WORKERS OF ALL COUNTRIES, UNITE!

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# ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR

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# REMARKS ON ECONOMIC QUESTIONS CONNECTED WITH THE NOVEMBER 1951 DISCUSSION

I have received all the materials on the economic discussion arranged to assess the draft textbook on political economy. The material received includes the «Proposals for the Improvement of the Draft Textbook on Political Economy», «Proposals for the Elimination of Mistakes and Inaccuracies» in the draft, and the «Memorandum on Disputed Issues».

On all these materials, as well as on the draft textbook, I consider it necessary to make the following remarks.

## 1. CHARACTER OF ECONOMIC LAWS UNDER SOCIALISM

Some comrades deny the objective character of laws of science, and of laws of political economy particularly, under socialism. They deny that the laws of political economy reflect law-governed processes which operate independently of the will of man. They believe 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. It is evident that they confuse laws of science, which reflect objective processes in nature or society, processes which take place independently of the will of man, with the laws which are issued by governments, which are made by the will of man, and which have only juridical validity. But they must not be confused.

Marxism regards laws of science — whether they be laws of natural science or laws of political economy — as the reflection of objective processes which take place independently of the will of man. Man may discover these laws, get to know them, study them, reckon with them in his activities and utilize them in the interests of society, but he cannot change or abolish them. Still less can he form or create new laws of science.

Does this mean, for instance, that the results of the action of the laws of nature, the results of the action of the forces of nature, are generally inavertible, that the destructive action of the forces of nature always and everywhere proceeds with an elemental and inexorable power that does not yield to the influence of man? No, it does not. Leaving aside astronomical, geological and other similar processes, which man really is powerless to influence, even if he has come to know the laws of their development, in many other cases man is very far from powerless, in the sense of being able to influence the processes of nature. In all

such cases, having come to know the laws of nature, reckoning with them and relying on them, and intelligently applying and utilizing them, man can restrict their sphere of action, and can impart a different direction to the destructive forces of nature and convert them to the use of society.

To take one of numerous examples. In olden times the overflow of big rivers, floods, and the resulting destruction of homes and crops, was considered an inavertible calamity, against which man was powerless. But with the lapse of time and the development of human knowledge, when man had learned to build dams and hydro-electric stations, it became possible to protect society from the calamity of flood which had formerly seemed to be inavertible. More, man learned to curb the destructive forces of nature, to harness them, so to speak, to convert the force of water to the use of society and to utilize it for the irrigation of fields and the generation of power.

Does this mean that man has thereby abolished laws of nature, laws of science, and has created new laws of nature, new laws of science? No, it does not. The fact is that all this procedure of averting the action of the destructive forces of water and of utilizing them in the interests of society takes place without any violation, alteration or abolition of scientific laws or the creation of new scientific laws. On the contrary, all this procedure is effected in precise conformity with the laws of nature and the laws of science, since any

violation, even the slightest, of the laws of nature would only upset matters and render the procedure futile.

The same must be said of the laws of economic development, the laws of political economy — whether in the period of capitalism or in the period of socialism. Here, too, the laws of economic development, as in the case of natural science, are objective laws, reflecting processes of economic development which take place independently of the will of man. Man may discover these laws, get to know them and, relying upon them, utilize them in the interests of society, impart a different direction to the destructive action of some of the laws, restrict their sphere of action, and allow fuller scope to other laws that are forcing their way to the forefront; but he cannot destroy them or create new economic laws.

One of the distinguishing features of political economy is that its laws, unlike those of natural science, are impermanent, that they, or at least the majority of them, operate for a definite historical period, after which they give place to new laws. However, these laws are not abolished, but lose their validity owing to the new economic conditions and depart from the scene in order to give place to new laws, laws which are not created by the will of man, but which arise from the new economic conditions.

Reference is made to Engels' *Anti-Dühring*, to his

formula which says that, with the abolition of capitalism and the socialization of the means of production, man will obtain control of his means of production, that he will be set free from the yoke of social and economic relations and become the «master» of his social life. Engels calls this freedom «appreciation of necessity».[1] And what can this «appreciation of necessity» mean? It means that, having come to know objective laws («necessity»), man will apply them with full consciousness in the interests of society. That is why Engels says in the same book:

«The laws of his own social action, hitherto standing face to face with man as laws of nature foreign to, and dominating him, will then be used with full understanding, and so mastered by him.»[2]

As we see, Engels' formula does not speak at all in favour of those who think that under socialism existing economic laws can be abolished and new ones created. On the contrary, it demands, not the abolition, but the understanding of economic laws and their intelligent application.

It is said that economic laws are elemental in character, that their action is inavertible and that society is powerless against them. That is not true. It is making a fetish of laws, and oneself the slave of laws. It has

[1] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, p. 158.

[2] *Ibid.*, pp. 392-93.

been demonstrated that society is not powerless against laws, that, having come to know economic laws and relying upon them, society can restrict their sphere of action, utilize them in the interests of society and «harness» them, just as in the case of the forces of nature and their laws, just as in the case of the overflow of big rivers cited in the illustration above.

Reference is made to the specific role of Soviet government in building socialism, which allegedly enables it to abolish existing laws of economic development and to «form» new ones. That also is untrue.

The specific role of Soviet government was due to two circumstances: first, that what Soviet government had to do was not to replace one form of exploitation by another, as was the case in earlier revolutions, but to abolish exploitation altogether; second, that in view of the absence in the country of any ready-made rudiments of a socialist economy, it had to create new, socialist forms of economy, «starting from scratch», so to speak.

That was undoubtedly a difficult, complex and unprecedented task. Nevertheless, the Soviet government accomplished this task with credit. But it accomplished it not because it supposedly destroyed the existing economic laws and «formed» new ones, but only because it relied on the economic law that the relations of production *must necessarily conform* with the character of the productive forces. The productive

forces of our country, especially in industry, were social in character, the form of ownership, on the other hand, was private, capitalistic. Relying on the economic law that the relations of production must necessarily conform with the character of the productive forces, the Soviet government socialized the means of production, made them the property of the whole people, and thereby abolished the exploiting system and created socialist forms of economy. Had it not been for this law, and had the Soviet government not relied upon it, it could not have accomplished its mission.

The economic law that the relations of production must necessarily conform with the character of the productive forces has long been forcing its way to the forefront in the capitalist countries. If it has failed so far to force its way into the open, it is because it is encountering powerful resistance on the part of obsolescent forces of society. Here we have another distinguishing feature of economic laws. Unlike the laws of natural science, where the discovery and application of a new law proceeds more or less smoothly, the discovery and application of a new law in the economic field, affecting as it does the interests of obsolescent forces of society, meets with the most powerful resistance on their part. A force, a social force, capable of overcoming this resistance, is therefore necessary. In our country, such a force was the alliance of the working class and the peasantry, who represented the

overwhelming majority of society. There is no such force yet in other, capitalist countries. This explains the secret why the Soviet government was able to smash the old forces of society, and why in our country the economic law that the relations of production must necessarily conform with the character of the productive forces received full scope.

It is said that the necessity for balanced (proportionate) development of the national economy in our country enables the Soviet government to abolish existing economic laws and to create new ones. That is absolutely untrue. Our yearly and five-yearly plans must not be confused with the objective economic law of balanced, proportionate development of the national economy. The law of balanced development of the national economy arose in opposition to the law of competition and anarchy of production under capitalism. It arose from the socialization of the means of production, after the law of competition and anarchy of production had lost its validity. It became operative because a socialist economy can be conducted only on the basis of the economic law of balanced development of the national economy. That means that the law of balanced development of the national economy makes it *possible* for our planning bodies to plan social production correctly. But *possibility* must not be confused with actuality. They are two different things. In order to turn the possibility into *actuality*, it is necessary to study this economic law, to master it, to learn

to apply it with full understanding, and to compile such plans as fully reflect the requirements of this law. It cannot be said that the requirements of this economic law are fully reflected by our yearly and five-yearly plans.

It is said that some of the economic laws operating in our country under socialism, including the law of value, have been «transformed», or even «radically transformed», on the basis of planned economy. That is likewise untrue. Laws cannot be «transformed», still less «radically» transformed. If they can be transformed, then they can be abolished and replaced by other laws. The thesis that laws can be «transformed» is a relic of the incorrect formula that laws can be «abolished» or «formed». Although the formula that economic laws can be transformed has already been current in our country for a long time, it must be abandoned for the sake of accuracy. The sphere of action of this or that economic law may be restricted, its destructive action — that is, of course, if it is liable to be destructive — may be averted, but it cannot be «transformed» or «abolished».

Consequently, when we speak of «subjugating» natural forces or economic forces, of «dominating» them, etc., this does not mean that man can «abolish» or «form» scientific laws. On the contrary, it only means that man can discover laws, get to know them and master them, learn to apply them with full understanding, utilize them in the interests of society, and

thus subjugate them, secure mastery over them.

Hence, the laws of political economy under socialism are objective laws, which reflect the fact that the processes of economic life are law-governed and operate independently of our will. People who deny this postulate are in point of fact denying science, and, by denying science, they are denying all possibility of prognostication — and, consequently, are denying the possibility of directing economic activity.

It may be said that all this is correct and generally known; but that there is nothing new in it, and that it is therefore not worth spending time reiterating generally-known truths. Of course, there really is nothing new in this; but it would be a mistake to think that it is not worth spending time reiterating certain truths that are well known to us. The fact is that we, the leading core, are joined every year by thousands of new and young forces who are ardently desirous of assisting us and ardently desirous of proving their worth, but who do not possess an adequate Marxist education, are unfamiliar with many truths that are well known to us, and are therefore compelled to grope in the darkness. They are staggered by the colossal achievements of Soviet government, they are dazzled by the extraordinary successes of the Soviet system, and they begin to imagine that Soviet government can «do anything», that «nothing is beyond it», that it can abolish scientific laws and form new ones. What are we to do with these comrades? How are we to educate them in

Marxism-Leninism? I think that systematic reiteration and patient explanation of so-called «generally-known» truths is one of the best methods of educating these comrades in Marxism.

## 2. COMMODITY PRODUCTION UNDER SOCIALISM

Certain comrades affirm that the Party acted wrongly in preserving commodity production after it had assumed power and nationalized the means of production in our country. They consider that the Party should have banished commodity production there and then. In this connection they cite Engels, who says:

«With the seizing of the means of production by society, production of commodities is done away with, and, simultaneously, the mastery of the product over the producer.»[1]

These comrades are profoundly mistaken.

Let us examine Engels' formula. Engels' formula cannot be considered fully clear and precise, because it does not indicate whether it is referring to the seizure by society of *all* or only part of the means of production, that is, whether *all* or only part of the means

[1] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, p. 392.

of production are converted into public property. Hence, *this* formula of Engels' may be understood either way.

Elsewhere in *Anti-Dühring* Engels speaks of mastering «*all* the means of production», of taking possession of «*all* means of production». Hence, in this formula Engels has in mind the nationalization not of part, but of all the means of production, that is, the conversion into public property of the means of production not only of industry, but also of agriculture.

It follows from this that Engels has in mind countries where capitalism and the concentration of production have advanced far enough both in industry and in agriculture to permit the expropriation of *all* the means of production in the country and their conversion into public property. Engels, consequently, considers that in *such* countries, parallel with the socialization of *all* the means of production, commodity production should be put an end to. And that, of course, is correct.

There was only one such country at the close of the last century, when *Anti-Dühring* was published — Britain. There the development of capitalism and the concentration of production both in industry and in agriculture had reached such a point that it would have been possible, in the event of the assumption of power by the proletariat, to convert *all* the country's means of production into public property and to put an end to commodity production.

I leave aside in this instance the question of the importance of foreign trade to Britain and the vast part it plays in her national economy. I think that only after an investigation of this question can it be finally decided what would be the future of commodity production in Britain after the proletariat had assumed power and *all* the means of production had been nationalized.

However, not only at the close of the last century, but today too, no country has attained such a degree of development of capitalism and concentration of production in agriculture as is to be observed in Britain. As to the other countries, notwithstanding the development of capitalism in the countryside, they still have a fairly numerous class of small and medium rural owner-producers, whose future would have to be decided if the proletariat should assume power.

But here is a question: what are the proletariat and its party to do in countries, ours being a case in point, where the conditions are favourable for the assumption of power by the proletariat and the overthrow of capitalism, where capitalism has so concentrated the means of production in industry that they may be expropriated and made the property of society, but where agriculture, notwithstanding the growth of capitalism, is divided up among numerous small and medium owner-producers to such an extent as to make it impossible to consider the expropriation of these producers?

To this question Engels' formula does not furnish an answer. Incidentally, it was not supposed to furnish an answer, since the formula arose from another question, namely, what should be the fate of commodity production after *all* the means of production had been socialized.

And so, what is to be done if *not all*, but only part of the means of production have been socialized, yet the conditions are favourable for the assumption of power by the proletariat — should the proletariat assume power and should commodity production be abolished immediately thereafter?

