, the possibility grew for the increasingly powerful apparatchiks to assert their class-based interests against the proletariat and communism. If they were not yet able to do so on a large scale, then more and more they did it on a small scale, even if it was a revenge campaign to settle personal accounts. In doing so, they pretended to be especially consistent Stalinists, and they portrayed their crimes as the exercise of the proletarian dictatorship. In addition to Varga's account, there are also other accounts according to which Stalin often defended people who were slandered as opportunists and enemies by such forces. (Stalin's *Works* themselves provide examples of this.) But despite his power to decide the "big questions", Stalin naturally did not have the possibility to oppose the activity of these forces across the board.

Clearly, Stalin was increasingly helpless in the face of the intrigues of various independent sections of the state power. The so-called doctors' plot can be cited as an example. At the end of 1952 several doctors were arrested on the pretext that they had wanted to murder party leaders. According to bourgeois propaganda, this was a standard example of Stalin's alleged despotic rule. However, Stalin's daughter Svetlana Alliluyeva, whose book was also placed in the service of anti-communist propaganda, wrote that her father was "*exceedingly distressed*" about this matter. At a dinner he said that "*he didn't believe the doctors were 'dishonest' and that the only evidence against them, after all, was the 'reports' of Dr. Timashuk*." (Alliluyeva, op. cit., p. 207) After Stalin's death, this doctor was indeed exposed as a schemer, and the accused doctors were rehabilitated, with the Khrushchev people blaming Stalin for the arrest of these doctors. Svetlana Alliluyeva further points out that Vinogradov, the only doctor whom Stalin trusted, was among those arrested. (ibid. p. 207) The question is, who was behind the intrigue of Timashuk. After all, in our opinion, the suspicion that Stalin was murdered is quite obvious, and it could have been a preparation for this, to take the doctor of his confidence out of circulation. We do

not want to speculate, and the question of whether Stalin was murdered is ultimately not decisive in judging the class struggles in question. But if – as obviously was the case – Stalin was at that time the decisive obstacle who stood in the way of the apparatchiks at the head of state and Party (since after his death they obviously had it relatively easy): what reason would they have had to wait for his natural death? Mikoyan once blabbed to Enver Hoxha: "*At one time, together with Khrushchev we had considered organizing a pokushenie* (Russian: assassination attempt) *against him* (Stalin, RM), *but we gave up the idea because we were afraid that the people and the party would not understand.*"' (See Enver Hoxha, *The Khrushchevites*, op. cit., Tirana, 1980, p. 389) If Khrushchev and Mikoyan thought that way, then from their point of view an assassination that seemed to be a natural death was obvious.

But be that as it may, the fact is that the state apparatus increasingly slipped out of the control of the working class. This, in turn, was an expression of the fact that the leading stratum was increasingly developing its own class interests and was striving to develop into a new ruling class. Stalin, who continued to decide the fundamental economic and political questions, was still an obstacle to that. To a certain extent, he still forced the apparatchiks to serve the working class, but they did so more and more unwillingly, and they increasingly found ways and means to push through their special interests alongside and ultimately against it. Khrushchev's remark in his Secret Speech at the 20th Party Congress that Bulganin once said to him in private: "*It has happened sometimes that a man goes to Stalin on his invitation as a friend. And when he sits with Stalin, he does not know where he will be sent next – home or to jail.*" (*Khrushchev's Secret Speech*, from: https://www.marxists.org/archive/khrushchev/1956/02/24.htm) This is what the majority of the leading apparatchiks would probably have increasingly felt in this situation. But the dictatorship of the proletariat had to become all the weaker the more imperatively the development of the productive forces required other forms of management, forms in which the workers could have participated more directly. Instead, the privileged leaders strengthened their position, and thus the proletarian dictatorship was increasingly undermined.

In all this, it must be clearly seen that during the war and immediately afterwards, Stalin did not have the possibility to take up the struggle with the increasingly degenerate leading stratum. Dur-

ing the war there was an absolute need to concentrate all forces against the external enemy. This is why, for example, Stalin's outrage, as described by Alliluyeva, at the activities of the Moscow government clique in Kuibyshev cold only remain an impotent rage.

But after the end of the war and after the worst war damage had been repaired, would there not have been an opportunity for the revolutionary forces to regain the initiative? Well, for various reasons the situation was very complicated. We will go into this in more detail below.

4. The Workers' Power Needed Two Crutches Taken from the Old Society to Build a New One

In the last chapter we have dealt with the question why in the 1930s, and even more so during the war against Hitler fascism, forces within the Soviet state apparatus grew stronger that developed class interests directed against the proletariat. We have seen that the possibilities of the revolutionary forces around Stalin countering this were very limited. Finally, we raised the question of whether, after the victorious end of the war, there might not have been the possibility of opposing such forces more decisively.

Obviously, after the war, some privileges of the leaders began to be curtailed, albeit to a modest extent. For example, Svetlana Alliluyeva speaks of the "*reform of 1947, when it was no longer the practice to feed and clothe the relatives of Politburo members at state expense."* (Alliluyeva, op. cit., p. 209) But as we have seen, the consumption relations largely follow the relations of production. Of course, the struggle to limit differences in consumption does have its own significance, though the scope for this is extremely limited if relations of production are not revolutionized at the same time and above all. Here the task would have been to gradually democratize the pyramid-shaped management apparatus that had emerged in the 1930s, and to replace it with a management system that would have enabled and required greater direct participation by the workers.

The Management System of the 1930s Was Outdated

For example, the Textbook of Political Economy, which appeared in Moscow in 1954, says the following about the management of state enterprises: "*"The Socialist State directly guides the enterprises belonging to it, administering them through its representatives, the directors of enterprises, who are appointed and removed by the appropriate State institutions."* (Part 3 B, Ch. XXVIII, p. 518) There is nothing more say about this. Further on: "*The strength of the Soviet machinery of State lies in its ties with the mass of the people. It follows from the nature of the socialist system*

that centralized State guidance must be combined with local initiative and with practical allowance for local particularities." (ibid. p. 540) That almost sounds as if, since it is in the "nature" of the socialist state to be connected with the masses, one need not do anything concrete to build such a connection. But the preservation and development of the communist perspective would have required something more than "*practical allowance for local particularities*". It would have required that workers increasingly participate in direct management in an ever more diverse way. But this is precisely what the privileged stratum did not want.

Stalin directly opposed the view that in the transition to communism the state would gradually swallow up all spheres of society. He opposed the frequently expressed idea of a barracks "communism", in which everything was state-owned and centrally regulated. He expressly criticized the view that "*that the conversion of the property of individuals or groups of individuals into state property is the only, or at any rate the best, form of nationalization. That is not true. The fact is that conversion into state property is not the only, or even the best, form of nationalization, but the initial form of nationalization, as Engels quite rightly says in 'Anti-Dühring.' Unquestionably, so long as the state exists, conversion into state property is the most natural initial form of nationalization. But the state will not exist forever. With the extension of the sphere of operation of socialism in the majority of the countries of the world the state will die away, and of course, the conversion of the property of individuals or groups of individuals into state property will consequently lose its meaning."* (*Economic Problems of Socialism in the U.S.S.R.*, FLP Peking 1972, English edition, pp. 90-91) But we do not believe that this question fully answered here. The withering away of the state is not a mechanism that takes place on its own at a certain level of development of the productive forces or with the spread of socialism to most countries in the world. Moreover, the strengthening and development of the communist kernel within socialist society is not a mechanism – neither when there still exist foreign imperialist countries or afterwards. Communism can only be won through a social movement within socialism. However, even Stalin did not deal more closely with the question of what changes in the relations of production within the state sector had to be sought in order to take steps along this path.

At that time, however, such steps were absolutely necessary in order to maintain socialism at all. We have seen that the management system established in the 1930s was necessary at that time in view of the relatively low level of development of the productive forces, but that the resulting widening of class-based differences was only compatible with socialism for a certain time. The preservation of such a management system for too long a time must inevitably lead to the development of the leading stratum into a new ruling class. On the other hand, the productive forces in the 1950s were at a much higher level than at the beginning of the 1930s. This increased the possibility, and at the same time the necessity, for a greater participation of the working masses in the administration of the economy, state and society. And finally, the pyramid-like management system was extremely effective as long as the aim was to create the country's heavy industry in a massive show of strength. It became all the less effective the more the emphasis had to be placed on intensive economic activity.

This management system had to fall, one way or another. The only question was: in favor of which class forces? In favor of the working class or in favor of the leading stratum?

The Economic Accounting of the NEP

We said that the situation after the war was very complicated and that there were lines of action that made it very difficult for the revolutionary forces to reduce the influence of the extremely strong state apparatus. We shall now return to these lines of action.

The state was not the only crutch of the old society which had to be used by the new socialist society. Socialism had to use commodity-money relations as a second crutch. This deals with the system of economic accounting.*

"Economic accounting" was first discussed during the years of the NEP, when the majority of state enterprises were supposed to operate on their own account, that is, in the state capitalist sector that existed at that time. Lenin wrote at that time: "*The transfer of state enterprises to the so-called profit basis is inevitably and inseparably connected with the New Economic Policy; in the near*

* "Economic accounting" was used by Stalin to simply deal with lack of waste in an enterprise. See the quotes from *Economic Problems* later in this chapter.

future this is bound to become the predominant, if not the sole, form of state enterprise. In actual fact, this means that with the free market now permitted and developing the state enterprises will to a large extent be put on a commercial basis. In view of the urgent need to increase the productivity of labor and make every state enterprise pay its way and show a profit, and in view of the inevitable rise of narrow departmental interests and excessive departmental zeal, this circumstance is bound to create a certain conflict of interests in matters concerning labor conditions between the masses of workers and the directors and managers of state enterprises, or the government departments in charge of them." (Lenin, "The Role and Functions of the Trade Unions under the New Economic Policy," *Collected Works*, Vol. 33, pp. 185-186.)

That was in 1922, and of course **such** economic accounting no longer existed when the NEP ended. The enterprises were now subordinated to the central state authorities, which gave them directives according to the plan. Nevertheless, even then there was still talk of economic accounting, and that was no coincidence, because even then there still remained something of economic accounting as it had been introduced in connection with the NEP.

The System of Economic Accounting after the End of the NEP

The *Textbook of Political Economy* of 1954 describes the mechanism of economic accounting fairly accurately. It is not known, whether significant changes were made to this mechanism between the 1930s and the time of the textbook's preparation in the early 1950s. It can therefore be assumed that the economic mechanisms described in the textbook were, by and large, established in the early 1930s.

"*The Socialist State distributes means of production among its enterprises and provides each of them with sufficient resources in materials and money to fulfill their plan. The enterprise, as a juridically independent economic unit, enters into economic relations with other enterprises and organizations, recruits its skilled workers, and organizes its own production, supplies, and sales. It has a current account in the State Bank where it deposits its money resources: it also has the right to receive bank credits, and has an independent balance-sheet*" (Part 3 B, Ch. XXXIV, p. 619).

"*Economic accounting also implies that the enterprise is **materially** responsible to other enterprises and economic organizations for meeting its obligations. Economic relations between enterprises are regulated with the aid of **economic contracts**. Enterprises acquire the means of production they need, and sell their output, by contracts which conform with the general State plan. The contract sets out: delivery conditions; the amount, variety, and quality of output; times of delivery; the price; times and methods of payment; and forms and extent of responsibility for violating the conditions of the contract. It fixes material penalties for breaches of its provisions, for exceeding deadlines or if the agreed level of quality has not been met*" (p. 619, emphasis in Textbook).

Thus there were supply contracts between the state enterprises, which were juridically independent economic units, with sophisticated contract clauses up to and including penalties, and real money was flowing. Of course, none of this would have made any sense if the money that went to an enterprise had gone straight from that enterprise to the central treasury without any deductions. Then the individual enterprise could also not have been "materially responsible." Therefore, each enterprise had its own resources, which it administered itself, or more precisely: that was administered by the enterprise manager:

"*The **net income of a State enterprise** is that part of the net income created by labor for society, which is accumulated in the enterprise concerned and is used to a considerable extent for the enterprise's own needs. The **centralized net income of the State** is that part of the net income of society which is concentrated in State hands to be used for public needs. These two forms of net income are made necessary by the system of economic accounting, on the one hand, and, on the other hand, by the fact that socialist economy needs to centralize a considerable part of its net income*" (ibid, p. 628, emphasis in Textbook).

The last sentence is an empty phrase[*]; in reality it provides **no** politico-economic justification **at all** for the existence of these two forms, just as the textbook gives **no** politico-economic analysis **at all** of the practices of economic management that it describes in detail. We will come back to this in a moment.

[*] This is simply not true.

Of course, the director of the enterprise could not dispose of the net income of the state enterprise as he wished, but on the other hand he had a considerable amount of leeway. Thus, a part of this net income was "*was allocated to the **director's fund**, for material support of the staff and other purposes*" (translated from the German, p. 537 f), that is, 1-5% of the planned net income of the enterprise and 15-45% of the profit in excess of the planned profit. From the director's fund the manager of the enterprise was allowed to pay out bonuses. To a certain extent, even more important was the part of the net income of the enterprise which "*the extension of production in the enterprise or branch concerned (by capital investments and the increase of its own circulating resources)*" (p. 628). This is where **enterprise** investment decisions were made, albeit in principle within the framework of the central plan.

We will mention only in passing that the enterprise could obtain bank credits from the State Bank, that they paid interest on them (the Bank was also subject to economic accounting), that in the event of irregularities in the accounts, they were able to obtain a loan from the State Bank, that they paid interest on the loan (the Bank was also subject to economic accounting), and in the event of irregularities in the use of the funds and failure to repay the loans on time penalty interest was due or further credit could be refused, etc.

Thus it was no exaggeration when we said above that even with the end of the NEP and the transition to a centrally planned economy, there was still something left of the economic accounting as Lenin described it when he introduced the NEP. Consequently, something must have remained of the negative consequences described by Lenin: " *the inevitable rise of narrow departmental interests and excessive departmental zeal*" and along with that "*a certain conflict of interests in matters concerning labor conditions between the masses of workers and the directors and managers of state enterprises, or the government departments in charge of them.*" Since this system of economic management was applied over the long term, these conflicts of interest had to take on a more or less systematic character. Enterprise managers had to develop their own interests, both in relation to the workers and to the central state authorities.

But all this was not analyzed in a Marxist way. For example, as precisely as the Textbook describes the mechanism of economic accounting, it consistently avoids any attempt at analysis. This is

despite the fact that the textbook itself (p. 603, German edition), in relation to the liquid assets of the enterprises which flow into the credit system, coined the highly interesting term of the "social property of the enterprise", a concept which can be applied to the net income of state enterprises in general. The contradictory nature of this term is immediately obvious: is it the property of the enterprise or of society? Well, the contradictory nature of this term is an accurate reflection of the contradictory nature of the social relation in question: the material and financial resources of the enterprise are in a sense the "property" of the enterprise, but not in the full sense of the property of a private owner. Through the plan, society distributes material and financial resources to the enterprises and controls their use. However, it is not yet in a position to do this so comprehensively and completely that its ownership position would be unrestricted. It is therefore forced to limit its ownership by giving the enterprise a certain degree of ownership.

Why Commodity-Money Relations?

Commodity-money relations were very limited compared to capitalist commodity production (and also compared to simple commodity production by small private owners) – otherwise there could be no talk of socialism. With regard to the means of production produced in the state sector, this is particularly evident in the fact that these could only be supplied from one enterprise to another on the basis of an allocation by the central authorities. On the other hand, real money flowed, some of which was even a direct source of accumulation for the supplying enterprise. The limitation of the commodity character of the products was also shown by the fact that the prices and the product range of the state-owned enterprises were centrally determined. On the other hand, as we shall see, there were both legal and illegal possibilities for the enterprise, that is, for the enterprise manager himself, to decide to a certain extent on the production of the enterprise itself. A detailed economic analysis of these relations would go too far here and must be carried out elsewhere. However, we can state that the commodity character of the products was severely restricted, but not completely eliminated. It was a matter of the transition from commodities to non-commodities. Socialist society was on the way to overcoming the value form of products, but on the other hand it was still forced to a

certain extent to use the value form, to use commodity-money relations.

That this was the case is by no means self-evident, since for Marxists it is undeniable that "*the value form of products... already contains in embryo the whole capitalist form of production*" (Engels, Anti-Dühring, Part III, Ch. IV, Marx-Engels Works, Vol. 25, p. 295). Even if one agrees with Lenin that socialism is a transitional period, "*which must combine the features and properties of both these forms of social economy*", that is, "*capitalism which has been defeated but not destroyed and communism which has been born but is still very feeble*" ("Economics and Politics in the Era of the Dictatorship of the Proletariat," *Collected Works*, Vol. 30, p. 107), one should not be surprised that socialism is still forced to a certain extent to use the value form to regulate production. It is true that neither Marx, nor Engels, nor Lenin had foreseen this, but this also should not surprise us, since they all did not tend to speculate, but kept to facts, and none of them had experienced a socialist economy. When Lenin justified the need for economic accounting, he was referring to a society in transition **to** socialism, that is, a society in transition to a society in transition. With regard to socialism itself, Lenin, like Marx and Engels, in terms of regulating **production**, foresaw only **one** crutch from the old society which socialism would have to use, namely state ownership. (With regard to **distribution**, to the regulation of **consumption**, Marx already showed in *Critique of the Gotha Program* that the society in transition to full communism would have to use value categories.) Lenin imagined as a transitional form that "*the whole of society will have become a single office and a single factory, with equality of labor and pay*" ("The State and Revolution," *Collected Works*, Vol. 25, p. 479).But things turned out differently, and the reasons for this require a Marxist analysis. They required an analysis even then, while economic accounting was maintained (although in a changed form) **despite** the end of the NEP, **despite** the transition to a centrally planned economy, but this analysis was not carried out. Of great importance was later Stalin's work *Economic Problems of Socialism in the USSR* (1951-52), in which he dealt theoretically with the problem of commodity production in the Soviet Union. It is, by the way, the last coherent Marxist work on these questions, and it is still of great importance today. Stalin explained in this work that in state-owned enterprises "*in the sphere of domestic economic circu-*

lation, means of production lose the properties of commodities, cease to be commodities... retaining only the outward integument of commodities (calculation, etc.)" (*Economic Problems*, p. 54). Although it was true that the commodity character was severely restricted, the value form was not completely stripped off, and a value form which had no social content whatsoever, which did not allow any conclusions to be drawn about the social conditions, cannot exist.* The social condition that corresponded to the value form consisted in the relatively low degree of socialization, in the fact that – as Stalin himself pointed out – nationalization was only the beginning of socialization. The bond between state enterprises was still not so close that thinking and acting in the categories "my enterprise – your enterprise" had ceased to exist, and consequently the value form could not be completely dispensed with in terms of the means of production.

After all, in 1931 Stalin had already given a hint, and – it was certainly no coincidence! – in the same speech in which he opposed egalitarianism with regard to wages, in which he decisively insisted that higher wages had to be paid for more skilled work. Stalin said:

"*It is a fact that a number of enterprises and business organizations have long ceased to keep proper accounts, to calculate, to draw up sound balance- sheets of income and expenditure. It is a fact that in a number of enterprises and business organizations such concepts as 'regime of economy,' 'cutting down unproductive expenditure,' 'rationalization of production' have long gone out of fashion. Evidently they assume that the State Bank 'will advance the necessary money anyway.' It is a fact that production costs in a number of enterprises have recently begun to increase. They were given the assignment of reducing costs by 10 per cent and more, but instead they are increasing them. Yet what does a reduction in the cost of production mean? You know that reducing the cost of production by one per cent means an accumulation in industry of 150,000,000 to 200,000,000 rubles. Obviously, to raise the cost of production under such circumstances means to deprive industry and the entire national economy of hundreds of millions of rubles*." And Stalin resolutely demanded: "*We must put an end to inefficiency, mobilize the internal resources of industry,* ***introduce and reinforce economic accounting in all our enterprises****, systematically reduce*

* This does not seem correct.

production costs and increase internal accumulations in every branch of industry without exception" ("New Conditions – New Tasks in Economic Construction," in *Works,* Vol. 13, pp. 76-77, 78; emphasis by RM).

So why the principle of economic accounting? Why did the Soviet power have to use commodity-money categories, not only as a means of **measuring productivity**, as the 1954 textbook shows us, but as a means (if only **one** means) of controlling the economy? Many state economic leaders obviously had no respect for the labor of working people. One can easily waste material (that is, objectified labor), one does not have to be economical with it, because "*that the State Bank 'will advance the necessary money regardless of what kind of robbery we do*". So why commodity categories? Because on the one hand the communist element, the management of the economy by socially conscious producers, was still relatively weak, and because on the other hand the decay that emanated from the necessary crutch of state ownership would otherwise have become too strong and unbearable. The nationalization of the means of production is an essential requirement for smashing the system of capitalist commodity production from the bottom up and for **starting** socialization. But nationalization is a **lower form of socialization**, and the decay that emanated from the state crutch would have swallowed everything if it had not been tempered by a second crutch, the commodity crutch.* The above 1931 quote from Stalin shows us this, although Stalin himself only states the facts and does not analyze them. He could not do this, because he himself did not comprehensively see the contradiction of the Soviet state and the class forces working in it, because he tended to romanticize this state, because he attacked concrete deficiencies of this state where he was able to perceive them, but did not theoretically analyze the contradictions underlying these deficiencies.

But the commodity-money category, this second crutch, which was supposed to counter-balance the decay that emanated from the first, the state crutch, was itself a source of decay. If commodity-money category forced the enterprise manager to be economical, this must at the same time have led him to work out his own inter-

* The point that nationalization is a lower form of socialization is correct, but the idea that the second crutch "tempers" the first does not seem to make sense.

ests, on the one hand in relation to the workers, and on the other hand in relation to the state authorities leading the economy. Of course, his position cannot be compared to that of a capitalist owner. The prices of the products were at that time set exclusively by state authorities, and these authorities also dictated to a large extent what was to be produced and which state enterprise were to supply which others with which products. Nevertheless, the relative independence of the enterprise managers gave them ample opportunity to undermine the plan.

This began with the preparation of the plan specifications for the production output of an enterprise. It goes without saying that the central planning authorities here were dependent on data from the enterprise if the plan specifications were not to hover in the air right from the start. However, the enterprise manager, whose actions were based exclusively or primarily on the economic stimuli provided by the economic accounting, was interested in achieving a plan that was as "soft" as possible, and accordingly he would provide the central planning authority with information, or rather disinformation. He could then easily overfill the plan and thus receive special bonuses, which would go into the Director's Fund or were used for the enterprise accumulation. On the other hand, he would usually be careful not to over-fulfill the plan too much, as this could make the planning authorities – who were not unfamiliar with the current practices of the managers – suspicious, and they would then enforce a much "harder" plan next time.

Furthermore, it was possible to formally fulfill (or over-fulfill) the plan to the letter, thus securing the bonuses in question, while ignoring the actual aim of the plan, the satisfaction of a specific social need. If the plan was expressed in terms of weight, for example, the heaviest possible material could be used. That was why the term 'ton ideology' was coined at that time. A metal plant, for example, was said to have increased its corrugated sheet metal production by 20% in terms of weight in five years, but only by 10% in terms of square meters – the plan was based on tons. (See Nove, *The Soviet Economy*, pp. 163-4; Nove referred here to data from Soviet newspapers.) The satirical Soviet magazine *Krokodil* (*Crocodile*) once showed a caricature of a factory that fulfilled the production plan for nails for a whole month by manufacturing a gigantic nail that hung from a high crane and towered over the entire factory (see ibid). If, for example, cloths were measured in linear meters, they

could be made narrower than desirable and thus formally fulfill the plan. However, if the plan is based on the value of the manufactured products expressed in money, it was possible to "fulfill the plan" by using unnecessarily expensive raw materials. Such problems were chronic in the Soviet Union and other socialist countries, as was the lack of spare parts, because apparently the production of spare parts was not "profitable".

For Marxists, such results are not surprising. How could commodity-money categories, which can finally be overcome only with the transition to communism, be the panacea for solving the problems of socialism? They could be no more than a crutch that, in addition to limited positive effects, also produced abundant negative ones. At best, the commodity crutch and the state crutch could be balanced against each other in such a way that the negative effects of both were kept within certain limits. The growing role of the working masses is strategically decisive for the strengthening of socialism – and this ultimately means: for the strengthening of the communist kernel in socialist society. "*Creative activity at the grass roots is the basic factor of the new public life.... Socialism cannot be decreed from above. Its spirit rejects the mechanical bureaucratic approach; living, creative socialism is the product of the masses themselves."* (Lenin, Meeting of the All-Russia Central Executive Committee, November 4 (17), 1917, *Collected Works*, Vol. 26, pp. 288-89)

Shortcomings in State Management

Neither through the mechanisms of economic accounting alone, nor through state centralism alone, nor through the combination of these two elements alone could socialism hold its own in the long run. Only the ever-increasing participation of the working masses in the management of the economy could have ensured the existence of socialism in the long run. "Economic accounting" in itself could only lead to enterprise managers increasingly acting and thinking like private owners. The state authorities countered this, but for two reasons their ability to ensure the functioning of a socialist economy was limited.

First, the high concentration of decision-making in the upper echelons of the management apparatus meant that these upper echelons were forced to decide on matters which they do not have sufficient insight into. They might not have the necessary information at

all, but they had to act as if they did. In this respect, it became increasingly apparent that, although the system of economic management was appropriate to the circumstances and tasks in the 1930s, when a huge effort was needed to build up heavy industry, and it was simply unavoidable during the war, it was less and less appropriate afterwards.

This was evident, for example, in the system of material allocations. There could be no question of socialism if, for example, machines could be freely bought and sold; it was absolutely necessary that machines be supplied from one state enterprise to another only on the basis of **allocations from central authorities**, even if real money flowed from one enterprise to another. But the system of allocation certificates at that time was apparently very rigid, and an attempt was made to have everything and anything concerning the allocation of means of production regulated by central authorities, so that these central authorities easily lost track of things. The same applied to prices. If individual enterprises were to be given the power to set the prices of their products, that would of course be the end of socialism; the enterprises – in fact, the enterprises managers – would then ultimately act like private capitalist owners. However, the forms in which prices were set by state authorities were apparently cumbersome and bureaucratic due to the hierarchical management apparatus with many agencies. "*Factory wholesale prices. Until 1957, decisions on prices were highly centralized. Virtually no price could be altered without the sanction of the all-union government; the industrial ministry, Gosplan* [the central planning organ, RM] *and the Ministry of Finance were those principally concerned, together with the Ministry of Internal Trade if the commodity in question was a consumers' good. Prices for new products had also to receive the sanction of the centre, and, with many administrative organs involved, there was often excessive delay."* (Nove, p. 135) As late as 1959, when under Khrushchev a certain degree of decentralization had already taken place – with extremely negative consequences, as we shall see – *Pravda* complained of the following incident, as Nove describes: "*As all visitors to the USSR were able to observe, nearly all Soviet homes had old-fashioned, dark red or dark orange lampshades, with tassels. Why? Because, according to a* Pravda *article, no other kinds were made for retail sale; modern lampshades were made for hotels and public buildings, but, since no retail price had been settled for them, they could not be sold to*

the public and production was being cut down, as all hotels had been supplied." (Nove, p. 184)

We spoke of two reasons why there were limits to the effectiveness of the management of the economy through a hierarchical apparatus. The first reason was the **problem of information**: the central offices could not know everything they needed to know in order to make informed decisions. The second reason was the **problem of interests**. The more hierarchical the management apparatus was, the more different were the positions of the various people involved in the production process and its management, and the more different, divergent class-based interests arise. A hierarchical apparatus produces the tendency of the leading functionaries at different levels to emphasize their own importance (or the importance of their respective level of function). For example, there wqs back and forth discussion until the production of modern lampshades had to be stopped because the bureaucrats could not agree on a price.

As it turns out, the socialist state is not a space free of interests; neither is it a monolithic entity that represents the interests of the proletariat totally and without restrictions. The proletariat needs and uses the socialist state, but at the same time, **conflicts of interest** arise both within the state apparatus and between the state organs and society, that is, the ruling working class. This is not surprising for Marxist-Leninists. Lenin had pointed out that the socialist state in a certain sense is "*the bourgeois state."* ("The State and Revolution," Ch. V, Sect. 4, *Collected Works*, Vol. 25, p. 476.) Marx and Engels had stated that "the illusory 'general' interest appears as the state" (*Marx Engels Works*, Vol. 3, p. 34. [Translated from the German]) The state is the recognition of the existence of different class-based interests in society. The different interests within socialist society work in a **masked** way (the illusory "general interest"!) even within the socialist state itself.

As we have already said, the state's management of production is an indispensable precondition for socialism, but it is only a lower form of socialization, whose sphere of action must be gradually reduced as communism advances. It cannot be restricted by constantly expanding the commodity-money categories, because that would be a return to capitalism. Rather, it must be done by the direct participation of the working masses in management. On the one hand, the communists must strive to ensure that within the state itself more and more working people increasingly participate in the manage-

ment. But that is not enough. On the other hand, to the extent that this is possible in each case, social decisions must be made by the people concerned themselves, through non-state forms and mechanisms. Both lines of development were relatively limited in the Soviet Union because of the conditions and developments we have described.

Moreover, economic accounting is also a recognition of conflicting interests within the state itself.* If the state enterprises, or rather the managers of the enterprises, all had the same interest, which coincided with the interest of society as a whole or of the revolutionary proletariat, they would not have to be stimulated with financial means to economize with the goods produced by the working class. They would then do so on the basis of this common interest. But this was not the case. Economic accounting was an attempt to provide individual interests with a terrain in which they could operate legally. This was to prevent them from working illegally and uncontrolled.

This latter succeeded less and less. Thus the Central Committee complained in its Report of its activities at the 19th Party Congress in 1952 that "*many enterprises*" worked in a backwards manner and delivered " *fulfill almost half of their monthly production programs in the last ten days of the month. The result is that machines and equipment are not used to full capacity, overtime has to be worked, there is an increase in rejects, and the work of cooperating plants is disorganized. Some plants, in order to fulfill their gross production plan, resort to* ***the practice, detrimental to the state, of extra-plan production of secondary items, while failing to meet assignments for production of major items listed in the state plan.***" (Malenkov, Moscow, 1952 pp. 59-60, emphasis by RM) Clearly many enterprises produced for private customers† at the beginning of the month and then tried to somehow "fulfill" the plan by working overtime at the end of the month. But why did they produce "secondary items" at all, since they would miss out on bonuses for fulfilling the plan? Obviously because more could be earned with these "secondary items". Thus the black market.

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* The conflicting interests is correct, but this is not what economic accounting was meant to resolve.

† Where there really private customers at that time?

Already then, the tolkach ("the organizer") had become a typical figure in the Soviet Union. He was "*the more or less illegal intermediary who, while formally attached to a particular enterprise, travels around the country arranging illegal 'deals.' On 30th March, 1952 the satirical journal* Krokodil *gave a splendid little caricature of him, together with a short poem in which we were told that he can get anything: iron, bricks, timber, nails... The technique employed is almost always* blat*, which means bribing the higher authorities. It is not surprising that in Stalin's day the saying circulated in the U.S.S.R. that '*blat *is stronger than Stalin.' The problem of the* tolkach *was widely raised in the preparatory discussion for the 20th Congress of the C.P.S.U. (see* Pravda*, issues of February 1956). Khrushchev's reforms did not solve the problem. An article published on 15th May, 1960 by a Soviet journal estimated that the factories in the* sovnarkhoz *area of Dnepropetrovsk were visited during 1959 by 7,000(!) tolkachi."* (Ernest Mandel, "Marxist Economic Theory," pp. 591-92)

On the Method of Using Opposition Literature

We would like to take this opportunity to insert a brief methodological note. Some readers may be surprised that we also use anti-communist literature: The book by Stalin's daughter Alliluyeva, from which we quoted, was an anti-communist showpiece in the West. Nove, who writes very factually, ultimately pursues the purpose of documenting the "superiority of the West". The Trotskyist Mandel paints the decay that emanated from the Soviet state apparatus in all colors in order to spread the liberal illusion of a "light socialism" to the people, which is supposed to be largely free of "disturbing ingredients" such as the party and state. So why do we refer to such opponents of revolutionary Marxism?

Well, we do not adopt their theories, but rather take facts that they gathered. It is precisely the most skilful opponents of communism (and we include Mandel) who know how to compile such facts, which have not yet been sufficiently theoretically analyzed by Marxist-Leninists. If there is no revolutionary theory that explains these facts sufficiently, such people find an even safer hiding place for their counter-revolutionary theories. Consequently, it cannot be a matter of keeping silent about the work of these opponents of communism. If the Marxists are up to the task, they should take advantage of the fact that the opponents expose the shortcomings

and gaps in the Marxists' analysis in order to remedy these shortcomings and close these gaps. The verifiable facts must be analyzed theoretically, and what the opponents offer in terms of correct analysis in places must also be included in their own analyses. On this basis, the ideological content of the conclusions of the opponents can then be really convincingly rejected and the class content of the opponent's analyses can be convincingly exposed as the ideology of justification of capitalism or revisionism. For this very reason, we do not shy away from analyzing opposition literature.

The Role of the Working Masses Became Increasingly Weak

Back to the "tolkachi" and the "blat". The tolkach is a haggler; he embodies commodity-money relations, admittedly not in a legal form, but at least in a form more or less tolerated by the state. The state bureaucrats do not take consistent action against the tolkach system, because they instinctively feel that here is a safety valve which prevents the boiler from bursting with discontent at the shortcomings of the state economy. Conversely, the tolkachi need the state, they need relations with state organs, and if possible with higher state organs. We said above: in the best case, the tactics of the proletarian party can have the effect of balancing the shortcomings of commodity-money relations and the shortcomings of state ownership, the commodity crutch and state crutch. In the best case. But in the worst case, the deficiencies emanating from these two crutches multiply, and in the end, the communist kernel, the initiative of the working masses, their direct participation in the management, administration and government, is dried up. **Then**, after such a transition, state ownership and the commodity economy are no longer crutches, namely, crutches of a communist economy which cannot yet run by its own power. Then the orientation towards communism is destroyed; state ownership and the commodity economy will be the actual mode of existence of the economy and society, whatever the ideological disguises of the revisionists may be.

To what extent state ownership and the commodity category counter-balance their respective shortcomings and to what extent they multiply these shortcomings depend not primarily on their proportions, but on the strength of the communist factor.

4. The Workers' Power Needed Two Crutches

After all this, the question arises as to why the communist initiative of the working masses was not developed more than it actually was. The weakening of this communist initiative and ultimately its elimination is the decisive line of development which led to the destruction of socialism in the Soviet Union in the mid-1950s. But the development of this initiative itself depends on a whole range of objective and subjective factors.

Stalin led the struggle to develop this initiative. His shortcomings in the theoretical analysis of the Soviet state, which we have mentioned above (p. 44[*]), did not prevent him from waging a sharp struggle against bureaucracy in the state apparatus, which coincided to a great extent with the struggle for the development of the initiative of the working masses. In a sense, it was both a far-sighted and gloomy foresight that Stalin said as early as 1928:

"*The fact that we have a group of leaders who have risen excessively high and enjoy great prestige is in itself a great achievement for our Party. Obviously, the direction of a big country would be unthinkable without such an authoritative group of leaders. But the fact that as these leaders rise they get further away from the masses, and the masses begin to look up at them from below and do not venture to criticize them, cannot but give rise to a certain danger of the leaders losing contact with the masses and the masses getting out of touch with the leaders.*

"This danger may result in the leaders becoming conceited and regarding themselves as infallible. And what good can be expected when the top leaders become self-conceited and begin to look down on the masses? Clearly, nothing can come of this but the ruin of the Party." (The Work of the April Joint Plenum of the Central Commission and the Central Control Commission," in *Works*, Vol. 11, p. 34, English edition)

In 1927 Stalin declared at the 15th Party Congress

"*Wherein lies the weakness of our state apparatus? In the existence within it of elements of bureaucracy which spoil and distort its work. In order to eliminate bureaucracy from it – and this cannot be done in one or two years – we must systematically improve the state apparatus, bring it closer to the masses, reinvigorate it by bringing in new people loyal to the cause of the working class, remodel it in the spirit of communism, but not break it up or discredit it....*

[*] The page reference in the German edition seems obviously incorrect.