We cannot, of course, regard as an answer the opinion of certain half-baked Marxists who believe that under such conditions the thing to do is to refrain from taking power and to wait until capitalism has succeeded in ruining the millions of small and medium producers and converting them into farm labourers and in concentrating the means of production in agriculture, and that only after this would it be possible to consider the assumption of power by the proletariat and the socialization of *all* the means of production. Naturally, this is a «solution» which Marxists cannot accept if they do not want to disgrace themselves completely.

Nor can we regard as an answer the opinion of other half-baked Marxists, who think that the thing to do would be to assume power and to expropriate the small and medium rural producers and to socialize

their means of production. Marxists cannot adopt this senseless and criminal course either, because it would destroy all chances of victory for the proletarian revolution, and would throw the peasantry into the camp of the enemies of the proletariat for a long time.

The answer to this question was given by Lenin in his writings on the «tax in kind» and in his celebrated «cooperative plan».

Lenin's answer may be briefly summed up as follows:

a) Favourable conditions for the assumption of power should not be missed — the proletariat should assume power without waiting until capitalism has succeeded in ruining the millions of small and medium individual producers;

b) The means of production in industry should be expropriated and converted into public property;

c) As to the small and medium individual producers, they should be gradually united in producers' cooperatives, *i.e.*, in large agricultural enterprises, collective farms;

d) Industry should be developed to the utmost and the collective farms should be placed on the modern technical basis of large-scale production, not expropriating them, but on the contrary generously supplying them with first-class tractors and other machines;

e) In order to ensure an economic bond between town and country, between industry and agriculture,

commodity production (exchange through purchase and sale) should be preserved for a certain period, it being the form of economic tie with the town which is *alone acceptable* to the peasants, and Soviet trade — state, cooperative, and collective-farm — should be developed to the full and the capitalists of all types and descriptions ousted from trading activity.

The history of socialist construction in our country has shown that this path of development, mapped out by Lenin, has fully justified itself.

There can be no doubt that in the case of all capitalist countries with a more or less numerous class of small and medium producers, this path of development is the only possible and expedient one for the victory of socialism.

It is said that commodity production must lead, is bound to lead, to capitalism all the same, under all conditions. That is not true. Not always and not under all conditions! Commodity production must not be identified with capitalist production. They are two different things. Capitalist production is the highest form of commodity production. Commodity production leads to capitalism only *if* there is private ownership of the means of production, *if* labour power appears in the market as a commodity which can be bought by the capitalist and exploited in the process of production, and *if*, consequently, the system of exploitation of wageworkers by capitalists exists in the country. Capitalist production begins when the means

of production are concentrated in private hands, and when the workers are bereft of means of production and are compelled to sell their labour power as a commodity. Without this there is no such thing as capitalist production.

Well, and what is to be done if the conditions for the conversion of commodity production into capitalist production do not exist, if the means of production are no longer private but socialist property, if the system of wage labour no longer exists and labour power is no longer a commodity, and if the system of exploitation has long been abolished — can it be considered then that commodity production will lead to capitalism all the same? No, it cannot. Yet ours is precisely such a society, a society where private ownership of the means of production, the system of wage labour, and the system of exploitation have long ceased to exist.

Commodity production must not be regarded as something sufficient unto itself, something independent of the surrounding economic conditions. Commodity production is older than capitalist production. It existed in slave-owning society, and served it, but did not lead to capitalism. It existed in feudal society and served it, yet, although it prepared some of the conditions for capitalist production, it did not lead to capitalism. Why then, one asks, cannot commodity production similarly serve our socialist society for a certain period without leading to capitalism, bearing

in mind that in our country commodity production is not so boundless and all-embracing as it is under capitalist conditions, being confined within strict bounds thanks to such decisive economic conditions as social ownership of the means of production, the abolition of the system of wage labour, and the elimination of the system of exploitation?

It is said that, since the domination of social ownership of the means of production has been established in our country, and the system of wage labour and exploitation has been abolished, commodity production has lost all meaning and should therefore be done away with.

That is also untrue. Today there are two basic forms of socialist production in our county: state, or publicly-owned production and collective-farm production, which cannot be said to be publicly owned. In the state enterprises, the means of production and the product of production are national property. In the collective farm, although the means of production (land, machines) do belong to the state, the product of production is the property of the different collective farms since the labour, as well as the seed, is their own, while the land, which has been turned over to the collective farms in perpetual tenure, is used by them virtually as their own property, in spite of the fact that they cannot sell, buy, lease or mortgage it.

The effect of this is that the state disposes only of the product of the state enterprises, while the product

of the collective farms, being their property, is disposed of only by them. But the collective farms are unwilling to alienate the products except in the form of commodities in exchange for which they desire to receive the commodities they need. At present the collective farms will not recognize any other economic relation with the town except the commodity relation — exchange through purchase and sale. Because of this, commodity production and trade are as much a necessity with us today as they were, say, thirty years ago, when Lenin spoke of the necessity of developing trade to the utmost.

Of course, when instead of the two basic production sectors, the state sector and the collective-farm sector, there will be only one all-embracing production sector, with the right to dispose of all the consumer goods produced in the country, commodity circulation, with its «money economy», will disappear, as being an unnecessary element in the national economy. But so long as this is not the case, so long as the two basic production sectors remain, commodity production and commodity circulation must remain in force, as a necessary and very useful element in our system of national economy. How the formation of a single and united sector will come about, whether simply by the swallowing up of the collective-farm sector by the state sector — which is hardly likely (because that would be looked upon as the expropriation of the collective farms) — or by the setting up of a

single *national* economic body (comprising representatives of state industry and of the collective farms), with the right at first to keep account of all consumer product in the country, and eventually also to distribute it, by way, say, of products-exchange — is a special question which requires separate discussion.

Consequently, *our* commodity production is not of the ordinary type, but is a special kind of commodity production, commodity production without capitalists, which is concerned mainly with the goods of associated socialist producers (the state, the collective farms, the cooperatives), the sphere of action of which is confined to items of personal consumption, which obviously cannot possibly develop into capitalist production, and which, together with its «money economy», is designed to serve the development and consolidation of socialist production.

Absolutely mistaken, therefore, are those comrades who allege that, since socialist society has not abolished commodity forms of production, we are bound to have the reappearance of all the economic categories characteristic of capitalism: labour power as a commodity, surplus value, capital, capitalist profit, the average rate of profit, etc. These comrades confuse commodity production with capitalist production, and believe that once there is commodity production there must also be capitalist production. They do not realize that our commodity production radically differs from commodity production under capitalism.

Further, I think that we must also discard certain other concepts taken from Marx's *Capital* — where Marx was concerned with an analysis of capitalism — and artificially applied to our socialist relations. I am referring to such concepts, among others, as «necessary» and «surplus» labour, «necessary» and «surplus» product, «necessary» and «surplus» time. Marx analysed capitalism in order to elucidate the source of exploitation of the working class — surplus value — and to arm the working class, which was bereft of means of production, with an intellectual weapon for the overthrow of capitalism. It is natural that Marx used concepts (categories) which fully corresponded to capitalist relations. But it is strange, to say the least, to use these concepts now, when the working class is not only not bereft of power and means of production, but, on the contrary, is in possession of the power and controls the means of production. Talk of labour power being a commodity, and of «hiring» of workers sounds rather absurd now, under our system: as though the working class, which possesses means of production, hires itself and sells its labour power to itself. It is just as strange to speak now of «necessary» and «surplus» labour: as though, under our conditions, the labour contributed by the workers to society for the extension of production, the promotion of education and public health, the organization of defence, etc., is not just as necessary to the working class, now in power, as the labour expended to supply the

personal needs of the worker and his family.

It should be remarked that in his *Critique of the Gotha Program*, where it is no longer capitalism that he is investigating, but, among other things, the first phase of communist society, Marx recognizes labour contributed to society for extension of production, for education and public health, for administrative expenses, for building up reserves, etc., to be just as necessary as the labour expended to supply the consumption requirements of the working class.

I think that our economists should put an end to this in congruity between the old concepts and the new state of affairs in our socialist country, by replacing the old concepts with new ones that correspond to the new situation.

We could tolerate this incongruity for a certain period, but the time has come to put an end to it.

## 3. THE LAW OF VALUE UNDER SOCIALISM

It is sometimes asked whether the law of value exists and operates in our country, under the socialist system.

Yes, it does exist and does operate. Wherever commodities and commodity production exist, there the law of value must also exist.

In our country, the sphere of operation of the law of value extends, first of all, to commodity circulation,

to the exchange of commodities through purchase and sale, the exchange, chiefly, of articles of personal consumption. Here, in this sphere, the law of value preserves, within certain limits, of course, the function of a regulator.

But the operation of the law of value is not confined to the sphere of commodity circulation. It also extends to production. True, the law of value has no regulating function in our socialist production, but it nevertheless influences production, and this fact cannot be ignored when directing production. As a matter of fact, consumer goods, which are needed to compensate the labour power expended in the process of production, are produced and realized in our country as commodities coming under the operation of the law of value. It is precisely here that the law of value exercises its influence on production. In this connection, such things as cost accounting and profitableness, production costs, prices, etc., are of actual importance in our enterprises. Consequently, our enterprises cannot, and must not, function without taking the law of value into account.

Is this a good thing? It is not a bad thing. Under present conditions, it really is not a bad thing, since it trains our business executives to conduct production on rational lines and disciplines them. It is not a bad thing because it teaches our executives to count production magnitudes, to count them accurately, and

also to calculate the real things in production precisely, and not to talk nonsense about «approximate figures», spun out of thin air. It is not a bad thing because it teaches our executives to look for, find and utilize hidden reserves latent in production, and not to trample them under foot. It is not a bad thing because it teaches our executives systematically to improve methods of production, to lower production costs, to practise cost accounting, and to make their enterprises pay. It is a good practical school which accelerates the development of our executive personnel and their growth into genuine leaders of socialist production at the present stage of development.

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. Here is one of many examples. Some time ago it was decided to adjust the prices of cotton and grain in the interest of cotton growing, to establish more accurate prices for grain sold to the cotton growers, and to raise the prices of cotton delivered to the state. Our business executives and planners submitted a proposal on this score which could not but astound the members of the Central Committee, since

it suggested fixing the price of a ton of grain at practically the same level as a ton of cotton, and, moreover, the price of a ton of grain was taken as equivalent to that of a ton of baked bread. In reply to the remarks of members of the Central Committee that the price of a ton of bread must be higher than that of a ton of grain, because of the additional expense of milling and baking, and that cotton was generally much dearer than grain, as was also borne out by their prices in the world market, the authors of the proposal could find nothing coherent to say. The Central Committee was therefore obliged to take the matter into its own hands and to lower the prices of grain and raise the prices of cotton. What would have happened if the proposal of these comrades had received legal force? We should have ruined the cotton growers and would have found ourselves without cotton.

But does this mean that the operation of the law of value has as much scope with us as it has under capitalism, and that it is the regulator of production in our country too? No, it does not. Actually, the sphere of operation of the law of value under our economic system is strictly limited and placed within definite bounds. It has already been said that the sphere of operation of commodity production is restricted and placed within definite bounds by our system. The same must be said of the sphere of operation of the law of value. Undoubtedly, the fact that private ownership of the means of production does not exist, and

that the means of production both in town and country are socialized, cannot but restrict the sphere of operation of the law of value and the extent of its influence on production.

In this same direction operates the law of balanced (proportionate) development of the national economy, which has superseded the law of competition and anarchy of production.

In this same direction, too, operate our yearly and five-yearly plans and our economic policy generally, which are based on the requirements of the law of balanced development of the national economy.

The effect of all this, taken together, is that the sphere of operation of the law of value in our country is strictly limited, and that the law of value cannot under our system function as the regulator of production.

This, indeed, explains the «striking» fact that whereas in our country the law of value, in spite of the steady and rapid expansion of our socialist production, does not lead to crises of overproduction, in the capitalist countries this same law, whose sphere of operation is very wide under capitalism, does lead, in spite of the low rate of expansion of production, to periodical crises of overproduction.

It is said that the law of value is a permanent law, binding upon all periods of historical development, and that if it does lose its function as a regulator of exchange relations in the second phase of communist

society, it retains at this phase of development its function as a regulator of the relations between the various branches of production, as a regulator of the distribution of labour among them.

That is quite untrue. Value, like the law of value, is a historical category connected with the existence of commodity production. With the disappearance of commodity production, value and its forms and the law of value also disappear.

In the second phase of communist society, the amount of labour expended on the production of goods will be measured not in a roundabout way, not through value and its forms, as is the case under commodity production, but directly and immediately — by the amount of time, the number of hours, expended on the production of goods. As to the distribution of labour, its distribution among the branches of production will be regulated not by the law of value, which will have ceased to function by that time, but by the growth of society's demand for goods. It will be a society in which production will be regulated by the requirements of society, and computation of the requirements of society will acquire paramount importance for the planning bodies.

Totally incorrect, too, is the assertion that under our present economic system, in the first phase of development of communist society, the law of value regulates the «proportions» of labour 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 labour 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 labour 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 labour distributed among the branches of production.

Obviously, if we were to follow the lead of these comrades, we should have to cease giving primacy to the production of means of production in favour of the production of articles of consumption. And what would be the effect of ceasing to give primacy to the production of the means of production? The effect would be to destroy the possibility of the continuous expansion of our national economy, because the national economy cannot be continuously expanded

without giving primacy to the production of means of production.