"Here is a worker, a tool-maker, who was promoted to a managerial post at his plant because he was a capable and incorruptible man. He worked for a couple of years, worked honestly, introduced order, put a stop to inefficiency and waste. But, working in this way, he trod on the toes ["*disturbed the* ***interests***" in the German edition] *of a gang of so-called "Communists," he disturbed their peace and quiet. And what happened? This gang of "Communists" put a spoke in his wheel and thus compelled him to "demote himself," as much as to say: 'You wanted to be smarter than us, you won't let us live and make a bit in quiet – so take a back seat, brother."*

"Here is another worker, also a tool-maker, an adjuster of bolt-cutting machines, who was promoted to a managerial post at his factory. He worked zealously and honestly. But, working in this way, he disturbed somebody's peace and quiet. And what happened? A pretext was found and they got rid of this 'troublesome' comrade. How did this promoted comrade leave, what were his feelings? Like this: 'In whatever post I was appointed to I tried to justify the confidence that was placed in me. But this promotion played a dirty trick on me and I shall never forget it. They threw mud at me. My wish to bring everything into the light of day remained a mere wish. Neither the works committee, nor the management, nor the Party unit would listen to me. I am finished with promotion, I would not take another managerial post even if offered my weight in gold'....

"But this is a disgrace to us, comrades! How can such outrageous things be tolerated?

"The Party's task is, in fighting against bureaucracy and for the improvement of the state apparatus, to extirpate with a red-hot iron such outrageous things in our practical work as those I have just spoken about." ("The Fifteenth Congress of the C.P.S.U.(B.)," in *Works*, Vol. 10, pp. 328, 329-330, emphasis by RM)

Stalin had a clear class standpoint, he sided with the working class, he fought against those who wanted to maintain the inherited vestiges of command over the labor of others inherited from capitalism as a socio-economic category. The word we have emphasized in this quote, "**interests**", suggests what lay behind such phenomena. Interests, these are class-based interests. Although the bourgeoisie no longer existed, and although there were no two classes of leaders and implementers, class differences based on the division of labor

and structures of the old society that had not yet been overcome, still existed, and these differences corresponded to class-based interests.

The interests that arise from the difference between those above and those below, from hierarchical structures that still exist, these interests also give rise to bureaucracy in the state apparatus on the one hand and the struggle against bureaucracy on the other. For this very reason, however, this bureaucracy cannot be completely eliminated as long as some of these class-based differences still exist. And on the other hand, when there are none of these differences left, then there will no longer be a state, but a communist society without classes or a state. It is therefore an illusion to assume that the bureaucracy in the socialist state apparatus can be **completely** eliminated. In the end, such an illusion does not serve the fight against bureaucracy either. It may at first seem inspiring, but the more clearly one sees that one cannot achieve that goal, the more resignation can gradually arise. We must set ourselves realistic goals.

In socialist Albania, too, the slogan of the "eradication of bureaucracy" was issued, a slogan that is illusory within socialism, the transitional society to communism. See for example Agim Popa in *Albania Today* 5/78. This article also quotes Enver Hoxha, who says that *it is quite possible for the dictatorship of the proletariat, after being established, to be preserved pure, intact and unshaken at all times and in all its links and directions, developing and becoming perfect continuously."* (p. 31, c. 2)" The idea of such "purity" is also illusory. In another context, Lenin said very clearly: "*There are **no** 'pure' phenomena, nor can there be, either in Nature or in society – that is what Marxist dialectics teaches us, for dialectics shows that the very concept of purity indicates a certain narrowness, a one-sidedness of human cognition, which cannot embrace an object in all its totality and complexity."* ("The Collapse of the Second International," in *Collected Works*, Vol. 21, p. 236) This is even more true with regard to socialism, which contains both phenomena of the old society that has not yet been completely destroyed and of developing communism. The idea of a "pure" proletarian power virtually obscures the view of the partly contradictory class forces and interests that are opposed to each other within the apparatus of this power. And so, in addition to the mistake we mentioned above, of setting unrealistic goals, there is a second mistake:

one has a wrong or incomplete conception of the class forces to be fought and of the socio-economic roots of these class forces. Here too, our aim is not to make a know-it-all criticism history and those who acted in very difficult circumstances at the time, but to learn lessons from the past for the future.

Thus in 1927 Stalin had said that the goal of driving bureaucracy out of the state apparatus could not be achieved in a year or two. But **ten** years later, in 1937, he had to give the following examples, in this case concerning not the state apparatus but the party apparatus:

"*The other example. I have in mind the case of Comrade Nikolayenko. Who is Nikolayenko? Nikolayenko is a rank-and-file member of the Party. She is an ordinary 'little person.' For a whole year she had been giving signals that all was not well in the Party organization in Kiev; she exposed the family spirit, the philistine petty-bourgeois approach to workers, the suppression of self-criticism, the prevalence of Trotskyite wreckers. But she was constantly brushed aside as if she were a pestiferous fly. Finally, in order to get rid of her they expelled her from the Party. Neither the Kiev organization nor the Central Committee of the C.P. of the Ukraine helped her to bring the truth to light. The intervention of the Central Committee of the Party alone helped to unravel the knot. And what transpired after the case was investigated? It transpired that Nikolayenko was right and the Kiev organization was wrong. Neither more nor less. And yet, who is Nikolayenko? Of course, she is not a member of the Central Committee, she is not a People's Commissar, she is not the secretary of the Kiev Regional Organization, she is not even the secretary of a Party cell, she is only a simple rank-and-file member of the Party. As you see, simple people sometimes prove to be much nearer to the truth than some high institutions. I could quote scores and hundreds of similar examples."* ("Report and Speech in Reply to Debate at the Plenum of the Central Committee of the C.P.S.U.(B.), March 3-5, 1937," in *Works*, Vol. 14, p. 290,. Also reprinted in the U.S. under the title Mastering Bolshevism)

In the same speech Stalin revealed how leading functionaries "mostly" (!!!) select their workers:

"***Most often**, workers are not chosen for objective reasons, but for casual, subjective, philistine, petty-bourgeois reasons. **Most often**, so-called acquaintances, friends, fellow-townsmen, personally*

devoted people, masters in the art of praising their chiefs are chosen without regard for their political and business fitness.

"Naturally, instead of a leading group of responsible workers we get a little family of intimate people, an artel, the members of which try to live in peace, try not to offend each other; not to wash dirty line in public, to praise each other, and from time to time send vapid and sickening reports to the centre about successes.

"It is not difficult to understand that in such a family atmosphere there can be no place for criticism of defects in the work, or for self-criticism by leaders of the work.

"Of course, such a family atmosphere creates a favorable medium for the cultivation of toadies, of people who lack a sense of self-respect, and therefore, have nothing in common with Bolshevism.

"Take for example Comrades Mirzoyan and Vainov. The first is the secretary of the Kazakhstan Territorial Party Organization, and the second is the secretary of the Yaroslavl Regional Party Organization. These people are not the worst in our midst. But how do they choose workers? The first dragged with him to Kazakhstan from Azerbaidjan and the Urals, where he had worked formerly, thirty to forty of his 'own' people and placed them in responsible positions in Kazakhstan. The second dragged with him to Yaroslavl from the Donetz Basin, where he had worked formerly, over a dozen of his 'own' people and also placed them in responsible positions. And so Comrade Mirzoyan has his own artel. And Comrade Vainov also has his own artel. Guided by the Bolshevik method of choosing and placing people, could they not choose workers from among the local people? Of course they could. ***Why, then, did they not do so? Because the Bolshevik method of choosing workers precludes the possibility*** *of a philistine petty-bourgeois approach, precludes the possibility of choosing workers on the family and artel principle.* ***Moreover****, in choosing as workers people who were personally devoted to them these comrades evidently wanted to make themselves, to some extent, independent of the local people and independent of the Central Committee of the Party.* (*Works*, Vol. 14, pp. 279-281. Emphasis by RM)

In the revisionist GDR too, as is well known, such old-boy networks were a pervasive phenomenon, though in contrast to the Soviet Union, which was still socialist in Stalin's time, there was no longer any possibility of fighting this, and the proletariat was finally

ousted from power. In the socialist Soviet Union there were not only such phenomena, but also the struggle against them. Stalin relentlessly exposed such phenomena, he did not shy away from the observation that the leading functionaries "mostly" chose their workers in this way, and he fought against them with a clear class and party standpoint. But from today's point of view it must be said that his analysis of such conditions was insufficient. The "violation" of certain "principles" could not be the final reason for such behavior of these functionaries, because in the end people do not act in one way or another because they follow or violate principles, but their actions are determined by their interests. This also comes through in the last sentence of the Stalin quote, where after the word "moreover" he implied interests. But this is not a clear analysis of the socio-economic relations from which, because of their relative backwardness, interests necessarily directed against the proletariat must arise. This cannot be blamed on the revolutionaries acting at the time. From today's point of view, in retrospect, it is a thousand times easier to analyze these questions. But this task must then be carried out; one must not stop at earlier answers to these problems, if and to the extent that they have proved inadequate.

It is a fact that the role of the working masses became increasingly diminished, and the more this happened, the more helpless became the appeals of the communists who opposed it. Thus, the Report of the CC of the CPSU(B) at the 19th Party Congress in 1952 emphasized: " *It is particularly important at the present time to stimulate self-criticism and criticism from below, and ruthlessly to combat, as malignant enemies of the Party, all who hamper the development of criticism of our shortcomings, who stifle criticism, and answer it with persecution and victimization."* (op. cit. p. 115) *"Criticism from below can grow and spread only if every person who comes forward with sound criticism feels sure that he will have the support of our organizations and that the defects he points to will really be removed."* (ibid. p. 117) "*Criticism from below can grow and spread only under the condition that everyone who makes healthy criticism is convinced that he will find support in our organizations and that the shortcomings he has exposed will be actually remedied.*" (p. 120) But as early as 1927 Stalin had wanted to "*extirpate*" bureaucracy "*with a red-hot iron*", but it turned out that this did not depend solely on the will of the revolutionaries.

4. The Workers' Power Needed Two Crutches

The activity and thinking of people depend decisively on the relations of production. As we have seen, there was a hierarchical, pyramid-shaped and at the same time cumbersome management apparatus whose higher organs had to decide on far more questions than they could competently judge. To compensate for this, the enterprise managers had a relative autonomy from the central authorities. However, they had quite a large degree of independence from their work force. According to the 1954 Textbook on Political Economy, the state administered "*the enterprises belonging to it, administering them through its representatives – the directors of enterprises."* Neither appeals to the masses to "criticize from below", nor appeals to the apparatchiks to follow the directives and norms of the party could be the key to a successful communist policy. The linchpin for such a policy had to be the revolutionization of the relations of production. How exactly, we cannot say, we do not know the particulars well enough, but it seems obvious to us, as we said, that the relations of production that were established in the 1930s, especially the system of leadership that was established at that time, no longer corresponded to the situation. In particular, over-centralization had to be reversed, one way or another: either in the interests of the working class or in the interests of the privileged strata. Either in such a way that the workers took a greater part in the management and administration of the economy, or in such a way that the enterprise managers were given greater freedom of decision, that is, that the commodity-money categories were expanded. The task of the communists was to work towards the former and thus avoid the latter.

As far as we know, however, there was no recognizable initiative on the part of the acting revolutionaries. In the final analysis, even Stalin seemed to want to defend the existing system of leadership. However, it is easy to understand why he probably shied away from decentralizing decision-making powers and the associated reduction of the economic sphere of action of the state authorities: at that time, enterprise managers were massively striving for more independence, and a climate had arisen which was favorable to such efforts. In Yugoslavia, such aspirations had already prevailed, and that country returned to capitalism relatively quickly. Stalin probably feared that decentralization of decision-making powers would have counter-revolutionary rather than the hoped-for revolutionary

effects, and there were strong reasons for such fears. We will go into this in more detail later.

5. Revolutionary or Counter-Revolutionary Dismantling of Over-Centralism?

We have seen that the strictly centralized system of management introduced in the 1930s was necessary at the time to carry out industrialization with a tremendous effort, but that this system of management was all the less effective the more it was necessary to go over to broad-based, intensive economic activity. It was also necessary to change this system of management from the point of view of strengthening the communist element within socialist society, because it was based to a large extent on state command structures and because on the basis of these relations of production the class-based differences between those above and those below, between leading and implementing functions could not be reduced. As long as the weakly developed productive forces made this system of management necessary, it did not prevent the working class from playing an active role, because the class-conscious workers could see very clearly that there was no other way to develop the productive forces quickly in the interests of their class. But the more this system of management objectively survived, the more it had to come into contradiction with the strategic goal of the working class to eliminate all class-based differences on the road to communism. The functionaries who had been brought into their leading positions by the workers' movement had to develop more and more their own class interests directed against the working class, while on the side of the workers there had to be an increasing awareness that they actually had nothing to say in society.

But what changes in the relations of production within the state sector would have been necessary to put an end to such a development, so that the revolutionary working class could once again take the offensive? This is difficult to say in detail, since we do not know the concrete conditions precisely enough. But as we have already said, over-centralism had to be dismantled one way or another, the only question was with what class objective this would take place.

We will first try to sketch what a **revolutionary** dismantling of over-centralism would have entailed. We do not know, however, what the conditions for the realization of such a conception were in the early 1950s, whether it could have been realized on the basis of

the given balance of power between progressive and regressive elements.

How Could a Revolutionary Dismantling of Rigid Centralist Forms of Leadership Have Looked?

Let us first ask ourselves what the relationship between centralized and decentralized activities would be **in the developed communist society**. This is important for our question because socialism is the transitional society **to communism**, and the strategy of the revolutionary working class must therefore be oriented towards the communist goal.

Under communism, production will be directed by the united producers, among whom there will no longer be any class differences. Every other form of regulation of production will have been eliminated; both the commodity crutch and the state crutch will have been eliminated without remnants. However, the distribution of social labor is a highly complex matter, even under communism, which requires a precise knowledge of the inner logic of the division of labor in social production and the most precise empirical registration possible of the production capacities and conditions of the various branches of production and even of individual enterprises. Social production cannot be organized if everyone does what they think is right. Rather, even under communism, a central office must make and enforce binding decisions. We are talking about the direct practical management of production. Of course, under developed communism the whole of society will discuss and decide on fundamental questions of social development, but even then the details of practical implementation cannot, of course, be discussed by everyone.

Complete socialization presupposes, in some ways, a **higher degree of centralism** than is possible and necessary in socialist society, but in other ways it presupposes a **dismantling of centralism**:

Even under communism, not all decisions can be based on centralized guidelines. By their very nature, central decisions are of a **general** nature and cannot fully capture and reflect local particularities. Thus, the task of bringing to life, realizing, supplementing and specifying central decisions which are **of a general nature** is a con-

stant challenge at the local level. This is by no means a mechanical execution of central decisions, but a creative matter. The local authorities must **act consciously and with a strong sense of responsibility towards society** in order to give concrete form to and implement the central decisions. This will only be possible if the rank-and-file, if the local authorities and individuals understand that the central guidelines reflect objective economic laws and are therefore an expression of the need, in other words in the interests of society, to implement them in order to satisfy the requirements of society. But they can understand this in developed communism precisely because the central specifications are the product of collective decision-making, in which all individual producers are ultimately involved. Without such collective processes at the rank-and-file level, no central decisions would be possible that reflect reality sufficiently accurately.

Now, even under communism, there will inevitably be contradictions between different levels of function, partly because not everyone will participate to the same extent in the discussion and decision making of social affairs, even though society offers everyone basically the same opportunities to do so. However, the **class-based** contradictions will be completely eliminated. Under developed communism, a relationship between centralized and decentralized decision-making, which promotes the creative power of the producers at **all** levels, will no longer be hindered by any **class-based** barriers. In particular, despite the continued existence of different levels of function, there will no longer be a social division of labor which always assigns only managerial activities to one part of society and only implementing activities to another part. Engels mocked Dühring, who thought such a division of labor to be eternal: "*It is true that it must seem monstrous to the mode of thought of the educated classes Herr Dühring has inherited that in time to come there will no longer be any professional porters or architects, and that the man who gives instructions as an architect for half an hour will also act as a porter for a period, until his activity as an architect is once again required. A fine sort of socialism that would be – perpetuating professional porters!*" (Engels, *Anti-Dühring*, Foreign Language Press, Peking 1976, p. 257.)

Socialism as a transitional society in to communism is the process of abolishing such a division of labor. To the extent that this process has not yet been completed, the central requirements have

not yet been sufficiently created through responsible social behavior at the rank-and-file level, and this means that centralism will be formal to a certain extent. Since the communist, social initiative of the rank-and-file is not yet sufficient, the central authorities will be forced to regulate things that they **cannot** regulate in a meaningful way. And on the other hand: as long as there are "specialists for central tasks", they will necessarily develop the ambition to kill off the initiative from below by an excess of central regulations. Bureaucracy is created out of necessity to the extent that the division of labor in the old society has not yet been overcome.

The orientation towards communism means, among other things, that formal centralism is increasingly being dismantled, while communist centralism is growing stronger: "As *socially developed and conscious individuals, people* (under communism, RM) *will exercise all partial functions with a view to the whole, and they will have the possibility of alternately performing different partial functions. Thus the difference between only leading and only implementing functions will also disappear. Most decisions will be made by the people concerned. The comparatively few, but important central decisions that remain will be made by committees that are not made up of people who will hold only these functions until the end of their lives. It will not be a particular social stratum from which these committees are recruited. Anyone can have real influence on the central decisions and on the corresponding and changing composition of the central committees*". (Program of the KPD, p. 21 f.)

Admittedly, it is a long way until then. Formal centralism is anything but desirable, but to a certain extent inevitable as a **rough draft of the new**. The old relations of commodity exchange must be smashed, but the new ones cannot be ready at a stroke. Rather, establishing the new ones is a much more strategic task, about which Bukharin (whose later policy was in stark contrast to this quote) had remarked: "*The seizure of power in the enterprise by proletarian cells is essentially here a task of the economic struggle: the working class as the ruling class fixed in all pores of economic life"*. Here Lenin had remarked, *"this is the core. The author should have dwelled more on the concept of the 'ruling class'*." (Lenin, *Notes on Bukharin's 'Economics of the Transition Period'*, op. cit., p. 58 [Translated from the German]) To the extent that the class-conscious proletariat fixed its position "in all pores of economic

life", formal centralism would be gradually eliminated. By increasing the decentralized activities socialist or communist centralism does not become weaker but stronger: decisions of central authorities are then reduced to those spheres in which **in substance** decisions can or must be made centrally. The sphere in which central authorities make decisions is thus reduced, but the decisions of central authorities take on a higher quality. At the same time, the "central" behavior of decentralized levels and individuals, that is, the behavior of decentralized levels and individuals which is characterized by responsibility for society as a whole, is growing.

What Stood in the Way of Socialist Decentralization?

Why then, after the war or at least in the early 1950s, was such socialist decentralization not simply introduced? Well, if one asks the question in such a simplistic way, the answer is just as simple: because one cannot do everything one wants, one can only do what the circumstances allow one to do. This is not to say that there were no possibilities for the revolutionary forces around Stalin to take the initiative in such a sense. But it is hardly possible for us today to assess the state of the class forces at that time so precisely that we could say how, by means of a realistic revolutionary policy, a course could have been set for reducing the differences between those above and those below.

One thing we can say, however, is that at that time there was a growing force that wanted to **dismantle centralism from a different angle**. A force that wanted **to take back the state leadership of the economy**, but not to move on to **higher forms of socialization**, but **to put an end to socialization**. A force that denounced the shortcomings of formal centralism, but not in order to advance from the "rough draft of the new" to more developed forms, but to break off communist construction and restore the old order of commodity production and thus, ultimately, capitalism. This movement started out from the enterprise managers, but we shall see that other sections of the privileged stratum also had an interest to a certain extent in supporting this movement. In this situation, any attempt by the revolutionary forces to weaken the state management of production and dismantle centralism would have been a balancing act. There would have been a great danger that such an attempt would have

strengthened not the forces of communism but the forces of bourgeois-liberal counter-revolution.

The Enterprise Managers Demanded Liberal Economic Reforms

We have seen that in the 1930s the Soviet power introduced the so-called system of economic accounting (or took it over from the times of the NEP with a changed content) in order to counteract the decay that emanated from formal centralism. The shortcomings emanating from the crutch of state ownership were to be mitigated in some way by using a second driving force of the old society as the crutch of socialism: commodity-money relations. Nove cites a rather apt example: "*Allotment receipts often do not specify the exact type or quality to be delivered, and this becomes subject to negotiation*." (Nove, p. 225 [Translated from the German]) Formal centralism was mitigated by the fact that the central authorities did not regulate certain things. This created legal room for maneuver for the contractual system of economic accounting: in the example given by Nove, the supplying and receiving enterprises were free to negotiate the type and quality of the products to be supplied. There may well have been several such deliberate loopholes in central regulations, which left legal scope for free contractual arrangements between state enterprises.

Nove continues in the following sentence: "*The sovnarchozy just as the companies then judge more by their indicators of success than by the needs of the customer*". (ibid. [Translated from the German]. Sovnarchozy were regional economic councils) Nove wanted to show here that "the socialist system was no good". But he showed something quite different. He showed that the state crutch and the commodity crutch mutually mitigated their respective shortcomings only when a third element intervened in a leading way, a socio-economic element which was not borrowed from the old society but embodied the future communism: the social leadership and control by the working people, the "strengthening of the working class as the ruling class in all pores of economic life". This class, led by its party, had to ensure that production was oriented towards social interests. If this communist motive force was too weak, the signs of decay that emanated from the state crutch on the one hand

and the commodity crutch on the other hand **multiplied**, as we have already said.

How could it be otherwise, since both were driving forces of the old society, which could only be useful as **crutches** of the still weak communism? Crutches **alone** cannot walk. In the example given by Nove, this meant that if the allocation of material made by central authorities left room for maneuver, this could only be used in the communist sense if the class-conscious proletariat had and took the opportunity to lead here in the direct communist sense, in whatever form this could take. If the filling of these gaps **was limited** to the fact that the enterprise managers made decisions which were guided solely by the standpoint of the profit of individual enterprises, then the orientation of production to the interests of society could not be guaranteed. What is more, if the communist element disappeared entirely (as was the case in the Soviet Union after Khrushchev's seizure of power in 1953-1954, and in the GDR probably after the events of June 17, 1953), the regulation of the economy through the combination of central command and commodity-money relations functions were **worse** than regulation through the law of value, in which prices fluctuated around value according to the relationship between supply and demand. In the so-called market economy, this fluctuation of prices caused a **certain** orientation towards needs. In any case, here there was usually no effective demand for a certain product, but this product was not produced or was produced in the long term in too small quantities. This was different in the case of a bad combination of a state command economy with commodity-money control: here central authorities set the prices by and large, and the profit of the individual enterprise hardly depended on the satisfaction of social needs, but much more on the relations of the enterprise manager with the state bureaucrats on the one hand and with other managers on the other. One hand washed the other, and the consumer was left by the wayside.

Incidentally, Nove found the extensive detachment from the needs of the customer to be quite instructive; his account referred to the year 1960:

"*Retailers can judge by the length of the customer queues, by the opinions of unsatisfied customers and by the quantity of unsold stock whether certain varieties should be ordered in larger quantities and that others are not in demand by the public. But the retail shop or local torg* (retail trade, RM), *which organizes the shops in a*

town, has very limited opportunities for action. Although it can place orders directly with local and cooperative industries, the vast majority of deliveries must be made through wholesalers operating at the Republican and Union level..). As one Soviet critic put it: 'Between the producer and the consumer there is the sales organization (sbyt), which depersonalizes the product, so to speak'; the wholesale trade agency's profits are tied to fixed margins, their plans are expressed in gross sales, they are far removed from the customers and have no important reason to meet their needs. ***They are not adequately penalized for holding unsalable stocks, because warehousing of stocks is automatically covered by credits from the State Bank."*** (pp. 197 f., emphasis by RM [Translated from the German]) This quotation, and especially the emphasized sentence, shows very well how the institutions of "economic accounting", originally calculated to alleviate the shortcomings emanating from the state crutch, on the contrary, drastically aggravated these shortcomings as soon as the communist element was removed.

This quotation, as has been said, referred to the state of the Soviet Union after Khrushchev's "great reforms". But already at the beginning of the 1950s the signs of decay were very strong or rather the communist element had become very weak, as for example the report of the CC made by Malenkov at the 19th Party Congress showed.

We said above: If the communist element is eliminated, the combination of a state command economy and commodity-money relations was even worse than a market economy at ensuring a certain orientation of production towards needs. This is precisely what the stratum that was grouped around the enterprise managers speculated on. They did not, of course, draw the consequence from the abuses to demand a strengthening of the role of the working class. No, because of their class interest they drew the opposite conclusion. They used the shortcomings of the economy to create a climate in which the call for greater use of "economic stimuli" became fashionable, that is, commodity-money relations were to be expanded, and state "interference" in production was to be limited. Ultimately, this amounted to the objective of granting the enterprise manager extensive freedom over the management of "his" enterprise. In particular, he was to decide on the production and prices of the products. Of course, this was not usually said so openly at the

time, but in the end it all came down to this. The factory managers wanted to act like private owners under capitalism.

6. The Forces of "Liberal" Counter-Revolution Were Stirring

Stalin against Yaroshenko

In 1951-52 an economic discussion was held in the Soviet Union. During this discussion, the economist Yaroshenko criticized a formulation by Stalin in which he described the satisfaction of the requirements of society as the aim of production. Yaroshenko objected: "*Production is presented here as the means of attaining this principal aim – satisfaction of requirements. Such a definition furnishes grounds for assuming that the basic economic law of socialism formulated by you* (that is, by Stalin, RM) *is based not on the primacy of production, but on the primacy of consumption.*" (Yaroshenko, quoted by Stalin, in *Economic Problems of Socialism in the U.S.S.R.*, Foreign Languages Press, Peking, 1972, p. 77) Yaroshenko thought that this was wrong. Stalin replied among other things: *"...the aim of capitalist production is profit-making. As to consumption, capitalism needs it only in so far as it ensures the making of profit. Outside of this, consumption means nothing to capitalism. Man and his needs disappear from its field of vision.... The aim of socialist production is not profit, but man and his needs, that is, the satisfaction of his material and cultural requirements.*" (Stalin, ibid. p. 79)

Yaroshenko's objection was explicitly directed against considering the satisfaction of social needs as the goal of production. How was it possible that in 1952, three and a half decades after the October Revolution, a recognized economist expressed the view that also under socialism – just as under capitalism – production must be for the sake of production, accumulation for the sake of accumulation, that production must therefore not be oriented to social needs?

We have seen that the social management of production was not yet absolute, that Soviet power was forced to use commodity categories through the system of "economic accounting". As long as this is the case, the utilization of value, accumulation for its own sake, is **one** driving force of production. The social prestige of the enterprise managers depended to a large extent on whether they were assessed as having fulfilled or over-fulfilled the plans, and there were – as we have seen – ways of achieving the assessment of

fulfillment or over-fulfillment without being oriented by social needs.

If the enterprise was an independent economic unit, if it was, by and large, required to create a profit for the individual enterprise, if this profit was at least **one**, not the only one, but nevertheless a not insignificant source of accumulation of this enterprise, then the satisfaction of the needs of society as a whole **was not** the only aim of production. Then the attainment of the profit of the individual enterprise as the purpose of production was **secondary** to this aim. This was necessary on the one hand as a **supplement** to the conscious social management of production, which was alone too weak to guarantee the necessary productivity. On the other hand, this led to a **weakening** of the conscious social management of production, since special interests counteracted and to a certain extent worked against the social interests. This could be seen in such phenomena as soft plans, formal fulfillment of plans, deviation from plan requirements in order to achieve higher profits, etc. Here, the interest of the enterprise or rather the enterprise manager to achieve the highest possible profits **counteracted** the social interest. Here, the narrow, individual, short-term profitability of the individual enterprise counteracted the long-term profitability of society as a whole.

This showed how Yaroshenko could come up with the seemingly absurd idea that production, accumulation, should be an end in itself, not oriented towards the satisfaction of social needs. This idea was by no means absurd: it expressed the aspiration of private interest to reassert itself as the sole interest, to cast off the shackles that socialism had placed on it. But the establishment of the unlimited private interest meant the elimination of the orientation towards communism, meant the elimination of the kernel of social domination over production, meant that production, accumulation, the utilization of value became again an end in itself. Stalin's fight against Yaroshenko and company was therefore a fight for the defense of socialism.

In doing so, Stalin underestimated the power of the private interest which still existed and which counteracted the social interest. Stalin's efforts to fight this socio-economic force that counteracted the orientation towards communism led him to theoretically contest the (albeit severely limited) regulating influence of the law of value on state production. But remnants of this regulating effect of the law of value also existed in the state sector, namely through the system

of "economic accounting"* "the enterprises" (or the managers of the enterprises) were given a certain amount of leeway for decisions and stimulated them to act in a certain economic way through "economic levers" (that is, through value categories; they received more money if they economized "properly"). The fact that Soviet power had to use such value categories was an expression of the still relatively low degree of socialization (compared to the communist goal), and thus Stalin's thesis that the value form of products no longer corresponded to any social content was also wrong. (See *Works*, Vol. 15, p. 53) Stalin's struggle against the **expansion** of value categories in the sense of Yaroshenko and company was of course absolutely necessary in order to defend socialism; the full or largely unrestricted restoration of the law of value as the regulator of production would have been tantamount to the restoration of capitalism.

The class character of Yaroshenko's ideas was also shown in the following statement: *"The chief problem of the Political Economy of Socialism, therefore, is not to investigate the relations of production of the members of socialist society , it is to elaborate and develop a scientific theory of the organization of the productive forces in social production, a theory of the planning of economic development.*" (Yaroshenko, quoted by Stalin, ibid., p. 61) Yaroshenko thus meant that one need not concern oneself with the social relations of people in the production process, but one should rather concentrate on the organization of the productive forces in the technical sense. No wonder: in the field of political economy, orientation towards communism meant in particular to examine how production relations could be changed in the sense of reducing class differences. Obviously, the masses of enterprise managers at that time were interested in preventing precisely that and, on the contrary, in extending their privileges. Yaroshenko's standpoint was merely a theoretical expression of this class interest. His "political economy" would probably have amounted to the narrow-mindedness of today's economic administration of the enterprise.

Stalin answered, among other things: "*Comrade Yaroshenko does not understand that before we can pass to the formula, 'to each according to his needs'* (Stalin thus still positively assumed that Yaroshenko thought – however vaguely – of some kind of

* Again, this was not the reason for economic accounting.

communism, RM), *we shall have to pass through a number of stages of economic and cultural re-education of society, in the course of which work will be transformed in the eyes of society from only a means of supporting life into life's prime want, and social property into the sacred and inviolable basis of the existence of society.*" (Stalin, ibid., p. 68) With this Stalin already criticized in advance Khrushchev's later "Goulash Communism".

Yaroshenko was not just anybody. After all, he obviously had a reputation that allowed him to propose that he be commissioned to write the textbook of political economy and that "two assistants be placed at his disposal". (So he wanted to "dispose" of them – certainly not just a lapse of speech). Stalin rejected Yaroshenko's proposal on the grounds that Yaroshenko's "*opinion*" could not be taken seriously and that his "*un-Marxist*" opinion was profoundly erroneous (ibid. p. 60) However, other economists also took part in the discussion with proposals that amounted to **weakening the social management of production** and were therefore rejected by Stalin. Thus Notkin declared that the means of production produced in the state sector were commodities. Sanina and Venzher proposed to dissolve the state Machine and Tractor Stations and to sell the means of production concentrated in them to the collective farms, a proposal that was later carried out by Khrushchev.

Yaroshenko Stood for a Whole Current

Clearly there were even people who believed that since there was still commodity production, "we are bound to have the reappearance of all the economic categories characteristic of capitalism: labor power as a commodity, surplus value, capital, capitalist profit, the average rate of profit, etc.". (ibid., pp. 16-17) Stalin emphasized that in the socialist order "talk of labor power being a commodity, and of 'hiring' of workers sounds rather absurd now". (ibid., p. 17) In fact, such people regarded the work force only as a material precondition of production, as a cost factor, as something one had to "engage" in order to then be able to dispose of it (as Yaroshenko wanted to "dispose" of his assistants). From today's perspective, however, it is clear that the socialist order was clearly already very unstable and that some people were preparing to deal it the deathblow, even if Stalin's statements in the economic discussion first dealt blows to those who, like Yaroshenko, had ventured too far. But a large proportion of Soviet scientists are said to have shared

Yaroshenko's views even then. (See Revolutionary Democracy, Vol. 1, No. 1, April 95, p. 5, as stated by the Soviet philosopher Yudin, who was **against** Yaroshenko's views) This assessment seems plausible to us.

It also seems to us that there were already attempts during Stalin's lifetime to transform these views into practical politics. Voznesenski, the head of Gosplan, the highest state planning authority, was removed in March 1949 and executed a little later; he was rehabilitated under Khrushchev. Although it is still not clear what these events were based on, we suspect that Voznesenski had tried to use his position to carry out corresponding economic "reforms". Thus he is said to have tried to introduce a system in which all state-owned enterprises without exception would have been forced to make at least 3 to 5% profit. (See Revolutionary Democracy, Vol. 1, No. 1, p. 8, citing a Soviet source from 1972) This would have been a significant step towards the full establishment of the law of value as the sole regulator of production, that is, a significant step in the restoration of capitalism. Then, economically important but unprofitable enterprises would have had to be closed down, and in a logical next step, the free flow of capital to the most profitable branches would have been allowed. Stalin wrote in Economic Problems that if the law of value were the regulator of production, then it would be "incomprehensible why a number of our heavy industry plants which are still unprofitable and where the labor of the worker does not yield the 'proper returns,' are not closed down, and why new light industry plants, which would certainly be profitable and where the labor of the workers might yield 'big returns,' are not opened. If this were true, it would be incomprehensible why workers are not transferred from plants that are less profitable, but very necessary to our national economy, to plants which are more profitable -- in accordance with the law of value, which supposedly regulates the 'proportions' of labor distributed among the branches of production." (Economic Problems, p. 23) Stalin argued here against an "assertion" whose author he does not name. It seems as if he is struggling with the ghost of the dead Voznesenski, as if he was still very much alive. Stalin rightly pointed out that there was a higher profitability than that of the calculated short-term profit of individual enterprises: "If profitableness is considered not from the standpoint of individual plants or industries, and not over a period of one year, but from the standpoint of the entire national economy and

over a period of, say, ten or fifteen years, which is the only correct approach to the question, then the temporary and unstable profitableness of some plants or industries is beneath all comparison with that higher form of stable and permanent profitableness which we get from the operation of the law of balanced development of the national economy and from economic planning, which save us from periodical economic crises disruptive to the national economy and causing tremendous material damage to society, and which ensure a continuous and high rate of expansion of our national economy." (ibid., p. 24)

All this is **self-evident** for Marxists. Basically, Stalin was urgently explaining here why one should hold on to socialism and not return to capitalism. It seems almost scary to read such an argument, which Stalin was forced to make in a discussion among "Marxist" economists. If our assumption is correct that Voznesenski had at that time begun **to act** in the spirit of Yaroshenko and company, then this would fully explain why he was shot. His execution would be an expression of the fact that Stalin was prepared to exercise the proletarian dictatorship in order to defend socialism. At the same time, however, this execution would be an expression of the fact that this dictatorship was already hanging by a thread, that the mere removal of the high functionary Voznesenski was not enough, but that his **execution** was necessary to intimidate the hostile class forces that were cavorting about in the highest ranks of Soviet state power. This explains the biting sharpness with which Stalin confronted Yaroshenko in Economic Problems and which was undoubtedly aimed at making him socially impossible. He succeeded in doing this; even Khrushchev did not dare to pull Yaroshenko out of obscurity later. Sanina and Venzher, on the other hand, were criticized by Stalin **in a solidarity manner**; their proposals were rejected without any polemic. Nevertheless, Stalin's authority was so great that Khrushchev, when he later really dissolved the Machine and Tractor Stations (MTS), was forced to declare that Sanina and Venzher's proposal had been wrong at the time, but now conditions had changed.

The Problems Were Not Resolved

Stalin's blows against the hostile forces were quite effective, but in the end these hostile forces won the day. In order to push these forces back decisively, it would have been necessary to reduce

the difference between those above and those below, to reduce the power of both the state authorities and the enterprise managers in favor of the working class. How? We cannot say this without speculating, due to our lack of comprehensive knowledge of the circumstances. The possible measures and the possible pace of such a development depended on the balance of class forces, and this balance of forces was obviously not very favorable. The relations of production that had been established in the 1930s (and, as we have seen, **had to be** established then, by and large, in this way), these relations of production had now existed for almost two decades, and they had inevitably shaped the consciousness of people during this time to a great extent, both the consciousness of the leading stratum and that of the workers. The existing system of management had to a large extent shaped the leaders so that they "had to make all decisions" and the workers "had to implement the decisions". This had to be changed, but the will of the revolutionaries alone could not bring about these changes.