These comrades forget that the law of value can be a regulator of production only under capitalism, with private ownership of the means of production, and competition, anarchy of production, and crises of overproduction. They forget that in our country the sphere of operation of the law of value is limited by the social ownership of the means of production, and by the law of balanced development of the national economy, and is consequently also limited by our yearly and five-yearly plans, which are an approximate reflection of the requirements of this law.

Some comrades draw the conclusion from this that the law of balanced development of the national economy and economic planning annul the principle of profitableness of production. That is quite untrue. It is just the other way round. 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.

In brief, there can be no doubt that under our present socialist conditions of production, the law of value cannot be a «regulator of the proportions» of labour distributed among the various branches of production.

## 4. ABOLITION OF THE ANTITHESIS BETWEEN TOWN AND COUNTRY, AND BETWEEN MENTAL AND PHYSICAL LABOUR, AND ELIMINATION OF DISTINCTIONS BETWEEN THEM

This heading covers a number of problems which essentially differ from one another. I combine them in one section, not in order to lump them together, but solely for brevity of exposition.

Abolition of the antithesis between town and country, between industry and agriculture, is a well-known problem which was discussed long ago by Marx and Engels. The economic basis of this antithesis is the exploitation of the country by the town, the expropriation of the peasantry and the ruin of the majority of the rural population by the whole course of

development of industry, trade and credit under capitalism. Hence, the antithesis between town and country under capitalism must be regarded as an antagonism of interests. This it was that gave rise to the hostile attitude of the country towards the town and towards «townfolk» in general.

Undoubtedly, with the abolition of capitalism and the exploiting system in our country, and with the consolidation of the socialist system, the antagonism of interests between town and country, between industry and agriculture, was also bound to disappear. And that is what happened. The immense assistance rendered by the socialist town, by our working class, to our peasantry in eliminating the landlords and kulaks strengthened the foundation for the alliance between the working class and the peasantry, while the systematic supply of first-class tractors and other machines to the peasantry and its collective farms converted the alliance between the working class and the peasantry into friendship between them. Of course, the workers and the collective-farm peasantry do represent two classes differing from one another in status. But this difference does not weaken their friendship in any way. On the contrary, their interests lie along one common line, that of strengthening the socialist system and attaining the victory of communism. It is not surprising, therefore, that not a trace remains of the former distrust, not to speak of the former hatred, of the country for the town.

All this means that the ground for the antithesis between town and country, between industry and agriculture, has already been eliminated by our present socialist system.

This, of course, does not mean that the effect of the abolition of the antithesis between town and country will be that «the great towns will perish».[1] Not only will the great towns not perish, but new great towns will appear as centres of the maximum development of culture, and as centres not only of large-scale industry, but also of the processing of agricultural produce and of powerful development of all branches of the food industry. This will facilitate the cultural progress of the nation and will tend to even up conditions of life in town and country.

We have a similar situation as regards the problem of the abolition of the antithesis between mental and physical labour. This too is a well-known problem which was discussed by Marx and Engels long ago. The economic basis of the antithesis between mental and physical labour is the exploitation of the physical workers by the mental workers. Everyone is familiar with the gulf which under capitalism divided the physical workers of enterprises from the managerial personnel. We know that this gulf gave rise to a hostile attitude on the part of the workers towards managers,

[1] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, p. 412.

foremen, engineers and other members of the technical staff, whom the workers regarded as their enemies. Naturally, with the abolition of capitalism and the exploiting system, the antagonism of interests between physical and mental labour was also bound to disappear. And it really has disappeared in our present socialist system. Today, the physical workers and the managerial personnel are not enemies, but comrades and friends, members of a single collective body of producers who are vitally interested in the progress and improvement of production. Not a trace remains of the former enmity between them.

Of quite a different character is the problem of the disappearance of distinctions between town (industry) and country (agriculture), and between physical and mental labour. This problem was not discussed in the Marxist classics. It is a new problem, one that has been raised practically by our socialist construction.

Is this problem an imaginary one? Has it any practical or theoretical importance for us? No, this problem cannot be considered an imaginary one. On the contrary, it is for us a problem of the greatest seriousness.

Take, for instance, the distinction between agriculture and industry. In our country it consists not only in the fact that the conditions of labour in agriculture differ from those in industry, but, mainly and chiefly, in the fact that whereas in industry we have

public ownership of the means of production and of the product of industry, in agriculture we have not public, but group, collective-farm ownership. It has already been said that this fact leads to the preservation of commodity circulation, and that only when this distinction between industry and agriculture disappears, can commodity production with all its attendant consequences also disappear. It therefore cannot be denied that the disappearance of this essential distinction between agriculture and industry must be a matter of paramount importance for us.

The same must be said of the problem of the abolition of the essential distinction between mental labour and physical labour. It, too, is a problem of paramount importance for us. Before the socialist emulation movement assumed mass proportions, the growth of our industry proceeded very haltingly, and many comrades even suggested that the rate of industrial development should be retarded. This was due chiefly to the fact that the cultural and technical level of the workers was too low and lagged far behind that of the technical personnel. But the situation changed radically when the socialist emulation movement assumed a mass character. It was from that moment on that industry began to advance at accelerated speed. Why did socialist emulation assume the character of a mass movement? Because among the workers whole groups of comrades came to the fore who had not only mastered the minimum requirements of technical

knowledge, but had gone further and risen to the level of the technical personnel; they began to correct technicians and engineers, to break down the existing norms as antiquated, to introduce new and more up-to-date norms, and so on. What should we have had if not only isolated groups, but the majority of the workers had raised their cultural and technical level to that of the engineering and technical personnel? Our industry would have risen to a height unattainable by industry in other countries. It therefore cannot be denied that the abolition of the essential distinction between mental and physical labour by raising the cultural and technical level of the workers to that of the technical personnel cannot but be of paramount importance for us.

Some comrades assert that in the course of time not only will the essential distinction between industry and agriculture, and between physical and mental labour, disappear, but so will *all* distinction between them. That is not true. Abolition of the essential distinction between industry and agriculture cannot lead to the abolition of all distinction between them. Some distinction, even if inessential, will certainly remain, owing to the difference between the conditions of work in industry and in agriculture. Even in industry the conditions of labour are not the same in all its branches: the conditions of labour, for example, of coal miners differ from those of the workers of a mechanized shoe factory, and the conditions of labour

of ore miners from those of engineering workers. If that is so, then all the more must a certain distinction remain between industry and agriculture.

The same must be said of the distinction between mental and physical labour. The essential distinction between them, the difference in their cultural and technical levels, will certainly disappear. But some distinction, even if inessential, will remain, if only because the conditions of labour of the managerial staffs and those of the workers are not identical.

The comrades who assert the contrary do so presumably on the basis of the formulation given in some of my statements, which speaks of the abolition of the distinction between industry and agriculture, and between mental and physical labour, without any reservation to the effect that what is meant is the abolition of the *essential* distinction, not of all distinction. That is exactly how the comrades understood my formulation, assuming that it implied the abolition of all distinction. But this indicates that the formulation was unprecise, unsatisfactory. It must be discarded and replaced by another formulation, one that speaks of the abolition of essential distinctions and the persistence of inessential distinctions between industry and agriculture, and between mental and physical labour.

## 5. DISINTEGRATION OF THE SINGLE WORLD MARKET AND DEEPENING OF

## THE CRISIS OF THE WORLD CAPITALIST SYSTEM

The disintegration of the single, all-embracing world market must be regarded as the most important economic sequel of the Second World War and of its economic consequences. It has had the effect of further deepening the general crisis of the world capitalist system.

The Second World War was itself a product of this crisis. Each of the two capitalist coalitions which locked horns in the war calculated on defeating its adversary and gaining world supremacy. It was in this that they sought a way out of the crisis. The United States of America hoped to put its most dangerous competitors, Germany and Japan, out of action, seize foreign markets and the world's raw material resources, and establish its world supremacy.

But the war did not justify these hopes. It is true that Germany and Japan were put out of action as competitors of the three major capitalist countries: the USA, Great Britain and France. But at the same time China and other, European, people's democracies broke away from the capitalist system and, together with the Soviet Union, formed a united and powerful socialist camp confronting the camp of capitalism. The economic consequence of the existence of two opposite camps was that the single all-embracing world market disintegrated, so that now we have two

parallel world markets, also confronting one another.

It should be observed that the USA, and Great Britain and France, themselves contributed — without themselves desiring it, of course — to the formation and consolidation of the new, parallel world market. They imposed an economic blockade on the USSR, China and the European people's democracies, which did not join the «Marshall plan» system, thinking thereby to strangle them. The effect, however, was not to strangle, but to strengthen the new world market.

But the fundamental thing, of course, is not the economic blockade, but the fact that since the war these countries have joined together economically and established economic cooperation and mutual assistance. The experience of this cooperation shows that not a single capitalist country could have rendered such effective and technically competent assistance to the people's democracies as the Soviet Union is rendering them. The point is not only that this assistance is the cheapest possible and technically superb. The chief point is that at the bottom of this cooperation lies a sincere desire to help one another and to promote the economic progress of all. The result is a fast pace of industrial development in these countries. It may be confidently said that, with this pace of industrial development, it will soon come to pass that these countries will not only be in no need of imports from

capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products.

But it follows from this that the sphere of exploitation of the world's resources by the major capitalist countries (USA, Britain France) will not expand, but contract; that their opportunities for sale in the world market will deteriorate, and that their industries will be operating more and more below capacity. That, in fact, is what is meant by the deepening of the general crisis of the world capitalist system in connection with the disintegration of the world market.

This is felt by the capitalists themselves, for it would be difficult for them not to feel the loss of such markets as the USSR and China. They are trying to offset these difficulties with the «Marshall plan», the war in Korea, frantic rearmament, and industrial militarization. But that is very much like a drowning man clutching at a straw.

This state of affairs has confronted the economists with two questions:

a) Can it be affirmed that the thesis expounded by Stalin before the Second World War regarding the relative stability of markets in the period of the general crisis of capitalism is still valid?

b) Can it be affirmed that the thesis expounded by Lenin in the spring of 1916 — namely, that, in

spite of the decay of capitalism, «on the whole, capitalism is growing far more rapidly than before»[1] — is still valid?

I think that it cannot. In view of the new conditions to which the Second World War has given rise, both these theses must be regarded as having lost their validity.

## 6. INEVITABILITY OF WARS BETWEEN CAPITALIST COUNTRIES

Some comrades hold that, owing to the development of new international conditions since the Second World War, wars between capitalist countries have ceased to be inevitable. They consider that the contradictions between the socialist camp and the capitalist camp are more acute than the contradictions among the capitalist countries; that the USA has brought the other capitalist countries sufficiently under its sway to be able to prevent them going to war among themselves and weakening one another; that the foremost capitalist minds have been sufficiently taught by the two world wars and the severe damage

[1] V.I. Lenin, *Imperialism the Highest Stage of Capitalism*, Eng. ed., Foreign Languages Press, Peking, 1969, p. 151.

they caused to the whole capitalist world not to venture to involve the capitalist countries in war with one another again — and that, because of all this, wars between capitalist countries are no longer inevitable.

These comrades are mistaken. They see the outward phenomena that come and go on the surface, but they do not see those profound forces which, although they are so far operating imperceptibly, will nevertheless determine the course of developments.

Outwardly, everything would seem to be «going well»: the USA has put Western Europe, Japan and other capitalist countries on rations; Germany (Western), Britain, France, Italy and Japan have fallen into the clutches of the USA and are meekly obeying its commands. But it would be mistaken to think that things can continue to «go well» for «all eternity», that these countries will tolerate the domination and oppression of the United States endlessly, that they will not endeavour to tear loose from American bondage and take the path of independent development.

Take, first of all, Britain and France. Undoubtedly, they are imperialist countries. Undoubtedly, cheap raw materials and secure markets are of paramount importance to them. Can it be assumed that they will endlessly tolerate the present situation, in which, under the guise of «Marshall plan aid», Americans are penetrating into the economies of Britain and France and trying to convert them into adjuncts of the United States economy, and American capital

is seizing raw materials and markets in the British and French colonies and thereby plotting disaster for the high profits of the British and French capitalists? Would it not be truer to say that capitalist Britain, and, after her, capitalist France, will be compelled in the end to break from the embrace of the USA and enter into conflict with it in order to secure an independent position and, of course, high profits?

Let us pass to the major vanquished countries, Germany (Western) and Japan. These countries are now languishing in misery under the jackboot of American imperialism. Their industry and agriculture, their trade, their foreign and home policies, and their whole life are fettered by the American occupation «regime». Yet only yesterday these countries were great imperialist powers and were shaking the foundations of the domination of Britain, the USA and France in Europe and Asia. To think that these countries will not try to get on their feet again, will not try to smash the U.S. «regime», and force their way to independent development, is to believe in miracles.

It is said that the contradictions between capitalism and socialism are stronger than the contradictions among the capitalist countries. Theoretically, of course, that is true. It is not only true now, today; it was true before the Second World War. And it was more or less realized by the leaders of the capitalist countries. Yet the Second World War began not as a war with the USSR, but as a war between capitalist

countries. Why? Firstly, because war with the USSR, as a socialist land, is more dangerous to capitalism than war between capitalist countries; for whereas war between capitalist countries puts in question only the supremacy of certain capitalist countries over others, war with the USSR must certainly put in question the existence of capitalism itself. Secondly, because the capitalists, although they clamour, for «propaganda» purposes, about the aggressiveness of the Soviet Union, do not themselves believe that it is aggressive, because they are aware of the Soviet Union's peaceful policy and know that it will not itself attack capitalist countries.

After the First World War it was similarly believed that Germany had been definitely put out of action, just as certain comrades now believe that Japan and Germany have been definitely put out of action. Then, too, it was said and clamoured in the press that the United States had put Europe on rations; that Germany would never rise to her feet again, and that there would be no more wars between capitalist countries. In spite of this, Germany rose to her feet again as a great power within the space of some fifteen or twenty years after her defeat, having broken out of bondage and taken the path of independent development. And it is significant that it was none other than Britain and the United States that helped Germany to recover economically and to enhance her economic war potential. Of course, when the United States and

Britain assisted Germany's economic recovery, they did so with a view to setting a recovered Germany against the Soviet Union, to utilizing her against the land of socialism. But Germany directed her forces in the first place against the Anglo-French-American bloc. And when Hitler Germany declared war on the Soviet Union, the Anglo-French-American bloc, far from joining with Hitler Germany, was compelled to enter into a coalition with the USSR against Hitler Germany.

Consequently, the struggle of the capitalist countries for markets and their desire to crush their competitors proved in practice to be stronger than the contradictions between the capitalist camp and the socialist camp.

What guarantee is there, then, that Germany and Japan will not rise to their feet again, will not attempt to break out of American bondage and live their own independent lives? I think there is no such guarantee.

But it follows from this that the inevitability of wars between capitalist countries remains in force.

It is said that Lenin's thesis that imperialism inevitably generates war must now be regarded as obsolete, since powerful popular forces have come forward today in defence of peace and against another world war. That is not true.

The object of the present-day peace movement is to rouse the masses of the people to fight for the

preservation of peace and for the prevention of another world war. Consequently, the aim of this movement is not to overthrow capitalism and establish socialism — it confines itself to the democratic aim of preserving peace. In this respect, the present-day peace movement differs from the movement of the time of the First World War for the conversion of the imperialist war into civil war, since the latter movement went farther and pursued socialist aims.

It is possible that in a definite conjuncture of circumstances the fight for peace will develop here or there into a fight for socialism. But then it will no longer be the present-day peace movement; it will be a movement for the overthrow of capitalism.

What is most likely is that the present-day peace movement, as a movement for the preservation of peace, will, if it succeeds, result in preventing a *particular* war, in its temporary postponement, in the temporary preservation of a *particular* peace, in the resignation of a bellicose government and its supersession by another that is prepared temporarily to keep the peace. That, of course, will be good. Even very good. But, all the same, it will not be enough to eliminate the inevitability of wars between capitalist countries generally. It will not be enough, because, for all the successes of the peace movement, imperialism will remain, continue in force — and, consequently, the inevitability of wars will also continue in force.

To eliminate the inevitability of war, it is necessary to abolish imperialism.

## 7. THE BASIC ECONOMIC LAWS OF MODERN CAPITALISM AND OF SOCIALISM

As you know, the question of the basic economic laws of capitalism and of socialism arose several times in the course of the discussion. Various views were expressed on this score, even the most fantastic. True, the majority of the participants in the discussion reacted feebly to the matter, and no decision on the point was indicated. However, none of the participants denied that such laws exist.

Is there a basic economic law of capitalism? Yes, there is. What is this law, and what are its characteristic features? The basic economic law of capitalism is such a law as determines not some particular aspect or particular processes of the development of capitalist production, but all the principal aspects and all the principal processes of its development — one, consequently, which determines the essence of capitalist production, its essential nature.

Is the law of value the basic economic law of capitalism? No. The law of value is primarily a law of commodity production. It existed before capitalism,

and, like commodity production, will continue to exist after the overthrow of capitalism, as it does, for instance, in our country, although, it is true, with a restricted sphere of operation. Having a wide sphere of operation in capitalist conditions, the law of value, of course, plays a big part in the development of capitalist production. But not only does it not determine the essence of capitalist production and the principles of capitalist profit; it does not even pose these problems. Therefore, it cannot be the basic economic law of modern capitalism.

For the same reasons, the law of competition and anarchy of production, or the law of uneven development of capitalism in the various countries cannot be the basic economic law of capitalism either.

It is said that the law of the average rate of profit is the basic economic law of modern capitalism. That is not true. Modern capitalism, monopoly capitalism, cannot content itself with the average profit, which moreover has a tendency to decline, in view of the increasing organic composition of capital. It is not the average profit, but the maximum profit that modern monopoly capitalism demands, which it needs for more or less regular extended reproduction.

Most appropriate to the concept of a basic economic law of capitalism is the law of surplus value, the law of the origin and growth of capitalist profit. It really does determine the basic features of capitalist production. But the law of surplus value is too general a

law that does not cover the problem of the highest rate of profit, the securing of which is a condition for the development of monopoly capitalism. In order to fill this hiatus, the law of surplus value must made more concrete and developed further in adaptation to the conditions of monopoly capitalism, at the same time bearing in mind that monopoly capitalism demands not any sort of profit, but precisely the maximum profit. That will be the basic economic law of modern capitalism.

The main features and requirements of the basic economic law of modern capitalism might be formulated roughly in this way: the securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and militarization of the national economy, which are utilized for the obtaining of the highest profits.

It is said that the average profit might nevertheless be regarded as quite sufficient for capitalist development under modern conditions. That is not true. The average profit is the lowest point of profitableness, below which capitalist production becomes impossible. But it would be absurd to think that, in seizing colonies, subjugating peoples and engineering wars, the magnates of modern monopoly capitalism are striving

to secure only the average profit. No, it is not the average profit, nor yet super-profit — which, as a rule, represents only a slight addition to the average profit — but precisely the maximum profit that is the motor of monopoly capitalism. It is precisely the necessity of securing the maximum profits that drives monopoly capitalism to such risky undertakings as the enslavement and systematic plunder of colonies and other backward countries, the conversion of a number of independent countries into dependent countries, the organization of new wars — which to the magnates of modern capitalism is the «business» best adapted to the extraction of the maximum profit — and, lastly, attempts to win world economic supremacy.

The importance of the basic economic law of capitalism consists, among other things, in the circumstance that, since it determines all the major phenomena in the development of the capitalist mode of production, its booms and crises, its victories and defeats, its merits and demerits — the whole process of its contradictory development — it enables us to understand and explain them.

Here is one of many «striking» examples.

We are all acquainted with facts from the history and practice of capitalism illustrative of the rapid development of technology under capitalism, when the capitalists appear as the standard-bearers of the most advanced techniques, as revolutionaries in the development of the technique of production. But we are

also familiar with facts of a different kind, illustrative of a halt in technical development under capitalism, when the capitalists appear as reactionaries in the development of new techniques and not infrequently resort to hand labour.

How is this howling contradiction to be explained? It can only be explained by the basic economic law of modern capitalism, that is, by the necessity of obtaining the maximum profit. Capitalism is in favour of new techniques when they promise it the highest profit. Capitalism is against new techniques, and for resort to hand labour, when the new techniques do not promise the highest profit.

That is how matters stand with the basic economic law of modern capitalism.

Is there a basic economic law of socialism? Yes, there is. What are the essential features and requirements of this law? The essential features and requirements of the basic law of socialism might be formulated roughly in this way: the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society through the continuous expansion and perfection of socialist production on the basis of higher techniques.

Consequently: instead of maximum profits — maximum satisfaction of the material and cultural requirements of society; instead of development of production with breaks in continuity from boom to crisis and from crisis to boom — unbroken expansion of

production; instead of periodic breaks in technical development, accompanied by destruction of the productive forces of society — an unbroken process of perfecting production on the basis of higher techniques.

It is said that the law of the balanced, proportionate development of the national economy is the basic economic law of socialism. That is not true. Balanced development of the national economy, and hence, economic planning, which is a more or less faithful reflection of this law, can yield nothing by themselves, if it is not known for what purpose economic development is planned, or if that purpose is not clear. The law of balanced development of the national economy can yield the desired result only if there is a purpose for the sake of which economic development is planned. This purpose the law of balanced development of the national economy cannot itself provide. Still less can economic planning provide it. This purpose is inherent in the basic economic law of socialism, in the shape of its requirements, as expounded above. Consequently, the law of balanced development of the national economy can operate to its full scope only if its operation rests on the basic economic law of socialism.

As to economic planning, it can achieve positive results only if two conditions are observed: a) if it correctly reflects the requirements of the law of balanced development of the national economy, and b) if it

conforms in every way to the requirements of the basic economic law of socialism.

## 8. OTHER QUESTIONS

1) Extra-economic coercion under feudalism.

Of course, extra-economic coercion did play a part in strengthening the economic power of the feudal landlords; however, not it, but feudal ownership of the land was the basis of feudalism.

2) Personal property of the collective-farm household.

It would be wrong to say, as the draft textbook does, that «every household in a collective farm has in personal use a cow, small livestock and poultry». Actually, as we know, it is not in personal use, but as personal *property* that the collective-farm household has its cow, small livestock, poultry, etc. The expression «in personal use» has evidently been taken from the Model Rules of the Agricultural Artel. But a mistake was made in the Model Rules of the Agricultural Artel. The Constitution of the USSR, which was drafted more carefully, puts it differently, viz.:

«Every household in a collective farm... has as its personal property a subsidiary husbandry on the plot, a dwelling house, livestock, poultry and minor agricultural implements.»

That, of course, is correct.

It would be well, in addition, to state more particularly that every collective farmer has as his personal property from one to so many cows, depending on local conditions, so many sheep, goats, pigs (the number also depending on local conditions), and an unlimited quantity of poultry (ducks, geese, hens, turkeys).

Such detailed particulars are of great importance for our comrades abroad, who want to know what exactly has remained as the personal property of the collective-farm household now that agriculture in our country has been collectivized.

3) Total rent paid by the peasants to the landlords; also total expenditure on the purchase of land.

The draft textbook says that as a result of the nationalization of the land, «the peasantry were released from paying rent to the landlords to a total of about 500 million rubles annually» (it should be «gold» rubles). This figure should be verified, because it seems to me that it does not include the rent paid over the whole of Russia, but only in a majority of the Russian *gubernias*. It should also be borne in mind that in some of the border regions of Russia rent was paid in kind, a fact which the authors of the draft textbook have evidently overlooked. Furthermore, it should be remembered that the peasants were released not only from the payment of rent, but also from annual expenditure for the purchase of land. Was this taken into account in the draft textbook? It seems to me that it was not; but it should have been.

4) Coalescence of the monopolies with the state machine.

The word «coalescence» is not appropriate. It superficially and descriptively notes the process of merging of the monopolies with the state, but it does not reveal the economic import of this process. The fact of the matter is that the merging process is not simply a process of coalescence, but the subjugation of the state machine to the monopolies. The word «coalescence» should therefore be discarded and replaced by the words «subjugation of the state machine to the monopolies».

5) Use of machines in the USSR

The draft textbook says that «in the USSR machines are used in all cases when they economize the labour of society». That is by no means what should be said. In the first place, machines in the USSR always economize the labour of society, and we accordingly do not know of any cases in the USSR where they have not economized the labour of society. In the second place, machines not only economize labour; they also lighten the labour of the worker, and accordingly, in our conditions, in contradistinction to the conditions of capitalism, the workers use machines in the processes of labour with the greatest eagerness.

It should therefore be said that nowhere are machines used so willingly as in the USSR, because they economize the labour of society and lighten the labour of the worker, and, as there is no unemployment in

the USSR, the workers use machines in the national economy with the greatest eagerness.

6) Living standards of the working class in capitalist countries.

Usually, when speaking of the living standards of the working class, what is meant is only the standards of employed workers, and not of what is known as the reserve army of unemployed. Is such an attitude to the question of the living standards of the working class correct? I think it is not. If there is a reserve army of unemployed, whose members cannot live except by the sale of their labour power, then the unemployed must necessarily form part of the working class; and if they do form part of the working class, then their destitute condition cannot but influence the living standards of the workers engaged in production. I therefore think that when describing the living standards of the working class in capitalist countries, the condition of the reserve army of unemployed workers should also be taken into account.

7) National income.

I think it *absolutely* necessary to add a chapter on national income to the draft textbook.

8) Should there be a special chapter in the textbook on Lenin and Stalin as the founders of the political economy of socialism?

I think that the chapter, «The Marxist Theory of Socialism. Founding of the Political Economy of So-

cialism by V.I. Lenin and J.V. Stalin», should be excluded from the textbook. It is entirely unnecessary, since it adds nothing, and only colourlessly reiterates what has already been said in greater detail in earlier chapters of the textbook.