Stalin rightly pointed out the need "*to ensure such a cultural advancement of society as will secure for all members of society the all-round development of their physical and mental abilities, so that the members of society may be in a position to receive an education sufficient to enable them to be active agents of social development, and in a position freely to choose their occupations and not be tied all their lives, owing to the existing division of labor, to some one occupation.*" He rightly pointed out that this was impossible "*without substantial changes in the present status of labor. For this, it is necessary, first of all, to shorten the working day at least to six, and subsequently to five hours. This is needed in order that the members of society might have the necessary free time to receive an all round education. It is necessary, further, to introduce universal compulsory polytechnic education, which is required in order that the members of society might be able freely to choose their occupations and not be tied to some one occupation all their lives. It is likewise necessary that housing conditions should be radically improved and that real wages of workers and employees should be at least doubled, if not more, both by means of direct increases of wages and salaries, and, more especially, by further systematic reductions of prices for consumer goods.*". (Stalin, *Economic Problems*, pp. 70-71) Stalin was thus fully aware that class differences could not be

reduced solely on the basis of good wishes, but that this required material conditions which the workers' power had to create.

But Stalin failed to recognize a decisive point, namely that the leading stratum had developed **class-based interests** on the basis of which it resolutely opposed communist development. As late as 1952, he argued that socialist society "*does not include the obsolescent classes that might organize resistance. Of course, even under socialism there will be backward, inert forces that do not realize the necessity for changing the relations of production; but they, of course, will not be difficult to overcome without bringing matters to a conflict*." (ibid., p. 52) This was a glaring misjudgment of reality, because the leading stratum was about to form a new ruling class, to wrest power completely from the working class. Already the formulation that there were no "obsolescent classes" was enough to obstruct the view of the class reality of the transitional society, because this formulation assumed that only forces of the old **obsolescent classes** could stand in the way of the development towards communism. This notion obscured the view of those opposing class forces that could develop on the basis of the socio-economic driving forces of the old society, which **the Soviet power itself** was forced to use as crutches, namely state ownership and commodity categories ("economic accounting"). Thus, although they were **old** socio-economic driving forces, they appeared in the form of the **new** social strata. The idea that it was only necessary to "overcome" those forces that "did not understand" the necessary changes was idealist, because this idea was completely abstracted from the class-based **interests** of the leading stratum, the high party and state functionaries as well as the enterprise managers. At that time, the majority of these leaders primarily wanted to maintain or extend their privileges, their decision-making powers and their privileges in consumption.

The lack of the development of the theory of the transitional society was a subjective factor that probably decisively hindered the development of a realistic revolutionary policy that could still have turned the cart around. But this subjective factor, for its part, had objective reasons in the final analysis. The Soviet Union was the **first** socialist country in the world. For this reason, the acting revolutionaries had no developed theory of the transitional society to communism that could have been based on the experiences of earlier socialist societies. In the midst of building a socialist society, it

was immensely difficult to generalize the experiences into a complete theory. Especially when the problems typical of socialism were compounded by the particular difficulties of a country with initially weakly developed productive forces. All these problems have not yet been satisfactorily analyzed. (The KPD is continuing to work on this.) Whoever accuses Stalin of not being able to generalize everything theoretically correctly in the midst of the gigantic struggles of the time falls into a reverse personality cult, which demands from a single person what only the international workers movement could manage in the course of a long development. Moreover, it must not be overlooked that Stalin, at the head of party, state and society, had to lead all the gigantic struggles which had to be carried out at that time, and he had to rely, for better or worse, on the existing apparatus, he had to keep the machinery running. At a certain point he would probably no longer have been able to do this psychologically, if he had been able soberly to get a clear picture of the people immediately surrounding him. It has become known that Stalin was very suspicious of those immediately surrounding him. People like Khrushchev presented this as "paranoid tendencies" out of their own interest, but it was a healthy, class-based, well-founded mistrust. But it was not conceptual, theoretical clarity about the development of these class forces.

That does not mean, of course, that Stalin did not recognize the deadly danger in which socialism found itself; he just did not have full clarity about the socio-economic driving forces of this danger. He saw what the ideas of Yaroshenko and company would lead to. If our assumption about Voznesenski is correct, then these forces had already **acted**, and Stalin had reacted to this action. Stalin also knew very well that in the long run the position of the working class had to be strengthened, but his current policy was first and foremost to use the state apparatus to ward off the liberal aspirations of the economic leaders. It is easy to criticize this in retrospect – in hindsight, of course, it is **obvious** to Marxists that this was not enough to defend socialism. But at the end of the 1940s and the beginning of the 1950s, the situation was such that the **immediate** danger came from the efforts of the enterprise managers to decentralize the system of management.

Certainly a policy of the "left" phrase, of transferring decision-making powers abruptly to the "workers' collectives," would have promoted a counter-revolution of a liberal nature and a rapid transi-

tion to capitalism. As already mentioned, not **all** decentralization of decision-making powers was a step forward. **Such** decentralization, which would have taken back state powers **in favor of the managers**, would have been a decisive step towards the restoration of the commodity economy and thus capitalism; however such a step might have been dressed up ideologically. The example of Yugoslavia showed this very clearly. There the Titoites operated with phrases of "workers' self-management", but in fact the enterprise managers had extensive authority to determine the production of their factory.

7. "Workers' Self-Administration" in Yugoslavia and in the CSSR of Dubcek

To sum up: From the end of the 1940s to the beginning of the 1950s, Soviet enterprise managers made massive efforts to largely free themselves from the "interference" of state bodies. They wanted to act more or less like private owners. In doing so, they skillfully exploited the shortcomings of state management, the growing decay emanating from bureaucratic structures. These bureaucratic structures had to be curtailed one way or another, but a **revolutionary** solution to the problem could only be found in **such** a taking back of formal centralism that would have strengthened the role of the class-conscious proletariat in planning, directing and controlling production. **This** was not what the enterprise managers, who had developed very strong independent class-like interests, wanted at any costs. They wanted to use the shortcomings of the existing structures to increase their own powers and privileges. This endeavor amounted to the restoration of commodity production and thus ultimately to capitalism.

We will now make a small digression and temporarily leave the Soviet Union to turn our attention to the developments in Yugoslavia from the end of the 1940s to the beginning of the 1950s and the so-called Prague Spring of 1968. These developments show very dramatically what the ambitions of Yaroshenko and company would have led to if they had not met with resistance.

"Self-Administration" in Yugoslavia

Nove, who wanted to "prove the superiority of the Western system", in the 1961 edition of his book *The Soviet Economy*, called the "*experiments* in a 'socialist market economy' which had been conducted in Yugoslavia, *especially after 1951*" "*fascinating*." (A similar fascination is now gripping some former defenders of a state command economy à la Brezhnev and Honecker, who are adapting to new conditions by equating freedom with commodity production and are diligently searching for models of a "socialist" market economy.) Soberly and objectively Nove states:

"Firstly, Yugoslav state enterprises are much more independent (than the Soviet ones, RM). *With few exceptions, they have no output plan, other than the one they themselves adopt. This is based on*

commercial considerations, i.e. the demands of the customers. ***The enterprises compete with one another****, to an extent which is impossible in Czechoslovakia, let alone the USSR. This applies to wholesaling and retailing, as well as manufacturing enterprises.* ***The overriding economic motive is profit.***

“Secondly, prices are much freer. *In theory, they ought to be wholly free, so that a real market should operate. In practice, fears of inflation and a desire to peg the cost of living leads to the imposition of price maxima for many products. But this still leaves room for a good deal of price competition.*

“Thirdly, the bulk of the investment funds of enterprises are borrowed from the bank, which judges the various projects partly by reference to their profitability and partly in relation to state economic policies and long-term plans. At one period it was thought possible to ‘auction’ investment capital to the highest bidder (among enterprises), but this is no longer done. The state influences the pace of development by directing a large part of its revenues to accumulation, and the direction of development by issuing instructions to the bank about whom to give preference among the claimants for investment funds. A capital charge is made, and investment credits bear interest.

“Fourthly, enterprises have financial and organizational links with the local authorities (‘communes’), and also, though to a lesser extent, with the republic (Serbia, Croatia, etc.) in which they are situated. The local ‘commune’ nominates the directors of enterprises (though in Yugoslavia, as in the USSR, the Party plays a vital role in this process, as in many others).

“Fifthly, the directors’ powers are exercised with elected workers’ councils, which, at least formally, are much more powerful within an enterprise than are similar bodies in Poland or the USSR. The state enterprise is supposed to be administered by its workers, and wage levels depend, within limits, on the profitability of the given enterprise. However, to avoid various distortions (e.g. the exploitation by the enterprises of a monopoly position, or excessive inequalities between workers in different factories) the state closely controls the ways in which enterprise revenues can be disposed of, itself taking the largest share of the net product, discouraging ‘overpayment’ of wages by various fiscal measures. This has had the unfortunate effect of greatly diminishing the interest of the workers in the financial success of ‘their’ enterprise.

“Finally, the bulk of Yugoslav peasants are owners of their land. Collectives, tried out in the ‘Stalinist’ period, have been almost wholly disbanded. The peasants are free to decide what to grow, there are no compulsory delivery quotas of any kind. They may sell what they wish in the free market. However, all state enterprises (including shops) must buy through peasant co-operatives, at prices which are decided by the state, and this means that any peasants who cannot take their produce to a large city, or whose produce is of a kind of which state enterprises are the only major buyers (e.g. grapes, wheat), are virtually compelled to sell through co-operatives. However, since the peasants are free to decide what they grow, the state’s powers in fixing prices are necessarily limited.” (Nove, op. cit., p. 247-248, emphasis by RM)

We see: To a very high degree, the managers could freely dispose of their assets, but there was some scope for influence by government agencies. (The “fascinated” Brit Nove does not mention the real influence of **foreign** investors: No wonder, since most of them were British and US capitalists, and Nove probably did not want to emphasize the imperialist influence on the “fascinating socialist experiment” in Yugoslavia). But state intervention does not make a commodity economy a socialist one, as Nove thinks. The restriction of free competition through state influence on production also exists under monopoly capitalism. Of course, there is a certain difference here: in the latter case, free competition led to monopolies that use their state to interfere in the economy as a whole. In the degenerated former workers’ states, a large part of the ruling exploiting class consisted of state commanders who could not be interested in an **unlimited** power of disposal of the enterprise managers, because then they themselves would become superfluous. But the restriction by state authorities of the power of disposal of the enterprise managers was already very much reduced in Yugoslavia at that time.

It is not surprising that this process of liberalization in Yugoslavia at that time progressed rapidly, for the centralism originally established by the Titoites had been extremely formal from the outset; it had not been part of a real leading role of the working class from the outset. The Yugoslav state had never really been a working-class power. Enver Hoxha stated: *“The centralism in Yugoslavia did not have the true Leninist meaning that the entire economic and political life of the society should be carried on by combining the centralized leadership with the creative initiative of the local*

organs and the working masses... But that sort of centralism was bureaucratic centralism, the economic plans were decided from above without being discussed at the base, they were not well-studied and were not designed to promote an harmonious development of the various branches of the economy of the republics and regions of the Federation, the orders were arbitrary and were executed blindly, the products were procured by force. From this chaos, in which the initiative of the local organs of the party and State and the initiative of the working masses were nowhere to be seen, of course, disagreements were bound to emerge, as they did in fact, and they were suppressed with terror and bloodshed.” (Enver Hoxha, *Yugoslav “Self-Administration” – A Capitalist Theory and Practice*, pp. 16-17.) After the decay that emanated from this bureaucratic centralism had become openly apparent, the call for decentralization became loud, and this was also in the interest of foreign capital, mainly English and US capital, with which Tito had already maintained special relations during the war: *“The foreign capitalists who supported the Titoite renegade group recognized clearly that this group would serve them, but they felt, after the turbulent and chaotic situation was overcome, that a more stable situation had to be created in Yugoslavia. Otherwise they could not be sure about the security of the big investments they were making and which they were to increase in the future.*

“In order to create the desired situation in favor of capitalism, it was necessary to bring about the decentralization of the management of the economy and the recognition and protection by law of the rights of the capitalists who were making large investments in the economy of this State.” (ibid,. p. 17)

As far as the “workers’ councils” are concerned, Nove merely points out that they had an “at least formal” influence on enterprise decisions. He did not examine the question of the extent to which this influence was real, because he had no class-based interest in this question. In fact, the Yugoslav system of economic management required that the employees of an enterprise, in so far as they were able to exert any influence at all, could only exercise this influence as a private entrepreneur would. The state-owned enterprises competed with each other as private enterprises do; the aim of each enterprise was to achieve the highest possible profit, and the wages of the workers depended primarily on the profit of the enterprise. Such a system educated workers to act and think in a narrow-

minded enterprise-based way, like the behavior of private owners, of commodity producers. Such a system made it impossible for the working class to act as the ruling class, which took the management of the national economy as a whole into its own hands; it fragmented the class and set the labor forces of individual enterprises against each other as competitors. This system was calculated on the basis that the workers supported “their” company director in his efforts to extract the greatest possible profit from his company without orientation to the interests of society as a whole. The “fiscal methods” of the state authorities mentioned by Nove, which were used to counteract “excessive wages”, merely embodied the interest of these authorities in preventing the chumminess between managers and employees from going too far and thus calling into question the remaining power of the central authorities.

In a word: **such** a dismantling of state ownership and centralism implied that the working class was eliminated as a class for itself (to use an expression by Marx), that is, as a class which consciously pursued its goal of eliminating all class differences, that it was atomized into a multitude of individual workers who pursued the narrow-minded goals of the enterprise, that the working class thus submitted to the ruling class of the enterprise managers and state commanders. It is therefore not surprising that Nove, who wanted to prove the superiority of capitalism, found such a “*socialist market economy*” “fascinating”. Nor should it be surprising that former apologists of Brezhnev’s Soviet Union and Honecker’s GDR today sympathize with the “models” of a “socialist market economy”: Now that the ruling exploiting class in the East, which they served or belonged to at the time, has lost its power, they must adapt their preachings of socialism to the interests of monopoly capital.

By the way, Varga said: *“On the other hand, Tito himself seems to outdo Khrushchev in personal effort. On his trip to South America in 1963 he had (according to the newspaper Zürcher Zeitung) a suite of 104 people, including six doctors!”* (Varga, op. cit., p. 152 [Translated from the German]) Of course, facts about the personal expenditure and consumption levels of leading persons cannot **replace** the study of relations of production, but they do allow certain conclusions to be drawn. In the given case, such facts additionally support our statement developed above that the Yugoslav working class, despite all phrases of “workers’ self-management”, was ousted from power, that it was an exploited and oppressed class. Enver

Hoxha, in his book *The Titoites* (about pp. 276-281), gives his impression of the tremendous pomp with which Tito and his court surrounded themselves.

“Self-Administration” in the CSSR

In 1968, under Dubcek (“Prague Spring”), the tendency of the enterprise managers in the CSSR [Czechoslovak Socialist Republic] to become independent of the state apparatus became even more apparent. Even faster and more blatantly than in Yugoslavia at the time, the whole thing boiled down to capitalism, even if “reforms of socialism” were spoken of in order to preserve appearances. One of the main reasons for this rapid pace was probably the fact that the power of the working class in the CSSR (as in the Soviet Union, the GDR and other countries) had already been broken in the mid-1950s; for more than ten years the centralized state apparatus was thus in no way an instrument of the working class, but rather an instrument of a new exploiting class. The alleged party of the working class was in reality trying to balance the class interests of the state bureaucracy and the enterprise managers against each other. For the enterprise managers, however, the status quo was no longer sufficient. The fact that Czechoslovakia had been a developed capitalist country before the working class seized power met the demands of the enterprise managers for “liberalization”: the decay which emanated from the management of the economy by a bureaucratic state apparatus had to take on particularly blatant features in a country with such developed productive forces, and the driving forces directed towards the restoration of a commodity-producing order, private property, were correspondingly strong. This was inevitable in a situation where the working class was politically passive because it did not have a revolutionary political party.

The enterprise managers were skillfully able to take advantage of the bureaucratic nature of the state leadership and to harness the politically disoriented working class to their carts by juggling with “leftist” slogans of rank-and-file democracy and workers’ self-management. Dubcek was a political representative of the enterprise managers and thus became (consciously or unconsciously) a representative of the Western monopolies.

Due to the bureaucratic character of the state power and its detachment from the working class, such phenomena as formal plan fulfillment, ton ideology etc. had increased to an intolerable extent

in the CSSR. (Empirical material on this can be found, for example, in Borin/Plogen, *Management und Selbstverwaltung in der CSSR* (*Management and Self-Administration in the CSSR*), op. cit., especially p. 21 ff., despite the fact that the authors, who are inclined towards Trotskyism, in turn use the presentation of this development to praise “self-administration” models). The ideologues of self-administration used the signs of decay emanating from the state leadership to call for a dismantling of state command structures. *“Self-administration represents a fundamental correction and counterweight to the previous one-sided relationships of superordination and subordination.”* (Dragoslav Slejska, then a sociologist at the Czechoslovak Academy of Sciences, quoted in Borin/Plogen, p. 68. [Translated from the German]) What did this “self-administration” mean?

“Self-administration only has meaning and real content in an enterprise that is an autonomous unit and can operate independently, that is, within the framework of a system of market relations.” (Slejska, quoted in Borin/Plogen, p. 65) The enterprise must be autonomous, that is, the enterprises must confront each other as independent commodity producers. In order to avoid any doubts about this objective, Slejska added: *“The market economy and the system of self-administration have a common interest in the democratization of politics, the ‘denationalization’ of the economy, which frees the enterprise units from the guiding integration of the central state organs and makes the previous bureaucratic system of supra-enterprise guidance superfluous.”* The tell-tale turn of a phrase, according to which “*the market economy and also the system of self-administration*” allegedly have a common interest: “the market economy” was the managers on the one hand and the Western monopolies on the other, who were interested in the abolition of the state monopoly on foreign trade in order to conquer Czechoslovakia as an economic area. “And also the system of self-administration” – this turn of a phrase refers to the attempt to harness the working class to the carts of these interests by explaining that this would get rid of the state bureaucrats. The latter was true, of course, but they wisely did not tell them what they would get in return. *“The directive-bureaucratic leadership, which is characterized by the interference of higher party organs in the enterprise conditions, was the breeding ground for the formation of power cliques...” “Self-administration is the beginning of the negation of the power of one*

human being over another.” (Borin/Plogen, p. 67) Commodity production is freedom! Freedom is commodity production!

In a statement by an initiative group of the trade unions in the W. Pieck mechanical engineering enterprise in Prague, it was stated: *“The practice showed clearly that the state is not capable of managing and controlling the activities of a large number of enterprises in a skilful manner and that it therefore tends to centralize and bureaucratize the management. The maximization of payments to the State Treasury becomes a criterion of labor efficiency for the State and, similarly to the past, the growth of the income of working people is for the State a basically undesirable phenomenon, since it limits the sources of accumulation of the State. On the other hand, workers’ self-management has its main interest in maximizing the income of the working people, under the conditions of the market economy...”*. (ibid., p. 91) In the first two sentences the authors correctly indicated that the degenerated former socialist state apparatus no longer represented the interests of the workers. From this they drew the conclusion in the last sentence that the goal of the workers was the commodity economy and on this basis the striving of the employees of each enterprise for maximum enterprise profit.

While the workers were disorientated by the interested forces with phrases of self-administration, the enterprise managers organized themselves consciously to represent their class-based interests. This is shown, for example, by an opinion poll of senior managers conducted by the newspaper *Moderni rizeni* (*Modern Management*). The following statements were made, among others: *“Engineer Frantisek Augustin, General Director of the wood industry enterprises, technical directorate, in Zilina, Slovakia:... We propose and support the formation of an interest group of senior managers.... Engineer Josef Behuncik, General Director of the Industrial Construction enterprises in Kosice, Eastern Slovakia:... To what extent do our managers form a certain social or professional group with their own emerging interests?... What unites the leading managers is above all the fact that they are employees who have very limited time, little free time and a workers’ regime that uses people up quickly...* (and who must therefore secure themselves appropriate privileges to compensate for this, RM). *The idea of a separate interest group is appealing if it is to make life easier for the members of this emerging professional group... Miroslav Gregr, plant director of the Decin engineering works, Northwest Bohemia: In my*

opinion, the leading managers need their own interest group…. In capitalist countries a new social class has emerged, the managers. There are leading managers who, on the basis of broader knowledge, experience, personal qualities, are placed in leading positions to manage the enterprises entrusted to them and to lead them to a versatile development in order to enforce the interests of the entrepreneurs. They very often get into conflict situations with the interest of the entrepreneur, whereby the person of the entrepreneur does not appear as a direct representative and very often remains anonymous or in the background. (This means: the capitalist manager enforces the interests of the “company” against the workers, and that is exactly what we are doing here. RM) *The manager has... certain existential as well as social or other guarantees.”* (This means: And we need “socialist” managers as well. RM) (Quoted in Borin/Plogen, p. 96 ff.)

We hope that we have not bored the readers with these detailed quotes from the CSSR of 1968, but we believe that this can also illustrate to a certain extent what was going on in the minds of the many large and small Yaroshenkos (and possibly also Voznesenskis) in the USSR at the end of the 1940s and beginning of the 1950s, and **what struggle** Stalin fought at that time.

We conclude our excursion into the “Prague Spring” with quotations from a statement by engineer Pavol Mazanik, General Director of the United Clothing Company of Trencin (Slovakia), who in 1968, in an opinion poll, described how he imagined *“the Czechoslovak enterprise in 1980”*: *“I assume that the enterprises will have economic independence, to which the change of the present management of the national economy by plan, the abolition of binding tasks, limits, etc. will contribute”.* In other words, complete autonomy of the enterprise, or rather the enterprise manager. *“The socialist system must not be understood in a simplified way, but in a broader context as a complex of decisions about the present and especially the future economic policy of the enterprise with the aim of maintaining the existing markets and gaining new outlets for its production”.* Under this “socialism”, the aim of production is not the satisfaction of social needs, and production must not be geared to these needs (according to the Director General, this would be “simplified”), but rather it is essentially about **gaining markets** in competition with other enterprises. And this is only logical, since **the aim of production is the profit of the enterprise**. *“I believe*

that the monopoly position of the trading bodies will be broken, which will give the enterprises greater opportunities to sell their products on the domestic and foreign markets.” Since the enterprise is an autonomous private owner, it must of course organize its sales on its own account. Since the CSSR is a developed industrial country, domestic sales are not enough; it is also necessary to gain markets abroad. *“In foreign trade relations, I assume that the enterprises will be given the opportunity to build up their own sales apparatus, which would ensure direct sales of the products abroad, even outside the company for foreign trade relations. I assume that the effectiveness of foreign trade relations will depend on the fact that our currency will be freely convertible.”* In other words, complete elimination of the state monopoly on foreign trade and complete integration into the capitalist world market. *“The development is leading to a voluntary merger of enterprises according to economic needs...”*. Thus formation of monopolies. If this is capitalism, then it will be more monopolistic. (Quoted in Borin/Plogen, p. 102 f.)

Contrary to the hopes at that time, probably not only of the general director of the United Clothing Companies in Trencin, but of most of the enterprise managers, these objectives were not realized in 1980, since the “Prague Spring” was abruptly ended by the intervention of Soviet tanks, but today they have been realized. – The class-based interests that caused these Soviet tanks to roll will be discussed later. In order to avoid misunderstandings, it should only be said at this point that this act of violence in no way corresponded to the interests of the working class of the CSSR or of the Soviet Union. No state has the right to impose a certain internal development on another state by force. Stalin, for example, despite all his sharp criticism of the policy of the Titoists, **never** threatened to use military force against Yugoslavia: A truly socialist country accepts the right of self-determination of every nation. This was otherwise for Brezhnev and his cohorts in Prague in 1968. The resistance of the Czechoslovak people was just, but unfortunately, those forces that were striving for a rapid restoration of capitalism profited from it. Thus the violent military action of the Soviet Union under Brezhnev contributed decisively to the ideological disorientation of the Czechoslovak working class and to its being harnessed to the carts of openly bourgeois forces.

Finally, on the subject of “workers’ self-administration”, the following should be said:

7. “Workers’ Self-Administration” in Yugoslavia and CSSR

It is a very old hat that the working class **cannot liberate itself from capitalist exploitation on the basis of the commodity-producing order**. Engels, for example, proved this theoretically in his polemic against Dühring, and the failure of Owen’s socialist colonies, among other things, proved it practically. Even if the workers really run their enterprise on such a basis, they cannot act fundamentally differently from the capitalist before them, since they are subject to the same economic laws on the basis of commodity production; these laws are directed against the workers even when they act as owners. In recent times, too, there have been various attempts to take over individual companies by the employees, all of which have failed, for example, Lip in France and Glashütte Süßmuth in Germany. The big bourgeois FAZ [Frankfurter Allgemeine Zeitung] (April 27, 1976) stated mockingly: *“When Süßmuth-Hütte was in the red in 1974, the workers transferred their Christmas bonus to the enterprise; they worked overtime without pay*.”

After this excursion to Yugoslavia and the CSSR, we will return to the Soviet Union of the early 1950’s. We will then continue to deal with the question of what goals Stalin pursued, why a force directed against these goals was ultimately able to assert itself and what the class character of this force was.

8. The Bureaucratic Variety of the Counter-Revolution

We have seen that the socialist Soviet Union had to use two crutches of the old society to manage production, namely the state apparatus and commodity-money relations, because the communist element, the direct management and control by the producers, was still too weak to ensure adequate functioning of the national economy on its own. We have also seen that **both** crutches, as necessary as they were, had to give rise to a certain decay which, if exceeded to a certain extent, could bring down socialism. In Chapter 6 we saw that at the end of the 1940s and the beginning of the 1950s, the enterprise managers were striving to a large degree to use the commodity-money relationship to expand their responsibilities and to act de facto like private owners under capitalism. In Chapter 7, we saw from the examples of Titoite Yugoslavia and Dubcek's reforms in the CSSR in 1968 that this striving led, if it could prevail. to capitalism, where it was not decisive whether this was a capitalism with a state that still interfered relatively strongly in the economy (even under monopoly capitalism, which emerged from free competition, the state interferes in all areas of the economy in the interest of the monopolies).

We have seen further in Chapter 6 that Stalin, at the end of the 1940s and the beginning of the 1950s, resolutely opposed these efforts of Soviet enterprise managers. However, he did not do so with a political concept that aimed at a significantly greater participation of the workers in the direct management, but he did so primarily by defending the necessity of state management of production. This was defensive, since state ownership itself is only a crutch that will disappear with the transition to communism; but this defensive position was due to the unfavorable relationship of class forces. Whether it would have been possible, however, to go on the offensive by means of a revolutionary change in the system of leadership that emerged in the 1930s, aimed at raising the activity of the workers, is difficult to judge today and should not concern us here; we are only stating the fact.

Different Class Interests in the Defense of State Management of Production

As limited as this kind of struggle against the liberal aspirations of factory managers was, it was in any case, in terms of socio-economic content, a struggle for the assertion of socialism and the dictatorship of the proletariat:

Marx and Engels had declared with great foresight in the *Manifesto of the Communist Party*: *"The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State,* i.e. *of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible.*

"Of course, in the beginning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which ***appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production.****"* (FLP edition, Peking, 1970, p. 57; also in *Marx Engels Works*, Vol. 6, p. 504, emphasis by RM.) Nationalization and state management of production are **inevitable** in order to fundamentally smash the relations of the commodity economy and replace them with the kernel of social control, however **inadequate and untenable** this state form of social control may be in the long run. **In the long run** it cannot remain in existence, but must either give way to the more developed communist form of socialization, or it goes to decay and is ultimately replaced by the capitalist commodity economy. In the Soviet Union, the conditions for these limited resources to "be surpassed" were relatively poor, since the working class had won in a backward country and, as we have seen, had to carry the resulting burden with them for decades despite all the victories. At the end of the 1940s and the beginning of the 1950s, it was very difficult or impossible to set course immediately for a **revolutionary** dismantling of the state management, since this could easily have backfired due to the strong position of the enterprise managers: There was a great danger that the enterprise managers could have used such a policy for their own purposes, namely for liberal reforms à la Yugoslavia or the Prague Spring. Stalin's defense of the existing system

of management was in this situation in essence a defense of the rough draft of the new society, even though it was a defense of the lower, namely the state form of socialization against the commodity economy that was already on the verge of emergence. But this could not be a strategic solution to the existing problems, since the commodity economy was about to reverse the socialization precisely because it had to be used as a crutch because of the decay which emanated from state ownership, and because this decay was gradually increasing.

Stalin was guided by the class interest of the proletariat in defending the state management of production, but within the state apparatus there were class forces which, for quite different reasons, were also interested in maintaining state management. In Chapters 3 and 4 we saw: The working class in power had created its state in order to defend its interests, but on the other hand the state was an admission that there were still considerable contradictions between private interest and social interest, and so private interests were expressed, albeit in masked form, even within the state apparatus itself. While the majority of the state functionaries appointed by the working class initially pursued the interests of the class-conscious proletariat to a large extent, this changed gradually, and the thinking and actions of these state functionaries were increasingly influenced by the defense of the privileges which resulted from their own class-based position, namely their decision-making powers and their consumption privileges. It is social being that determines consciousness, and this is no different under socialism than in any other society. Whether they did so with a clear consciousness or with an ideologically distorted consciousness, that they had to defend their own privileges "in the interest of the working class." is ultimately irrelevant, just as it is irrelevant whether a capitalist believes that his constructive activities are in the interest of the "whole economy". In any case, in the end, the vast majority of these people were strongly opposed to forfeiting any privileges and giving the workers a greater role in managing production. At the same time, however, they were also suspicious of the efforts of enterprise managers to expand their competencies. It was a gigantic state planning and management apparatus which directed the production of the vast country, and if the enterprise managers had gotten away with their liberal reforms, most of this apparatus would have become superfluous.

Stalin's Two-Front Battle

Stalin attacked not only the liberal aspirations of the enterprise managers, but also the bureaucracy of the economic leaders of the state apparatus; he certainly led a two-front struggle.

Thus, in *Economic Problems of Socialism in the U.S.S.R.*, he opposed "*some comrades*" who thought that "*in view of the specific role assigned to the Soviet state by history, the Soviet state and its leaders can abolish existing laws of political economy and can 'form,' 'create' new laws. These comrades are profoundly mistaken.*" (pp. 1-2.) Stalin thus opposed voluntarism, the view that Soviet power could achieve anything it wanted, regardless of objectively existing laws.

But what was the class root of such voluntarism? It must have been the arrogance of the heads of the hierarchical leadership apparatus, who basked in the glory of their own supposed omnipotence. This arrogance must also have radiated down to the lower members of this apparatus, who basked in the fact of being part of this powerful apparatus and who for their part were endowed with a decision-making power – albeit modest in comparison with that of the heads. These class-based forces, like the enterprise managers but from a different point of view and in a different way, also worked against the orientation of production towards social interests, and they too raised the flag of "accumulation for accumulation's sake". From their point of view, the purpose of production was not the profit of individual factories but the "fulfillment of the plan" in their own sphere, no matter how formally or even by embellishing this "achievement". For on the one hand, their personal prestige, privileges and careers depended largely on whether the sphere for which they were responsible was attested to "fulfilling the plan"; on the other hand, they were intoxicated with the "glory" and "splendor" of the "almighty" Soviet power, by which these people did not mean the power of the working class, but of the apparatus. They too embodied private interest, which was opposed to the social interest, but in a masked form since, unlike the enterprise managers, the existence of this stratum required the illusion that they served the general social interest or rather the working class. (At first they did this in the main, but this gradually changed, and at some point the quantitative changes had to change into a new, counter-revolutionary

quality, if this was not prevented by revolutionary upheavals in the mode of production.)

In Chapter 4 (p.59), we took a quote from 1931 (*Works*, Vol. 13, pp. 76-78), in which Stalin justified the necessity of introducing "economic accounting". "*It is a fact that a number of enterprises and business organizations have long ceased to keep proper accounts, to calculate, to draw up sound balance-sheets of income and expenditure. It is a fact that in a number of enterprises and business organizations such concepts as 'regime of economy,' 'cutting down unproductive expenditure,' 'rationalization of production' have long gone out of fashion. Evidently they assume that the State Bank 'will advance the necessary money anyway.'*" Among other things, we said: "Many state economic leaders obviously had no respect for the labor of working people. One can easily waste material (that is, objectified labor), one does not have to be economical with it, because "*that the State Bank 'will advance the necessary money regardless of what kind of robbery we do*". The system of "economic accounting" was supposed to work against such phenomena, but it could not be a cure-all. It could not and should not be a complete orientation of production based on value and profit, because this would have destroyed the kernel of socialization, the social management of production. Thus, for example, enterprises that had losses had to be continued, and conscious decisions had to be made as to whether losses in a particular sphere were avoidable or unavoidable. When these decisions were made, however, interests came into play again; there was a network, often one hand washed the other, etc., and in this way the interests of society were counteracted and social resources were squandered.

Stalin therefore fought not only against efforts to expand commodity production and the scope of the law of value, but also against views that the law of value no longer needed to be taken into account, views that were probably less the result of a desire to advance rapidly towards communism, but were probably more the result of self-reflection and self-congratulation by "all-powerful" plan bureaucrats. (Incidentally, until 1941 the dogma prevailed among Soviet economists that "*our commodities are not commodities and our money is not money, and that the law of value does not work at all under socialism*", according to Paschkov, *Economic Problems of Socialism*, op. cit., p. 195 (translated from the German). So also regarding the analysis of the effect of the law of val-

ue, Stalin's *Economic Problems*, for all its shortcomings that can be seen from today's perspective, must have been a true revolution in the political economy of socialism at the time.)

Stalin declared: "*The trouble is not that production in our country is influenced by the law of value. The trouble is that our business executives and planners, with few exceptions, are poorly acquainted with the operations of the law of value, do not study them, and are unable to take account of them in their computations. This, in fact, explains the confusion that still reigns in the sphere of price-fixing policy.*" (*Economic Problems of Socialism in the U.S.S.R.*, p. 20) However, Stalin did not recognize that these shortcomings and abuses were related, on the one hand to class-based interests and, on the other, to the fact that, due to the excessively formal centralism, central offices had to make many decisions without the necessary information.

Stalin also waged a two-front struggle on the question of changing the relations of production, on the one hand against the liberal reformers and on the other against the state bureaucrats. Not only did he oppose the proposal to nationalize the Machine and Tractor Stations and thus reverse socialization in the countryside, but he also opposed the proposal of "*some comrades*" who "*think that the thing to do is simply to nationalize collective-farm property, in the way that was dome in the past in the case of capitalist property*." (ibid., p. 90.) Stalin not only argued that this would be understood by the peasants as expropriation, but also that nationalization is just a lower form of socialization, which will cease to exist with the transition to communism: ""*These comrades believe that the conversion of the property of individuals or groups of individuals into state property is the only, or at any rate the best, form of nationalization. That is not true. The fact is that conversion into state property is not the only, or even the best, form of nationalization, but the initial form of nationalization, as Engels quite rightly says in 'Anti-Dühring.* "" (ibid., pp. 90-91)

By the way, Karuscheit also countered this, assuming that Stalin's *Economic Problems* would have to have the following objective regarding the collective farms and made it his own: "*A policy of gradual transformation must be pursued in order to change collective farms into state enterprises...*". (Karuscheit, *On the Class Struggles between the Proletariat and the Peasantry...*, in: Essays for Discussion 62, April 1996, p. 51. Translated from the German.)

In reality Stalin **opposed** exactly this goal, as has just been shown. Karuscheit here not only imputed to Stalin the opposite of what he actually said; Karuscheit also shared the wrong view of the people criticized by Stalin, who assumed " *the conversion of the property of individuals or groups of individuals into state property is the only, or at any rate the best, form of nationalization*." Karuscheit's obvious error results from his and Schröder's monomania of seeing any obstacle to socialism or communism in the Soviet Union as coming from the peasantry.