As regards the other questions, I have no remarks to make on the «Proposals» of Comrades Ostrovityanov, Leontyev, Shepilov, Gatovsky, etc.

## 9. INTERNATIONAL IMPORTANCE OF A MARXIST TEXTBOOK ON POLITICAL ECONOMY

I think that the comrades do not appreciate the importance of a Marxist textbook on political economy as fully as they should. It is needed not only by our Soviet youth. It is particularly needed by Communists and communist sympathizers in all countries. Our comrades abroad want to know how we broke out of capitalist slavery; how we rebuilt the economy of our country on socialist lines; how we secured the friendship of the peasantry; how we managed to convert a country which was only so recently poverty-stricken and weak into a rich and mighty country; what are the collective farms; why, although the means of production are socialized, we do not abolish commodity production, money, trade, etc. They want

to know all this, and much else, not out of mere curiosity, but in order to learn from us and to utilize our experience in their own countries. Consequently, the appearance of a good Marxist textbook on political economy is not only of political importance at home, but also of great international importance.

What is needed, therefore, is a textbook which might serve as a reference book for the revolutionary youth not only at home, but also abroad. It must not be too bulky, because an over-bulky textbook cannot be a reference book and is difficult to assimilate, to master. But it must contain everything fundamental relating both to the economy of our country and to the economy of capitalism and the colonial system.

During the discussion, some comrades proposed the inclusion in the textbook of a number of additional chapters: the historians — on history, the political scientists — on politics, the philosophers — on philosophy, the economists — on economics. But the effect of this would be to swell the textbook to unwieldy dimensions. That, of course, must not be done. The textbook employs the historical method to illustrate problems of political economy, but that does not mean that we must turn a textbook on political economy into a history of economic relations.

What we need is a textbook of 500 pages, 600 at most, no more. This would be a reference book on Marxist political economy — and an excellent gift to the young Communists of all countries.

Incidentally, in view of the inadequate level of Marxist development of the majority of the Communist Parties abroad, such a textbook might also be of great use to communist cadres abroad who are no longer young.

## 10. WAYS OF IMPROVING THE DRAFT TEXTBOOK ON POLITICAL ECONOMY

During the discussion some comrades «ran down» the draft textbook much too assiduously, berated its authors for errors and oversights, and claimed that the draft was a failure. That is unfair. Of course, there are errors and oversights in the textbook — they are to be found in practically every big undertaking. Be that as it may, the overwhelming majority of the participants in the discussion were nevertheless of the opinion that the draft might serve as a basis for the future textbook and only needed certain corrections and additions. Indeed, one has only to compare the draft with the textbooks on political economy already in circulation to see that the draft stands head and shoulders above them. For that the authors of the draft deserve great credit.

I think that in order to improve the draft textbook, it would be well to appoint a small committee which would include not only the authors of the textbook, and not only supporters, but also opponents of

the majority of the participants in the discussion, out-and-out critics of the draft textbook.

It would also be well to include in the committee a competent statistician to verify the figures and to supply additional statistical material for the draft, as well as a competent jurist to verify the accuracy of the formulations.

The members of the committee should be temporarily relieved of all other work and should be well provided for, so that they might devote themselves entirely to the textbook.

Furthermore, it would be well to appoint an editorial committee, of say three persons, to take care of the final editing of the textbook. This is necessary also in order to achieve unity of style, which, unfortunately, the draft textbook lacks.

Time limit for presentation of the finished textbook to the Central Committee — one year.

*J. Stalin*

February 1, 1952

# REPLY TO COMRADE ALEXANDER ILYICH NOTKIN

Comrade Notkin,

I was in no hurry to reply, because I saw no urgency in the questions you raised. All the more so because there are other questions which are urgent, and which naturally deflected attention from your letter.

I shall answer point by point.

*The first point.*

There is a statement in the «Remarks» to the effect that society is not powerless against the laws of science, that man, having come to know economic laws, can utilize them in the interests of society. You assert that this postulate cannot be extended to other social formations, that it holds good only under socialism and communism, that the elemental character of the economic processes under capitalism, for example, makes it impossible for society to utilize economic laws in the interests of society.

That is not true. At the time of the bourgeois revolution in France, for instance, the bourgeoisie utilized against feudalism the law that relations of production must necessarily conform with the character of the productive forces, overthrew the feudal relations of production, created new, bourgeois relations

of production, and brought them into conformity with the character of the productive forces which had arisen in the bosom of the feudal system. The bourgeoisie did this not because of any particular abilities it possessed, but because it was vitally interested in doing so. The feudal lords put up resistance to this not from stupidity, but because they were vitally interested in preventing this law from becoming effective.

The same must be said of the socialist revolution in our country. The working class utilized the law that the relations of production must necessarily conform with the character of the productive forces, overthrew the bourgeois relations of production, created new, socialist relations of production and brought them into conformity with the character of the productive forces. It was able to do so not because of any particular abilities it possessed, but because it was vitally interested in doing so. The bourgeoisie, which from an advanced force at the dawn of the bourgeois revolution had already become a counter-revolutionary force offered every resistance to the implementation of this law — and it did so not because it lacked organization, and not because the elemental nature of economic processes drove it to resist, but chiefly because it was to its vital interest that the law should not become operative.

Consequently:

1. Economic processes, economic laws are in one degree or another utilized in the interests of society

not only under socialism and communism, but under other formations as well;

2. The utilization of economic laws in class society always and everywhere has a class background, and, moreover, always and everywhere the champion of the utilization of economic laws in the interests of society is the advanced class, while the obsolescent classes resist it.

The difference in this matter between the proletariat and the other classes which at any time in the course of history revolutionized the relations of production consists in the fact that the class interests of the proletariat merge with the interests of the overwhelming majority of society, because proletarian revolution implies the abolition not of one or another form of exploitation, but of all exploitation, while the revolutions of other classes, which abolished only one or another form of exploitation, were confined within the limits of their narrow class interests, which conflicted with the interests of the majority of society.

The «Remarks» speak of the class background of the utilization of economic laws in the interests of society. It is stated there that «unlike the laws of natural science, where the discovery and application of a new law proceeds more or less smoothly, the discovery and application of a new law in the economic field, affecting as it does the interests of obsolescent forces of society, meets with the most powerful resistance on their

part.»[1] This point you missed.

*The second point.*

You assert that complete conformity of the relations of production with the character of the productive forces can be achieved only under socialism and communism, and that under other formations the conformity can only be partial.

This is not true. In the epoch following the bourgeois revolution, when the bourgeoisie had shattered the feudal relations of production and established bourgeois relations of production, there undoubtedly were periods when the bourgeois production relations did fully conform with the character of the productive forces. Otherwise, capitalism could not have developed as swiftly as it did after the bourgeois revolution.

Further, the words «full conformity» must not be understood in the absolute sense. They must not be understood as meaning that there is altogether no lagging of the relations of production behind the growth of the productive forces under socialism. The productive forces are the most mobile and revolutionary forces of production. They undeniably move in advance of the relations of production even under socialism. Only after a certain lapse of time do the relations of production change in line with the character of the productive forces.

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[1] See p. 7 of this book.

How, then, are the words «full conformity» to be understood? They are to be understood as meaning that under socialism things do not usually go to the length of a conflict between the relations of production and the productive forces, that society is in a position to take timely steps to bring the lagging relations of production into conformity with the character of the productive forces. Socialist society is in a position to do so because it 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.

*The third point.*

It appears from your argument that you regard the means of production, and, in the first place, the implements of production produced by our nationalized enterprises, as commodities.

Can means of production be regarded as commodities in our socialist system? In my opinion they certainly cannot.

A commodity is a product which may be sold to any purchaser, and when its owner sells it, he loses ownership of it and the purchaser becomes the owner of the commodity which he may resell, pledge or allow

to rot. Do means of production come within this category? They obviously do not. In the first place, means of production are not «sold» to any purchaser, they are not «sold» even to collective farms; they are only allocated by the state to its enterprises. In the second place, when transferring means of production to any enterprise, their owner — the state — does not at all lose the ownership of them; on the contrary, it retains it fully. In the third place, directors of enterprises who receive means of production from the Soviet state, far from becoming their owners, are deemed to be the agents of the state in the utilization of the means of production in accordance with the plans established by the state.

It will be seen, then, that under our system means of production can certainly not be classed in the category of commodities.

Why, in that case, do we speak of the value of means of production, their cost of production, their price, etc.?

For two reasons.

Firstly, this is needed for purposes of calculation and settlement, for determining whether enterprises are paying or running at a loss, for checking and controlling the enterprises. But that is only the formal aspect of the matter.

Secondly, it is needed in order, in the interests of our foreign trade, to conduct sales of means of production to foreign countries. Here, in the sphere of

foreign trade, but *only in this sphere*, our means of production really are commodities, and really are sold (in the direct meaning of the term).

It therefore follows that in the sphere of foreign trade the means of production produced by our enterprises retain the properties of commodities both essentially and formally, but that in the sphere of domestic economic circulation, means of production lose the properties of commodities, cease to be commodities and pass out of the sphere of operation of the law of value, retaining only the outward integument of commodities (calculation, etc.).

How is this peculiarity to be explained?

The fact of the matter is that in our socialist conditions economic development proceeds not by way of upheavals, but by way of gradual changes, the old not simply being abolished out of hand, but changing its nature in adaptation to the new, and retaining only its form; while the new does not simply destroy the old, but infiltrates into it, changes its nature and its functions, without smashing its form, but utilizing it for the development of the new. This, in our economic circulation, is true not only of commodities, but also of money, as well as of banks, which, while they lose their old functions and acquire new ones, preserve their old form, which is utilized by the socialist system.

If the matter is approached from the formal angle, from the angle of the processes taking place on the

surface of phenomena, one may arrive at the incorrect conclusion that the categories of capitalism retain their validity under our economy. If, however, the matter is approached from the standpoint of Marxist analysis, which strictly distinguishes between the substance of an economic process and its form, between the deep processes of development and the surface phenomena, one comes to the only correct conclusion, namely, that it is chiefly the form, the outward appearance, of the old categories of capitalism that have remained in our country, but that their essence has radically changed in adaptation to the requirements of the development of the socialist economy.

*The fourth point.*

You assert that the law of value exercises a regulating influence on the prices of the «means of production» produced by agriculture and delivered to the state at the procurement prices. You refer to such «means of production» as raw materials — cotton, for instance. You might have added flax, wool and other agricultural raw materials.

It should first of all be observed that in this case it is not «means of production» that agriculture produces, but only one of the means of production — raw materials. The words «means of production» should not be juggled with. When Marxists speak of the production of means of production, what they primarily have in mind is the production of implements

of production, what Marx calls «the instruments of labour, those of a mechanical nature, which, taken as a whole, we may call the bone and muscles of production», which constitute the «characteristics of a given epoch of production».[1] To equate a part of the means of production (raw materials) with the means of production, including the implements of production, is to sin against Marxism, because Marxism considers that the implements of production play a decisive role compared with all other means of production. Everyone knows that, by themselves, raw materials cannot produce implements of production, although certain kinds of raw material are necessary for the production of implements of production, while no raw material can be produced without implements of production.

Further: is the influence of the law of value on the price of raw materials produced by agriculture a *regulating* influence, as you, Comrade Notkin, claim? It would be a regulating one if prices of agricultural raw materials had «free» play in our country, if the law of competition and anarchy of production prevailed, if we did not have a planned economy, and if the production of raw materials were not regulated by plan. But since all these «ifs» are missing in our economic system, the influence of the law of value on the price of agricultural raw materials cannot be a regulating

[1] Karl Marx, *Capital*, Eng. ed., Vol. I, Chapter 5, Section I.

one. In the first place, in our country prices of agricultural raw materials are fixed, established by plan, and are not «free». In the second place, the quantities of agricultural raw materials produced are not determined spontaneously or by chance elements, but by plan. In the third place, the implements of production needed for the producing of agricultural raw materials are concentrated not in the hands of individuals, or groups of individuals, but in the hands of the state. What then, after this, remains of the regulating function of the law of value? It appears that the law of value is itself regulated by the above-mentioned factors characteristic of socialist production.

Consequently, it cannot be denied that the law of value does influence the formation of prices of agricultural raw materials, that it is one of the factors in this process. But still less can it be denied that its influence is not, and cannot be, a regulating one.

*The fifth point.*

When speaking, in my «Remarks», of the profitableness of the socialist national economy, I was controverting certain comrades who allege that, by not giving great preference to profitable enterprises, and by tolerating the existence side by side with them of unprofitable enterprises, our planned economy is killing the very principle of profitableness of economic undertakings. The «Remarks» say that profitableness considered from the standpoint of individual plants or

industries is beneath all comparison with that higher form of profitableness which we get from our socialist mode of production, which saves us from crises of overproduction and ensures us a continuous expansion of production.

But it would be mistaken to conclude from this that the profitableness of individual plants and industries is of no particular value and is not deserving of serious attention. That, of course, is not true. The profitableness of individual plants and industries is of immense value for the development of our industry. It must be taken into account both when planning construction and when planning production. It is an elementary requirement of our economic activity at the present stage of development.

*The sixth point.*

It is not clear how your words «extended production in strongly deformed guise» in reference to capitalism are to be understood. It should be said that such production, and extended production at that, does not occur in nature.

It is evident that, after the world market has split, and the sphere of exploitation of the world's resources by the major capitalist countries (USA, Britain, France) has begun to contract, the cyclical character of the development of capitalism — expansion and contraction of production — must continue to oper-

ate. However, expansion of production in these countries will proceed on a narrower basis, since the volume of production in these countries will diminish.

*The seventh point.*

The general crisis of the world capitalist system began in the period of the First World War, particularly due to the falling away of the Soviet Union from the capitalist system. That was the first stage in the general crisis. A second stage in the general crisis developed in the period of the Second World War, especially after the European and Asian people's democracies fell away from the capitalist system. The first crisis, in the period of the First World War, and the second crisis, in the period of the Second World War, must not be regarded as separate, unconnected and independent crises, but as stages in the development of the general crisis of the world capitalist system.

Is the general crisis of world capitalism only a political, or only an economic crisis? Neither the one, nor the other. It is a general, *i.e.*, all-round crisis of the world capitalist system, embracing both the economic and the political spheres. And it is clear that at the bottom of it lies the ever increasing decay of the world capitalist economic system, on the one hand, and the growing economic might of the countries which have fallen away from capitalism — the USSR, China and the other people's democracies — on the other.

*J. Stalin*

April 21, 1952

# CONCERNING THE ERRORS OF COMRADE L. D. YAROSHENKO

Some time ago the members of the Political Bureau of the CC, CPSU(B) received a letter from Comrade Yaroshenko, dated March 20, 1952, on a number of economic questions which were debated at the November discussion. The author of the letter complains that the basic documents summing up the discussion, and Comrade Stalin's «Remarks», «contain no reflection whatever of the opinion» of Comrade Yaroshenko. Comrade Yaroshenko also suggests in his note that he should be allowed to write a «Political Economy of Socialism», to be completed in a year or a year and a half, and that he should be given two assistants to help him in the work.

I think that both Comrade Yaroshenko's complaint and his proposal need to be examined on their merits.

Let us begin with the complaint.

Well, then, what is the «opinion» of Comrade Yaroshenko which has received no reflection whatever in the above-mentioned documents?

## I

## COMRADE YAROSHENKO'S CHIEF ERROR

To describe Comrade Yaroshenko's opinion in a couple of words, it should be said that it is un-Marxist — and, hence, profoundly erroneous.

Comrade Yaroshenko's chief error is that he forsakes the Marxist position on the question of the role of the productive forces and of the relations of production in the development of society, that he inordinately overrates the role of the productive forces, and just as inordinately underrates the role of the relations of production, and ends up by declaring that under socialism the relations of production are a component part of the productive forces.

Comrade Yaroshenko is prepared to grant the relations of production a certain role under the conditions of «antagonistic class contradictions», inasmuch as there the relations of production «run counter to the development of the productive forces». But he confines it to a purely negative role, the role of a factor which retards the development of the productive forces, which fetters their development. Any other functions, positive functions, of the relations of production, Comrade Yaroshenko fails to see.

As to the socialist system, where «antagonistic class contradictions» no longer exist, and where the relations of production «no longer run counter to the development of the productive forces», here, according to Comrade Yaroshenko, the relations of production lose every vestige of an independent role, they cease to be a serious factor of development, and are

absorbed by the productive forces, becoming a component part of them. Under socialism, Comrade Yaroshenko says, «men's production relations become part of the organization of the productive forces, as a means, an element of their organization.»[1]

If that is so, what is the chief task of the «Political Economy of Socialism»? Comrade Yaroshenko replies: «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.[2]

That, in fact, explains why Comrade Yaroshenko is not interested in such economic questions of the socialist system as the existence of different forms of property in our economy, commodity circulation, the law of value, etc., which he believes to be minor questions that only give rise to scholastic disputes. He plainly declares that in his Political Economy of Socialism «disputes as to the role of any particular category of socialist political economy — value, commodity, money, credit, etc., — which very often with us are of a scholastic character, *are replaced* by a healthy

[1] Comrade Yaroshenko's letter to the Political Bureau of the Central Committee.

[2] Comrade Yaroshenko's speech in the Plenary Discussion.

discussion of the rational organization of the productive forces in social production, by a scientific demonstration of the validity of such organization.»[1]

In short, political economy without economic problems.

Comrade Yaroshenko thinks that it is enough to arrange a «rational organization of the productive forces», and the transition from socialism to communism will take place without any particular difficulty. He considers that this is quite sufficient for the transition to communism. He plainly declares that «under socialism, the basic struggle for the building of a communist society reduces itself to a struggle for the proper organization of the productive forces and their rational utilization in social production.»[2] Comrade Yaroshenko solemnly proclaims that «Communism is the highest scientific organization of the productive forces in social production.»

It appears, then, that the essence of the communist system begins and ends with the «rational organization of the productive forces».

From all this, Comrade Yaroshenko concludes that there cannot be a single political economy for all social formations, that there must be two political

[1] Comrade Yaroshenko's speech at the Discussion Working Panel.

[2] Comrade Yaroshenko's speech in the Plenary Discussion.

economies: one for pre-socialist social formations, the subject of investigation of which is men's relations production, and the other for the socialist system, the subject of investigation of which should be not the production, *i.e.*, the economic, relations, but the rational organization of the productive forces.

Such is the opinion of Comrade Yaroshenko.

What can be said of this opinion?

It is not true, in the first place, that the role of the relations of production in the history of society has been confined to that of a brake, a fetter on the development of the productive forces. When Marxists speak of the retarding role of the relations of production, it is not all relations of production they have in mind, but only the old relations of production, which no longer conform to the growth of the productive forces and, consequently, retard their development. But, as we know, besides the old, there are also new relations of production, which supersede the old. Can it be said that the role of the new relations of production is that of a brake on the productive forces? No, it cannot. On the contrary, the new relations of production are the *chief* and decisive force, the one which in fact determines the further, and, moreover, powerful, development of the productive forces, and without which the latter would be doomed to stagnation, as is the case today in the capitalist countries.

Nobody can deny that the development of the

productive forces of our Soviet industry has made tremendous strides in the period of the five-year plans. But this development would not have occurred if we had not, in October 1917, replaced the old, capitalist relations of production by new, socialist relations of production. Without this revolution in the production, the economic, relations of our country, our productive forces would have stagnated, just as they are stagnating today in the capitalist countries.

Nobody can deny that the development of the productive forces of our agriculture has made tremendous strides in the past twenty or twenty-five years. But this development would not have occurred if we had not in the 'thirties replaced the old, capitalist production relations in the countryside by new, collectivist production relations. Without this revolution in production, the productive forces of our agriculture would have stagnated, just as they are stagnating today in the capitalist countries.

Of course, new relations of production cannot, and do not, remain new forever; they begin to grow old and to run counter to the further development of the productive forces; they begin to lose their role of principal mainspring of the productive forces, and become a brake on them. At this point, in place of these production relations which have become antiquated, new production relations appear whose role it is to be the principal mainspring spurring the further development of the productive forces.

This peculiar development of the relations of production from the role of a brake on the productive forces to that of the principal mainspring impelling them forward, and from the role of principal mainspring to that of a brake on the productive forces, constitutes one of the chief elements of the Marxist materialist dialectics. Every novice in Marxism knows that nowadays. But Comrade Yaroshenko, it appears, does not know it.

It is not true, in the second place that the production, *i.e.*, the economic, relation lose their independent role under socialism, that they are absorbed by the productive forces, that social production under socialism is reduced to the organization of the productive forces. Marxism regards social production as an integral whole which has two inseparable sides: the productive forces of society (the relation of society to the forces of nature, in contest with which it secures the material values it needs), and the relations of production (the relations of men to one another in the process of production). These are two different sides of social production, although they are inseparably connected with one another. And just because they constitute different sides of social production, they are able to influence one another. To assert that one of these sides may be absorbed by the other and be converted into its component part, is to commit a very grave sin against Marxism.

Marx said:

«In production, men not only act on nature but also on one another. They produce only by cooperating in a certain way and mutually exchanging their activities. In order to produce, they enter into definite connections and relations with one another and only within these social connections and relations does their action on nature, does production, take place.»[1]

Consequently, social production consists of two sides, which, although they are inseparably connected, reflect two different categories of relations: the relations of men to nature (productive forces), and the relations of men to one another in the process of production (production relations). Only when both sides of production are present do we have social production, whether it be under the socialist system or under any other social formation.

Comrade Yaroshenko, evidently, is not quite in agreement with Marx. He considers that this postulate of Marx is not applicable to the socialist system. Precisely for this reason he reduces the problem of the Political Economy of Socialism to the rational organization of the productive forces, discarding the production, the economic, relations and severing the productive forces from them.

If we followed Comrade Yaroshenko, therefore,

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[1] Karl Marx, «Wage Labour and Capital», *Selected Works of Karl Marx and Frederick Engels*, Eng. ed., Foreign Languages Publishing House, Moscow, 1951, Vol. I, p. 63.

what we would get is, instead of a Marxist political economy, something in the nature of Bogdanov's «Universal Organizing Science».

Hence, starting from the right idea that the productive forces are the most mobile and revolutionary forces of production, Comrade Yaroshenko reduces the idea to an absurdity, to the point of denying the role of the production, the economic, relations under socialism; and instead of a full-blooded social production, what he gets is a lopsided and scraggy technology of production — something in the nature of Bukharin's «technique of social organization».

Marx says:

«In the social production of their life [that is, in the production of the material values necessary to the life of men — *J. St.*], men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness.»[1]

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[1] Karl Marx, «Preface to *A Contribution to the Critique of Political Economy*», *Selected Works of Karl Marx and Frederick Engels*, Eng. ed., Foreign Languages Publishing House, Moscow, 1951, Vol. I, pp. 328-29.

This means that every social formation, socialist society not excluded, has its economic foundation, consisting of the sum total of men's relations of production. What, one asks, happens to the economic foundation of the socialist system with Comrade Yaroshenko? As we know, Comrade Yaroshenko has already done away with relations of production under socialism as a more or less independent sphere, and has included the little that remains of them in the organization of the productive forces. Has the socialist system, one asks, its own economic foundation? Obviously, seeing that the relations of production have disappeared as a more or less independent factor under socialism, the socialist system is left without an economic foundation.

In short, a socialist system without an economic foundation. A rather funny situation...

Is a social system without an economic foundation possible at all? Comrade Yaroshenko evidently believes that it is. Marxism, however, believes that such social systems do not occur in nature.

It is not true, lastly, that communism means the rational organization of the productive forces, that the rational organization of the productive forces is the beginning and end of the communist system, that it is only necessary to organize the productive forces rationally, and the transition to communism will take place without particular difficulty. There is in our lit-

erature another definition, another formula of communism — Lenin's formula: «Communism is Soviet rule plus the electrification of the whole country».[1] Lenin's formula is evidently not to Comrade Yaroshenko's liking, and he replaces it with his own homemade formula: «Communism is the highest scientific organization of the productive forces in social production».

In the first place, nobody knows what this «higher scientific» or «rational» organization of the productive forces which Comrade Yaroshenko advertises represents, what its concrete import is. In his speeches at the Plenum and in the working panels of the discussion, and in his letter to the members of the Political Bureau, Comrade Yaroshenko reiterates this mythical formula dozens of times, but nowhere does he say a single word to explain how the «rational organization» of the productive forces, which supposedly constitutes the beginning and end of the essence of the communist system, should be understood.

In the second place, if a choice must be made between the two formulas, then it is not Lenin's formula, which is the only correct one, that should be discarded, but Comrade Yaroshenko's pseudo formula, which is so obviously chimerical and un-Marxist, and

[1] V.I. Lenin, «Our Foreign and Domestic Position and the Tasks of the Party», *Collected Works*, Russian ed., Vol. 31.

is borrowed from the arsenal of Bogdanov, from his «Universal Organizing Science».

Comrade Yaroshenko thinks that we have only to ensure a rational organization of the productive forces, and we shall be able to obtain an abundance of products and to pass to communism, to pass from the formula, «to each according to his work», to the formula, «to each according to his needs». That is a profound error, and reveals a complete lack of understanding of the laws of economic development of socialism. Comrade Yaroshenko's conception of the conditions for the transition from socialism to communism is far too rudimentary and puerile. He does not understand that neither an abundance of products, capable of covering all the requirements of society, nor the transition to the formula, «to each according to his needs», can be brought about if such economic factors as collective farm, group, property, commodity circulation, etc., remain in force. Comrade Yaroshenko does not understand that before we can pass to the formula, «to each according to his needs», 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.

In order to pave the way for a real, and not declaratory transition to communism, at least three main

preliminary conditions have to be satisfied.

1. It is necessary, in the first place, to ensure, not a mythical «rational organization» of the productive forces, but a continuous expansion of all social production, with a relatively higher rate of expansion of the production of means of production. The relatively higher rate of expansion of production of means of production is necessary not only because it has to provide the equipment both for its own plants and for all the other branches of the national economy, but also because reproduction on an extended scale becomes altogether impossible without it.