While Stalin led a two-front struggle against liberal enterprise managers and state bureaucrats, the emphasis was clearly on fighting the liberal aspirations of the factory managers. This emphasis was expressed, for example, in the fact that Stalin made concrete proposals for further restricting commodity-money relations, but did not make concrete proposals for reducing state ownership in terms of economic management; he spoke of this only in a general theoretical sense. This emphasis was based on the fact that the main danger, or at least the more obvious danger to socialism at that time, emanated from the liberal aspirations of the enterprise managers.

The Interests of the Bureaucrats

But why was that? Apart from the revolutionary working class, was not the self-interest of the state bureaucrats also a bulwark against liberal economic reforms? After all, we said above that the state bureaucrats had to fear that such reforms would make them superfluous, that they would lose their power and privileges.

This is also true, but at that time the **entire** leading stratum (apart from a few real communists) – as inhomogeneous as this stratum was – was interested in finally smashing the dictatorship of the proletariat and constituting itself as a new ruling class. And for various reasons the liberal current, which was grouped around the enterprise managers, took on the role of spearhead, even if only temporarily.

Within the state planning and management apparatus, the (masked) private interests had not yet been able to become absolute, they had not yet been able to completely strip away the interest of the working class. The dictatorship of the proletariat still existed, even if it was enormously weakened. Stalin, who continued to make the final decisions on major questions, put pressure on the state management apparatus and forced the bureaucrats in many respects

to act in the interest of the working class, however reluctantly. It must be assumed that the latter found more and more ways to resist the directives and objectives in question, but not always and not consistently. It would have been a strange state of suspense, and this state of suspense was intended to be brought to an end by the leading stratum, not only by the current around the liberal managers, but also by the bureaucrats in the state and the party. It was precisely those at the head of the party who had to perceive Stalin as a threat. Khrushchev's remark, which has already been mentioned, that Bulganin once said to him that if one was called to Stalin, one never knew whether one would go home again or to prison afterwards. If our suspicions about Voznesenski are correct, then these people, if they were in a central position to act fundamentally against the workers' power, had to fear worse than prison. The only way they could free themselves from this pressure on them was to make the liberal aspirations of the enterprise managers their own, even if only temporarily. This would also explain, for example, why of all people Voznesenski, the head of the state planning apparatus, apparently proposed reforms that would ultimately have made his own authority superfluous.

Of course, it was not Stalin alone who kept the dictatorship of the proletariat alive. If the slogan that control from "above" was constantly being used but control from "below" should also be strengthened (for example at the 19th Party Congress), then this was admittedly too little to permanently reverse the negative development, because there was a lack of a real **policy** based on the development of the initiative from below. On the other hand, the constant raising of such slogans clearly had a certain effect, an effect that neither the enterprise managers nor the state bureaucrats could accept. Certainly, they were able to hold down and paralyze many things, but not everything.

There is yet another reason why the bureaucrats of the state planning and management apparatus were forced to temporarily cling to the liberal aspirations of the enterprise managers. The weaker the role of the working class became, the more formal centralism became and the more glaring the shortcomings of the state management became. The revolutionary solution of raising the activity of the working class in planning, directing and controlling production contradicted the interests of **both** of these parts of the leading stratum. And so the liberal counter-revolutionary solution of

reversing centralism in favor of greater powers for the enterprise managers was also imposed on the bureaucratic part of the leading stratum.

We shall see that this was first of all the main content of Khrushchev's counter-revolutionary program, and on the basis of this program the leading stratum emancipated itself to a new ruling class. But this new class was just as inhomogeneous as the stratum from which it had emerged, and Khrushchev faced the difficult task of balancing the interests of the various components of this class against each other. This objective problem is probably the key to explaining many of the fluctuations in his domestic and probably also his foreign policy, for example his policy towards Titoite Yugoslavia. Once the counter-revolutionary overthrow had taken place, the party and state bureaucracies were in a position to confidently defend and ultimately to enforce their specific interests against the liberal aspirations of the enterprise managers, a development that was presumably decisive for the overthrow of Khrushchev and his replacement by Brezhnev. Now the emphasis was once again much more on state management and less on the independence of the enterprises. Superficially the illusion could thus arise that Brezhnev had in some respects taken up the cause of Stalin. This illusion was trumpeted by interested forces millions of times around the world, so that it became common practice to describe all the crimes of Brezhnev's leadership as "Stalinist". But we have seen above **why** Stalin had defended the state leadership of production: because it was the rough draft of the new society, the kernel of communism, the beginning of socialization; he defended it as a bridgehead from which the working class – under more favorable circumstances – could have expanded its leading role. But with Khrushchev's seizure of power, the rule of the working class and the orientation towards the communist goal, namely the abolition of all class differences, was eliminated, and now the state leadership had no progressive content whatsoever. We shall see this what follows.

9. Victory of the Counter-Revolution after Stalin's Death

Stalin's Death. Intrigues within the Party Leadership

Stalin died on March 5, 1953. One day after his death "the Central Committee of the party, the Council of Ministers and the Presidium of the Supreme Soviet of the USSR were summoned to an urgent joint meeting.... the many important changes which were announced in the press one day later, showed that this urgent meeting had been held for no other reason but... the sharing out of posts!" (Enver Hoxha, The Khrushchevites, Tirana, 1980, p. 14) "The lists of these changes had been worked out long before in suspicious secrecy and they were simply waiting for the occasion to proclaim them in order to satisfy this one and that one... It is never possible to take such extremely important decisions within a few hours, even on a completely normal day." (ibid., p. 15)

The "indecent haste" with which the Soviet leadership "wanted to close the chapter on Stalin" was not only noticed by the communist Enver Hoxha, but also, for example, by the anti-communist Leonhard: "Official Soviet broadcasts were entirely given over to mourning for Stalin... Western correspondents, among them Harrison Salisbury and Henry Shapiro, saw a different picture; it almost looked as if the Kremlin leaders were anxious that Stalin should be forgotten as quickly as possible.... Some [among the population, RM] were indignant about the almost indecent haste with which these leaders tried to dissociate themselves from [Stalin]. It was generally noticed that Stalin lay in state for only three days and not for seven as Lenin had." (Leonhard, Wolfgang, The Kremlin Since Stalin, p. 50, English translation of 1962) (This translation has some changes from the German, some very small and others bigger. I will mark changes by enclosing them in square brackets thus: [ ])

As an aside we would like to reproduce another of Leonhard's statements. The last foreign visitors that Stalin received were the Ambassador of Argentina, Dr. Leopold Bravo, and the Ambassador of India, K.P.S. Menon. "Harrison Salisbury says in his book Stalin's Russia and After that both ambassadors later agreed that they noticed no signs in Stalin of any impending illness. He had been in

a good mood and had laughed and joked. Yet Menon observed a strange thing. During the conversation Stalin continuously doodled on a piece of paper: this was an old habit of his. Menon, however, noticed that Stalin this time repeatedly made drawings with a red pencil, of wolves. Then he began to talk about wolves. Russian peasants, he said, knew how to deal with wolves. They had to be exterminated. But the wolves know this, said Stalin, and act accordingly." (Leonhard, p. 49) Such reports indicate that a fierce struggle raged in the Soviet leadership and that Stalin was well aware that he had to fight against the enemies of communism. The reference of both ambassadors to Stalin's excellent health also indicates that both had doubts about Stalin natural death, doubts which Enver Hoxha also expressed. (See Enver Hoxha, The Khrushchevites, p. 149) And Georg von Rauch speaks of an "explanatory theory" that "by the removal of the leading Kremlin physicians Stalin was to be deprived of his accustomed medical guardians in order to become the victim of new plots himself ". (von Rauch, A History of Soviet Russia, op. cit., p. 427) Von Rauch therefore at least considers that it is "not unlikely". It has certainly not been proven, but the statements of Stalin's daughter, Svetlana Alliluyeva, which have already been quoted, also suggest it. Moreover, von Rauch says that the "arrest of the doctors seems to have been initiated by Ignatiev, the recently appointed Minister of State Security, an opponent of Beria's." The latter was Minister of the Interior and Head of State Security, who was shot without a public trial soon after Stalin's death; the exact date is not known.

Beria's son, Sergei Gegechkori, claimed in a Spiegel interview that Beria had already been dead at the time of his "trial" and had been played by a double, who was executed immediately after the "trial". (Spiegel 8/1996) Gegechkori further claimed that the Georgian party leader at that time, Mirtskhulava, had said that before the Central Committee Plenum in July 1953 Malenkov had summoned him to his home and opened up to him, "Beria is dead, if he values his life he should recite a prepared text at the plenary" (Spiegel, ibid.). This may sound fantastic, but the minutes of this CC plenary session were published in German translation in 1993 (Der Fall Berija, Aufbau Taschenbuch Verlag, Berlin 1993, ISBN 3-7466-0207-6), and the fact is that Mirtskhulava stumbled at one point; he could not remember the name of the person with whom he had allegedly spoken on the phone; immediately this name (Ordyntsev)

was stated to him from the Presidium of the CC plenum. (see Der Fall Berija [The Case of Beria], loc. cit., p. 247 [Translated from the German]) A not uninteresting "assistance"...

As can be seen from the minutes of the CC Plenum, all remaining members of the supreme leadership agreed on the removal of Beria. What political contradictions were the basis of the removal of Beria is not completely clear. In any case, the CC plenary, at which the leadership "explained" to the CC the "necessity" for the removal of Beria, was a complete farce. What it was really about was not discussed at the plenary, but the leaders, especially Malenkov, Khrushchev, Molotov and Bulganin, praised each other for the way each of them had contributed to the "unmasking" of Beria. (See for example, ibid. p. 105 ff. [German edition])

If one reads between the lines, despite all the "unity" that was shown, it became quite clear that further power struggles were imminent. Thus Malenkov let himself be toasted by Andreyev as "comrade Stalin's successor" (ibid. p. 157); but he was obviously forced to solemnly declare one day later: "No one person dares, can, should or wants to be a pretender to the role of successor. The successor of the great Stalin is a closely-knit, self-contained collective of Party leaders who have proven themselves in the difficult years of the struggle for the destiny of our homeland, for the happiness of the peoples of the Soviet Union, who have been steeled in the struggle against the enemies of the Party; experienced fighters for the cause of communism, capable, consistent and resolute in carrying out the policy worked out by our Party for the successful construction of communism." (ibid. p. 176) And so on and so on. In their own praise, in the self-praise of the "glorious party leadership," they were all "great". This leadership knew how to display itself like a peacock and celebrate itself, but the contradictions within this "glorious leadership" could apparently only be kept under wraps with difficulty at the July plenum.

Whatever role Beria may have played, the accusations against him were absurd. The Central Committee Plenum, which dealt almost exclusively with "Beria's anti-party activities", was one big smear campaign staged by a few "great leaders". Thus Beria was accused, for example, of an "attempt to make an agreement with Mirtskhulava and Tito..." (ibid. p. 31); those who accused him later did exactly that.

This is not to say that Beria represented the cause of the working class and communism. We do not know, because the background not only of this event but also of the following power struggles were kept under the rug by the Soviet leadership as well as they could. If one wants to follow the development of the events of the day, one cannot do so without speculation, but one must try, to a certain extent, to distinguish between more or less probable speculations. But we want to do this with as little speculation as possible and concentrate on the fundamental class-based forces of development.

It is significant that Malenkov had already begun to attack Stalin's line at this CC plenum. First he spoke out against the personality cult. That would have been correct in itself; Stalin himself was opposed to the cult of personality for good reasons. But Malenkov's "fight against the personality cult" served the goal of ultimately portraying Stalin (whom he had celebrated as the "great leader", like all the others at the time) as a despot whom nobody dared to contradict. Malenkov said: "After the (19th, RM) Party Congress, comrade Stalin came to the Plenum of the Central Committee... and, without any justification, politically discredited comrades Molotov and Mikoyan. Did the Plenum of the Central Committee, did all of us agree with this? No. But we all kept silent. Why? Because the personality cult had gone to the point of absurdity, [and there was a complete lack of control]." (ibid. p. 174-175) Stalin had also made proposals for the taxation of the peasants, which would have economically ruined the collective farms. (ibid.) And also "we all knew the glaring injustice and danger of this measure." (ibid.) And they kept quiet there too. So "we all", Malenkov, Khrushchev, Molotov, Bulganin, Mikoyan, etc., "we all remained silent, even though we knew that Stalin was wrong". And why? "Because the personality cult had gone to the point of absurdity." That is splendid reasoning.

Of decisive programmatic importance, however, were Malenkov's attacks on Stalin's work Economic Problems of Socialism in the U.S.S.R., and especially on Stalin's proposals to gradually further restrict commodity circulation. For example, Stalin had said: "In order to raise collective-farm property to the level of public property, the surplus collective-farm output must be excluded from the system of commodity circulation and included in the system of products-exchange (that is, without commodity-money relations, RM) between state industry and the collective farms." (Economic

Problems of Socialism in the U.S.S.R., pp. 97-98) Malenkov declared in relation to this: "Or take comrade Stalin's well-known proposal on food exchange... Now it is clear that this provision was advanced with insufficient analysis or economic foundation. If this provision on food exchange were not corrected, it could become a barrier to the resolution of **that task which will be most important for many years, the task of the all-out development of commodity turnover.** The question of food exchange, of the dates and the forms of the transition to food exchange – this is an enormous and complex problem, touching the interests of millions of people, the interests of our entire economic development, and it must be carefully weighed, all aspects must be studied before we propose it to the Party as a program proposal." (Ibid., p. 175. Emphasis by RM) [The English translation speaks mainly of food exchange, while the German speaks of commodity exchange in general.] The last sentence quoted gives the impression that Malenkov differed from Stalin only in that, in contrast to Stalin, he wanted to "thoroughly weigh up the periods and forms of the transition to the exchange of commodities and examine them from all sides". The attempt to create such an impression was more than audacious, for while Stalin wanted to gradually **reduce** commodity production, Malenkov wanted to **expand** it. According to Malenkov, the "all-round development of the exchange of commodities" was even the "most important task". As we shall see, this was not only about the circulation of commodities between city and country, but also about the expansion of commodity-money relations within the state sector.

As was said, this was in July 1953, but the leadership must have all agreed on such an economic course immediately after Stalin's death. According to Leonhard, a directive article appeared in Pravda as early as May 1953, ignoring Stalin's work Economic Problems of Socialism in the U.S.S.R.. Shortly afterwards an article appeared, which "reprimanded those who underrated trade." (Leonhard, p. 80) This already showed that the new leadership, turning away from Stalin's line, was striving for an expansion of commodity-money relations.

Big Consumer Promises of the New Leadership

In mid-September 1953, the Soviet Ministry of Trade was divided into a Ministry of Internal Trade and a Ministry of Foreign Trade to reflect the fact that commodity circulation would become

more important within the national economy. Mikoyan became Minister of Internal Trade. As was said: According to Malenkov, Mikoyan, together with Molotov, had been "*political discredited*" by Stalin. Later, in his secret speech at the 20th Party Congress, Khrushchev added to this account by Malenkov: "*had Stalin remained at the helm for another several months, Comrades Molotov and Mikoyan would probably have not delivered any speeches at this Congress.*" (Published in the U.S. as *The Crimes of the Stalin Era* by *The New Leader*, February 9, 1959, p. 63) It was precisely this Mikoyan who, as Minister of Internal Trade, was now to ensure the expansion of trade, which had allegedly been so grossly neglected by Stalin.

In October 1953, the leadership, at the suggestion of Mikoyan, announced decisions that included a complete change to the 5-year plan (1950-1955) that had been adopted during Stalin's lifetime. The five-year plan had provided for an increase of 80% (compared to 1950) for ready-made clothing, now the increase within the five years of the plan was to be 240%. For meat the planned increase was raised from 90% to 230%, for butter from 70% to 190%, for textiles from 70% to 180%. The production of industrial goods for the needs of the population was to increase by almost 50% in the next three years, that is, by 1956. (Leonhard, p. 84 85 f.)

The leadership thus promised the population miracles in terms of increasing consumption; presumably it feared the resistance of the communists against the expansion of commodity-money relations and wanted to counteract this resistance in this way. And the revolutionary communists had to swallow yet another toad: Mikoyan proposed the import of food and consumer goods from abroad. This meant a weakening of economic planning, as it made the Soviet power much more dependent on the forces of the world capitalist market. Here, too, the revisionists demagogically waved the flag that one must "satisfy the needs of the people".

Leonhard also tended to blame Stalin for all the bad things that happened after Stalin's death, but often the truth shined through involuntarily in Leonhard. Thus he explained the fiasco of the "New Course", which had promised the population a gigantic increase in consumption, among other things as follows: "After all, consumer goods production, especially food production, could only be increased if agricultural production increased at the same time. For this, however, agriculture needed additional machinery that could

only be produced by the factories of heavy industry." (Leonhard, p. 76 [German edition]) Look at that! But who had pointed out this connection? Stalin. The very Stalin who, according to Malenkov, had made economic proposals without thoroughly weighing them up.

According to Leonhard, "*agriculture was in a situation which could only be described as catastrophic*" (p. 87). This was above all a consequence of the "new course" of the leadership. Less and less was heard of the consumer goods program that was announced with great pomp in October 1953. In September 1954, Khrushchev declared that heavy industry would continue to have priority in the Soviet economy. Khrushchev skillfully managed to make Malenkov the sole scapegoat for the economic mess that the leadership had created. The rivalry between the two had already existed before: "*After he kicked out Malenkov, leaving him only the post of prime minister, Khrushchev made himself first secretary of the Central Committee in September 1953*." (Enver Hoxha, *The Khrushchevites*, p. 30) In February 1955 Malenkov had to resign as Prime Minister as well. It was particularly demagogic that Khrushchev posed as a "defender of the leading role of the party". This was true in so far as Khrushchev relied in a special way on the party apparatus, but the party was rapidly transformed from a party of the revolutionary working class, which strove for the abolition of all class distinctions, into a party of a new class, which ruled over the working class.

At this time we are not able to see the political differences between Malenkov and Khrushchev. As we will see immediately, after Malenkov's forced resignation Khrushchev's policy pursued the same goals that Malenkov had previously postulated: expansion of commodity-money relations. But by making Malenkov the scapegoat for the economic fiasco, Khrushchev also promoted his own career, and so he killed two birds with one stone.

Khrushchev's Program: Expansion of Commodity-Money Relations, Strengthening the Position of the Enterprise Managers

As shown in Chapter 8, the leading stratum had to fundamentally change the existing planning and management system in order to finally emancipate itself into a new ruling class. For this reason, the

bureaucrats of the degenerating party and state apparatus were also forced, to a certain extent, to adopt the objectives of the enterprise managers, who sought to expand commodity-money relations and decisively weaken state planning and management. Khrushchev put all his energy into the implementation of this program.

Already in the spring of 1954 he spoke extensively before the Supreme Soviet about the bureaucratic management structures in the economy. He cited the example of a factory for agricultural machinery in Ryazan, which received about 2,500 detailed instructions per year from a higher-ranking Ministry of Economics and whose management had to send 10,250 documents to the organs of state economic management in 1953 alone. (Leonhard, p. 97) Khrushchev criticized the phenomenon that parallel acting authorities established a confusing abundance of detailed key figures. On October 23, 1954, the governmental organ *Izvestia* published a longer article entitled "*On Formalism and the Harmfulness of Excessive Centralization*." A week later *Pravda* announced measures to reduce centralism and downsize the state planning and management apparatus. In November 1954, Finance Minister Zverev reported in the party newspaper *Communist* that the number of people working in the central apparatus for managing the economy had fallen by 20.6% compared with 1952; 34,000 people had left the apparatus of the Ministry of Finance alone, and 200 offices and central administrations as well as 4,500 different departments had been abolished in the course of the dissolution of parallel offices and agencies. Several thousand enterprises, which until then had been under the central authorities in Moscow, were to be handed over to the individual Union Republics. Under the slogan "return to direct production", specialists were transferred from administration to production enterprises.

We are not interested here in whether Khrushchev demagogically overstated the bureaucratic shortcomings of formal centralism. In any case, he did not need to exaggerate, because there were enough shortcomings. As we have already said on several occasions, sooner or later the dismantling of the excessive centralism was inevitable, the question was only under what auspices it should be reduced: whether the revolutionary workers led by their party took a greater part in the social planning and management of production, or by expanding the commodity-money relations and strengthening the powers of the enterprise managers? A preliminary

decision was made just two months after Stalin's death, in May 1953, when *Pravda* announced the expansion of trade and when Stalin's *Economic Problems of Socialism in the U.S.S.R.* was hushed up in a fundamental article. In April 1955, the Party and State leadership convened a conference of designers, technologists, factory directors and senior engineers. The highest leaders of the Party and State participated in this conference. Among other things, the conference stressed the need to expand the rights of enterprise directors. "*The director of the Ural Machine Factory, Glebovsky, complained at the meeting that Soviet enterprises were subjected to petty interference.... Amid the applause of those present, Glebovsky demanded a model statute defining the rights of enterprise directors.*" (*Pravda*, May 20, 1955, according to Leonhard, p. 99) Leonhard found it "*characteristic of the atmosphere of those days that* [the literary magazine] *Novy Mir* (No. 7, 1955) *published its own report of the meeting of industrial officials under the heading 'The masters of our country.'*" (Leonhard, ibid.) That was indeed significant. The newspaper did not mean it as a criticism, but that the enterprise managers could now finally play the role to which they are entitled, namely the role of the masters of the country! If a Soviet newspaper was able to write in this way about a conference of enterprise managers, in which the top leaders of the Party and State had taken part, then this is proof that the dictatorship of the proletariat had been eliminated by that time, that the Party and State had lost their proletarian class character. In fact, this was the spirit that reigned in Prague in 1968. But while this spirit, or rather the relations that supported it, were suppressed in the CSSR by Soviet tanks, that is, by a force acting from outside, in the Soviet Union itself it was internal factors that caused the enterprise managers to celebrate themselves only provisionally as "the masters of the country". We will come back to this.

In mid-1955, however, this "spirit" was very strong in the USSR. One month after the April conference this was also expressed in Khrushchev's trip to Belgrade. The fight against Titoism had already been severely curtailed immediately after Stalin's death, although Yugoslavia had obviously gone over to the imperialist camp. However, since Khrushchev and company were striving for a massive strengthening of the role of the enterprise managers, they could hardly hold on to the fundamental Marxist criticism that Stalin and the Cominform Bureau had made of the Yugoslav theory

and practice of "self-administration", a theory and practice that led to capitalism. Now, during his trip to Belgrade in May 1955, Khrushchev declared that the material that led to the condemnation of Titoism had been "*fabricated by enemies of the people, the despicable agents of imperialism, who have crept into the ranks of our party through deceit*". (Leonhard, p. 99 [Translated from the German]) Among others, he mentioned Beria. That same Beria who had been accused at the Central Committee Plenum in July 1953 of conspiring with Tito. Now he was "to blame" for the break with Tito. The time was not yet ripe to attack Stalin before world public opinion. But at an internal conference on June 3, 1955, in Sofia, where he had traveled directly from Belgrade, Khrushchev, according to Leonhard, had made in advance a large part of the attacks against Stalin in front of 300 members of the Bulgarian party and state apparatus, attacks which he would later present at the 20th Party Congress of the CPSU. (Leonhard, p. 105) "*As a particularly gruesome example of Stalin's practices*" Khrushchev mentioned the shooting of Voznesenski. Later, in his secret speech to the 20th Party Congress, repeated his lament of the "*sad fate*" of Voznesenski, "*who fell victim to Stalin's repression*" (*Khrushchev's Secret Speech,* op. cit., p, 61). This additionally supports our presumption that Voznesenski had striven for a significant expansion of commodity-money relations and a significant strengthening of the position of the enterprise managers, an economic policy that Khrushchev now himself pursued and in which he emulated his new friend Tito.

At this point it should not be concealed that the struggles that led to the dismissal and execution of Voznesenski were also interpreted differently by some observers. According to Georg von Rauch, Voznesenski had been accused of voluntarism and subjectivism in 1949; the Central Committee of the CPSU had countered him by saying that the state could not arbitrarily alter the objectively operating economic laws. (von Rauch, loc. cit., p. 489 [German edition]) If this were true, Voznesenski would not have represented the cause of the enterprise managers, but rather the cause of the state planning bureaucrats basking in the glory of their supposed omnipotence. Then, however, it would hardly be possible to explain why in mid-1955 Khrushchev cited the execution of Voznesenski as a "particularly gruesome example of Stalin's crimes". It is possible that Voznesenski had alternately waved the bureaucratic and the liberal banner. But it seems more likely to us that von Rauch is mistaken

here. At that time Khrushchev needed "Stalin victims" who, in economic terms, had clearly pursued a liberal direction of self-administration.

In this respect another statement, cited by Leonhard, which Khrushchev is said to have made about the execution of Voznesenski, is notable. It was made in Sofia in June 1955: "*According to Khrushchev, Voznesenski... went to Khrushchev, Malenkov, and Molg1otov and said that he had spent a long session with Stalin* (in 1949, RM) *explaining his draft for the new Five-Year Plan. Part of this provided for some relaxation of over-centralized planning and for certain NEP-style measures to restore the economy. Stalin had then said: 'You are seeking to restore capitalism in Russia.' This, said Khrushchev, was enough to cause Comrade Voznesenski serious concern, and he came to us asking us to intercede with Stalin. The three of us asked for an interview with Stalin and were received by him at noon. We stated that we had seen and approved the measures proposed by Voznesenski. Stalin listened to us and then said: 'Before you continue you should know that Voznesenski was shot this morning.' 'There you are. What could you do? A man is prepared to be a martyr but what use is it to die like a dog in the gutter? There was nothing we could do while Stalin lived.'*" (From Leonhard, p. 177, quoted from *New Leader*, Feb. 9, 1959.)

Khrushchev's claim that Voznesenski was shot immediately after his dismissal is in all probability a lie. (This also contradicts, for example, Khrushchev's description in his memoirs: *Khrushchev Remembers*, pp. 250-252) However, there is something else notable about this account: Voznesenski is said to have proposed a "*certain loosening of over-centralized planning*". This would not have been unreasonable in itself. On the other hand, he is said to have proposed "*NEP-style measures*". Such a development would have led to state enterprises operating more or less on their own account. If Stalin said regarding this that Voznesenski wanted to restore capitalism, he was undoubtedly right. And if all this is true, then it is more than significant that Khrushchev, Malenkov and Molotov supported Voznesenski's proposals. The admission that such a course could not be implemented "*while Stalin lived*" is also significant. So it took Stalin's death to carry out the desired "reform program".

In our opinion, there is every indication that the later struggle between Khrushchev on the one hand and Malenkov and Molotov on the other did not involve **fundamental** political differences of

opinion, but only those that reflected contradictions **within** the new ruling class. This also applies, for example, to Molotov's criticism of Khrushchev's "soft attitude" towards Yugoslavia. Khrushchev himself had no problem seamlessly moving to a "hard attitude" as soon as it seemed opportune for him: For example, in 1958 Khrushchev declared that the Cominform Resolution of 1948 against Titoism contained "*a just criticism of the activities of the Communist Party"* (of Yugoslavia). (Leonhard, p. 331 [German edition]) It was precisely that condemnation of Titoism which Khrushchev claimed in 1955 had come from "material" that "*despicable agents of imperialism*" had forged. We shall see that it was again mainly domestic political reasons – ultimately a renewed power shift between the state bureaucrats and the enterprise managers – that prompted Khrushchev to take this turn. As we have already said, Khrushchev was faced with the difficult task of balancing the interests of the various sections of the highly inhomogeneous new ruling class against each other; the fluctuations in his policy were essentially determined by their changing balance of power.

However, he and his "comrades" were completely free from any attempt to base themselves in any way on Marxist-Leninist principles. In this respect, a small episode is significant. Karl Shirdevan, then a member of the SED [Socialist Unity Party of Germany] Politburo and now a member of the PDS [Party of Democratic Socialism], recently divulged this in order to put his own social democratic stance in perspective. Shirdevan reported on a conversation he had in 1954 with Mikoyan, one of Khrushchev's most loyal followers. According to Shirdevan, Mikoyan asked him at the time why more of Kautsky's writings were not being printed in the GDR. "*Mikoyan then said that the debate between Lenin and Kautsky had to be reconsidered. Lenin assumed that the chain of capitalism had to be broken at its weakest link and that in that historical situation the uprising had to be attempted and the revolutionary phase of the upheaval of society could begin. Kautsky, on the other hand, took the position that the successful development of socialism was only possible in a highly industrialized country, if a majority of the population was in favor of a transition to socialism. Whom did history prove right?... I understood Mikoyan very well, because my thoughts went... in the same direction.*" (Shirdevan, *Aufstand gegen Ulbricht* (*Uprising against Ulbricht*), op. cit., p. 68 f.) This was clear: According to Mikoyan, history showed that

Kautsky was right against Lenin! So after Khrushchev and company had successfully buried socialism, they obviously enjoyed insider discussions of the "theory" that socialism was not possible in a backward country like Russia, that social democracy was "historically" "right" against Lenin. No wonder that Khrushchev emulated Tito at that time!

In the middle of 1955 one thing took place after the other. In July a Central Committee Plenary Session took place, at which Bulganin demanded: "*In the interest of responsibility for enterprises and the rapid and operational resolution of urgent economic problems, the initiative of the enterprise managers must no longer be paralyzed. The manager, as the direct commander of production, must have great rights in order to be able to manage the work on the basis of strict economic accounting and to bear full responsibility for the rational use of all the resources under his control*". (Leonhard, p. 104 f. [German edition]) On August 9, this demand was reflected in a "Decision of the Council of Ministers of the USSR on the Expansion of the Rights of Enterprise Managers". The enterprise managers were given the right, with certain restrictions, to change the quarterly plans according to their own conditions, to take orders outside the plan and, if no prices were fixed, to set prices and rates for certain orders. The enterprise managers were allowed to decide on the operating funds for the reconstruction and expansion building at their own discretion, to independently procure building materials from local industry, to confirm projects and, if necessary, to modify them. Under the existing arrangements, they were allowed to determine the wages for individual categories themselves and, in agreement with the unions, to adapt the wage system to the needs of the enterprise. Thus the course was first set towards "self-administration" à la Yugoslavia or Prague 1968 and thus immediately in the direction of capitalism.

At the same time Bulganin declared that the trade unions had to "*deal more strongly with the needs and demands of the employees. Officials who disregard the concerns and needs of the workers and do not take into account the trials and tribulations of ordinary workers must be held accountable as bureaucrats.*" (Leonhard, p. 105 [German edition]). Obviously, corresponding discussions took place at the July Plenary Session of the Central Committee. It would be a serious mistake, it was argued there, if the trade unions "*agreed to every action of the economic management, because the compa-*

nies are state-owned enterprises. Such an idea would only be useful to bureaucrats". (ibid) That sounds good, but only at a superficial glance. In reality, it was part of the efforts of Khrushchev's group at the time to steer the ship towards "self-administration". For if we deny the enterprise managers the right to ultimately dispose of "their" enterprises as private owners do under capitalism, one can only maintain the miserable appearance of socialism if one "grants rights to workers' collectives" in one form or another. This is harmless, for the spontaneously operating law of value, the restrictions of which largely disappear with such changes, would ensure that the fragmented workforce of the individual enterprises could be harnessed to the carts of the respective enterprise managers (see Chapter 7). The workers thus became a reserve of the enterprise managers in the struggle against the bureaucrats of the state planning and management apparatus.

As already mentioned, however, the wind would turn later. Changes in the balance of power within the new ruling class later caused Khrushchev to correct his course, sacrificing many of his former party members. We will turn to these developments in Chapter 13.

10. The 20th Party Congress: The New Class Celebrates Its Victory

In February 1956 the 20th Party Congress of the CPSU took place. Enver Hoxha, who attended this party congress as a guest on behalf of the Party of Labor of Albania, described the atmosphere there as follows:

"The opportunist 'new spirit,' which Khrushchev was arousing and activating, was apparent in the way in which the proceedings of this congress were organized and conducted. This liberal spirit pervaded the whole atmosphere, the Soviet press and propaganda of those days like an ominous cloud; it prevailed in the corridors and the congress halls, it was apparent in people's faces, gestures and words.

"The former seriousness, characteristic of such extremely important events in the life of a party and a country, was missing. Even non-party people spoke during the proceedings of the congress. In the breaks between sessions, Khrushchev and company strolled through the halls and corridors, laughing and competing with one another as to who could tell the most anecdotes, make the most wisecracks and show himself the most popular, who could drink the most toasts at the heavily laden tables which were placed everywhere.

"With all this, Khrushchev wanted to reinforce the idea that the 'grave period,' the 'dictatorship' and 'gloomy analysis' of things were over once and for all and the 'new period' of 'democracy,' 'freedom,' the 'creative examination' of events and phenomena, whether inside or outside the Soviet Union, was officially beginning." (Enver Hoxha, *The Khrushchevites*, p. 180-181)

The most decisive event at the Party Congress was Khrushchev's secret speech against Stalin under the title "On the personality cult and its consequences". Although the personality cult around Stalin had indeed taken on grotesque features, the originator of this cult had by no means been Stalin, as Khrushchev now claimed. Already in July 1953, Kaganovich had said at the Central Committee Plenum: "*True, the pendulum had swung toward the personality cult, and comrade Stalin himself admonished us....*" (*The Beria Affair*, op. cit., p. 152 [German edition])

So who was the originator of the personality cult? On the one hand, the personality cult was a product of socio-economic relations; it was due in particular to the following circumstances: the particularity that the dictatorship of the proletariat had been established in a peasant country and that the new working class had been recruited mainly from the peasantry, the fact that the dictatorship of the proletariat had become weaker and weaker, that the leading stratum had increasingly developed its own class interests, that finally there had been a peculiar state of limbo between this stratum and the working class and that Stalin's strong position had finally become decisive for the fate of the proletarian dictatorship, was, so to speak, the silk thread on which this weakened dictatorship still hung. But while the revisionist leaders were already discussing among themselves the prospects of success of an assassination attempt on Stalin (see p. 49), the same leaders were deliberately fomenting the cult around Stalin in order to conceal their own class interests, which were opposed to those of the proletariat. One of these people was Khrushchev, and he had many years of experience in fomenting the personality cult. Thus he had already written in *Pravda* of January 30, 1937, in an article signed under his own name, that Stalin was *"the very best that mankind possesses. For Stalin is hope. He is the expectation. He is the beacon that guides all progressive humanity. Stalin is our banner. Stalin is our will. Stalin is our victory."* (Quoted from Holmberg, Peaceful Counterrevolution, op. cit., Part I, p. 34). And on Stalin's 70th birthday Khrushchev wrote in *Pravda* in an article also signed under his own name: *"Honor our dear father and wise leader, the genius and leader… Comrade Stalin."* (Quoted ibid.) It was precisely this Khrushchev who, in his secret speech, became the judge of the personality cult that was allegedly organized by Stalin himself.

At the center of Khrushchev's speech were the crimes allegedly committed by Stalin. Now, many of the examples that Khrushchev cited in this regard were indeed crimes, but who was the author of these crimes?

It is significant that Khrushchev cited the so-called doctor's plot as one example. We have seen that Stalin was by no means the author of this intrigue, that this intrigue was probably, on the contrary, **mainly directed against Stalin**. According to Khrushchev, however, Stalin is said to have threatened Ignatiev, the Minister for State Security, with the following words: "*If you do not get a confession*

from the doctors, we will shorten you by a head." And he is said to have given the examining magistrate instructions on the methods of investigation; according to Stalin's alleged instructions, "*the methods were simple – beat, beat and, once again, beat*." (*The Crimes of the Stalin Era* [Khrushchev's Secret Speech], *op. cit.*, p. 49

The chief witness for all this was the above-mentioned Ignatiev, a favorite of Khrushchev. And the interesting thing about this is that on April 7, 1953, Beria had demanded the arrest of Ignatiev and Riumin, Ignatiev's deputy, on the grounds that they had made the false accusations against the doctors. (Holmberg, ibid., p. 60) Ignatiev, whom Khrushchev had raised to the innermost leadership circle on March 14, 1953, that is, nine days after Stalin's death, as one of five CC secretaries (see Leonhard, p. 85), had to leave again after only three weeks, and on April 28 he was expelled from the CC. His deputy Riumin was executed in June 1954 because of this matter (Leonhard, p. 65; Holmberg, I. p. 60), but Ignatiev not only got away with his life thanks to Khrushchev's protection: already the Central Committee Plenum of July 1953, which had settled accounts with Beria, revoked without discussion the decision of April 28th, which according to Khrushchev "*had come about because of a defamation*", and brought Ignatiev back to the Central Committee. (*The Beria Affair*, op. cit., p. 171) In March 1954 Ignatiev became Party Secretary in Bashkiria (Leonhard, p. 65), and then, in February 1956, he became a delegate to the 20th Party Congress and served Khrushchev as chief witness to the criminal way in which Stalin is said to have set in motion the intrigue against the doctors. Ignatiev was again elected to the Central Committee. (Leonhard p. 174 [German edition]) All this already speaks volumes about Khrushchev's methods.