2. It is necessary, in the second place, 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, under which the central government, or some other social-economic centre, might control the whole product of social production in the interests of society.

Comrade Yaroshenko is mistaken when he asserts that there is no contradiction between the relations of production and the productive forces of society under socialism. Of course, our present relations of production are in a period when they fully conform to the growth of the productive forces and help to advance them at seven-league strides. But it would be wrong

to rest easy at that and to think that there are no contradictions between our productive forces and the relations of production. There certainly are, and will be, contradictions, seeing that the development of the relations of production lags, and will lag, behind the development of the productive forces. Given a correct policy on the part of the directing bodies these contradictions cannot grow into antagonisms, and there is no chance of matters coming to a conflict between the relations of production and the productive forces of society. It would be a different matter if we were to conduct a wrong policy, such as that which Comrade Yaroshenko recommends. In that case conflict would be inevitable, and our relations of production might become a serious brake on the further development of the productive forces.

The task of the directing bodies is therefore promptly to discern incipient contradictions, and to take timely measures to resolve them by adapting the relations of production to the growth of the productive forces. This, above all, concerns such economic factors as group, or collective-farm, property and commodity circulation. At present, of course, these factors are being successfully utilized by us for the promotion of the socialist economy, and they are of undeniable benefit to our society. It is undeniable, too, that they will be of benefit also in the near future. 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.

3. It is necessary, in the third place, 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 labour, to some one occupation.

What is required for this?

It would be wrong to think that such a substantial advance in the cultural standard of the members of society can be brought about without substantial changes in the present status of labour. 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 poly-technical 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.

These are the basic conditions required to pave the way for the transition to communism.

Only after *all* these preliminary conditions are satisfied in their entirety may it be hoped that work will be converted in the eyes of the members of society from a nuisance into «life's prime want» (Marx),[1] that «labour will become a pleasure instead of being a burden» (Engels),[2] and that social property will be regarded by all members of society as the sacred and inviolable basis of the existence of society.

Only after *all* these preliminary conditions have

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[1] Karl Marx, «Critique of the Gotha Program», *Selected Works of Karl Marx and Frederick Engels*, Eng. ed., Foreign Languages Publishing House, Moscow, 1951, Vol. 2, p. 23.

[2] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, p. 408.

been satisfied in their entirety will it be possible to pass from the socialist formula, «from each according to his ability, to each according to his work», to the communist formula, «from each according to his ability, to each according to his needs».

This will be a radical transition from one form of economy, the economy of socialism, to another, higher form of economy, the economy of communism.

As we see, the transition from socialism to communism is not such a simple matter as Comrade Yaroshenko imagines.

To attempt to reduce this complex and multiform process, which demands deep-going economic changes, to the «rational organization of the productive forces», as Comrade Yaroshenko does, is to substitute Bogdanovism for Marxism.

## II

## OTHER ERRORS OF COMRADE YAROSHENKO

1. From his incorrect opinion, Comrade Yaroshenko draws incorrect conclusions relative to the character and province of political economy.

Comrade Yaroshenko denies the necessity for a single political economy for all social formations, on

the grounds that every social formation has its specific economic laws. But he is absolutely wrong there, and is at variance with such Marxists as Engels and Lenin.

Engels says that political economy is «the science of the conditions and forms under which the *various human societies* have produced and exchanged and on this basis have distributed their products».[1] Hence, political economy investigates the laws of economic development not of any one social formation, but of the various social formations.

With this, as we know, Lenin was in full agreement. In his critical comments on Bukharin's *Economics of the Transition Period*, he said that Bukharin was wrong in restricting the province of political economy to commodity production, and above all to capitalist production, observing that in doing so Bukharin was taking «a step backward from Engels».[2]

Fully in conformity with this is the definition of political economy given in the draft textbook, when it says that political economy is the science which studies «the laws of the social production and distribution of material values *at the various stages* of development of human society».

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[1] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, p. 208.

[2] V.I. Lenin, *Critical Comments on Bukharin's «Economics of the Transition Period»*, Russian ed.

That is understandable. The various social formations are governed in their economic development not only by their own specific economic laws, but also by the economic laws that are common to all formations, such as, for instance, the law that the productive forces and the relations of production are united in one integral social production, and the law governing the relations between the productive forces and the relations of production in the process of development of all social formations. Hence, social formations are not only divided from one another by their own specific laws, but also connected with one another by the economic laws common to all formations.

Engels was quite right when he said:

«In order to carry out this critique of bourgeois economy completely, an acquaintance with the capitalist form of production, exchange and distribution did not suffice. The forms which had preceded it or those which still exist alongside it in less developed countries had also, at least in their main features, to be examined and compared.»[1]

It is obvious that here, on this question, Comrade Yaroshenko is in tune with Bukharin.

Further, Comrade Yaroshenko declares that in his «Political Economy of Socialism», «the categories of

[1] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, p. 209.

political economy — value, commodity, money, credit, etc., — *are replaced* by a healthy discussion of the rational organization of the productive forces in social production», that, consequently, the subject of investigation of *this* political economy will *not* be the production relations of socialism, *but* «the elaboration and development of a scientific theory of the organization of the productive forces, theory of economic planning, etc.», and that, under socialism, the relations of production lose their independent significance and are absorbed by the productive forces as a component part of them.

It must be said that never before has any retrograde «Marxist» delivered himself of such unholy twaddle. Just imagine a political economy of socialism without economic, production problems! Does such a political economy exist anywhere in creation? What is the effect, in a political economy of socialism, of replacing economic problems by problems of organization of the productive forces? The effect is to abolish the political economy of socialism. And that is just what Comrade Yaroshenko does — he abolishes the political economy of socialism. In this, his position fully gibes with that of Bukharin. Bukharin *said* that with the elimination of capitalism, political economy would also be eliminated. Comrade Yaroshenko does not say this, but he *does* it; he does abolish the political economy of socialism. True, he pretends that he is not in full agreement with Bukharin; but that is only a

trick, and a cheap trick at that. In actual fact he is doing what Bukharin preached and what Lenin rose up in arms against. Comrade Yaroshenko is following in the footsteps of Bukharin.

Further, Comrade Yaroshenko reduces the problems of the political economy of socialism to problems of the rational organization of the productive forces, to problems of economic planning, etc. But he is profoundly in error. The rational organization of the productive forces, economic planning, etc., are not problems of political economy, but problems of the economic policy of the directing bodies. They are two different provinces, which must not be confused. Comrade Yaroshenko has confused these two different things, and has made a terrible mess of it. Political economy investigates the laws of development of men's relations of production. Economic policy draws practical conclusions from this, gives them concrete shape, and builds its day-to-day work on them. To foist upon political economy problems of economic policy is to kill it as a science.

The province of political economy is the production, the economic, relations of men. It includes: a) the forms of ownership of the means of production; b) the status of the various social groups in production and their interrelations that follow from these forms, or what Marx calls: «they exchange their activities»;[1]

[1] Karl Marx, «Wage Labour and Capital», *Selected*

c) the forms of distribution of products, which are entirely determined by them. All these together constitute the province of political economy.

This definition does not contain the word «exchange», which figures in Engels' definition. It is omitted because «exchange» is usually understood by many to mean exchange of commodities, which is characteristic not of all, but only of some social formations, and this sometimes gives rise to misunderstanding, even though the word «exchange» with Engels did not mean only commodity exchange. As will be seen, however, that which Engels meant by the word «exchange» has been included, as a component part, in the above definition. Hence, this definition of the province of political economy fully coincides in content with Engels' definition.

2. When speaking of the basic economic law of some particular social formation, the presumption usually is that the latter cannot have several basic economic laws, that it can have only some one basic economic law, which precisely for that reason is the *basic* law. Otherwise we should have several basic economic laws for each social formation, which would be contrary to the very concept of a basic law. But Comrade Yaroshenko does not agree with this. He thinks that it is possible to have not one, but several basic economic

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*Works of Karl Marx and Frederick Engels*, Eng. ed., Foreign Languages Publishing House, Moscow, 1951, Vol. I, p. 83.

laws of socialism. It is incredible, but a fact. At the Plenary Discussion, he said:

«The magnitudes and correlations of the material funds of social production and reproduction are determined by the available labour power engaged in social production and its prospective increase. This is the basic economic law of socialist society, and it determines the structure of socialist social production and reproduction.»

That is one basic economic law of socialism.

In this same speech Comrade Yaroshenko declared:

«In socialist society, the correlations between Departments I and II are determined by the fact that production must have means of production in quantities sufficient to enlist all the able-bodied members of the population in social production. This is the basic economic law of socialism, and it is at the same time a demand of our Constitution, following from the right to work enjoyed by Soviet citizens.»

That, so to speak, is a second basic economic law of socialism.

Lastly, in his letter to the members of the Political Bureau, Comrade Yaroshenko declares:

«Accordingly, the essential features and requirements of the basic economic law of socialism may, it seems to me, be roughly formulated as follows: the continuous expansion and perfection of the production of the material and cultural conditions of life of

society.»

Here we have a third basic economic law of socialism.

Whether all these laws are basic economic laws of socialism, or only one of them, and if only one of them, which exactly — to these questions Comrade Yaroshenko gives no answer in his last letter addressed to the members of the Political Bureau. When formulating the basic economic law of socialism in his letter to the members of the Political Bureau he «forgot», it is to be presumed, that in his speech at the Plenary Discussion three months earlier he had already formulated two other basic economic laws of socialism, evidently believing that nobody would notice this dubious manoeuvre, to say the least of it. But, as we see, he miscalculated.

Let us assume that the first two basic economic laws of socialism formulated by Comrade Yaroshenko no longer exist, and that from now on he regards as the basic economic law of socialism the third one, which he formulated in his letter to the members of the Political Bureau. Let us turn to this letter.

Comrade Yaroshenko says in this letter that he does not agree with the definition of the basic economic law of socialism which Comrade Stalin gave in his «Remarks». He says:

«The chief thing in this definition is 'the securing of the maximum satisfaction of... the requirements of the whole of society.' 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 is based not on the primacy of production, but on the primacy of consumption.»

It is evident that Comrade Yaroshenko has completely failed to understand the essence of the problem, and does not see that talk about the primacy of consumption or of production has absolutely nothing to do with the case. When speaking of the primacy of any social process over another, it is usually assumed that the two processes are more or less homogeneous in character. One may, and should, speak of the primacy of the production of means of production over the production of means of consumption, because production is involved in both cases, and they are therefore more or less homogeneous. But one cannot speak, and it would be wrong to speak, of the primacy of consumption over production, or of production over consumption, because production and consumption are two entirely different spheres, which, it is true, are connected with one another, but which are different spheres all the same. Comrade Yaroshenko obviously fails to realize that what we are speaking of here is not the primacy of consumption or of production, but of what *aim* society sets social production, to what *purpose* it subordinates social production, say under socialism. So that when Comrade Yaroshenko says

that «the basis of the life of socialist society, as of all other society, is production», it is entirely beside the point. Comrade Yaroshenko forgets that men produce not for production's sake, but in order to satisfy their needs. He forgets that production divorced from the satisfaction of the needs of society withers and dies.

Can we speak in general of the aims of capitalist or socialist production, of the purposes to which capitalist or socialist production are subordinated? I think that we can and should.

Marx says:

«The direct aim of production is not the production of goods, but the production surplus value, or of profit in its developed form; not the product, but the surplus product. From this standpoint, labour itself is productive only in so far as it creates profit or surplus product for capital. In so far as the worker does not create it, his labour is unproductive. Consequently, the sum-total of applied productive labour is of interest to capital only to the extent that through it — or in relation to it — the sum-total of surplus labour increases. Only to that extent is what is called necessary labour time necessary. To the extent that it does not produce this result, it is superfluous and has to be discontinued.

«It is the constant aim of capitalist production to produce the maximum surplus value or surplus product with the minimum of capital advanced; in so far

as this result is not attained by overworking the labourer, it is a tendency of capital to seek to produce a given product with the least expenditure — economizing labour power and costs...

«The labourers themselves figure in this conception as what they actually are in capitalist production — only means of production; not an aim in themselves and not the aim of production.»[1]

These words of Marx are remarkable not only because they define the aim of capitalist production concisely and precisely, but also because they indicate the basic aim, the principal purpose, which should be set for socialist production.

Hence, 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.

What is the aim of socialist production? What is that main purpose to which social production should be subordinated under socialism?

The aim of socialist production is not profit, but man and his needs, that is, the satisfaction of his material and cultural requirements. As is stated in Com-

[1] Karl Marx, «Theory of Surplus Value», Karl Marx and Frederick Engels, *Works*, German ed., Vol. 26, Part 2, Chapter 18.

rade Stalin's «Remarks», the aim of socialist production is «the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society.»[1]

Comrade Yaroshenko thinks that what he is confronted with here is the «primacy» of consumption over production. That, of course, is a misapprehension. Actually, what we have here is not the primacy of consumption, but the *subordination* of socialist production to its principal aim of securing the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society.