In Chapter 4 we saw that already in the 1930s the signs of decay within the state apparatus had increased, that state organs were misused to commit crimes in pursuit of private interests. Thus, enemy forces used purges to execute innocent people and good revolutionaries under the pretext of fighting enemies of Soviet power. One of these "outstanding purgers" of the 1930s was Khrushchev himself. Thus, in June 1935, he attacked "*in* Pravda *the old Georgian Bolshevik Abel Yenukidze for not praising Stalin's commitment to the revolution enough. A few days later the Plenum of the Central Committee decided to expel Yenukidze, following the report of a personal friend of Khrushchev's, Yezhov, who was chief of the se-*

cret police. Shortly afterwards he was sentenced to death by a secret military court for treason and espionage. The role that Khrushchev played in this context is clear and obvious. Not quite as clear is the role he played in the purge of CC members Pavel Postyshev and Kossior. But one thing is certain: it was Khrushchev who, when Postyshev fell victim to the purges, assumed his position as First Secretary of the party in Ukraine. It is also clear that it was Khrushchev who subsequently accelerated the purges in Ukraine that Postyshev tried to hold back." (Holmberg, I. p. 34)

Then, at the 20th Party Congress, Postyshev and Kossior, for whose death Khrushchev was presumably responsible, had to serve as further examples of "Stalin's despotic rule". According to Holmberg, incidentally, in April 1953 Beria had begun to uncover crimes committed during the purge in the Ukraine in 1938 under Khrushchev's leadership. In the spring of 1953, Beria was also said to have begun to depose the heads of the secret police in several Union republics that Ignatiev had placed there. (Holmberg, I. S. 60) Khrushchev thus seems to have been in a tight spot: in order to cover up his own crimes, he now had to weep crocodile tears over the victims and accuse Stalin as well as Beria and Abakumov, who could no longer defend themselves because they were dead. (Abakumov, Beria's collaborator for many years and former Minister for State Security, was executed in December 1954 on the grounds that he had used criminal interrogation methods to extort false statements and confessions. Whatever may have been the case, Abakumov's successor as Minister for State Security had been chosen some time before... it was Ignatiev!)

The vast majority of the intrigues of that time cannot be disentangled and uncovered today, but the role of Khrushchev and the function of his attacks on Stalin are more than clear. The 20th Party Congress was not the change of power; the change of power had already taken place immediately after Stalin's death. The 20th Party Congress was merely the declaration of the victors, of the new class that had seized power. And since Stalin had been the decisive obstacle to the seizure of power by this class, the solemn condemnation of Stalin was an essential part of this declaration. Certainly, in addition to the "crimes" of Stalin, Khrushchev also referred to his "merits" in some secondary statements. This could hardly be avoided, since nobody could deny that the Soviet Union had become

strong and powerful under Stalin's leadership. But the **class content** of Stalin's activities had to be condemned without any ifs or buts.

The following details given by Leonhard are also characteristic of the climate at this Party Congress:

"*Laughter was said to be the reaction... when Khrushchev described General Poskrebyshev, as Stalin's 'loyal shield-bearer'; it was the relieved laughter of the leading men of the Soviet state who need no longer fear Stalin's private secretariat*." (Leonhard, p. 184)

When Khrushchev declared at the end of his secret speech that "this matter" (the condemnation of Stalin) must not be raised before the enemy, and he *"thinks that the congressional delegates will understand and correctly judge all these proposals*", the "*minutes recorded 'thunderous applause'. This applause was the delegates' gratitude to Khrushchev for showing them so much trust, and it was also an expression of the proud feeling of belonging to the elite of the Soviet state, who felt that Khrushchev's trust had elevated them above the ordinary party members. This reaction was as significant as the laughter at General Poskrebyshev, whom they all used to fear, but who had now become a ridiculous figure as Stalin's 'loyal shield bearer'.*" (Leonhard, p. 201 [German edition])

Here Leonhard understood very well how to evaluate psychological phenomena politically and socio-economically. His class standpoint is exactly the opposite of ours: He wanted to dismiss socialism as inhuman, but what he described here was not "socialism" but the intrigues of the revisionists who brought down socialism. This description by Leonhard fully confirms our conclusions, namely: the leading stratum had already developed its own class interests to a great extent under Stalin, but it had been prevented by Stalin from emancipating itself to a new ruling class. Now it was able to complete this step after the death of Stalin.

Here we would like to quote a passage from the notes of the politically highly naive Svetlana Alliluyeva, Stalin's daughter, which contains what we believe to be a psychologically enlightening account of the reaction of ordinary people from Stalin's immediate environment to his death:

"My father's servants and bodyguards came to say good-bye. They felt genuine grief and emotion. Cooks, chauffeurs and watchmen, gardeners and the women who had waited on the table, all came quietly in. They went up to the bed silently and wept. They wiped their tears away as children do, with their hands and sleeves

and kerchiefs. Many were sobbing. The nurse, who was also in tears gave them drops of valerian....

"All these men and women who were servants of my father loved him. In little things he wasn't hard to please. On the contrary, he was courteous, unassuming and direct with those who waited on him. He never scolded anyone except the top men, the generals and commandants of his bodyguard. The servants had neither bullying nor harshness to complain of. They often asked him for help, in fact, and no one was ever refused." (Svetlana Alliluyeva, op. cit., p. 12)

In a sense, this description reflected the mood in the country after Stalin's death. Given that it was a socialist country, the active role of the working people was severely restricted by the leading stratum. However, the working people knew that there was a power at the head of the Party and the State that was theirs. And many people felt that this would end after Stalin's death. This sad feeling was the direct antithesis of the exuberant cheerfulness that spread at the 20th Party Congress, when those present celebrated themselves as the masters of the country.

Incidentally, Varga gave a telling example of what could be expected from now on if one belonged to the leading group of this ruling class. "*G.F. Aleksandrov, member of the CC Academy, former head of the CC's propaganda department, Minister of Culture, used his official powers to force young girls trained as professional dancers in the school under his supervision* ***to dance naked*** *in front of him and his henchmen at a dacha belonging to an 'artist'! What else, I do not know! These events were attended by: N.N. Satalin, a secretary of the Central Committee (!), two corresponding members of the Academy. Who else, I do not know. Khrushchev found out about it, had the events secretly photographed and confronted the participants. What else? The 'artist', the owner of the dacha, was sentenced to seven years in prison! Satalin disappeared without a sound: his name was never mentioned again in public: where he is, what he does I do not know*. (In a footnote, apparently added later, Varga said: "*I learned by chance that he is working in an information department of the Gosplan in Moscow in peace and quiet*"). *Aleksandrov had to leave as minister, was expelled from the Central Committee and transferred to Minsk – as* ***Director of the Institute of Philosophy*** *of the Belarusian Academy of Sciences!* (A beautiful "philosopher"! RM) *He remained a member of the Academy. The two corresponding members remained as well! The principle in all*

such cases was that communists (beautiful "communists"! RM) *should not be exposed in public*..." (Varga, op. cit., p. 140 [German edition], Varga's emphases)

Back to Leonhard's description. Khrushchev's secrecy regarding his speech at the Party Congress actually only served – as Leonhard correctly pointed out –the purpose of flattering the delegates by making them feel that they belonged to an elite to which he gave "secret information". In reality Khrushchev was not interested in secrecy at all. "*It* (the so-called secret speech, RM) *had been sent in advance to the Yugoslav leaders, and a few days later it fell into the hands of the bourgeoisie and reaction as a new 'gift' from Khrushchev and the Khrushchevites.*" (Enver Hoxha, *The Khrushchevites*, p. 182)

From a German perspective, it is interesting to see how Ulbricht behaved, especially since Gossweiler and some others are today striving to glorify Ulbricht as a "*vanguard fighter against revisionism*". In his first speech after the 20th Party Congress, Ulbricht spoke of a "*wholesome shock*". (Leonhard, p. 86) In *Neues Deutschland* (*New Germany*) of March 4, 1956, Ulbricht described the 20th Party Congress as "*the most important after Lenin's death*" (see Medvedev and others, *Entstalinisierung (De-Stalinization)*, op. cit, p. 9) And Enver Hoxha stated regarding Ulbricht's behavior at the Conference of 81 Communist and Workers' Parties in November 1960 in Moscow: "*When we attacked the Khrushchevites in Moscow, both in the meeting and after it, he proved to be one of our most ferocious opponents and was the first to attack our Party publicly after the Moscow Meeting*." (Enver Hoxha, *The Khrushchevites*, p. 175)

The bitter irony of history provided that Khrushchev of all people, the gravedigger of the workers' power, was able to announce at the 20th Party Congress some measures that alleviated the immediate pressure on the workers. For example, the decision of June 26, 1940, that workers were not allowed to leave their workplaces and that if they were late by more than 20 minutes they were punished with up to 6 months of educational work at the workplace, was revoked. (Leonhard, p. 152 [German edition]) It was not to Khrushchev's merit that this measure, born out of the war emergency, could be ended now, after the reconstruction of the economy, but it gave him the opportunity to act as a friend of the workers.

Furthermore, working hours were reduced and the workers' right to permanent employment was abolished. A two-week period of notice was introduced, and the penalties for workers who left their jobs without official permission were lifted. The coercive measures in question were introduced in the 1930s, as we have seen on page 49. The reason for this was the imperative need to achieve an enormous impetus to industrialization in record time and to exert considerable pressure on the mass of workers of peasant background to this end. Success was not lacking: The productive forces were developed to an enormous degree and, not the least, the number of workers and employees rose from 10.8 million in 1928 to 47.9 million in 1955, and the number of technical specialists with a university education increased from 233,000 to 2.2 million within the same period of time. (Leonhard, p. 14 [German edition]) Now, after the end of the war and the reconstruction of the economy, the workers' power could have reaped the fruits, could have strengthened the socialist order and taken steps towards communism on the basis of the developed productive forces; it could have drawn the workers in particular to a far greater extent into the direct management of production. But the workers' power was now shattered, and the new ruling class could use the fruits of all these efforts to show the workers how "good the leaders were for the workers". But the orientation towards a classless society, in which the united producers collectively direct production and all social affairs, was eliminated and replaced by the dictatorship of a new exploiting class, which alone determined the production and distribution of products and appropriated the surplus product created by the working class.

11. Why Did the Working Class Lose the Struggle for Power?

This counter-revolutionary development cannot be understood by declaring it the work of traitors.* Certainly, from the standpoint of the revolutionary working class, Khrushchev and company **were** traitors, but this does not explain why they were able to prevail. There is no doubt that Khrushchev used criminal methods, but this fact by itself explains nothing. In his book *Revolution and Counterrevolution in Germany*, Friedrich Engels wrote: *"... but when you inquire into the causes of the counter-revolutionary successes, there you are met on every hand with the ready reply that it was Mr. This or Citizen That who 'betrayed' the people. Which reply may be very true, or not, according to circumstances, but under no circumstances does it explain anything – not even show how it came to pass that the 'people' allowed themselves to be thus betrayed. And what a poor chance stands a political party whose entire stock-in-trade consists in a knowledge of the solitary fact that Citizen So-and-so is not to be trusted.*" (Foreign Language Press, Peking, 1977, p. 4-5) Indeed, if one explains the downfall of socialism by the betrayal of Khrushchev and company, the only lesson for the future is the consoling advice that traitors should not be trusted, that they should be exposed, made harmless, etc.

So the question arises, why did the Soviet working class lose power?

The new exploiting class, which developed out of the leading stratum, followed its **interests**, and Khrushchev and company, as political leaders of this stratum, or respectively class, brought these interests to the fore politically, that is, they **fought for state power**, and in the end they won this fight. (The fact that they used criminal and scheming methods is again not due to their innate character, but rather to the fact that under the given circumstances they could win the struggle only with such methods – it was not so easy to "peacefully" take down the dictatorship of the proletariat, and this in turn was largely due to the work and strong position of Stalin.) We have seen that in the 1930s the revolutionary working class was forced to make considerable concessions because of the backwardness of the

* This chapter contains the heart of the argument.

country, that it had to grant considerable privileges to the leading stratum – which at that time was by and large the product of the working class. This was socialism under special, and under particularly unfavorable, conditions. The general rule of socialism is that if sooner or later "the working class as the ruling class cannot be fixed in all the pores of economic life", then the enterprise managers and employees of the state planning and management apparatus will gradually develop their own class-based interests, which sooner or later will be directed against the working class and run counter to the aim of the elimination of classes. This is exactly what happened, and this stratum became more and more powerful. (How strong it already was at the time of Stalin's death is shown by the fact that at that time the innermost leadership core agreed almost without exception on the counter-revolutionary orientation.) Stalin fought against the class objectives of this stratum, but this stratum and its class interests were ultimately stronger. In order to fundamentally change the balance of power, the relations of production would have to have been changed in such a way that the working class would have had greater direct control and leadership, but the existing system of planning and management, which had been established in the 1930s and **had to be** largely established in this way at that time, made this immensely difficult, and the subjective aspirations of the leading stratum were primarily directed at preventing precisely this.

Does this mean that under the material conditions of the Soviet Union socialism could not have won out, that the seizure of power by the working class in October 1917 was therefore a stillborn child from the outset? No. It was a complicated web of objective and subjective factors, as well as internal and external factors, whose interaction ultimately determined the balance of power between revolution and counter-revolution and thus decided the outcome of the struggle. Only philistines and pedants could believe that such a thing can be calculated completely in advance and that a struggle should only be started when victory is guaranteed signed and sealed from the outset. (Then one would never fight!) For example, the fighting conditions could have been different if the breathing space before the war had been a little longer. In retrospect the effects of these and other factors cannot be determined with absolute accuracy, but the socio-economic or class content of events can be determined much more easily in retrospect than in the midst of the battle.

11. Why Did Working Class Lose the Struggle for Power?

We are opposed to a subjectivist view that, by saying the word "betrayal", considers everything to be made clear, but at the same time we are opposed to an objectivist view which declares that everything **had to happen** just as it happened, and precisely because **it happened** that way. Such a view denies the importance of the subjective efforts of the class forces and individuals involved. If this were the case, then all efforts to learn from history would be meaningless, because according to this view everything had to happen the way it did. But this is not the case, in a second attempt one can learn from the mistakes and shortcomings of the first. Such an objectivist attitude particularly whitewashes the revisionist, counter-revolutionary, backward-looking forces.

Karuscheit, for example, does the latter when he attests that Khrushchev subjectively felt "*like a Marxist-Leninist*", "*who led the country towards communism*". (Karuscheit/Schröder, *Von der Oktoberrevolution zum Bauernsozialismus* (*From the October Revolution to Peasant Socialism*), op. cit., p. 268) It is certainly conceivable that Khrushchev believed in "communism" in the sense that he thought there was some kind of world schematic that would make the Soviet Union superior to the West in one way or another. He would certainly have liked the effect of such a world schematic. He may also have believed that such a world schematic would soon ensure that there would be enough goulash for everyone. Anyway, such a belief would have been quite pleasant for him and his peers, for then "the common people would have first of all had their mouths shut", and "the people" would not have disturbed the "wise leaders" in their conduct and rule. But the question of what ideological ideas these people had is not important. It is certain that they deliberately, consciously and with all their strength had broken away from **any** development to eliminate class differences, that they had fortified the power of their class over the working class. That was their class interest, and that is how they acted. That is why they were anti-communists; they acted and thought like anti-communists.

12. The Policy of Alliance of the New Ruling Class towards the Peasants

As before, the peasants represented a significant part of the population, and consequently the policy towards the peasants was of crucial importance for **any** class that wanted to remain in power. This had previously applied to the working class (it was not without reason that a significant part of the internal struggles within the Bolshevik Party had been fought over the question of policy toward the peasants), and it now applied to the new ruling class, which had overthrown the dictatorship of the proletariat. Khrushchev's special attention was therefore devoted to the question of how this class could use the peasants as its social support.

Also with regard to the peasants, the objectives of the new class were opposed to those of the proletariat. As long as the proletariat was the ruling class, Soviet power aimed in the long run at eliminating **all** class differences and consequently at eliminating the different forms of property, between nationalized industry and the lower form of social property, group property, the collective economic property in agriculture. This objective had to be pursued persistently, but also with all due caution, so as not to endanger the alliance of the working class with the peasants and thus the proletarian power. Stalin in particular relentlessly fought all attempts to stretch the limits in this respect, but he left no doubt about the strategic objective of creating a unified public ownership, for to abandon this objective would have been tantamount to abandoning the communist objective. Therefore, Stalin declared: "*It is necessary,... by means of gradual transitions carried out to the advantage of the collective farms, and, hence, of all society, to raise collective-farm property to the level of public property, and, also by means of gradual transitions, to replace commodity circulation by a system of products-exchange* [that is, without the commodity-money relation, RM], *under which the central government, or some other social-economic centre, might control the whole product of social production in the interests of society.*" (*Economic Problems of Socialism in the U.S.S.R.*, pp. 68-69) Even more. In his polemic against Yaroshenko, Stalin emphasized that the existing relations of production regarding the socio-economic difference between city and country had already begun to contradict the character of the developed productive forc-

es: "*But it would be unpardonable blindness not to see at the same time that these factors are already beginning to hamper the powerful development of our productive forces, since they create obstacles to the full extension of government planning to the whole of the national economy, especially agriculture. There is no doubt that these factors will hamper the continued growth of the productive forces of our country more and more as time goes on. The task, therefore, is to eliminate these contradictions by gradually converting collective-farm property into public property, and by introducing – also gradually – products-exchange in place of commodity circulation.*" (ibid., p. 70) Thus it was not only the subjective aim of the working class and its revolutionary vanguard to gradually eliminate commodity exchange between industry and agriculture, but this subjective aim also corresponded to the objective level of development of the productive forces.

However, the enterprise managers, whose liberal aspirations were embodied by Khrushchev, represented one of directly opposing class interests. They increasingly wanted to act like private owners under capitalism, and consequently they could offer the peasants a completely different, opposing alliance than the working class had offered before. They could tie in with the backward attitudes of the peasants with the private owner mentality; they could offer the peasants reforms in this respect which would reverse the degree of socialization that they had achieved.

It was precisely in this sense that Khrushchev became active. Already in September 1953 the state purchase prices for grain and other agricultural products were increased, for grain about doubled, for milk and potatoes about 2 1/2 times, for meat about 5 times. The compulsory delivery quotas for private farm production were reduced. The previously customary individual determination of the delivery norms of the collective farms, which had served to take into account the conditions of smaller collective farms, was replaced by "permanent hectare norms": The larger collectives were the main ones enriched by this reform. (See Raupach, *Geschichte der Sowjetwirtschaft* (*History of the Soviet Economy*), op. cit., pp. 109 f.; Karuscheit & Schröder, *Von der Oktoberrevolution zum Bauernsozialismus*, op. cit., p. 263) Khrushchev paid generously for these gifts to the peasants with a reduction in industrial accumulation, and these were not the only gifts:

12. Policy of New Ruling Class towards the Peasants

"*On Khrushchev's initiative, from 1953 onwards, huge regions in the Asian part of the Soviet Union began to be cultivated with grain. 40 million hectares, which had previously been used only for pasture farming – an area the size of Japan – were put under the plough, although experts had warned of the imminent leaching of the soil because of the thin layer of humus and the semi-arid character of the region. Instead of using the energies of the proletariat for a renewed leap in industrialization or the transformation of the collective farms, hundreds of thousands of volunteers, mostly members of the Komsomol* (the communist youth organization, RM), *went to the steppes to cultivate them, full of enthusiasm for the construction of socialism. The sacrifices of the worker youth benefited the new worker-peasants: in the giant farms founded on the virgin land, the state farm workers were given the same rights to a piece of private land as the collective farmers, including grazing rights for their own livestock on the state lands.*" (Karuscheit & Schröder, p. 262 f.) The state farms – unlike the collective farms – were **state** agricultural property; by establishing state farms in the newly developed regions, Khrushchev was able to maintain the appearance of progressive socialization; in reality, the social character had been eroded by granting extensive private rights of use. In 1958, five years later, Khrushchev himself had to admit that this contradicted the level of development of the productive forces: "*The existence of large parcels of land and livestock under personal ownership has become a serious obstacle to further development of state farm production.*" (Khrushchev, quoted in Karuscheit & Schröder, ibid.)

In 1958, a strategically important agricultural reform was carried out, a reform that was ostensibly in favor of the peasants and calculated to consolidate the power of the new ruling class: The state Machine and Tractor Stations (MTS) were dissolved, and the equipment was sold at low prices to the collective farms. The state MTS had been an essential material basis for the leading role of the working class, or rather the proletarian state regarding the collective economies. By eliminating this bastion, socialization was decisively reduced. Precisely to prevent this, in 1952 Stalin decisively opposed the proposal of the economists Sanina and Venzher to dissolve the MTS and transfer the instruments of agricultural production to the collective farms:

"*The outcome would be, first, that the collective farms would become the owners of the basic instruments of production; that is,*

their status would be an exceptional one, such as is not shared by any other enterprise in our country, for, as we know, even the nationalized enterprises do not own their instruments of production.... Can it be said that such a status would facilitate the elevation of collective farm property to the level of public property, that it would expedite the transition of our society from socialism to communism? Would it not be truer to say that such a status could only dig a deeper gulf between collective farm property and public property and would not bring us any nearer to communism, but, on the contrary, remove us farther from it?

"*The outcome would be, secondly, an extension of the sphere of operation of commodity circulation, because a gigantic quantity of instruments of agricultural production would come within its orbit. What do Comrades Sanina and Venzher think – is the extension of the sphere of commodity circulation calculated to promote our advance towards communism? Would it not be truer to say that our advance towards communism would only be retarded by it?*" (Stalin, *Economic Problems of Socialism in the U.S.S.R.*, pp. 95-96)

After Stalin had posed this question in such a principled, Marxist manner, it was difficult for Khrushchev to pursue the dissolution of the MTS without making the anti-communist content of his policy all too clear. But he proceeded skillfully:

In the fall of 1957 he sent a certain Vinnichenko, who reported in the literary magazine *Oktyabr* (No. 11/1957) about a conversation with Sanina and Venzher about the dissolution of the MTS. "*'Would it not therefore be more appropriate to also concentrate the means of production now in the possession of the MTS in the hands of the collective farm? Is such a solution not dictated by life itself?' asked Vinnichenko and then described further talks with agricultural officials, who suddenly all evidently spoke out in favor of the dissolution of the previously sacrosanct MTS. The last conversation ended with the words: 'Well, there you see it... I'm not the only one who thinks so, and this is a good sign.' Apparently Vinnichenko was destined to prepare the new measure psychologically; in fact, the same thoughts were conveyed to the readers both in the next issue of the magazine* 'Oktyabr' *and in the agricultural newspaper* 'Selskoye Khosyaistvo' *of January 9, 1958.*" (Leonhard, loc. cit., p. 313 [German edition])

On January 22, 1958, in a speech to agricultural officials, Khrushchev proposed the dissolution of the MTS, and a month lat-

er, at the February Plenum of the Central Committee, the issue was on the agenda. In 1952 the proposal of Sanina and Venzher was wrong, Khrushchev said, but now the circumstances had changed. The collective farms were now strong enough to take over the machines. A campaign was then organized, during which many collective farmers and officials spoke out in favor of selling off the MTS. On March 31, 1958, at Khrushchev's request, a corresponding law came into force. In many villages there were joyful bonfires and drinking parties. *Pravda* almost daily published victory announcements of the following style: "*The sale of the MTS technology is finished in our country. All 305 collective farms are taking over the machines they need.*" (This is the way the Regional Party Secretary of Ukraine stated it on April 8, 1958, in *Pravda*.) "*The appraisal commissions, which included the director and chief engineer of the MTS, the collective farm chairman and representatives of the local agricultural bank, set the prices for the machines far below their value under pressure from the collective farmers. In the case of machines that were difficult to sell, scrap metal prices were even set. The MTS directors and their staff, formerly the powerful rulers in the village, saw themselves deprived of their positions of power and began to solicit the sympathies of their future employers – the collective farmers* – (that is, presumably the wealthiest and most influential men within the collective farms, RM). *Even the economically weak collective farms, which were to have been looked after by the MTS for many years to come, took part in the sale. If there was not enough money available, the economically weak collective farms were hastily merged and the funds for the agricultural machinery were raised jointly.*" (Leonhard, p. 315 f. [German edition]) On April 20, the party and state leadership complained in a joint resolution that in setting prices "*no harm should be done to the state*", but now it was too late. (ibid.)

We do not want to go into detail here about the consequences these measures had for Soviet agriculture, but it is common knowledge that it ended up in a deplorable state. The Soviet Union, a grain exporter in Stalin's time, had to import grain.

In 1952 Stalin said in his reply to Sanina and Venzher:

"*We are all gratified by the tremendous strides agricultural production in our country is making, by the increasing output of grain, cotton, flax, sugar beet, etc. What is the source of this increase? It is the increase of up-to-date technical equipment, the*

numerous up-to-date machines which are serving all branches of production. It is not a question of machinery generally; the question is that machinery can not remain at a standstill, it must be perfected all the time, old machinery being scrapped and replaced by new, and the new by newer still. Without this, the onward march of our socialist agriculture would be impossible; big harvests and an abundance of agricultural produce would be out of the question. But what is involved in scrapping hundreds of thousands of wheel tractors and replacing them by caterpillar tractors, in replacing tens of thousands of obsolete harvester-combines by more up-to-date ones, in creating new machines, say, for industrial crops? It involves an expenditure of billions of rubles which can be recouped only after the lapse of six or eight years. Are our collective-farms capable of bearing such an expense, even though their incomes may run into the millions? No, they are not, since they are not in the position to undertake the expenditure of billions of rubles which may be recouped only after a period of six to eight years. Such expenditures can be borne only by the state, for it, and it alone, is in the position to bear the loss involved by the scrapping of old machines and replacing them by new; because it, and it alone, is in a position to bear such losses for six or eight years and only then recover the outlays.

"*What, in view of this, would be the effect of selling the machine and tractor stations to the collective farms as their property? The effect would be to involve the collective farms in heavy loss and to ruin them, to undermine the mechanization of agriculture, and to slow up the development of collective farm production.*

"*The conclusion therefore is that, in proposing that the machine and tractor stations should be sold to the collective farms as their property, Comrades Sanina and Venzher are suggesting a step in reversion to the old backwardness and are trying to turn back the wheel of history.*" (Stalin, *Economic Problems*, pp. 94-95)

That's exactly how it was. Sanina and Venzher or the forces behind them were prevented from taking such a step in 1952, but Khrushchev pushed it through in 1958.

In 1958 further reforms in agriculture followed. Until then, the collective farms were obliged, first, to deliver a certain quantity of their products to the state at a relatively low "price of acquisition". Second, they had to provide the MTS with a "payment in kind" for the use of state production instruments; these products thus flowed

to the state without commodity-money relations. Third, the collectives supplied products at higher prices than the compulsory delivery price. Fourth, there were supply contracts between the collective farms and the state; the state paid contractually agreed upon prices for deliveries according to plan as well as premiums for deliveries in excess of plan. On June 17 and 18, 1958, the Central Committee decided to abolish the compulsory deliveries. The payments in kind to the MTS had ceased anyway due to the dissolution of MTS. A uniform form of state purchase remained, and the previously different prices were replaced by a uniform state-fixed price. (Leonhard, p. 317 ff. [German edition]) The consequence: Either the state paid the prices demanded by the collectives at the expense of industrial accumulation, or the products were increasingly sold privately, whether legally or on the black market.

Khrushchev had already "made an effort to promote agriculture" during Stalin's lifetime. But his efforts at the time were of the opposite kind – at least formally. He wanted to concentrate the farmers in agricultural towns, to reduce the private farmland and also to move it to the periphery of the large collective farms in order to work them collectively. The agricultural towns planned by Khrushchev were "communist" gigantomania, and even the de facto expropriation of the peasants' private farmland would not have corresponded to the circumstances and would have turned the peasants against Soviet power. Whether Khrushchev intended the latter, whether he wanted to endear himself to Stalin as a "five hundred percent communist" or whether the proposals simply corresponded to his craving for grandeur may be open to question; at any rate, in 1951 Stalin rejected Khrushchev's proposals. (See von Rauch, op. cit., p. 462 [German edition]; Karuscheit/Schröder, op. cit., p. 244 f.) One need not be surprised that someone who made such proposals later became the gravedigger of socialization in Soviet agriculture; Khrushchev's thought and action was determined neither in one case nor the other by the interests of the working class and Marxist principles.

His agricultural policy after Stalin's death served, as has been said, to use the peasants as a tactical mass to be manipulated [literally maneuvering mass – Manövriermasse in German] for the new ruling class. Karuscheit misjudged the circumstances when he stated that "*as a result of this* (Khrushchev's, RM) *policy... there was a de facto class balance between the peasantry (including the state farm*

workers with private plots of land) and the working class", and then went on to state: "*Henceforth neither class was able to impose its will on the other without revolution.*" (Karuscheit & Schröder, p. 267) The peasants always played an important role, but they were not a class that could have seized power. Karuscheit knew this too; he himself said that a "*class rule of the Russian peasantry... was not possible simply because of their method of production and social position*". (ibid., p. 268) But then there could be no question of "who ruled whom" between the working class and the peasantry. Karuscheit and Schröder **overlooked** the class that drove the working class from power, and they had already overlooked the strata within socialist society from which this class finally emerged; they overlooked the entire contradiction between those above and those below in society, the contradiction resulting from the fact that the victorious working class could not abolish the divisions of labor of the old society overnight, even within the state sector.

Stalin had seen this contradiction, but theoretically he did not assess it properly. One cannot blame him for this, since first, there was no historical material that he could have evaluated in this respect, and second, the backward conditions forced the active revolutionaries to allow an enormous difference between those above and those below in the 1930s – as measured against the communist goal. In the midst of the grandiose and at the same time highly contradictory historical process involved, it was incredibly difficult to make an accurate theoretical evaluation of the events in this respect. Today, the historical material is completely before us, including its negative side, the process of decay following the loss of power of the working class, and the result of this process of decay, which lasted several decades: capitalism. Today it is much easier to examine the class-based driving forces of the various developments, but many are prevented from doing so by ideological blinkers.

In the case of Karuscheit and Schröder, their basic theoretical error lay in the fact that they saw the peasantry as almost the only internal social driving force that stood in the way of the development towards communism. The enormously large peasantry, which the victorious working class found after the October Revolution, was without doubt the **most important feature** of Soviet development. As far as the study of this peculiarity is concerned, the analyses of Karuscheit and Schröder were largely sharp and worthwhile. But since Karuscheit and Schröder overlooked an important **general**

problem which **every** proletarian revolution must solve, the elimination of the traditional division of labor into leading and implementing functions, their presentation became all the more mistaken the more **this** problem came to the fore. Consequently, they were also unable to grasp how the **Soviet particularity** – the backward productive forces and the numerically large peasantry – led to a weakening of the class rule of the proletariat, by forcing the proletarian Party itself to create an apparatus with relatively little connection to the workers and to grant the members of this apparatus great privileges in terms of decision-making and consumption. And therefore they could not grasp the class content of the counter-revolutionary overthrow after Stalin's death. But they were not the only ones. Others, however, referred mainly to the external pressure of imperialism. This pressure undoubtedly played an important role, but especially in that it indirectly affected the balance of power of the class forces **within** the country, by worsening the conditions for reducing the differences between those above and those below as a result of this pressure and especially as a result of the war. The analysis of the internal class forces is the key to understanding the events in question and, in turn, the balance of power between the working class and the leading stratum which gradually opposed it. These class forces, in turn, are based on the respective relations of production, namely the social relations that people enter into with one another in relation to the process of production. (This of course includes the relations regarding planning and management of production, and even more: it is precisely the revolution in **these** relations that plays a decisive role in the transition to communism). The interest of the working class, in its next attempt at achieving full victory, namely to fight for a classless society, requires thorough study and theoretical generalization of historical experience in this very sense.

13. Contradictions within the New Ruling Class

We now return to a line of development that we last dealt with in Chapter 9: the struggle between opposing interest groups within the new ruling class. There were two main groups that to a certain extent had opposing interests: on the one hand were the enterprise managers, who wanted to act like private owners under capitalism, and on the other the bureaucrats of the state planning and management apparatus. Other groups such as the army, the Ministry of the Interior, etc. also represented their own special interests and played a not insignificant role, but from the point of view of the economic base, from the point of view of relations of production, it was the first two groups mentioned above that played the decisive role. The question of what role the bureaucrats played within the **party** apparatus will be dealt with separately.

We have seen that, in order to completely oust the working class from power, the new ruling class first had to push for liberalization, for the expansion of commodity-money relations, and consequently the stratum of enterprise managers first had the leading role. A high point of this development was the congress of designers, technologists, factory directors and senior engineers in April 1955, in which the highest party and state leaders took part and reported on it in a Soviet newspaper under the title "The Masters of our Country". Another highlight of this phase was the decision of the Council of Ministers on August 9, 1955, to expand the rights of enterprise managers. It was no coincidence that it was during this period that Khrushchev most resolutely sought fraternization with Tito, while the relations between the Soviet and Yugoslav revisionists later cooled down considerably. (See pp. 123 and 126) If this course had been pursued in a linear fashion, the development would very soon have led to concepts of "self-administration" in the style of Titoite Yugoslavia and the "Prague Spring" and thus directly to capitalism. The working class – not only ousted from power, but also deprived of its Marxist-Leninist vanguard party – would not have been able to prevent this development, but the bureaucratic part of the new ruling class, the party and state administrators, whose functions would have become superfluous in a transition to capitalism, were able to prevent this. They were not acting in the

interests of the working class. On the contrary, they had common interests with the liberal enterprise managers regarding the working class, and therefore they could only pursue their special interests offensively within the ruling class when the question of power was irrevocably decided against the working class.

In February 1956, at the 20th Party Congress, the climate was already different from that of mid-1955, and there was no longer any talk of the enterprise managers being the "masters of the country". There was talk of further liberal economic reforms: the administrative apparatus was to be further reduced, the principle of profitability was to be made the basis of economic management, and more rights were to be granted to enterprise managers and union leaders. (See Leonhard, p. 147 [German edition]) However, the decree of August 1955 on the expansion of the rights of enterprise managers was not even mentioned by Khrushchev; Bulganin dismissed it with a brief remark according to Leonhard, and only Pervukhin is said to have emphasized it. (Leonhard p. 148 [German edition]) That the wind had begun to turn is also clear from an episode described by Enver Hoxha: In June 1956 a meeting of the Council for Mutual Economic Assistance [COMECON] took place in Moscow; in which the Polish party leader Ochab complained to Khrushchev that certain Polish products were not being accepted, contrary to the agreement; Khrushchev accosted him: "*Let us not speak here like factory managers*." (See Enver Hoxha, The Khrushchevites, p. 91) The conference at which the factory managers were celebrated as the masters of the country had only been 14 months earlier.

The two socio-economic factors that socialism had used as crutches now appeared as the sole forces regulating economic life: on the one hand, the commodity element, and on the other, state ownership in terms of planning and management of production. In terms of personnel, it was the two main groupings within the new ruling class mentioned above that embodied these two socio-economic forces, and they worked against each other to a certain extent. They were united by their common class interest, which was to keep the working class from exercising power, to determine production and distribution alone and to use the peasants as allies. However, this class was not homogeneous; there were considerable conflicts of interest within this class. The party and state bureaucracy wanted to put an end to the elimination of state ownership in

economic life to a certain extent; the enterprise managers wanted to continue this process. At first – until June 1957, another turning point, as we shall see directly – both forces pursued their own activity more or less uninhibitedly.

The grouping around Khrushchev, however, was already at that time trying to put the brakes on extreme manifestations by one side or the other, to bring about a certain balance, a certain reconciliation of interests between these two sides, and to secure the revisionist party apparatus as the material force for achieving such a balance. This was made very clear in a policy article in *Pravda* on April 5, 1956. The article pointed to "*the necessity of fighting against two harmful tendencies*". (See Leonhard, p. 191) On the one hand, the Party cells were called upon "*boldly to criticize those who had not freed themselves from bureaucratic methods of work*." This obviously meant representatives of the state apparatus who opposed the measures of liberalization. (Leonhard speaks of "*the 'apparatchiks' who clung to old Stalinist practices*." But we have already pointed this out: **For Stalin**, and for every Marxist, state ownership in the socialist economy was a crutch to promote socialization, a crutch that can and must be eliminated as the strengthening of the working class as the ruling class advances in all pores of economic life. The pursuit of the self-interest of the state bureaucrats, who aimed at consolidating and expanding their privileges, had nothing in common with this communist objective and the proletarian class interest which underlay it. It was **precisely opposed** to this objective and interest, yet the whole chorus of bourgeois propaganda called the self-interest and activity of these state bureaucrats "Stalinist", a prejudice serving the bourgeois interest from which one must thoroughly detach oneself if one is to understand the events in question.) On the other hand the *Pravda* article of April 5, 1956, warned of *"rotten elements which were trying to 'use criticism and self-criticism for a variety of slanderous attacks and anti-Party assertions'*" (Leonhard, ibid.). The most important example quoted by *Pravda* concerned a Party meeting of the Statistical Administration in Moscow, which attacked Yaroshenko for "*provocative anti-Party statements*" without, according to *Pravda*, condemning him sufficiently strongly (Leonhard, p. 192). The group around Khrushchev here demagogically tried to give the impression that they would take up and continue Stalin's fight against Yaroshenko and his liberal, capitalist economic concepts. Their sole aim was to send a

strong signal that they would protect the essential interests of the state bureaucracy by absolutely preventing too much liberalization, too much reduction of state ownership in economic planning and management.

In 1956, a conference on the law of value was held, at which leading economists declared Stalin's views on the need to restrict the law of value to be wrong. The law of value had general validity for the national economy. This was the action of liberal forces around the enterprise managers.

In December 1956, the Central Committee decided on further measures to decentralize the economy. Important economic responsibilities were transferred to the ministries of economics of the Union Republics. However, this was not an increase in responsibility for the enterprise managers. At the February 1957 Plenum of the CC the December reforms were again reformed. *"...the February meeting announced the abolition of the economic ministries in favor of territorial economic authorities, that is, the complete reorganization of the economy. In December the Party had hardly been mentioned, in February it was always mentioned first. In short, in February Khrushchev succeeded in taking economic reform out of the hands of the economic leaders and putting it under the direction of the Party*." (Leonhard, p. 236) In a certain sense, the February decisions had pushed decentralization even further, but this was to be decisively counteracted by the fact that the Party apparatus was to exert a greater central influence on production.

In the spring of 1957 there was intensive discussion about the reorganization of the economic management. During the discussion, demands for workers' councils in the enterprises and for workers' self-administration in industry emerged. This was not an action of the class-conscious proletariat, but of the liberal enterprise managers, who tried to use demagogy of self-administration to keep the workers hitched to their carts in their struggle against the state apparatus. The group around Khrushchev strongly opposed such proposals in order to set limits to the efforts of the enterprise managers. (See Leonhard, p. 237-38)

"*Views differed most as to whether all ministries should be dissolved or whether some should remain, and where and how many* [regional, RM] *people's economic councils should be set up. In spite of all their Party training the attitude of the Soviet officials was not very different from that of politicians and industrialists in*

other social systems. Almost every Minister tried frantically to prove that his ministry was essential and must therefore continue to exist. The members of the State Planning Commission were in favor of putting the newly created sovnarkhozy [regional economic councils, RM] *under strict supervision of the Gosplan while the leading officials of the Union Republics demanded closer links between the sovnarkhozy and their governments. The Party secretaries of the non-Russian Union Republics desperately resisted any possible splitting up of their territories. But once a division had been decided on -- as for example at the beginning of April 1957 in the Ukraine -- there was no way of stopping it. Now every district and every region wanted its own sovnarkhozy*." (Leonhard, p. 238)

In all this, one must not lose sight of how strong the state's influence still was and on which real terrain the trench wars in question were fought: Nove describes the situation regarding the distribution of means of production to state enterprises even **after the February reform** as follows:

*"Literally millions of allocation certificates (*naryady*) are issued by different supply offices, in Moscow and in the republics. Each represents, in essence, a portion of the output plan of the enterprise which must deliver the allocated product. Yet not only are there many supply departments at different levels which raise difficulties of effective co-ordination (for example, where several products must be allocated to one factory or industry), but the supply departments are, since 1957, separated organizationally from the planning of production. Therefore there are numerous complaints about supply breakdowns, about plans for production which are inconsistent with plans for supplying the necessary materials and components. The interested student can readily convince himself of the serious nature of this problem by consulting any set of relevant specialized publications. For instance, one reads of a building site in Kuibyshev held up through failure to deliver machinery, which in turn is held up by failures to deliver components to the machinery manufacturers in Saratov, which failure is then traced up the line until it is discovered that the Cherepovets steelworks had been expected to deliver steel from a workshop which had not yet been completed; or a Leningrad factory cannot complete textile machines because its plan has not been geared in to the output plan of a factory making one of the necessary components. This kind of failure of co-ordination between 'the sector departments of the Gosplans of*

the USSR and the RSFSR [the planning apparatus of the SU as well as of the Russian Republic, RM] *and the machinery manufacturers... arises rather frequently.' And so on, and so forth*. [Nove quotes here from two Soviet economic journals from 1960 and states in a footnote that similar examples can be found in a large proportion of issues of these journals, RM.]

"*The satirical* Krokodil *frequently publishes sarcastic comments. Thus a cartoon illustrates the statement of a Moscow party official to the effect that 'to receive ball-bearings from the first Moscow state ball-bearing factory, the neighboring Likhachev automobile factory's requests for an allocation make a long journey, through fourteen republican and all-union snabsbyty* [provision and distribution organs, RM] *and planning organs*.' (*Krokodil*, July 30, 1960)." (Nove, *The Soviet Economy*, p. 210)

We cannot but repeat what we said on p. 81 in a similar context: "Nove wanted to show here that 'the socialist system was no good'. But he showed something quite different. He showed that the state crutch and the commodity crutch mutually mitigated their respective shortcomings only when a third element intervened in a leading way, a socio-economic element which was not borrowed from the old society but embodied the future communism: the social leadership and control by the working people, the 'strengthening of the working class as the ruling class in all pores of economic life'. This class, led by its party, had to ensure that production was oriented towards social interests. If this communist motive force was too weak, the signs of decay that emanated from the state crutch on the one hand and the commodity crutch on the other hand **multiplied**, as we have already said." But after the counter-revolutionary overthrow after Stalin's death, this third element was not only weak; it had been eliminated. Despite the occasional phrases of Khrushchev's people and later also of the Brezhnev leadership that the workers must be called upon to lead, the state power now served the goal of keeping the working class permanently away from any leadership of production and society in general. And the "successes" spoke for themselves, as the examples given by Nove illustrate.

Instead of being oriented towards communism, Soviet society rapidly atomized itself into many different groups and individuals pursuing their respective interests. (Significant is the sarcastic joke that arose in the 1970s that the largest social movement in the Soviet Union was dachism [a dacha is a second house in the suburbs,

common in the former Soviet union]). A bourgeois constitution actually corresponds to such a society, in economic terms commodity production and undisguised private property, the law of value and competition, capitalism. This was the material thrust of the liberal aspirations of the economic leaders. In the CSSR, Poland and Hungary, this thrust would have achieved a breakthrough solely on the basis of internal factors, and it was only from outside, from the Soviet Union, that this was prevented. In the Soviet Union itself, it was internal factors that prevented the decisive breakthrough of this driving force. A detailed analysis of why this was the case would go too far at this point, so let us leave it at a few key words: State ownership in economic life had already played a major role in Russia long before the socialist revolution, while Czechoslovakia, for example, was a developed capitalist country before the revolution with traditions rooted in commodity economics and bourgeois development. On the other hand, the Soviet state had gained great prestige among the population during the period of the dictatorship of the proletariat and was still able to live off this prestige even then, in the period of revisionist deterioration. (We will discuss the highly contradictory development in the GDR in a separate work: Under Ulbricht, the liberalization of the economy was initially taken quite far, while political developments took a different course. Later, under Honecker, the hierarchical command structures in the economy were also expanded).

Thus, the society led by the revisionists was a bourgeois society **to the extent** that it broke down into a multitude of groups and individuals with different interests; but the undisturbed bourgeois form of movement of these individuals was prevented by hierarchical power apparatuses. (Such a social structure necessarily involved a diverse old-boy network.) This contradiction leads to the decay of society in all spheres, a decay that was still different from the decay inherent in a monopoly capitalist system, a decay that was increasingly perceived as unbearable by most people in the countries dominated by the revisionists, so unbearable that the "freedoms" of the capitalist countries increasingly appeared as a temptation. The basis of this decay is to be found in economics.

Within the power apparatuses themselves, which prevented the uninhibited bourgeois movement of the members of society, individual interests increasingly developed, which under the given circumstances had to be disguised as social interests. Thus there were

frictions between different functional levels of the state apparatus, both between different hierarchical levels (that is, the central planning organ, union planning organ, regional planning organ, enterprise) and also between members of the same hierarchical level (that is, if ministries were rationalized away by decentralization measures, then – as shown above – the measures as a whole were always welcomed by everyone, but each ministry just tried to justify **its own** necessity). All the resulting power struggles were not primarily economic (the law of value still did **not** act primarily as a regulator of production[*]), but political, which above all meant here that special relationships with influential people were used, that intrigues were made, that one old-boy network fought against another one, etc. Social life was not primarily governed by **material** dependencies, but primarily by **personal** dependencies[†]. In form, this was a legacy of the dictatorship of the proletariat, in which the revolutionary working class had used state, hierarchical structures to begin socialization. Now, after the restoration of an order of exploitation, this, the **personal** form of dependence, must have seemed particularly intolerable. In fact, it corresponded to **pre-bourgeois** forms[‡] of a society of exploitation.

Marx: "*Every individual* [in bourgeois society, RM] *possesses social power in the form of a thing.* (Marx means the relations between things in commodity production, RM) *Take away this social power from the thing, and you must give it to persons [to exercise] over persons. Relationships of personal dependence (which originally arise quite spontaneously) are the first forms of society, in which human productivity develops only to a limited extent and at isolated points. Personal independence based upon dependence mediated by things is the second great form, and only in it is a system of general social exchange of matter* [through commodity exchange, RM], *a system of universal relations, universal requirements and universal capacities, formed. Free individuality, based on the universal development of the individuals and the subordination of the communal, social productivity, which is their social possession, is the third stage* [of communism, RM]." (Marx, *Outlines*

[*] It is not totally a regulator in ordinary capitalist countries either.
[†] One has this also in ordinary capitalist countries: a familiar saying in the U.S. is "it is not what you know but whom you know."
[‡] This means either feudalism or slavery. It makes no sense!

of the Critique of Political Economy, II. Chapter on Money, [The Origin and Essence of Money], Marx Engels Works, Vol. 28, p. 95, also published in the U.S. as Grundrisse.) The transition to the third stage was prevented with the loss of power of the working class, but with it a system of personal dependencies based on the relatively developed productive forces had to permanently appear even more intolerable than bourgeois conditions. From a purely economic point of view, this can be seen in phenomena of the kind mentioned by Nove in the quotation above. Hierarchical apparatuses of power are supposed to regulate production, but since these apparatuses in turn disintegrate into an unmanageable web of the most diverse interests, this regulation is even worse than the law of value that works blindly.

The Power Struggle in June 1957

In June 1957 there was a crucial clash of forces in the Party leadership, representing the various groups within the ruling class.

At a meeting of the party Presidium (that was the name of the Politburo at that time), a grouping around Malenkov, Molotov and Kaganovich tried to depose Khrushchev as First Secretary of the Party and demote him to the post of Minister of Agriculture. (Accordingly, there was a sarcastic joke about Khrushchev: "If you make such an effort to grow corn, your special subject...") This grouping had a majority in the Presidium. Molotov was to become First Secretary of the CC and Malenkov Prime Minister. But while Khrushchev's supporters were said to have stalled the committee with long speeches (Furzeva was said to have spoken for six hours), Marshal Zhukov's air force flew in the members of the CC in a hurry; the meeting was changed into a CC Plenum, and Khrushchev had the majority there, because the provincial officials supported his course of decentralization. Ideologist Suslov is said to have scented the balance of power in time and sided with Khrushchev. Khrushchev celebrated his victory by solemnly condemning the "anti-party group" around Molotov, Malenkov and Kaganovich. (Zhukov, to whom Khrushchev owed his victory, was removed somewhat later; Khrushchev probably wanted to prevent Zhukov from using his role in this coup to make his own demands, especially demands for a stronger political role for the army.)

The top bodies of the Soviet Union were now fundamentally transformed. Khrushchev brought his people into position, while the

followers of Molotov and Malenkov were purged. It is interesting to note Leonhard's assessment of these power shifts. According to him, Malenkov and Molotov represented **opposing** factions, which in their dissatisfaction with Khrushchev's course are said to have allied themselves against him. Malenkov is said to have represented the "*economic bureaucracy*", Molotov and Kaganovich the "*pro-Stalinist forces*". As far as the latter was concerned, Leonhard's customary use of language, according to which he called the bureaucrats of the hierarchical apparatuses "Stalinist", must be taken into account. Insofar as Malenkov is said to have represented the "*economic bureaucrats*," this expression is probably distorted; Leonhard probably meant the enterprise managers who were pressing for civil liberties, and not primarily the bureaucrats in the state planning apparatuses. According to Leonhard, the grouping around Malenkov also included the same Pervuchin, who was the only one to mention the decision to expand the rights of enterprise managers at the 20th Party Congress.

That Malenkov acted as the leading representative of a liberal direction seems quite plausible: after all, he was the first to begin attacking Stalin at that time, namely at the CC Plenum in June 1953, three months after Stalin's death, and in particular Stalin's proposals on the further restriction of commodity-money relations. Malenkov had also claimed at that time that Stalin's policy was likely to drive the peasants to ruin. (See p. 118) In connection with the events of June 1957, Leonhard reported that Malenkov's overthrow led to concerns among the peasants; therefore Khrushchev was forced to make important concessions to the peasants on July 5, one day after the resolution against the "anti-party group". (Leonhard, p. 282 [German edition]) This indicated that Khrushchev was prompted to signal that the ruling class would not change its policy of alliance towards the peasants even after the overthrow of the liberal reformer Malenkov.

As for Molotov, it may be questionable whether he was really a representative of the state bureaucracy, as Leonhard assumed. According to Khrushchev, he was supposed to have supported Voznesenki's liberal reform proposals together with him and Malenkov. (See p. 125) But the disagreements in question were disagreements within **one** class, albeit a very non-homogeneous one, and some of them probably changed direction at times. Nor does Khrushchev's relevant statement necessarily apply. But whatever

position Molotov may have taken in June 1957, he had until then supported the intrigues of the leadership aimed at overthrowing the dictatorship of the proletariat without any discernible resistance.

14. “The Leading Role of the Party” à la Khrushchev

Whatever the role of individual people, the **class-based result** of the struggle in June 1957 was obvious: the policy of equilibrium, of balance between the different groupings in the ruling class continued. Decentralization continued, but it should not be exaggerated; the essential interests of the state apparatuses were not touched. The Party apparatus would continue to exert direct and tangible influence on the management of the economy, regardless of any reforms.

The revisionist Party apparatus was Khrushchev’s actual power base; the latter thus directly secured his base of support. However, this orientation towards the leading role of the revisionist Party may have a deeper socio-economic reason. If the opposing interests of the various groupings within the ruling class were to continue to be balanced against each other, a material force was needed that was in some respects independent of the individual groupings and at the same time recruited from all of them. This was the attempt to use a material force to counteract the drifting apart of society into different groupings. At the same time, ideological putty was needed to paste together the real clashes of interests in society and especially within the ruling class. This ideological putty also had to serve as a demarcation against capitalism, to which they did not want to return in order not to endanger the essential interests of the State and Party bureaucracy. This was the falsified, mutilated “Marxism-Leninism”, which had been trimmed down in the interest of the new ruling class, and which of course did not point the way to the communist transformation of society in the interest of the working class, but served to secure the power of the new exploiting class. This had the further consequence that also in the future thw special interests of members of the state apparatus could only be represented in masked form, in the disguise of the general social interest, and that hypocrisy thus became an indispensable characteristic of the representatives of this social order. This was to an even greater extent than under capitalism, in which the pursuit of private interests is considered legitimate. As far as revisionist **Party** ideologists and politicians were concerned, they had to give the impression of being free of any private interests, and the Party apparatus as such presented itself as a mere expression of the interests of society as a whole, free of

any self-interest, or rather as the executor of the rational logic of history, as the locomotive which drew society towards communism. The “Marxist-Leninist” façade was in fact maintained until the last act, until Gorbachev, who presented his policy of transition to capitalism as “Leninist renewal”.

In the face of such a hypocritical ideology, the sober impartiality of the openly anti-communist Nove, who described the role of revisionist Party functionaries in the economy, seems almost refreshing:

“*The Party officials are judged, in the economic sphere, by their ability to ensure the fulfillment of various plans within their area of jurisdiction. The secretary of the Party group within the enterprise often finds himself helpless* vis-a-vis *the director even if he wishes to act, because the director of a large enterprise is generally himself an influential Party member. But even the secretary of the Party’s town committee* (*gorkom*), *or the* oblast *party secretary* [regional party secretary, RM] *must inevitably be influenced by their own desire to report to headquarters that various key plans are fulfilled. For them, paraphrasing Dickens, ‘99.9 per cent – misery; 100.1 per cent – happiness.’ It should surprise no one, therefore, to encounter numerous reports concerning the connivance of party officials at various distortions designed to facilitate plan fulfillment within the given plant or area*.” (Nove, p. 188)

The Party functionaries in their own interest thus helped the economic managers concerned to defraud the society by giving the impression, contrary to the facts, that the plan had been “fulfilled”. Since the question of whether certain plan specifications were considered to have been fulfilled, not fulfilled or over-fulfilled was largely subject to the decision of state bodies, friendly Party functionaries from different agencies and levels were able to do each other favors and do favors for their protégés, for example, also to act as super-tolkachi (tolkach: see p. 66), who through their relationships were able to procure products that could hardly be obtained legally. Thus, it was precisely the Party functionaries who acted in the nooks and crannies of the decaying system, using relationships, both legal and illegal, up to and including the mafia-like structures and old-boy networks that increasingly dominated society under Brezhnev.

15. Mafioso Structures under Brezhnev

In the Brezhnev era the process of decay had progressed so far that those Party functionaries who, because of their position of power within the "vanguard party" had the opportunity to do so, systematically robbed the state's inventories, or rather used state means of production for the production of goods that were not recorded anywhere. The goods thus privately appropriated were sold "under the counter". (See Vaksberg, *The Soviet Mafia*, op. cit., p. 43 [German edition]) The influential functionaries, like mafia godfathers, knew how to get everything and help anyone who could afford it.

Vaksberg, a former journalist in the USSR, now chief witness for the view that "communism goes against nature", describes in his book the so-called Fish Case among other things, in which high-ranking Soviet functionaries were involved:

"*'Okean'... was the name of a firm which operated hundreds of shops all over the country selling sea products – not only fresh and frozen fish, but mainly salted and smoked produce, those most highly prized delicacies to the Russian palate. And, even more important, black and red caviar. All these goods had long since been in short supply and in reality no longer appeared on any fishmonger's slab. However, the Ministry of Fisheries of the USSR held significant reserves of these delicacies and had the right to distribute them via the chain of Okean shops which came under its control. In conditions of extreme shortage of supply, caviar, crab, sturgeon and salmon became like hard currency and, more than that, a key which could open any desired door. The racket worked as follows: top officials in the ministry would reach an agreement (naturally, for a consideration) to open a branch of Okean in some town or other. Local officials would appoint (naturally for a consideration) people to run it. The ministry officials would (naturally, for a consideration) fulfill an order (naturally, for a consideration) from the local officials for a supply to their Okean shop of additional quantities of caviar, crab and other special seafood. These supplies, it goes without saying, would never appear on the counter. Apart from a tiny quantity, they would all be swallowed up by underground dealers at five or six times the official price. Roughly a third of the money would be appropriated by those immediately involved in the operation; the rest would go in bribes to those capable of guaran-*

teeing complete protection of the criminals -- not only their job security but also their future careers.

"Such was the racket whereby vast sums of money were regularly made without any serious effort. This formed the basic capital of an illegal Sochi bank. There were many such banks in various cities, and all of them could be provided with 'hot' money, again with no effort but a stroke of the pen of the Deputy Minister of Fisheries of the USSR, Rytov."

To continue:

"*Under an agreement reached (naturally, for a consideration), thousands of tins of caviar would be sent to foreign trading partners labeled as sprats in tomato sauce or herrings in brine. The price difference would be divided amongst vast army of accomplices but the sums involved, both in rubles an in foreign exchange, were such that there was plenty for everyone.*" (Vaksberg, pp. 5-6)

Since every position and even every little position in the Soviet hierarchy offered the opportunity to enrich oneself, there was of course also a flourishing trade in it. His indignation at this practice was met by a professor of medicine who feared the stupidity and incompetence of the doctors he 'trained'.

"*By that time it had become routine practice for students to be enrolled in 'prestige' institutes on orders from above, and this had ceased to surprise anybody. Institutes were considered 'prestigious' if they guaranteed a good career, or a good income.... But then, at the beginning of the 1970s, the 'right' ideological qualities and untarnished family background alone were no longer enough as an entry pass to the temples of learning. Party bureaucrats turned the recommendation process for admission to further education into an underground auction. Every recommendation cost money, and this tax tended to increase since it had to be shared with colleagues, from the very top of the administrative ladder down to the very bottom.*" (ibid., p. 16)

In the realm of the shadow economy, everything had become a commodity – and, no wonder, so had Party membership, on which so much depended:

"*Everything depended on the level of those 'friendly relations'* [with influential Soviet functionaries, RM], *of degrees of intimacy.... It was well known throughout the area, for instance, how much a party membership card cost.*

"*A little further explanation is necessary at this point. Although the 'soldiers of the party' number about twenty million – there has never been such an army, in any other country in the world, whether armed with ideas or any other kind of weapon – it was by no means easy for any old Tom, Dick or Harry to enter its glittering ranks. For a blue-collar worker it was not too difficult. For an agricultural laborer who worked with a plough or a tractor, it was also reasonably easy. But they weren't exactly queuing to join up.* (Here it becomes clear that this Party had long since ceased to have anything to do with the interests of workers and peasants; almost everyone knew this, but official hypocrisy made it necessary to offer to make model workers and peasants new party members from time to time, which evidently became increasingly difficult, RM.)

"*It is a long time since anyone joined the party out of intellectual conviction. They just joined to help their career. What other reason could there be?... It was particularly difficult for a member of the retailing trade to join the party: that particular 'class element' was not considered the most desirable.... You could not become the director of a shop (or a restaurant or a cafe) or any sort of section leader or divisional head without a party card. Because the quota for admission to the party for service-sector workers was so small, getting into the party meant virtually automatic promotion....*

"*To judge by various indicators in the court files, the going rate at that time and in that part of the country for membership of the party was 3000-3500 rubles.*" (ibid., pp. 28-29)

In the Brezhnev era, these were not isolated thieves, but a whole mafia system based on personal relationships and dependencies. In contrast, during the dictatorship of the proletariat there had been individual thieves and abuses by individual degenerate functionaries, but there had been no systematic and organized illegal production, no systematic illegal robbery by a stratum of apparatchiks in power.

"*There was none of this under Stalin's totalitarian rule* [this is the way Vaksberg characterizes the period of the dictatorship of the proletariat, RM]. *Now that the screws have been loosened a bit, the black economy has fallen like an avalanche onto the official one.... One way or another it now seemed that the old saying 'money isn't everything' was slightly off the mark if taken literally. When dismissal could be followed by a camp sentence or 'elimination', money certainly wasn't everything. Even ordinary retirement promised*

apparatchiks comfortable state provision, in contrast to the poverty experienced in old age by the majority. Now there is no real threat of a camp sentence, even for those overthrown or removed from highest party circles.... Each of them may have felt the insecurity of his position, but that position, while he held it, opened the way for easy material accumulation. Simple worldly logic dictates: you must exploit your position to the maximum, and hurry, hurry, hurry... Thus, the natural processes going on in the economic sphere began to converge with the interests of the new political class (to use Milovan Djilas's label)." (ibid., pp. 22-23)

At this point an explanation is needed: Vaksberg considered the commodity economy, the striving for personal enrichment, to be an "objective economic law", which socialism had violated. For him, the shadow economy was the result of an "insane experiment", a natural and inevitable reaction to subjective interference in objective processes, a consequence of socialism. In reality, the black market economy and the gigantic scale of criminal activity on the part of the Soviet power holders was the inevitable consequence of something quite different: namely, the fact that after the overthrow of the dictatorship of the proletariat, society was bourgeois in so far as the individual pursuit of private advantage had become a general characteristic, but that this pursuit could only appear in disguise, not openly; the fact that, despite the in some respects bourgeois character of society, it was essentially not the material violence of the market but personal relations of dependence which regulated production[*].

Vaksberg sensed this contradiction and, in essence, opposed the fact that bourgeois society was not established consistently after the overthrow of the dictatorship of the proletariat, but in this mutilated and contradictory form. He strongly criticizes the fact that the thoroughly hypocritical bureaucracy did not give free rein to private interest, as is the case under capitalism, but only allowed private interest to be exercised in a deformed form. He comes to the conclusion that the nomenclatura – the leading and most privileged peak of the new ruling class – had to come closer and closer to the laws of commodity production, since they were only concerned with their private interests.

[*] Again.

In spite of his bourgeois standpoint, Vaksberg could not avoid involuntarily conceding certain advantages of the dictatorship of the proletariat over the mafia system under Brezhnev. He presents the different social status of criminality in the times of Stalin and Brezhnev as follows – of course always against the background of his lament about "Stalin's terror":

"*I well remember two episodes from when I was still a young man working as a lawyer. A perfectly ordinary, run-of-the-mill band of thieves had been caught in Central Asia.... In the pitiful mud-walled hovel where one of them lived, packets of half-rotten, worm-eaten banknotes had been found in the cellar, hundreds of thousands of rubles, in fact. Fearing discovery, this cooperative worker and his family lived in horrifying poverty and squalor in order to create an image of being practically beggars, while their ill-gotten wealth was rotting away uselessly underground.*

"*A few years later, I came across an absolutely identical situation in Moscow itself. They had arrested the manager of a butcher's shop. He was remarkable for his irreproachable, almost fanatical frugality and honesty. He would severely punish his workers if they were found to have cheated a customer by as little as five kopeks. He never went to a restaurant, preferring to enjoy a thin sandwich in front of his staff, which he would bring from home, washing it down with a mug of watery tea out of a thermos.... The search of his house revealed a cache of 240,000 rubles bricked up in a wall. In today's terms that would have a purchasing power of many, many millions. All the notes had rotted away and could not possibly be paid in to the bank.... Such was the morality of that period, when there were thieves but the mafia had not yet appeared on the scene. There were loners and tiny groups of thieves who carefully masked their criminal activity and feared a detective behind every bush. There was nowhere to put the money safely.... As time went by, the situation changed completely. The criminals began to make common cause with the people in power, and depended on their protection. There was no further need to hide the proceeds of their crimes.... The illicit profits, however much they were being eroded by inflation, could be ploughed back into business deals. The so-called 'black economy' provided plenty of opportunities.*" (ibid., pp. 26-27)

According to the magazine *Soviet Union Today* 7/1990, the financial potential of the black market economy at that time was be-

tween 70 and 150 billion rubles, almost a fifth of the gross national product. For example, half of shoe repairs, repairs of buildings in the cities, a third of the repairs of household appliances and 40% of the production of custom-made clothing were said to have been carried out illegally at that time. *"The increasing scarcity of commodities promotes the expansion of this economic sector. A powerful wave of illegal commodities and services at completely excessive prices is pouring into the vacuum created by the lack of generally available commodities. As a result, the population has to bear high additional costs which reduce its real, but not its statistical, standard of living."* (*Soviet Union Today,* 7/1990) *"A close link between the black market economy and state structures has developed... close contacts between corrupt officials and the black market economy.... With the involvement of the bureaucracy, a kind of economic symbiosis developed."* (ibid.)

In this way, the decaying revisionist system merged with the illegal shadow economy that it itself had created.

Does it follow from all this that the Soviet Union had become a capitalist country after the revisionists seized power? Before we hastily answer this question in the affirmative, we should first of all consider that the black market economy was created precisely by the scarcity of commodities in the official economy. But scarcity of goods is not exactly a sign of capitalism. "*The wealth of those societies in which the capitalist mode of production prevails, presents itself as 'an immense accumulation of commodities'....*" (Marx, *Capital*, Vol. 1, Part 1, Ch. I, Sect. 1, in *Marx Engels Works*, Vol. 23, p. 49) In general, under capitalism there is an **overproduction of commodities**, measured, of course, by the purchasing power of the working masses, which is limited by the low level of wages. In the revisionist Soviet Union, however, the official economy produced **too few commodities**, and it was only the unsatisfied purchasing power that made the rapid growth of a shadow economy possible. So let us turn to the question of whether this was really capitalism. The study of this question will first take us back to the early 1960s.

16. The Liberman Legend

In September 1962 the Soviet economist Liberman proposed some economic reforms. His article caused a great stir both inside and outside the Soviet Union. For some bourgeois commentators in the West as well as some revolutionary communists, Liberman's proposals, in conjunction with the reforms that were actually implemented, were seen as proof of the restoration of capitalism in the Soviet Union. For opposite reasons, of course: some gloated that this proved that if one wanted to do business rationally, one can only do business capitalistically. The others, the revolutionary communists, saw the assertion of the restoration of capitalism as a particularly consistent criticism of Khrushchev's and Brezhnev's revisionism. This newspaper, *Roter Morgen*, also did this in its edition of December 18, 1981. The KPD, however, later rejected the view that capitalism had been restored in the Soviet Union at that time, for example in the theoretical organ *Weg der Partei* (*Road of the Party*) 1-2/1992, where it stated on page 36: "*Revisionism* (meaning here the social order whose political leadership was formed by the revisionists of the Khrushchev and Brezhnev type, RM) *is not yet a finished capitalism, but a transitional society that must necessarily lead to capitalism. At least if the working class does not first smash the revisionist state power through a renewed armed revolution and re-establish its class dictatorship. But the conditions for this are... much worse under revisionism than under capitalism*[*]" But the legend that capitalism was re-established in the 1960s with the "Liberman reforms" has persisted in some places to this day, so let us go into this question in a little more detail.

Liberman said that an enterprise should receive higher bonuses the more profitable it was. "*The first principle is that the more profitable the enterprise, the higher the bonus.... Second, the principle is that enterprises receive bonuses on the basis of a share of the profits made: The higher the plan of profitability drawn up by the plant itself, the greater the bonus*." (Liberman, *Plan – Profit – Bonus*, documented in Neumann, *Zurück zum Profit* (*Back to Profit*), loc. cit., p. 112 ff.) Liberman argued that this would counteract the previous practice of enterprise achieving plans that were as unprofita-

[*] So you went way backwards here from a correct earlier position!

ble as possible and therefore easy to fulfill, in order to collect bonuses on the basis of "plan fulfillment".

In 1970, Liberman stated that the economic reform had achieved, among other things, "*giving profit the character of a binding indicator for evaluating and stimulating the performance of a company*". (Liberman, *Methods of Economic Control under Socialism*, op. cit., p. 10)

Stalin had rightly pointed out in *Economic Problems*, as already quoted elsewhere, that a socialist economy cannot be primarily oriented towards the profitability of individual companies:

"*Totally incorrect, too, is the assertion that under our present economic system,... the law of value regulates the 'proportions' of labor distributed among the various branches of production.*

"*If this were true, it would be incomprehensible why our light industries, which are the most profitable, are not being developed to the utmost, and why preference is given to our heavy industries, which are often less profitable, and sometimes altogether unprofitable.*

"*If this were true, it would be incomprehensible why a number of our heavy industry plants which are still unprofitable and where the labor of the worker does not yield the 'proper returns,' are not closed down, and why new light industry plants, which would certainly be profitable and where the labor of the workers might yield 'big returns,' are not opened....*

"*If profitableness is considered not from the standpoint of individual plants or industries, and not over a period of one year, but from the standpoint of the entire national economy and over a period of, say, ten or fifteen years, which is the only correct approach to the question, then the temporary and unstable profitableness of some plants or industries is beneath all comparison with that higher form of stable and permanent profitableness which we get from the operation of the law of balanced development of the national economy and from economic planning...*" (*Economic Problems*, pp. 22-23, 24)

Although the profitability of individual enterprises does play a role under socialism, especially since the economy would collapse if all enterprises were unprofitable, an enterprise that is unprofitable in itself can be profitable from a social point of view. The whole is greater than the sum of its parts. Liberman was therefore decisively wrong when he said: "*What is useful to society must also be useful*

(he means profitable, the author) *to every enterprise*." (Liberman, *Plan – Profit – Bonus*, op. cit.) Liberman's concept of economically stimulating enterprises and their work forces based primarily on their profitability, considered in isolation, was incompatible with socialist economics. And this concept was actually put into practice.

But did this mean the transition to capitalism?

Liberman proceeded from the premise that "*one only hands over to the enterprises the planned volume of production, according to nomenclature and delivery periods*" (ibid)"One", that is the state planning authorities. "Nomenclature", that is the name given to **what** the enterprises have to produce. The planning authorities thus "only" tell the enterprises what they have to produce in which periods. "Only" refers to the fact that on this basis the enterprises themselves should decide in the future on the following: "*The plan of labor productivity, the number of employees, their wages, the production cost prices, accumulation, investments...*". (Liberman, ibid.) And: "*Let en enterprise have more freedom in the use of 'its' share of the profit!"*

And prices? In 1962, Liberman was inconclusive on this point. On the one hand, he said that "*prices*" should be set "*only centrally*". A few paragraphs later, however, he argued against the fear that "*enterprises*" could "*artificially inflate the prices of new products*"; "*the method we propose*" in fact prevents just that: "*Any setting of high prices of the commodities supplied reduces profitability for the consumer. In that case, consumers will look very closely at the prices* ***set by the supplier****. This will help the Economic Councils and the State Planning Commission to exercise effective rather than formal control over price formation*." (ibid., emphasis by RM) The last sentence was pure demagogy. Under this procedure, the planning commission and other state agencies would **no longer** have any control over prices. The supplier could set the prices, but if they were set too high, he would be stuck with his products and would therefore have to give in on the price. In other words, prices would be **regulated by the market**. This would then also lead to **competition** between suppliers, especially between state-owned enterprises. The position of the enterprises, or rather the enterprise managers would be very similar to that of private owners. Profitability would be profitability in the full sense of commodity production, of capitalism, because profits would have to be realized through the market. Of course, Liberman expressed himself ambiguously; on the

other hand he spoke of price control by state agencies. It seems that the latter was only a tactic to avoid saying it straight out, to avoid provoking too strong protests from the outset by the representatives of the state planning and management apparatus. "The main thing is that we bring the idea of market prices into the discussion, and this idea will then make its way," Liberman may have thought.

But is that how it happened? As is known, no. As is well known, in the revisionist countries at least the bulk of prices remained fixed by the state, and only in the phase of immediate transition to capitalism was this substantially relaxed.

In fact, Liberman met with fierce criticism as early as 1962. The magazine *Voprosy Ekonomiki* (*Questions of Economics*) published two articles in No. 11/1962, in which it said:

"*One must not forget the tendencies towards local patriotism shown by some republic and regional officials, but also by individual enterprise managers. This leads to violations of the planned purpose of capital investments and proportions in the national economy, to disorganization and relaxation of the planning principle in the economy. If the Gosplan and the sovnarchozy* (regional economic councils) *were to discontinue the planning of capital investments for the enterprises and transfer these functions to the enterprises, this could only exacerbate similar negative tendencies, but in no way promote a better utilization of capital investments and the observance of the proportions in the development of the national economy....*

"If the planning of the cost prices of production for the enterprise were to be discontinued, this would lead to a weakening of attention to this fundamental problem of economic production. But in any case the control of the enterprise with regard to production requirements would be relaxed. The average norm of profitability would not replace the control functions of the superior bodies. There will always be a dispute when setting the norm of profitability. The possibility of high profitability in setting profitability requirements and, in connection with this, the possibility of individual managers hiding their reserves will not be eliminated, especially since the norm of profitability would be set for a long period of time.

"*Even in capitalist France... one is making efforts to influence enterprises through investment.* ('One', meaning the French monopoly state, the author) *But here, in a socialist state, it is proposed*

that enterprises should be able to plan capital investments outside the single plan. This would in fact be nothing more than a renunciation of the uniform policy of capital investment, a renunciation of the planning of structural relocations and proportions throughout the economy.

"*In our opinion, even material and technical supplies cannot be replaced by trade in the means of production. Such a method is unacceptable for the socialist economy. The distribution of material resources through mutual trade relations between enterprises will hardly be in the proportions needed to solve the tasks resulting from the national economic plan*." (Quoted from Raupach, *History of the Soviet Union*, op. cit., p. 261 f. [German edition])

The last sentence is undoubtedly correct, but even the wrangling of the various elements of the state hierarchy was not able to ensure that production was oriented towards the interests of society as a whole. Thus the quoted statements – as correct as the criticism of Liberman was in itself – are to a large extent imbued with an ideology that obscures reality; however, they show one thing very clearly: the bureaucrats of the state planning and management apparatus vehemently resisted Liberman's proposals defensively. They also succeeded in preventing at least the majority of these proposals from being realized.

Certainly, profit had become "a binding indicator for evaluating and stimulating the performance of a company". In other words, the allocation of material and financial resources by the State to an enterprise depended essentially on the extent to which that enterprise was considered profitable. But this was **not** profitability that had to be demonstrated by realizing the value of the commodities on the market, and consequently the supplier enterprise did not have to make the main effort to satisfy the needs of the customer in terms of quality, punctuality, etc., and it was therefore not forced by economic levers to reduce costs in order to keep pace with the offers of competitors. Profitability, fulfillment of plans, etc. were still predominantly not objective categories, but profitability, fulfillment of plans, etc., and thus bonuses and other allocations of state resources were still decided predominantly by higher-level bureaucrats.[*] To take up the Marx quote from the *Grundrisse der Kritik der*

[*] This just shows that it is a somewhat different type of capitalism, not that it is not capitalism

politischen Ökonomie (*Foundations of the Critique of Political Economy*) on p. 156: The power of the "thing" (that is, a value that must be realized through competition on the market) was not restored, but rather the power of "persons over persons" remained. This state of affairs was, of course, no longer a step forward in comparison with capitalism, for this power was no longer a proletarian power aimed at eliminating class differences, but the power of a new exploiting class; the social structure in question thus corresponded in a certain sense to **pre-bourgeois** conditions.*

Liberman himself wrote in 1970: "*Prices are controlled by the state in the interest of the working people*." (Liberman, *Methods of Economic Governance under Socialism*, p. 71) The reference to the "interest of the working people" was pure ideology, but what was real was that Liberman at that time had resigned himself to price setting by the state hierarchical ranks. He had to orientate his theories primarily to the interests of the state planning and management apparatus, otherwise he would not have been able to hold his ground as a Soviet economist.

* Again.

17. Was the Soviet Union Capitalist?

The assertion that capitalism was restored in the Soviet Union with the seizure of power by the revisionists completely ignores the fact that there was no competition between state enterprises; the advocates of such an assertion completely fail to make a Marxist assessment of the obvious fact that there was no such competition. Marx had formulated with unmistakable theoretical acuity:

"*Free competition is the relation of capital to itself as another capital, i.e. the real behavior of capital as capital.... production based upon capital only posits itself in its adequate forms in so far and to the extent that free competition is developed. For free competition is the free development of the mode of production based upon capital... Free competition is the real development of capital. By means of it, that which corresponds to the nature of capital, to the mode of production based upon capital, to the concept of capital, is posited as an external necessity for the individual capital. The reciprocal compulsion exerted under free competition by capitals upon one another, upon labor, etc. (the competition of workers among themselves is merely another form of the competition of capitals) is the* ***free****, and at the same time* ***real****, development of wealth as capital*." (Marx, *Outlines of the Critique of Political Economy*, III. Chapter on Capital, [Fixed and Circulating Capital], *Marx Engels Works*, Vol. 29, pp. 38-39, Marx's emphases)

Therefore, if one talks about an alleged capitalism that could exist without competition, one throws Marx's concept of capital and thus the scientific character of socialism overboard. We are talking about **economic** competition. Of course, there was "competition" between state enterprises under revisionism in so far as each tried to get as much resources as possible from the state budget at the expense of its "competitors", but this "competition" was not fought out through the **material** power of the market; it was essentially not competition between producers of commodities, but it was fought out through the use of **personal** relationships with influential people in the apparatuses of authority. That is just not "real development of capital".

"*Conceptually,* ***competition*** *is nothing but the inner* ***nature of capital****, its essential character, manifested and realized as the reciprocal action of many capitals upon each other; immanent tendency* (namely, the tendency of profit-making, of self-utilization of

value, RM) *realized as external necessity. Capital exists and can only exist as many capitals; hence its own character appears as their reciprocal action on each other.*" (Ibid., III. Chapter on Capital, [Reproduction and Accumulation of Capital], *Marx Engels Works*, Vol. 28, p. 341, Marx's emphases)

That is: profit-making, the utilization of value is the **purpose**, the **internal tendency** of capitalist production, and competition is the "outwardly appearing" sting that enforces the internal law of coercion. Precisely because this was **lacking** in the degenerated, formerly socialist countries, there were no crises of overproduction there, there was **no** oversupply (measured by effective demand) of commodities, but rather an **undersupply**: money surplus or lack of commodities was chronic. (We are talking about the official economy, not the black market economy.) Under capitalism such a state can exist at best temporarily, because prices would rise until the supply of commodities corresponds to purchasing power, but in the official Soviet economy prices were not formed via the market. The money surplus therefore increasingly led to difficulties in obtaining commodities with the money available, for example, that one had to queue up for a long time to be there when something special was on hand. In addition to the official state supply of commodities, the black market grew stronger, in which one could buy the commodities lacking in the state shops – at corresponding prices or hard currency. (Members of the ruling class could also legally buy the otherwise lacking products in certain shops, the so-called intershops, for hard currency.) The growth of an illegal capitalist black market alongside the official state market was precisely an expression of the fact that the latter was **not** based on the economic laws of commodity production and was therefore also not a capitalist market.*

The assertion that the coming into power of the revisionists was the "coming into power of the bourgeoisie" goes back to Mao Tsetung, but in the hope of having morally devastated Soviet-style revisionism, the Maoists are in reality constructing a "capitalism" that has discarded "the inner nature of capital, its essential character" (Marx), thus a "capitalism" that is not capitalism. The correct indication that the working class was exploited and oppressed under

* Again, this just shows that it was a different type of capitalism.

revisionism did not make things better: not every exploitative society is capitalist.*

One could argue that even under monopoly capitalism competition is eliminated to a certain extent, and yet it is capitalism. This is true, but it is only eliminated **to a certain extent**, otherwise it would not be capitalism any more. In many cases, the big capitals actually dictate on the basis of their monopoly position, but first, there is still competition **between the monopolies** in the economic sense, and this is even intensifying enormously, and second, the entire economic life is also based "below" on capitalist competition, "*imperialism and finance capitalism are a superstructure on the old capitalism.*" (Lenin, Eighth Congress of the R.C.P. (B.), Sect. 3, *Collected Works*, Vol. 29, p. 168) "*Nowhere in the world has monopoly capitalism existed in a whole series of branches without free competition, nor will it exist.*" (ibid.) "*Imperialism, in fact, does not **and cannot** transform capitalism from top to bottom. Imperialism complicates and sharpens the contradictions of capitalism, it 'ties up' monopoly with free competition, but it **cannot do away** with exchange, the market, competition, crises* [that is, crises of overproduction, RM], *etc.*" (Materials Relating to the Revision of the Party Program, Sect. 3, *Collected Works*, Vol. 24, p. 464. Lenin's emphases) Imperialism **is** capitalism, and capitalism in its state of decay; the economic orders led by the revisionists were also in a state of decay, but they were **not** capitalist economic orders, although the return to capitalism without new proletarian revolution was inevitable. An order of exploitation based mainly on personal command structures is necessarily less productive than capitalism and therefore cannot stand up to it permanently.

It is true that state ownership in economic life also plays a growing role under monopoly capitalism: the monopolies increasingly use their state to intervene in the economy by non-economic means in their own interest. In this respect, a certain rapprochement between state monopoly capitalism and the economic orders in the revisionists' sphere of power can be observed, but only a **certain rapprochement**. The role of the state in economic life had another quality in the latter sphere.

This by no means excludes the fact that the revisionists increasingly tried to use commodity categories for economic control. The

* This is again completely undialectical.

increasing decay that emanated from state ownership* forced them to make such attempts. They tried unsuccessfully to counteract the decline with ever new mixtures of relations between state and commodity elements. The prevailing tendency, however, was that under Brezhnev state ownership in economic management was again more emphasized than under Khrushchev, and under Honecker more than under Ulbricht. It would be going too far here to describe this in detail. As far as the GDR is concerned, we shall do so on another occasion; it can even be shown without difficulty that the attempt to strengthen the state element as opposed to the commodity element was precisely the socio-economic content of Honecker's overthrow of Ulbricht. (And there is some evidence that the same applies to the overthrow of Khrushchev by Brezhnev.)

In the political economy of the revisionists there was an apologia for both the commodity and the state, and also for the revisionist party. In part, it can be seen that certain economists were more inclined to an apologia for the commodity, others more for the state; the former were more connected with the enterprise managers, the latter more with the state planning apparatuses. Most economists, however, pursued a nicely "balanced" apologia for both commodity and state.

Let us consider a quote from Soviet economist Sagainov in 1975: "*Under socialism/communism the role of the leading and guiding center for economic construction is taken over by the Marxist-Leninist Party. A particularly important aspect of its economic policy is to define the principles, aims, tasks, forms and methods of the state's activity in the economic sphere. The economic policy represents the concentrated expression of the objective economic interests of society..., which is recognized by the people and formulated in the system of Party guidelines and the normative acts corresponding to them.*" (Sagainov, *Socialist State and Economic Laws*, op. cit. p. 91)

The apologia for the revisionist party, justified by Khrushchev, was pushed so far here that its leading role was even set down under "communism". The author did not shy away from the **obvious** contradiction to Marxism-Leninism: According to Marxism-Leninism parties represent classes, and in classless communist society there

* There are many questions about this whole criticism of state ownership. Isn't it more a question of who really controls the state?

can consequently no longer be a communist party. On the other hand, the apologia for the state is very clear here. Only the state led by the revisionist party directs the economy, and what comes out of it is to be regarded as "the expression of the objective economic interests of society". Since the party uses the state "under socialism/communism" to direct the economy, one must assume that the state will also continue to exist under Sagainov's "communism". Here, too, Marxism-Leninism, according to which the state dies out in the transition to communism, interests the revisionist economist less than the dirt under ones fingernail.

An example of the apologia for commodity economics can be found in the work of Soviet political economist Pashkov:

"*The whole following practice has also shown that even under socialism, not only for the collective farm economy but also for the working class, trade, the market, is the necessary form of economic relations, and that in the first stage of communist society the Party cannot offer the working people anything better than a substitute for this form of relations, which has been tested and verified by the experience of mankind over many thousands of years.*" (Pashkov, *Economic Problems of Socialism*, p. 195)*

There is no doubt that socialism must use commodity elements as a crutch, but that "the Party" simply **cannot (!) "offer" anything better** than the market to the "working people", including the working class, is a declaration of bankruptcy. In fact, the revisionist party has certainly "offered" something other than market relations, namely the state command economy,† although it must indeed be doubted whether this was in itself "better" without the leading role of the working class in economic life.

Elsewhere, of course, Pashkov expresses himself in a more "balanced" way: "*In the state management of the socialist economy, administrative methods are closely related, interwoven with economic methods. In this or that historical period of development of the management of the national economy one could perhaps say that one of the two methods* ***predominates****. For economic methods of state management of enterprises also require corresponding administrative measures by the state and are not possible without them*." (ibid., p. 180, Pashkov's emphasis)

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* So you acknowledge there is a market under revisionism!

† This is a term that bourgeois critics use.

17. Was the Soviet Union Capitalist?

By "economic" methods of economic management Pashkov means commodity-money relations, by administrative methods he means state command economy. Here it becomes clear that the two **crutches** which the working class still had to use for economic management under socialism, state ownership and commodity-money relations, now seem to have become independent. At the same time it becomes clear which of these two forces plays the first fiddle: state ownership. "Economic methods" "also require corresponding administrative measures by the state", says Pashkov. This sentence clearly does not describe capitalist conditions.*

One could ask why it is so important at all whether the economic systems dominated by the revisionists were capitalist or not. Isn't the crucial thing that the working class was exploited and oppressed? Can the question as to whether this was capitalism not be ignored?

This question must not be ignored **in any way**. On the one hand, the assertion that the social orders in question were capitalist does not correspond to reality, so that such an assertion renders oneself untrustworthy and does not allow one to explain the events in question, thus falling into idealist schemes. On the other hand, it is necessary to work out the class content of state ownership in economic management for two reasons:

First, there are revisionist forces even today that present the state leadership of the economy as progressive per se, and on this basis they continue to act as apologists for the fallen revisionist regimes, thus discrediting Marxism-Leninism among the working people. The communists must counteract this by, among other things, disclosing the class-based content of the processes and social formations in question.

Second, in terms of economic management, state ownership **also** has negative effects under socialism, although it is **necessary** as a crutch there and is mainly progressive. The evaluation of historical experience, however, also includes a **comprehensive** study of the effects of the state under socialism, **including** its **negative** side, in order to draw appropriate conclusions for the revolutionary strategy and tactics of the transition to communism. The negative side of state management of the economy, however, is empirically present under revisionism, so to speak, in its pure, absolute form, at least

* Again.

without a progressive, communist element (weakened only by commodity elements). This circumstance must be used for the analysis of the negative side of state economic management under socialism as well.

18. Was the Soviet Union Imperialist?

Now, however, the world Marxist-Leninist movement started and starts almost uniformly from the thesis that the Soviet Union led by Khrushchev and Brezhnev was imperialist. But imperialism, according to Lenin, is a specific stage, namely the highest and last, the monopoly stage of capitalism; it is decaying capitalism, capitalism in its decayed stage. So can one maintain the characterization of the Soviet Union as an imperialist power if we say that it was **not capitalist**?

Lenin distinguishes between a narrow and a broad concept of imperialism. The former is the one we have just outlined. In this sense the Soviet Union was not imperialist because it was not capitalist.*

But Lenin also uses a **broad** concept of imperialism:

"*But when Napoleon founded the French Empire and subjugated a number of big, viable and long-established national European states, these national wars of the French became imperialist wars and* in turn *led to wars of national liberation* against *Napoleonic imperialism*." (Lenin, "The Junius Pamphlet," *Collected Works*, Vol. 22, p. 309)

As is well known, France was at that time not yet in the monopoly period of capitalism, and was therefore not imperialist **in the strict sense**, and yet Lenin describes the wars waged by this France as **imperialist**, he speaks of **Napoleon's imperialism**.

"*Britain and France fought the Seven Years' War* (1756-1763, RM) *for the possession of colonies. In other words, they waged an imperialist war (which is possible on the basis of slavery and primitive capitalism as well as on the basis of modern highly developed capitalism).*" (ibid., p. 310)

Here Lenin even assumes that **imperialist wars in the broad sense** are possible even in the **slave-owning society**. For example, the wars between the Roman and Carthaginian slaveholders were **imperialist** in this broad sense. In this **broad** sense, **all wars and all efforts of exploiting classes to extend the sphere of power beyond their own country are imperialist, provided that these efforts are exclusively reactionary in character.**

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* There have been many documents that show that Soviet social-imperialism **was** imperialist in the sense of monopoly capitalist.

In **this** sense, the Soviet Union under Khrushchev and Brezhnev was also **imperialist**.

Relevant approaches were already evident at the end of the 1960s:

"*In July and November 1959 an almost complete changeover took place in the Party leadership of the Union Republics of Azerbaijan and Latvia. This was not a question of the already 'normal' changes, but of resistance to the nationalities policy of the central government. In several Union republics, even in higher Party circles, doubts had arisen, particularly about the teaching of languages in non-Russian schools as proposed in the school reform law. Until the law had come into force the principle was that three languages were taught in all the schools, of the non-Russian Republics, the local language, Russian, and one foreign language. In the draft of the school reform law, however, it was left to the parents to decide whether to have their children taught in their national language or to send them to a Russian school. As many parents believed -- rightly -- that attendance at a Russian school would facilitate their children's future career, the practical result was that* ***the non-Russian languages were pushed still further into the background.*** *The law was put into effect in all the Union Republics except Azerbaijan and Latvia where children continued to learn their native language, Russian, and one foreign language*." (Leonhard, pp. 344-345)

The three-language system was an expression of Stalin's nationality policy, which was aimed at guaranteeing all nationalities within the USSR opportunities for their development. Ironically Leonhard, who on the next page complains of "*the extremer forms of Stalin's policy of Russification*," involuntarily documents this. He also reveals that – in contrast to Stalin – **Khrushchev** pursued a policy of Russification. The suppression of non-Russian languages – by whatever means – was already the kernel of Great Russian imperialism; imperialism in the **broad** sense of the word.

Soon after Stalin's death, Soviet policy took on imperialist characteristics in relation to the other countries of the CMEA, the Council for Mutual Economic Assistance, in which the Soviet Union and the people's democratic countries were represented. Ironically, "*Stalin's system of exploiting the satellite countries was openly criticized for the first time at the meeting of the Council in 1954 in Moscow at which a rational economic collaboration between the*

East European countries and the Soviet Union was proposed." (Leonhard, p. 159) Here the Soviet leadership followed the tactics of the thief who shouts "Stop, thief!", because in reality at that time it began to do what it accused Stalin of doing: transforming the other countries into satellite countries and exploiting them. Leonhard unintentionally exposes this, too. Unintentionally, in that he praises in the highest terms the fact that the Soviet advisers in the Eastern European countries now acted "*not as controllers of the Soviet embassy, but as advisers in the true sense of the word*"; according to him, they "*behaved very politely, did not interfere in questions of detail, and were only expected to acquire a general picture in order to prepare the co-ordination of the economic plans.*" (Leonhard, ibid.) Look at that: No sooner was Stalin dead, than Soviet economic advisors began to behave politely. But afterwards Leonhard states:

"*The next meeting of the Council took place in Budapest in December 1955; it was the first to be held outside the Soviet Union. This was symbolic of the fact that Soviet exploitation* [Leonhard means: under Stalin, RM] *was to be replaced by new forms of economic collaboration. The Council decided to treat Eastern Europe as a unified economic region, in which each country took over certain production tasks for the whole region. Poland, for example, became the main country for the production of bituminous coal, East Germany for lignite and chemicals, and Czechoslovakia for motor-cars. The various branches of armaments production were also divided. The system of specialization and co-operation which was being introduced inside the Soviet Union at that time was thus extended to the whole Eastern bloc.*" (Leonhard, pp. 159-160)

"*At the 20th Party Congress, Khrushchev officially announced the merging of the Eastern Bloc economies: 'Close economic cooperation creates promising opportunities for the best use of production and raw material resources and successfully links the interests of one country with the interests of the entire socialist camp. Today it is no longer necessary for every socialist country to necessarily develop all branches of heavy industry, as was the case with the Soviet Union, which for a long time was the only country of socialism... Now that there is a powerful alliance of friendship between the socialist countries... every European country of people's democracy can specialize in the development of those industries, in the*

production of those goods for which it has the most favorable natural and economic conditions." (Leonhard, p. 168 [German edition])

In this way Khrushchev made the other countries dependent on the Soviet Union. The Soviet Union was to monopolize the key industries; the other countries were to develop their economies according to the needs of the Soviet Union. This dependence in turn gave the Soviet Union the opportunity to put pressure on the other countries. Such efforts must rightly be described as imperialist, even though monopoly capital did not rule in the Soviet Union.

Enver Hoxha in his work *The Khrushchevites* gives an impressive description of how the Soviet leaders around Khrushchev – quite unlike Stalin – exerted such pressure. For example, Khrushchev tried to prevent Albania from developing its own heavy industry (see p. 79) "*Why do you need industry*?!" preached the Soviet leader (p. 82). "*Don't worry about growing bread grain*," declared Khrushchev "*We shall supply you with all the wheat you want*." (p. 80) Later, the Khrushchevite leadership refused to sell grain to Albania when Albania's bread grain stocks were only sufficient for fifteen days. In this way the Soviet dictate was to be imposed on Albania. "*'Why worry yourselves about bread grain,' Khrushchev had said to us. 'Plant citrus-fruit. The mice in our granaries eat as much grain as Albania needs.' And when the Albanian people were in danger of being left without bread, Khrushchev preferred to feed the mice and not the Albanians. According to him, there were only two roads for us: either submit or die*." (p. 409-410) But at least the Soviet advisors in the Eastern European states behaved "very politely" after Stalin's death, as Leonhard stated.

Later Brezhnev developed the so-called theory of "limited sovereignty of a socialist country", according to which the Kremlin had the power to define the limits of sovereignty of the satellite countries. In reality, this was not a theory but a dictate of power, since the definitions were not made by theoretical considerations but by tanks, as in Prague in 1968. Undoubtedly, Czechoslovakia was at that time on the road to capitalism and the Western imperialist camp, but the Soviet leadership was anything but aiming to defend socialism. On the one hand, as is well known, socialism cannot be exported, and on the other hand the Soviet Union itself was no longer socialist. In the CSSR, it pursued only its own great power interests.

18. Was the Soviet Union Imperialist?

Marxism-Leninism assumes that every nation, whether bourgeois or socialist, has the right to regulate its own affairs. "*A nation has the right freely to determine its own destiny. It has the right to arrange its life as it sees fit, without, of course, trampling on the rights of other nations. That is beyond dispute.*" (Stalin, "Marxism and the National Question," *Works*, Vol. 2, p. 323) This was much more than words on paper for Stalin; it was an irrevocable principle of his policy. For example, a military intervention against Titoite Yugoslavia was out of the question for him. Western observers have claimed that there was a fierce struggle over this issue in the Soviet leadership at the time and that Stalin prevailed against his opponents who were **for** intervention (Zhdanov was mentioned here). (See von Rauch, *History of the Soviet Union*, p. 474 [German edition]) The latter may be speculation, but be that as it may: Stalin's position, that military action against Yugoslavia was out of the question, was thus also emphasized by Western observers. (Indeed, such an action would in fact not have been appropriate to prevent Yugoslavia's transition to the capitalist camp.) Stalin knew no "theory of limited sovereignty" of any other country.

Brezhnev's attitude towards the overthrow of Ulbricht is also significant. The revisionist Ulbricht undoubtedly had considerable differences with the revisionist Brezhnev, but he certainly did not plan a transition to the Western imperialist camp in the style of Dubcek. But when Honecker secretly sought out Brezhnev to stir up opinion against Ulbricht, Brezhnev said: "*We will react to any steps taken by Walter that affect the unity of the Politburo, the unity of the SED. I tell you quite frankly that he will not be able to govern without us, nor will he be able to take rash steps against you and other comrades of the Politburo.* ***We have troops in your country****.... We have long believed that you will lead the party after him... The question has already been decided. He can still work for two or three years – as chair. It is his age. The question must be resolved now. Do you understand?*" (See Podevin: *Walter Ulbricht, A New Biography*, op. cit. p. 425 f., emphasis by RM) "We have troops in your country." Brezhnev was accustomed to intervening with troops if necessary to put his own house in order – and by "his own house" he included the Soviet sphere of power. The war in Afghanistan was also part of this logic. The latter, of course, fought back against those who had instigated it. The war in Afghanistan, which could

not be won militarily, contributed significantly to the further disintegration of the Soviet order.

Of course, the imperialist aspirations of the Soviet Union were not based on overproduction; as has already been mentioned; there was a chronic oversupply of money, that is, underproduction. On the contrary, other countries had to be plundered, particularly in order to alleviate the undersupply of consumer goods at home. This imperialism resulted from the specific parasitism of the revisionist social order, its fundamental contradiction: the management of the economy by state bureaucratic apparatuses, the domination of persons over persons (in contrast to the material power of commodity production), which does not fit the modern, developed productive forces.*

The state command structure of the economy led to increasing **centralization**. "*There is need for greater concentration of production.... The line of forming amalgamations and combines should be followed more boldly...*" (Brezhnev, *Report of the CC to the 24th Congress of the C.P.S.U.*, Moscow, 1971, p. 80) The leaders of heavy industry became particularly powerful; they were in turn closely linked to the military leaders. Thus a kind of industrial-military complex developed under Brezhnev, and the military leaders played an increasingly important political role, a process which in turn promoted the militarization of the country and imperialist objectives.

If one looks at things superficially, the primacy of heavy industry can be seen as a continuation of Stalin's policy, and the Soviet revisionists, despite all their attacks on Stalin, tried, to a certain extent, to create such an appearance in order to use the authority that Stalin had held for their purposes. But their goals had nothing in common with Stalin's goals. Since the Soviet Union had been a backward country, Stalin had to put all his energy into building heavy industry in order to create the productive forces for socialism. After this had been achieved by a tremendous effort, the working class could have reaped the fruits by using the productive forces to increase the masses' ability to consume, and the main productive force, the working class itself, could have developed in every way by taking a leading position in all spheres of society. However, the working class was robbed of power, the social wealth was hence-

* Again.

forth used for the parasitic consumption of the new ruling class and for consolidating its power, and the productive forces were used for ruthless exploitation.

In his report at the 24th Party Congress in 1971, Brezhnev himself hinted at **the reasons why** the emphasis was placed on heavy industry at that time. After making rhetorical statements that the "*high growth rates in heavy industry*" serve "*the building of the material and technical basis of communism"* and insure the *"material and technical resources for higher labor productivity,*" he came to the heart of the matter: *"...without developing heavy industry we cannot maintain our defense capability at the level necessary to guarantee the country's security and the peaceful labor of our people. Much has been done in this respect in the past five years* [up to 1971, RM]: *the Soviet Army is now equipped with all types of modern sophisticated weaponry*." (Brezhnev, ibid., p. 54)

Although necessary efforts for military defense against imperialism also had to be made under socialism, heavy industry would have had its importance for this reason, but also as a continuing important link in the chain of the national economy. But the arms race with the USA, which now began, was by no means oriented towards national defense, but towards the interests of the military-industrial complex and the imperialist objectives of the Soviet Union. The war in Afghanistan, for example, had just as much to do with the "country's security," as Brezhnev demagogically stated, as the deployment of the German army in former Yugoslavia had to do with the security of Germany, that is, nothing at all.

"*Brezhnev guaranteed that at least 13-14% of the Soviet national product was continuously spent on armaments, that is, it was used unproductively. The whole industry was oriented towards military considerations*." (Karuscheit & Schröder, p. 270, with further evidence)

Conclusion

Develop the Theory of the Transitional Society to Communism Based on Historical Experience!

The revisionist social order was not capitalism, but a society in transition to capitalism. It was not an independent socio-economic formation. Indeed, socialism is also not an independent socio-economic formation. It is a society between capitalism and communism, whose relations of production contain elements of the old society as well as of communism, and consequently it can develop both forward towards communism or backward toward capitalism. The society led by the revisionists had a lot in common with socialism in form, but the communist element inherent in socialism within the relations of production had been lost, and consequently the society could not develop towards communism without another revolutionary overthrow led by the working class. Without such an overthrow, this society, due to its own internal logic, could only develop into capitalism. The revisionist regimes were therefore not capitalist, but they were not progressive in relation to capitalism either. In a certain sense they were even more parasitic than capitalism, they inhibited the productive forces even more than capitalist relations of production do, and that was also the reason why they went under in most countries and have no prospects in those that remain. However, the victory of capitalism did not at all lead to a liberation of the productive forces in the former revisionist countries, but the pace of decay has increased even more due to the temporary victory of capitalism. Capitalism itself is on a descending path, the process of decay of the revisionist countries has only slightly overtaken that of capitalism.

These considerations will not be further elaborated here. They are developed in the theoretical organ of the KPD *Weg Partei* 1-2/92 "Are Revisionist Regimes Progressive?" available from the *Roter Morgen* Publishing House. We therefore refer to this elaboration.

If the working class wants to deal the deathblow to the decaying capitalist order, then **one** condition, albeit an **extremely important** one, is that the theory of socialism, of the transitional society to

communism, is raised to the top of its form [in German: auf die Höhe der Zeit], that historical experience is evaluated and theoretically generalized. The KPD is working on this task within the framework of its – at present quite modest – possibilities, and the series of articles now coming to an end is part of this work. We would be pleased if this series of articles could contribute to an intensification of the relevant discussion, and we would like to continue this discussion in *Roter Morgen*. Contributions are welcome.

In the present work we have not yet made a systematic analytical distinction between Soviet characteristics on the one hand and general phenomena and laws of socialism on the other. However, this analytical distinction, this abstraction from Soviet particularities, is necessary if one wants to continue working on the analysis of the general laws of motion of socialism and the strategy and tactics of the revolutionary working class on the road to communism. On the other hand, the experiences of other countries must also be included and systematized, and for us in Germany the experiences of the GDR are of course of particular importance. We therefore set ourselves two tasks: First, to draw conclusions of a more general nature from the development of the Soviet Union described here, and second, to trace the common thread in the development of the GDR in a similar way as we have done here with regard to the development of the Soviet Union. *Roter Morgen* will present the respective publications as soon as they appear.

The elaboration of the theory of the transitional society to communism is a task which is as important as it is extensive, and one which, incidentally, cannot be satisfactorily solved in the national framework alone, but only in the international framework. This task must be tackled with all energy, not the least because the present fragmentation of the workers movement is rooted in the fact that there is great confusion about socialism, confusion which the imperialist bourgeoisie uses to maintain its rule. This state of affairs must no longer be tolerated.

Appendix

1) An article from *Roter Morgen* #24, 1995 and #1, 1996

2) A critical letter to the editor by comrade Dr. Gossweiler referring to the above mentioned article

3) Answer of the Editorial Board of *Roter Morgen*

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1) An article from *Roter Morgen* #24, 1995 and #1, 1996

A Controversy about Socialism and Revisionism

or

With which "Defenders" of Stalin We Have Nothing in Common

Some time ago (February 17, 1995) the "Kommunistische Arbeiterzeitung" ("Communist Workers' Paper"), the newspaper of the "Arbeiterbund für den Wiederaufbau der KPD" ("Workers' League for the Rebuilding of the KPD"), published a contribution by the leading DKP theoretician Hans Heinz Holz, in which he spoke positively about Stalin. Holz described Khrushchev's attacks on Stalin as "*petty-bourgeois whining tirades*." Holz expressly welcomed a previous statement by Kurt Gossweiler on this topic: "*It is good that an internationally highly respected old master of Marxist historiography has given the cue to conduct this discussion thoroughly*." Gossweiler worked in the GDR as a theoretician for the SED. Today he belongs to the PDS (Party of Democratic Socialism) and is one of those who fight against the social democratic leadership of Gysi and Co. The talk to which Holz referred was given by Gossweiler at a May 1st event of the Belgian Party of Labor. By the way: In the first sentence he joined in the thanks which the previous speaker, "Comrade Karl Eduard von Schnitzler" (known from the Black Channel [an East German political TV program – *translator's note*]) expressed to the organizers. The talk was printed in "Streitbaren Materialismus" ("Militant Materialism") No. 18, which is published by the "Verlag zur Förderung der wissenschaftlichen Weltanschauung" ("Publishing House for the Promotion of the Scientific World Outlook"), which is close to the "Arbeiterbund".

Appendix

Now the attitude towards Stalin was one of the big controversies in the conflict between the revisionist camp, which was ideologically oriented towards the Soviet Union under Khrushchev and Brezhnev, on the one hand and the world Marxist-Leninist movement on the other hand. If theoreticians like Holz and Gossweiler, who belonged to the former camp, **today** recognize that Stalin was obviously an important leader of the communist and workers movement, this is not uninteresting. Gossweiler even explains: "*The 20th Party Congress* (of the CPSU, RM) *was a decisive turning point in the history of the Soviet Union, but also of the whole world communist movement. It carried out the break with Leninism and the transition to the position of revisionism on crucial questions, but under the banner of the 'return to Lenin'*." (Gossweiler, "Strengths and Weaknesses in the Struggle of the SED against Revisionism," op. cit., p. 43) This is exactly what the world Marxist-Leninist movement, which separated itself ideologically and organizationally from the revisionists worldwide in the 1960s and 1970s, also represented. This realization was the very reason for this break, namely the realization that the CPSU and the parties connected with it, among them the SED and the DKP, had revised the theory of Marxism-Leninism on decisive points, that is, they had broken with Marxism-Leninism, and consequently could no longer be a suitable instrument of the proletarian class struggle, that consequently new Marxist-Leninist parties had to be built.

And further: Gossweiler explicitly made positive references to the struggle of the CP of China and the Party of Labor of Albania against revisionism. (ibid. p. 62) It was precisely these two parties in power that were the focus of hope at that time for those forces throughout the world who opposed Khrushchev's revisionism. (Even though it later turned out that the leadership of the CP of China was pursuing other goals than those of the Chinese and international working class, but that is a different story.)

Does all this mean that Holz and Gossweiler as well as the political forces they represent are moving closer to the positions of the Marxist-Leninists, so that the earlier lines of demarcation are clarified and the existing division can be overcome? This question must be seriously considered, because it would be divisive and irresponsible from the point of view of the workers' movement to maintain a division for which there is no longer any objective reason. And it is not just about Holz and Gossweiler. With the collapse of the revi-

sionist countries there has been a turning point in the revisionist parties: Most of them are rapidly moving closer to social democratic positions (such as the PDS leadership) or turned tail, have abandoned politics or at least have any reference to Marxism. (Thus the DKP has lost most of its members.) We also know that many comrades of the DKP, the Communist Platform of the PDS, the Arbeiterbund etc. are struggling for Marxist-Leninist positions, and we for our part are striving for cooperation and discussion in solidarity.

However, the communist and workers movement would not be served but, on the contrary, would be seriously damaged if principled differences of opinion were to be blurred. Therefore, we will state our opinion right from the start: Such statements as those of Holz or Gossweiler are not appropriate to eliminate the great ambiguity that exists today about the fundamental aims of the workers' movement, or contribute to socialism and communism. On the contrary, they are likely to confuse the issues even more. And in our opinion, they aim at providing philosophical foundations for the new formation of a political force which refers to Marxism-Leninism but revises it on fundamental questions and thus harms the communist and workers movement. We will substantiate our view in the following and other articles....

These statements will try to show, let it be said at the outset, that there is a difference like night and day between our defense of Stalin and the "defense" of Stalin by Holz, Gossweiler and Co.; that Holz, Gossweiler and Co. completely incorrectly refer to Stalin and contribute with their statements to the consolidation of the common prejudices about Stalin and his politics. Finally, we will have something to say about the material roots which cause these prejudices about Stalin's politics to be so tenacious.

Gossweiler's Fairy Tales: Ulbricht as a vanguard fighter against revisionism

Gossweiler says: "At the forefront of the struggle against the revisionist forces were the CP of China under the leadership of Mao Tsetung and Chou En lai and the Leninists of the CPSU, most strongly supported by the Albanian Enver Hoxha, the GDR and Czechoslovakia." (ibid. p. 60) "When the Khrushchev leadership pushed through the break with Albania and People's China, the

GDR and SED leadership could not withstand the demand to take sides with the Soviet leadership and against the Albanian and Chinese comrades." (p. 67) But this position of the SED leadership was more or less formal. "Under the leadership of Walter Ulbricht, this party carried out the maximum possible resistance against the revisionism of the Khrushchev clique that was possible at that time and contributed considerably to the overthrow of Khrushchev in October 1964." (p. 68) Gossweiler regrets the "change to Honecker", but claims that the latter was a "party functionary with the best of intentions, but due to weak leadership qualities was easily led astray to becoming a leading party functionary". (p. 71) So it turns out that the SED always led the fight against revisionism, but sometimes with certain weaknesses. Logically, Gossweiler's speech appeared under the title "Strengths and Weaknesses in the Struggle of the SED against Revisionism".

Now it has already been claimed that Enver Hoxha and Ulbricht fought hand in hand against Khrushchev's revisionism, strong stuff to say the least. Not the least because of Enver Hoxha's book The Khrushchevites, the conflicts of the time that took place in the world communist movement are partly known down to the smallest detail, and Ulbricht never appears in this account as other than a bureaucrat and accomplice of the revisionist Soviet leadership. But let us not dwell on this. Let us rather see what happened in the GDR itself. After all, the actions of the SED leadership itself best show whether it represented the cause of the working class or acted against the class.

June 17 – Reactionary Turning Point in the GDR

June 17, 1953, was a reactionary turning point both in the history of the GDR and in the development of the SED. And this was not primarily because a counter-revolutionary uprising was taking place. This uprising did not smash the workers' power, but the SED's policies did smash it.[*]

[*] See the article:"The People Had Forfeited the Confidence of the Government," by Waltraud Aust (the wife of the founder of the KPD(ML), in *Revolutionary Democracy*, Vol. 9, No. 2, at https://revolutionarydemocracy.org/rdv9n2/june17.htm

What was really bad about this uprising was that it was supported by large sections of the working class, even though the ones who pulled the strings operated from the West. What was really terrible was that this situation only came about because of mistakes by the SED. And the worst thing was that the SED leadership did not learn from these mistakes.

"*In order to accelerate the construction of socialism*," the SED leadership had unilaterally decided to raise labor norms, without any discussion with the workers. The workers were of course bitter that they had nothing to say about this in a workers' and peasants' state. This led to the strikes and demonstrations of June 17, which the West used to try to annex the GDR. In the course of the events, the SED leadership withdrew the increases in norms. They had not understood that it was not at all primarily about the increases in norms, but about the way they were implemented. Above all, the SED should have explained that it was a mistake to decree the increases in norms without discussion with the workers. But they wanted to hold on to this autocratic/high-handed form of leadership of the state and society. At least the group around Ulbricht did. It was explained to the outside world that the government had "*lost its trust in the people*." But the government was led by the SED leadership. Ultimately, the SED declared that the working class was there for the party and not vice versa. **This is revisionism in action!** Such behavior by a party leadership says more about its revisionist character than a thousand declarations, whatever they may be.

Today it has become a prejudice of public opinion to consider such behavior by a communist party to be "Stalinist". Let us see how Stalin himself expressed this. Lenin was quite rightly against **opposing** the dictatorship of the proletariat to the leadership of the Communist Party. Bureaucratic forces, not the least the Trotskyists, had tried to distort this in such a way that they declared the dictatorship of the proletariat to be the **dictatorship of the party**. Stalin said regarding this:

"*That is absolutely correct* (that the dictatorship of the proletariat and the leadership of the party should **not** be opposed). *But that correct statement proceeds from the premise that correct mutual relations exist between the vanguard and the masses of the workers, between the Party and the class. It proceeds from the assumption that the mutual relations between the vanguard and the class re-*

main, so to say, normal, remain within the bounds of 'mutual confidence.'

"*But what if the correct mutual relations between the vanguard and the class, the relations of 'mutual confidence' between the Party and the class are upset?*

"*What if the Party itself begins, in some way or other, to counterpose itself to the class, thus upsetting the foundations of its correct mutual relations with the class, thus upsetting the foundations of 'mutual confidence'?*

"*Are such cases at all possible?*

"*Yes, they are.*

"*They are possible:*

"*1) **if** the Party begins to build its prestige among the masses, not on its work and on the confidence of the masses, but on its 'unrestricted' rights;*

"*2) **if** the Party's policy is obviously wrong and the Party is unwilling to reconsider and rectify its mistake;*

*3) **if** the Party's policy is correct on the whole but the masses are not yet ready to make it their own, and the Party is either unwilling or unable to bide its time so as to give the masses an opportunity to become convinced through their own experience that the Party's policy is correct, and seeks to impose it on the masses.*" (Stalin, "Concerning Questions of Leninism", *Works*, Vol. 8, pp. 50-51.)

But the group around Ulbricht managed to make the working class responsible for the consequences of its own policies. They managed to order the working class to atone after June 17. Suddenly the climate in the factories changed. As soon as a colleague who was a member of the SED appeared, all open discussion fell silent. The masses of the workers no longer regarded the SED as their party.

Here one can already see in embryo that the SED leadership at some point believed that it could only maintain its power by comprehensively spying on the population, including of course the working class and even the base organizations of the SED. All this is well known. Mr. von Schnitzler (for he is not our comrade, Gossweiler may consider him a comrade) publicly declared that he would be ashamed of this comprehensive spying. Such a thing must not happen again. But who can believe in such a moralizing declaration? Whoever carries out comprehensive spying will probably have

his reasons; he clearly sees the masses of the people as a potential threat. This indicates certain class and power relations that need to be mercilessly investigated rather than moralized about. And these conditions, which ultimately had to lead to the collapse of the GDR, were already deeply rooted in the events around and immediately after June 17. A party leadership which regards the working class as its mass to be manipulated, from a certain point on, can only rule by such methods. And in 1953 it was Ulbricht who practiced such an understanding of the relationship between party and class. So who can believe in such anti-revisionism from people who venerate Ulbricht as an anti-revisionist fighter? And what is their "commitment to Stalin" worth? They are only slandering Stalin anew, blaming him with their own bureaucratic, revisionist views, bringing water to the mill of imperialism's anti-Stalin smear campaign.

Gossweiler plays on the old story that the collapse of the GDR was solely (or at least predominantly) due to the pressure of imperialism. The pressure of imperialism, exercised systematically and with perfidious means from the beginning to the end of the GDR, certainly played a role. But in the end, the GDR was not militarily crushed. Decisive for its downfall were the internal class relations, of which Gossweiler does not want to know anything (at least with regard to the ruling class and its interaction with the working class). Even the Stasi knew this; in a report of September 8, 1989, it told the authorities: *"...the impression often arises among citizens that their own ideas and thoughts are not taken into consideration, that they are ignored in the GDR; that their individuality and freedom of action are limited and that they are not treated as responsible citizens who want to decide on their own affairs*." ("I love you all," orders and reports on the situation by the MfS (Ministry for State Security, Stasi), op. cit, p. 146) And in a report of October 8, 1989, it stated: "*In the event of relevant ideological disputes in the workers' collectives, many progressive forces would be confronted on a broad scale with discussions about the existence of a so-called class of the privileged in the GDR* (meaning party functionaries, heads of state and economic management bodies at central level up to the districts) *as well as with information about the mass spread of profiteering and speculation. The discussions, which were conducted in a very aggressive form, include the argument that these aforementioned groups of people are the real beneficiaries of socialism.*" (ibid. p. 205)

Appendix

It was not individual wrong decisions or "deficiencies of the SED in the fight against revisionism" that had led to these conditions. It was the **class-based interests** of the rulers that prevented a growing participation of more and more working people in state and social decisions and ultimately **excluded** the working class from **any** influence on such decisions.

2) Letter to the Editor from Dr. Kurt Gossweiler, June 10, 1996

Dear Comrades!

Only some time ago I received "Roter Morgen" No. 24, 1995, in which Comrade E. Wagner explains that and why comrades of your party could have nothing in common with people like Hans Heinz Holz and me.

Since I am not exactly a newcomer to the communist movement in Germany – I joined the communist youth movement in 1931 – I was very curious to see how Comrade Wagner would justify her verdict.

She cannot help noticing that I agree with your views on all the issues that are important to you, such as Stalin's role, the evaluation of the 20th Party Congress of the CPSU and Khrushchev, the positive assessment of the struggle of the CP of China and the Party of Labor of Albania against Khrushchev's revisionism.

Why can you – in the opinion of comrade Wagner – still have nothing in common with me? If I follow comrade Wagner's reasoning, then it is obviously only because there could not be any real communists in the "revisionist" countries – at least not since the 20th Party Congress: "Gossweiler worked in the GDR as a theoretician for the SED... If theoreticians like Holz and Gossweiler, who belonged to the former (revisionist) camp, today recognize that Stalin was obviously an important leader of the communist and workers' movement,..." For Comrade Wagner, then, without any concrete knowledge, it is clear: whoever was a "theoretician" in the "revisionist GDR" must have been a revisionist himself, and if he stands up against revisionism "today", then there can only be an underhanded intention behind it: "...such statements...., in our opinion, aim at providing philosophical foundations for the new formation of a political force which refers to Marxism-Leninism but revises it on fundamental questions and thus harms the workers movement."

Since a labeling as "theoretician of the SED" can lead to quite wrong ideas. I will make concrete this description of my role: I worked as a historian in Humboldt University from 1955 to 1970, specializing in research on fascism, and from 1970 until my retirement at the Central Institute for History of the Academy of Scienc-

es. My books have also been published in the Federal Republic of (West) Germany by Pahl-Rugenstein.

How does Comrade Wagner justify her terrible suspicion that I wanted to "revise fundamental questions" of Marxism-Leninism? For her it is enough that, in contrast to the group "Roter Morgen" (and also to the MLPD!) (Marxist-Leninist Party of Germany – a Maoist group – *translator's note*), I do not see Walter Ulbricht as an arch-revisionist, but a good communist and fighter against Khrushchev, and I see the SED, despite all its weaknesses and mistakes, as a party which tried to resist the fatal effects of revisionist undermining as far as possible. Because Comrade Aust (founder of the KPD – *translator's note*) and his comrades-in-arms did not notice anything of these hidden contradictions, but fully adopted as their own the later evaluations of the Chinese and Albanian comrades, my view of things must be revisionist and dangerous and I must be a teller of fairy tales. New experiences, which do not help either, show that the real counter-revolution did not take place until 1989-90, and that in 1953-56 it was only the first step – by no means irreversible – on the long road to the actual liquidation of socialist state power. Later one can see that the trials in the FRG against the party, state and military leaders of the GDR were revenge trials of bourgeois class justice against communists who dared to raze the positions of power of German imperialism to the ground in their own state.

No, such experiences do not count – you have known better for 30 years, and you cannot make a mistake; a Stalin, even an Enver Hoxha could make a mistake – but Comrade Aust could not, and therefore neither could you. What was undisputed for 30 years must remain undisputed in the future; therefore, there is no common ground with those who are not of your faith!

You refer to Enver's book on the Khrushchevites. Haven't you noticed the curious circumstance that Enver names Dimitrov, Gottwald, Bierut and Pieck as "glorious unforgettable leaders", but, as everyone who knows the circumstances of the time knows, Enver judges negatively those such as Togliatti, Thorez, Duclos, and Walter Ulbricht, who cannot be separated from the others? Dimitrov, Bierut, and Gottwald have another thing in common with Thorez and Togliatti, by the way: they all died suddenly during or after a visit to the SU in a manner that has not yet been clarified. (It seems to me that Comrade Wagner was a little too quick to interpret the

charges against the doctors and their rehabilitation by Khrushchev after Stalin's death in Khrushchev's version. In doing so, she also showed an astonishing trust in the statements of Alliluyeva. But this is only an aside.)

Comrade Wagner unfortunately does not consider it necessary to inform herself in detail before she pronounces a sentence. This already starts with formalisms. She claims that my talk to which Comrade Holz referred was the one published in "Streitbaren Materialismus". If she had read a little more closely, she should have noticed that this is wrong; the talk to which Hans Heinz Holz referred was the one I gave in Brussels one year later, in 1994, and was subsequently published in the *KAZ* (*Communist Workers Paper*), in the *Weissenseer Blätter* (*Weissensee Sheets*) and elsewhere. (I enclose a copy of this speech.)

More serious, however, is the frivolous way in which comrades are judged. Since I do not know Comrade Wagner, I do not know whether she was already politically active in 1956. If she was, I would be very curious to know the way she judged the situation in the communist movement at that time. Since she assumes that I only "today" came to the conclusion that I made public in my speech, I will take the liberty of enclosing some pages from my notes of 1956-57. Perhaps it will help her realize that one should first inform oneself before judging or even condemning.

Why am I writing all this to you? Because I am serious about the fact that communists, wherever they are organized today, have no more important task than to participate in the re-establishment of a common Marxist-Leninist Communist Party in Germany. Such a party will certainly be resurrected. The only question is whether it will be created with the active participation of the "old communists" now organized in various communist groups and parties, or whether it will first be the work of a new young generation unburdened by the struggles and quarrels of the "old". Comrade Wagner's reaction to Holz and Gossweiler makes me very much afraid that at least those communists who insist that they are the only ones who have always taken the only correct position in all matters are unable – however much they want to – to make a progressive contribution to achieve the common goal. In the face of the unprecedented catastrophe of the entire communist movement, it is both shameful and ridiculous that the various communist groups, which were in agreement on the most important and essential points – namely, that

Tito's and Khrushchev's revisionism meant a break with Marxism and the teachings of Lenin, that the 20th Party Congress was the beginning of the road which – if it continued without correction – would finally lead to the downfall, that if these groups continue their old bitter sectarian disputes, they do not even realize that in doing so they are preventing exactly what their statements said was their real goal and are justifying their own existence. I have paid attention to your contradiction with the MLPD; I agree with you in many respects – but it seems to me that you are not that far away from the MLPD when it comes to defending your own – forgive me for using harsh words – narrow-minded group standpoint. I deeply regret this, because it harms our common cause. It would be nice and already a step forward if you, and so also Comrade Wagner, would come to realize that communists, wherever they come from, have more in common than what separates them, and if you would behave accordingly towards the others, not for their sake, but for the sake of the cause.

With communist greetings,
Kurt Gossweiler

3) Answer of the Editorial Board of *Roter Morgen*

Dear Comrade Gossweiler,

The series of articles on the Soviet Union has, after all, now addressed some of the questions you raised in your letter, so that we can limit our response to certain points. In particular, it is clear from the Soviet Union series that, and for what reasons, we disagree with you on the **class-based content** of what happened in the Soviet Union under Khrushchev and Brezhnev.

The Development of the Soviet Union after Stalin's Death

In order to work out these differences in all clarity, we think it would be useful to quote some passages from one of the three attachments you sent us with your letter, namely from your letter of November 6, 1994, to a comrade of the MLPD. (We think we are entitled to quote from this, since you sent us the copy of this letter in the context of a publicly conducted argument).

In this letter you reproach the MLPD for its view (which we share) that socialism was abolished after Stalin's death, which would lead to Trotskyist positions, because such a fundamental overthrow after Stalin's death could only have taken place if the causes of it had been effective before. You write: "*Then, however, the beginning of the development of the restoration would not only have begun at the 20th Party Congress and with Khrushchev, but already – as the Trotskyists have always said and still say – with Stalin. You do not agree with that, and rightly so. But this puts you in a kind of need for explanation. You try to bypass this with the statement that Stalin made* ***one*** *big mistake: he neglected ideological work and did not fight strongly enough against the bureaucracy. Thus, he had allowed a new bourgeoisie (!) to emerge in the form of a 'bureaucracy of a new type', which usurped power at the 20th Party Congress and pushed through the restoration of capitalism in the Soviet Union. Since then, the Soviet Union – and all its allied countries in the CMEA and the Warsaw Pact – were no longer socialist countries, but states of a new type of capitalism, 'bureaucratic capitalism'! This is the lesson proclaimed by your classic Willi Dickhut, and it is, to a certain extent, the heart of your particular*

understanding of the party. But long before Willi Dickhut, the ***Trotskyists*** *'discovered' the new capitalist class in the 'Soviet bureaucracy'. The most fatal consequence of your position is that, thanks to this 'doctrine,' you stood in a front together with Trotskyism and imperialism in the struggle against the Soviet Union and the socialist states.*" (Your emphasis)

In our opinion, on the one hand the standpoint of the MLPD and on the other hand your standpoint fatally mixes up right and wrong, and in the interest of the cause we consider it necessary that this convoluted conundrum be resolved. (For we agree with you on one very important point: it is the main task of **all** communists today, no matter where they are organized, to fight for the creation of a unified, strong Communist Party! However, this party must stand on **clear Marxist-Leninist positions** and reject all falsifications of Marxism.)

In your letter to a comrade of the MLPD you further convincingly explain why the MLPD's view that capitalism has been restored in the Soviet Union is wrong. We will not go into this point here, because we essentially agree with you here and have presented our views on this in the series of articles. However, we are of the opinion – as is the MLPD – that the working class of the Soviet Union was completely ousted from power, that power was exercised by a new exploiting class (even if we determine this class socio-economically in a different way than the MLPD does; more precisely: it does not do it at all, but only operates with slogans). However, if such a class was able to seize power immediately after Stalin's death, it follows logically that for such a seizure of power to be possible, **socio-economic roots must have existed already during Stalin's lifetime**. We are of this opinion, however, and we have tried to work out these socio-economic roots in the series of articles. However, it does not at all follow that Stalin was "to blame", and it is certainly not possible to solve these questions by finding out the "one big mistake" which Stalin is supposed to have made (and which, according to the more recent views of the MLPD, ultimately boils down to the fact that Stalin at that time did not adopt today's idealistic "doctrine" of the MLPD of the "way of thinking"). In general, Stalin was not dear God, the creator of everything that existed in the Soviet Union at that time, but he was a revolutionary who fought under very specific circumstances, who had a certain limited influence on the change of these circumstances, but nothing

more (and this influence was sometimes damned small[*]). Above all, socialism is a society that **combines** elements of communism **and** elements of the old society – a highly contradictory unity! These contradictions will only be completely resolved with the elimination of all remnants of class differences, under communism.

The MLPD **and** you therefore follow **the same false premise** on this point, namely: "If the socio-economic roots of the downfall of the dictatorship of the proletariat already existed during Stalin's lifetime, Stalin is to blame for this downfall." Only you (namely the MLPD on the one hand, and you on the other hand) apply this wrong formula differently. The MLPD says: "Yes, these socio-economic roots existed, and this was because Stalin made the big mistake of not developing and applying the doctrine of the way of thinking." You say: "No, Stalin cannot be to blame, and consequently the socio-economic roots of the decline of socialism cannot have existed during Stalin's lifetime. **Both** argument schemes thus start from the same false premise and arrive at false, albeit different, results. But we rather stand with Lenin: "*Theoretically, there can be no doubt that between capitalism and communism there lies a definite transition period which must combine the features and properties of both these forms of social economy. This transition period has to be a period of struggle between dying capitalism and nascent communism – or, in other words, between capitalism which has been defeated but not destroyed and communism which has been born but is still very feeble.*" (Lenin, "Economics and Politics in the Era of the Dictatorship of the Proletariat," *Collected Works*, Vol. 30, p. 107) Rather than drawing up schemes alien to life, we should concentrate on using the historical material now available to study this very struggle and the various socio-economic forces that determine it.

As we said, despite all our differences, we agree with the MLPD on one important point, namely that the working class lost its power after Stalin's death, that the communist kernel was lost, that a new exploiting class (however one may define it) had seized power. Your accusation that such a view tends to Trotskyism is therefore also directed at us. (This may be at least one reason why you sent us your letter to a comrade of the MLPD as an attachment.) So let us go into this.

[*] This has not been made clear.

Appendix

First, to our knowledge Trotsky never called the Soviet Union capitalist at any time, and neither have the later Trotskyists done so to this day. (An exception is **one** Trotskyist current, see Tony Cliff, *State Capitalism in Russia*, 1974, but Cliff must defend himself against the "accusation" by other Trotskyists that he is breaking with "Trotskyist orthodoxy.") Trotsky and the Trotskyists, however, have talked extensively about an alleged "bureaucratic deformation of workers' power," **both** in relation to Stalin's time and (as for the later Trotskyists) to the times of Khrushchev and Brezhnev. There Trotsky, whom Stalin had once rightly called the "patriarch of bureaucrats," was just the right person! Trotsky was the one who wanted to take bureaucracy to the highest level; thus, as is well known, he wanted to "shake up" the unions in 1920-21 and run production on military principles. His later cries of "bureaucracy" were pure demagogy.

Does it follow that there was no bureaucracy and – more generally speaking – no socio-economic birthmarks of the old society? Of course there were. Lenin and Stalin, for example, talked about bureaucracy again and again and fought against it. Your position, that one gets close to Trotskyism when one talks about socio-economic remnants of the old society in the socialist Soviet Union, remnants which in turn could and did lead to the fall of socialism, this position has nothing to do with reality.

You need this position for the assertion that socialism could not have been eliminated with Khrushchev's seizure of power. In your letter to a comrade of the MLPD you say: "*If I am to believe that this is possible, then I must either believe in miracles, or I must assume that socialism was already so undermined before the 20th Party Congress that it could be blown away almost overnight without any counter-revolutionary use of force.*" And in your opinion, this could not happen. Admittedly, it really could **not** take place without any use of counter-revolutionary violence, as we have also shown in the Soviet Union series. But for the overthrow of one class by another, there was relatively little open use of force, that is true. For such an overthrow the ground had to have been prepared beforehand, and that is exactly what happened, as we showed in the

Soviet Union series. Socialism **was** already severely undermined at the time of Stalin's death.*

Incidentally, we have by no means adopted the Khrushchev version of the so-called doctors' plot, as you claim, but we have expressed the suspicion that Khrushchev's people wanted to rob Stalin of his confidence in the doctors, so that they could murder him. That, of course, cannot be proven. It is an indisputable fact, however, that **it was not Khrushchev** who published the report that the confession of the doctors had been forced by illegal interrogation methods, but **Beria**, namely by a communiqué of the Ministry of the Interior, printed in *Pravda* on April 4, 1953. Everything indicates that Khrushchev and his cronies came under pressure due to this statement, whatever might have been the case with the doctors. In any case, Khrushchev and company had probably used the state apparatus not too narrowly with criminal methods for their purposes. The apparent independence of the state apparatus even before Stalin's death – which in reality was an expression of the fierce struggle of opposing class forces – is just another sign that the dictatorship of the proletariat was already very weakened at that time and that the leading stratum was striving to emancipate itself into a class and to seize power.

Let us return to your accusation that one comes close to Trotskyism when one speaks of the seizure of power by a new exploiting class in relation to the Soviet Union. In reality, the Trotskyists in particular – in sharp contrast to us – deny the class character of the revisionist Soviet Union by giving it the character of a **working class power** (even if it was "bureaucratized"). The concept of bureaucracy is thereby **robbed** by the Trotskyists **of any class content**. Thus Mandel explicitly describes the "*bureaucracy*" as one of several "*groups... that are not classes, **that have no roots in the production process***". (Mandel, Ernest, *On Bureaucracy*, 1973, p. 7 [translated from the German], emphasis by RM) This chief ideologist of the "Fourth International" thus not only denies the **capitalist** character of the Soviet Union under Khrushchev and Brezhnev (which in itself would be correct), but he also denies any connection of the social development under Khrushchev and Brezhnev with socio-economic driving forces that originated in the old, capitalist

* It was clearly under attack; which is not the same as saying it was "severely undermined."

society; he wants to hide these socio-economic driving forces from view. In particular, the Trotskyists want to disguise the fact that the **relations of production** were such that the working class was deprived of any possibility of directing production, that another class disposed of the labor power and appropriated the products. Thus the Trotskyists pursue an **apologia of the revisionist-led social order**, and this is the content of the Trotskyist theory of the "deformed, bureaucratized workers states."

Now we do not want to take a cheap shot at a payback, and it is quite clear to us that you rightly want to have nothing in common with the Trotskyists. Nevertheless: Does the logic of your argumentation not lead you into the same corner against your will? In your letter to an MLPD comrade you write: "*It took the counter-revolutionaries from Khrushchev to Gorbachev 38 years to destroy what had been built in 36 years. These 38 years were filled with a bitter, incessant struggle between the revisionists on the one hand and the defenders of Marxist-Leninist positions on the other hand*." Admittedly, in your view, revisionists had seized power, but the position of the working class was so strong, according to your version, that it took these revisionists 38 years to prepare the real counter-revolution laboriously, namely, as you write, "*by the process of undermining the foundations of socialism and denaturing the socialist way of life. Only after this process had disfigured socialism beyond recognition could the attack be launched with the aim of its total destruction. This was done under the banner of 'perestroika'*." Until then, therefore, socialism would have existed, and since socialism – on which we are in agreement – cannot exist without the dictatorship of the proletariat, the workers' power would have continued to exist until then, albeit in an "undermined and denatured form". Does not such a theory resemble the Trotskyist theory of "bureaucratized and deformed workers power"? Is your position of a dictatorship of the proletariat with revisionists in power not absurd?

As your notes from 1956-57 show, which you sent us a copy of (although we could not know of them before, since to our knowledge they were not published), you were not just today in opposition to Khrushchev, but already in 1956, and even then you maintained that Stalin was an important leader of the communist and workers' movement. That honors you. Nevertheless, in our opinion your view of the motives of the Khrushchev and Brezhnev

revisionists stands in stark contrast to reality. You actually assume that they were direct and conscious agents of the Western imperialists, that their conscious aim was the demise of the Soviet Union as a state power. In your letter to a comrade of the MLPD you write: "*Whoever would have openly identified himself as an enemy of this* (socialist, RM) *order and as a proponent of a return to capitalism, the common people would have immediately handed him over to the security organs. The enemies of Soviet power in the imperialist metropolises were just as* ***aware of this as their partners in the Soviet Union disguised as communists***." (Emphasis by RM) Therefore, in your opinion, they had to proceed "*very carefully and step by step*", but in every phase they had to proceed **highly consciously**, that is, they had to **undermine** the state power of the Soviet Union **highly consciously**. They would not have exercised power for themselves or for their class, but solely as governors for the Western imperialists, with the aim of undermining and ultimately overthrowing their own power.

But now the nomenclatura caste had enormous power and enormous wealth. They would have been stupid to do all this not only – in diametric opposition to their own mentality! – but even to pursue a highly sophisticated strategy and tactic to get rid of this social position. These people certainly did not need any payment from imperialism; as far as consumption was concerned, they could simply take what they wanted. (And by the way: you obviously have no idea what the "common people" in the Soviet Union, but also in the GDR, thought of the "security organs" at that time; they wanted to have as little to do with these "organs" as possible, and for good reasons).

Why these positions? They serve you to hold on to the theory of a (however "denatured" and "undermined") socialist order. Objectively, they serve to divert attention from the **class interests** of Khrushchev, Brezhnev and company, as well as from the analysis of the relations of production that produced these class interests.

Your apology for the domination of revisionism eventually leads you also to defend the imperialist military actions of the Soviet Union. (Imperialist here in the **broad** sense, as set out in the series of articles.) So you reproach the MLPD comrade in the aforementioned letter regarding the military action in the CSSR in 1968: "*What about Brezhnev's alleged 'merciless attack'? His role can hardly be described more wrongly than you do. He, once Khrush-*

chev's closest confidant, was in fact the patron saint of local and foreign revisionists; he never thought of putting obstacles in the way of the Prague 'reformers'. Conversely, as long as he could, he prevented them from being stopped earlier. And even ***after he finally had to give in to the pressure of Leninist forces within his own party and the CPC (Communist Party of Czechoslovakia) and other fraternal countries and agree to the intervention on that August 21, 1968, he continued to protect Smrkovsky, Sik, Goldstücker and their submissive First Secretary Dubcek*** *and prevented them from being removed from office. It was exclusively* ***thanks to the healthy Leninist forces in his own country and the CPC*** *that Dubcek could finally be replaced after months of struggle at a CC Plenum in April 1969.*" (emphases by RM)

It must be said: There are no limits to your imagination. Brezhnev had encouraged his "co-agents" in the CSSR to do their thing, but the "healthy Leninist forces" forced him to take military action against his will! We hardly believe that you can win many people over to communism with such fantasies, but you can certainly "convince" people in the already difficult situation that communists are crackpots who compile the facts according to their own wishes.

We are in complete agreement that Dubcek and company drove the CSSR towards capitalism and into the camp of Western imperialism with giant steps. (We have explained this in the Soviet Union series.) We do have a fundamentally different opinion about the character of the Soviet Union at that time, but we do not need to argue about that **at this point**. Even assuming that it had been socialist: would it have had the right to intervene militarily? The development of the CSSR, as much as this was desired and encouraged by the West, was based primarily **on internal factors**. Lenin and Stalin had consistently held fast to the right of every nation to self-determination; so it can hardly have been "Leninist forces" that pushed through the invasion. And the fact that revolutions cannot be exported is sufficiently well known to Leninists. Who demagogically advocated the "export of the revolution"? As is well known, Trotsky.

In this connection, let us deal with a small episode in passing. At the beginning of the military aggression of the Soviet Union in Afghanistan, the "Trotskyist League of Germany" demonstrated in some cities of the FRG under the slogan: "We defend the Soviet Union!" The open anti-communists had a good laugh.

On the Question of Creating a Unified Communist Party in Germany

So it is by no means a matter of "various communist groups" today, "which were in agreement on the most important and essential points – namely, that Tito's and Khrushchev's revisionism meant a break with Marxism and the teachings of Lenin," and that "the 20th Party Congress was the beginning of the road which – if it continued without correction – would finally lead to the downfall," as you write. It is by no means the case that, despite this supposed fundamental agreement on the supposedly most important questions, these groups do not come together simply because they "continue their old bitter sectarian disputes," as you further say. In our opinion, this is wrong for a number of reasons.

First, the questions you have listed are not the most important ones for us. The most important ones do not relate to the past, but to the present, to the current class struggle, and to the future, to the question of what kind of society we are fighting for in Germany.

Second, although the questions you have listed are also of great importance for the present and the future, there is, for example, definitely no agreement between you and us, as we have shown.

Third, the differences in question were not simply sectarian disputes in the past, neither in the FRG nor in the GDR. While you, for example, basically affirmed and supported the social order in the GDR and still do so today, our comrades of the illegal GDR section of the KPD fought for the re-establishment of socialism, were persecuted by the Stasi, punished by the courts and sometimes went to prison for several years. You may judge this as you like, but they were hardly mere "sectarian disputes".

Nevertheless, we are not of the opinion that we "have nothing in common" with you. The relevant formulation in RM #24, 1995, was an overstatement, we hereby self-critically admit that. However, it would have been correct to say: "We have nothing in common with such a 'defense' of Stalin." Such a "defense" of Stalin is in fact a new **attack on Stalin**, blaming Stalin for the crimes of the Khrushchev and Brezhnev revisionists and reinforcing the already extremely deep-seated prejudices of public opinion. That does not mean, however, that people who do this out of ideological error cannot, in principle, do anything progressive.

In fact, we know that you have done something useful for the communist and workers movement. For example, in RM #15, 1996, we referred to your work on the plot of July 20, 1944. We also believe that on the questions where we have fundamentally different views, there is room for discussion in solidarity. However, we still believe that your views on developments in the Soviet Union and the GDR are objectively an apology for revisionism.

We cannot and do not want to reproach you for this. You held a certain position in the social order of the GDR, and as materialists we cannot reproach anyone for the fact that their consciousness is or was determined by their social being. Admittedly, Marxist theory gives everyone in principle the possibility of recognizing and removing their own ideological blinkers. We know, however, that it is very difficult to throw overboard lies of a lifetime that have been associated with their own social existence for decades. Nevertheless, this is necessary if one wants to advance the communist movement.

For our part, we are prepared to engage in open but solidarity discussions also with organizations with which we have had a somewhat hostile relationship for decades. For this very reason, for example, in RM #9, 1992, we wrote an open letter to the **DKP** about their "Draft Thesis". There we explained where we agreed with the "Draft Thesis" and where we had differences on the questions of imperialism, socialism and the current class struggle, and we finally wrote: "Comrades of the DKP! We have shared with you both our agreement with central statements of the "theses" and our criticism of central statements. As far as the criticism was concerned, it was open and in some points certainly harsh, but in solidarity. Of course, you will not agree with many of the criticisms, but we ask you to deal with them seriously. As far as we are concerned, we are very interested to discuss with you openly and in solidarity and to fight together with you against the class enemy, against imperialism! On the one hand, it is necessary to unite all those forces who want to take practical steps in the struggle against capital. In addition, we believe that the task today is to unite all those forces in a strong communist party who want to smash imperialism and fight for socialism, the transitional society to communism."

We regret that we never received an answer. But our offer at that time of joint work and discussion still exists today; not only to

the DKP, but to all organizations that want to orient themselves on Marxism-Leninism.

Other Questions

With this we have answered most of the questions you raised in your letter. A few are left. We will deal with them in the following.

1.) That several leaders of the world communist movement died in Moscow or shortly after a visit to Moscow in an unexplained way has not escaped our notice. We also suspect that Khrushchev's people sometimes "helped" here. Of course, this can no longer be proven. However, we do not understand how you can put such outstanding communists as Dimitrov and Gottwald on the same level as Togliatti, the forerunner of Euro-communism, that is, an ultimately social democratic ideology.

2.) You are right to point out that your talk, to which Comrade Holz referred, is your speech given in Brussels on May 1, 1994, and not your speech given in Brussels on May 2, 1993, as we wrongly stated in RM #24, 1995. That is, as you yourself say, a formal error. It does not change the political conclusions we have drawn. Comrade Holz probably at least essentially shares the positions you developed on May 2, 1993, and which we criticized. In any case, he had already taken the essentially same position in his book *Niederlage und Zukunft des Sozialismus* (*Defeat and Future of Socialism*), Essen 1991. We have critically examined the positions that Comrade Holz presented in this book, for example in RM #2, 1996, but also already in *Weg der Partei* 1-2/92, p. 21 f.

3.) It is not true that you and we agreed on the "positive assessment of the struggle of the CP of China", as you write. **We** do not judge the struggle of the CP of China against Khrushchev revisionism so readily as positive. Although this struggle objectively played a positive role at that time, it later became apparent that the Chinese leadership itself did not stand on Marxist positions and that it was pursuing hostile class objectives.

4.) You are wrong if you think we think that we are never wrong. We do not have such an opinion of ourselves. If we did, we would have to throw dialectics overboard. That would be deplorable, because so far dialectics has always proven to be correct. We do not want to abandon it.

For example, as stated in the Soviet Union series, we used to take the view that the revisionist Soviet Union was capitalist. That

was a mistake. In general, from our present point of view our earlier view of the process of revisionist degeneration was very superficial. In our theoretical organ *Weg der Partei* 1-2, 1992, p. 93 f., we said about this, among other things:

"*The serious shortcomings in our theoretical work can be seen, for example, in the analysis of revisionism; in the main, this consisted in the effort to defend Marxist-Leninist concepts against revisionist falsifications and, on the other hand, to prove that the relations in the revisionist countries were anything but socialist. But the first thing remains on the conceptual level, and on this level revisionism cannot really be* ***grasped****. It can only be grasped if the lines of development in real life that led to it are revealed. But the second, the empirical observation of revisionist reality* (that is, the reality in the countries led by the revisionists, RM) *is not a theoretical analysis; from this observation the essence of revisionism and the transition to revisionism, its roots in the real conditions, do not emerge either.*

"*But we were satisfied with all this for a long time, considering it a 'principled defense' of Marxism-Leninism. One must admit that some bourgeois and revisionist theorists have made much greater efforts to examine reality and draw theoretical conclusions. Of course, their conclusions were and still are wrong on the one hand, and on the other hand they are harmful to the proletarian class struggle. This does not mean, however, that these conclusions have no epistemological value. On the contrary, dialectics* ***forces*** *the (open and hidden) opponents of Marxism to expose the gaps of the Marxists; they then attribute these gaps in the analysis of the Marxist-Leninists to Marxism-Leninism, claiming that Marxism-Leninism is unsuitable as a method for the knowledge of the world. When the Marxists are at the top of their form, they can turn this around: they take advantage of this circumstance, examine the theories of their opponents to see where they reveal errors and gaps in our own analysis, and then try to eliminate the errors, to fill the gaps. All that the opponents have to offer in terms of correct analysis must be incorporated and processed in our own theory; on this basis the 'rest', the ideological content of our opponents' conclusions, can then be revealed really convincingly, that is, it can be unmasked* ***in terms of content*** *as an apology (justification ideology) for imperialism and revisionism, not just by formally sticking labels on it.*

"*Such a dialectical understanding of the controversy with opposing views is the only correct one, the only understanding acceptable to Marxists. But this understanding was profoundly foreign to us.*"

"Profoundly foreign." One cannot imagine a more ruthless self-criticism. It has definitely not been a pleasure to have to note such shortcomings in our work. But it has been useful to us; we believe that the Marxist method just described was applied with some success in the Soviet Union series.

We ask you, Comrade Gossweiler, not to take our polemic as lacking in solidarity. We appreciate it when a comrade has been in the communist movement since 1931. But we think that you have thoroughly lost your way with your views on the social reality in the revisionist Soviet Union and the GDR, and we hope you will be able to correct these mistakes as well. It would certainly be useful here to note, without prejudice, how common people – even if they are not communists – experienced this period.

With communist greetings,

RM Editorial Board

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