Consequently, maximum satisfaction of the constantly rising material and cultural requirements of the whole of society is the *aim* of socialist production; continuous expansion and perfection of socialist production on the basis of higher techniques is the *means* for the achievement of the aim.

Such is the basic economic law of socialism.

Desiring to preserve what he calls the «primacy» of production over consumption, Comrade Yaroshenko claims that the «basic economic law of socialism» consists in «the continuous expansion and perfection of the production of the material and cultural conditions of society». That is absolutely wrong. Comrade Yaroshenko grossly distorts and vitiates the formula given in Comrade Stalin's «Remarks». With

[1] See p. 50 of this book.

him, production is converted from a means into an end, and the maximum satisfaction of the constantly rising material and cultural requirements of society is thrown out. What we get is expansion of production for the sake of expansion of production, production as an aim in itself; man and his requirements disappear from Comrade Yaroshenko's field of vision.

It is therefore not surprising that, with the disappearance of man as the aim of socialist production, every vestige of Marxism disappears from Comrade Yaroshenko's «conception».

And so, what Comrade Yaroshenko arrives at is not the «primacy» of production over consumption, but something like the «primacy» of bourgeois ideology over Marxist ideology.

3. A question by itself is Marx's theory of reproduction. Comrade Yaroshenko asserts that the Marxist theory of reproduction is a theory of capitalist reproduction only, that it contains nothing that might have validity for other social formations, the socialist social formation in particular. He says:

«The extension of Marx's scheme of reproduction, which he elaborated for the capitalist economy, to socialist social production is the fruit of a dogmatic understanding of Marx's theory and runs counter to the essence of his theory.»[1]

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[1] Comrade Yaroshenko's speech in the Plenary Discussion.

He further asserts: «Marx's scheme of reproduction does not correspond to the economic laws of socialist society and cannot serve as a basis in the investigation of socialist reproduction.»[1]

Concerning Marx's theory of simple reproduction, which establishes a definite correlation between the production of means of production (Department I) and the production of means of consumption (Department II), Comrade Yaroshenko says:

«In socialist society, the correlation between Departments I and II is not determined by Marx's formula v+m of Department I and c of Department II.[2] There should be no such interconnection in development between Departments I and II under socialist conditions.»[3]

He asserts: «The theory of the correlation between Departments I and II worked out by Marx is not applicable in our socialist conditions, since Marx's theory is based on capitalist economy and its laws.»[4]

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[1] Comrade Yaroshenko's speech in the Plenary Discussion.

[2] Here «V» stands for varied capital, «M» for surplus value and «C» for constant capital. For the formula, see Karl Marx, Capital, Eng. ed., Vol. 2, Chapter 20.

[3] Comrade Yaroshenko's speech in the Plenary Discussion.

[4] Comrade Yaroshenko's letter to the Political Bureau of the Central Committee.

That is how Comrade Yaroshenko makes mincemeat of Marx's theory of reproduction.

Of course, Marx's theory of reproduction, which was the fruit of an investigation of the laws of the capitalist mode of production, reflects the specific character of the latter, and, naturally, is clothed in the form of capitalist-commodity value relations. It could not have been otherwise. But he who sees in Marx's theory of reproduction only its form, and does not observe its fundamentals, its essential substance, which holds good not only for the capitalist social formation alone, has no understanding whatever of this theory. If Comrade Yaroshenko had any understanding at all of the matter, he would have realized the self-evident truth that Marx's scheme of reproduction does not begin and end with a reflection of the specific character of the capitalist mode of production, that it at the same time contains a whole number of fundamental tenets on the subject of reproduction which hold good for all social formations, particularly and especially for the socialist social formation. Such fundamental tenets of the Marxist theory of reproduction as the division of social production into the production of means of production and the production of means of consumption; the relatively greater increase of production of means of production in reproduction on an extended scale; the correlation between Departments I and II; surplus product as the sole source of accumulation; the formation and designation of the

social funds; accumulation as the sole source of reproduction on an extended scale — all these fundamental tenets of the Marxist theory of reproduction are at the same time tenets which hold good not only for the capitalist formation, and which no socialist society can dispense with in the planning of its national economy. It is significant that Comrade Yaroshenko himself, who snorts so haughtily at Marx's «schemes of reproduction», is obliged every now and again to call in the help of these «schemes» when discussing problems of socialist reproduction.

And how did Lenin and Marx view the matter?

Everyone is familiar with Lenin's critical comments on Bukharin's *Economics of the Transition Period*. In these remarks, as we know, Lenin recognized that Marx's formula of the correlation between Departments I and II, against which Comrade Yaroshenko rises in arms, holds true both for socialism and for «pure communism», that is, for the second phase of communism.

As to Marx, he, as we know, did not like to digress from his investigation of the laws of capitalist production, and did not, in his Capital, discuss the applicability of his schemes of reproduction to socialism. However, in Chapter XX, Vol. II of Capital, in the section, «The Constant Capital of Department I», where he examines the exchange of Department I products within this department, Marx, as though in passing, observes that under socialism the exchange of

products within this department would proceed with the same regularity as under the capitalist mode of production. He says:

«If production were socialized, instead of capitalistic, it is evident that these products of Department I would just as regularly be redistributed as means of production to the various lines of production of this department, for purposes of reproduction, one portion remaining directly in that sphere of production which created it, another passing over to other lines of production of the same department, thereby entertaining a constant mutual exchange between the various lines of production of this department.»[1]

Consequently, Marx by no means considered that his theory of reproduction was valid only for the capitalist mode of production, although it was the laws of the capitalist mode of production he was investigating. We see, on the contrary, that he held that his theory of reproduction might be valid also for the socialist mode of production.

It should be remarked that, when analysing the economics of socialism and of the transitional period to communism in his *Critique of the Gotha Program*, Marx proceeds from the fundamental tenets of his theory of reproduction, evidently regarding them as obligatory for the communist system.

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[1] Karl Marx, *Capital*, Eng. ed., Vol. 2, Chapter 20, Section 6.

It should also be remarked that when Engels, in his *Anti-Dühring*, criticizes Dühring's «socialitarian system» and discusses the economics of the socialist system, he likewise proceeds from the fundamental tenets of Marx's theory of reproduction, regarding them as obligatory for the communist system.

Such are the facts.

It appears, then, that here too, in the question of reproduction, Comrade Yaroshenko, despite his sneering attitude towards Marx's «schemes», has again landed on the shoals.

4. Comrade Yaroshenko concludes his letter to the members of the Political Bureau with the proposal that the compilation of the «Political Economy of Socialism» be entrusted to him. He writes:

«On the basis of the definition of the province of the political-economic science of socialism outlined by me at the plenary meeting, in the working panel, and in the present letter, and utilizing the Marxist dialectical method, I could, with the help of two assistants, work out in the space of one year, or a year and a half at most, the theoretical solution of the basic problems of the political economy of socialism, that is, expound the Marxist, Leninist-Stalinist theory of the political economy of socialism, a theory which would convert this science into an effective weapon of the struggle of the people for communism.»

It must be confessed that modesty is not one of Comrade Yaroshenko's failings — «even the other

way round», it might be said, borrowing the style of some of our writers.

It has already been pointed out above that Comrade Yaroshenko confuses the political economy of socialism with the economic policy of the directing bodies. That which he considers the province of the political economy of socialism — rational organization of the productive forces, economic planning, formation of social funds, etc. — is the province of the economic policy of the directing bodies, and not of the political economy of socialism.

I say nothing of the fact that the serious blunders committed by Comrade Yaroshenko, and his un-Marxist «opinion» do not incline one to entrust him with such a task.

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Conclusions:

1) The complaint Comrade Yaroshenko levels at the managers of the discussion is untenable, since they, being Marxists, could not in their summarizing documents reflect his un-Marxist «opinion»;

2) Comrade Yaroshenko's request to be entrusted with the writing of the political economy of socialism cannot be taken seriously, if only because it reeks of Khlestakovism.[1]

[1] After the central figure, Khlestakov, in the play *The*

*J. Stalin*

May 22, 1952

*Inspector General* by Nikolai Gogol, meaning an impostor and a braggart.

# REPLY TO COMRADES A.V. SANINA AND V.G. VENZHER

I have received your letters. It can be seen from them that their authors are making a profound and serious study of the economic problems of our country. There are quite a number of correct formulations and interesting arguments in the letters. But alongside of these, there are some grave theoretical errors. It is on these errors that I propose to dwell in this reply.

## 1. CHARACTER OF THE ECONOMIC LAWS OF SOCIALISM

Comrades Sanina and Venzher claim that «only because of the conscious action of the Soviet citizens engaged in material production do the economic laws of socialism arise». This opinion is absolutely incorrect.

Do the laws of economic development exist objectively, outside of us, independently of the will and consciousness of man? Marxism answers this question in the affirmative. Marxism holds that the laws of the political economy of socialism are a reflection in the minds of men of objective laws existing outside of us. But Comrades Sanina's and Venzher's formula answers this question in the negative. That means that

these comrades are adopting the position of an incorrect theory which asserts that under socialism the laws of economic development are «created», «transformed» by the directing bodies of society. In other words, they are breaking with Marxism and taking the stand of subjective idealism.

Of course, men can discover these objective laws, come to know them and, relying upon them, utilize them in the interests of society. But they cannot «create» them, nor can they «transform» them.

Suppose for a moment that we accepted this incorrect theory which denies the existence of objective laws of economic activity under socialism, and which proclaims the possibility of «creating» and «transforming» economic laws. Where would it lead us? It would lead us into the realm of chaos and chance, we should find ourselves in slavish dependence on chances, and we should be forfeiting the possibility not only of understanding, but of simply finding our way about in this chaos of chances.

The effect would be that we should be destroying political economy as a science, because science cannot exist and develop unless it recognizes the existence of objective laws, and studies them. And by destroying science, we should be forfeiting the possibility of foreseeing the course of developments in the economic life of the country, in other words, we should be forfeiting the possibility of providing even the most elementary economic leadership.

In the end we should find ourselves at the mercy of «economic» adventurers who are ready to «destroy» the laws of economic development and to «create» new laws without any understanding of, or consideration for objective law.

Everyone is familiar with the classic formulation of the Marxist position on this question given by Engels in his *Anti-Dühring*:

«Active social forces work exactly like natural forces: blindly, forcibly, destructively, so long as we do not understand, and reckon with, them. But when once we understand them, when once we grasp their action, their direction, their effects, it depends only upon ourselves to subject them more and more to our own will, and by means of them to reach our own ends. And this holds quite especially of the mighty productive forces of today. As long as we obstinately refuse to understand the nature and the character of these productive forces — and this understanding goes against the grain of the capitalist mode of production and its defenders — so long these forces are at work in spite of us, in opposition to us, so long they master us, as we have shown above in detail. But when once their nature is understood, they can, in the hands of the producers working together, be transformed from master demons into willing servants. The difference is as that between the destructive force of electricity in the lightning of the storm, and electricity under command in the telegraph and the voltaic arc; the

difference between a conflagration, and fire working in the service of man. With this recognition, at last, of the real nature of the productive forces of today, the social anarchy of production gives place to a social regulation of production upon a definite plan, according to the needs of the community and of each individual. Then the capitalist mode of appropriation, in which the product enslaves first the producer and then the appropriator, is replaced by the mode of appropriation of the products that is based upon the nature of the modern means of production; upon the one hand, direct social appropriation, as means to the maintenance and extension of production — on the other, direct individual appropriation, as means of subsistence and of enjoyment.»[1]

## 2. MEASURES FOR ELEVATING COLLECTIVE-FARM PROPERTY TO THE LEVEL OF PUBLIC PROPERTY

What measures are necessary to raise collective-farm property, which, of course, is not public property, to the level of public («national») property?

Some comrades think that the thing to do is

[1] Frederick Engels, *Anti-Dühring*, Eng. ed., Foreign Languages Publishing House, Moscow, 1954, pp. 387-88.

simply to nationalize collective-farm property, to proclaim it public property, in the way that was done in the past in the case of capitalist property. Such a proposal would be absolutely wrong and quite unacceptable. Collective-farm property is socialist property, and we simply cannot treat it in the same way as capitalist property. From the fact that collective-farm property is not public property, it by no means follows that it is not socialist property.

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.* 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. The state will have died away, but society will remain. Hence, the heir of the public property will then be not the state, which will have died away, but society itself, in the shape of a central, directing economic body.

That being so, what must be done to raise collective-farm property to the level of public property?

The proposal made by Comrades Sanina and Venzher as the chief means of achieving such an elevation of collective-farm property is to sell the basic implements of production concentrated in the machine and tractor stations to the collective farms as their property, thus releasing the state from the necessity of making capital investments in agriculture, and to make the collective farms themselves responsible for the maintenance and development of the machine and tractor stations. They say:

«It is wrong to believe that collective-farm investments must be used chiefly for the cultural needs of the collective-farm village, while the greater bulk of the investments for the needs of agricultural production must continue as hitherto to be borne by the state. Would it not be more correct to relieve the state of this burden, seeing that the collective farms are capable of taking it entirely upon themselves? The state will have plenty of undertakings in which to invest its funds with a view to creating an abundance of articles of consumption in the country.»

The authors advance several arguments in support of their proposal.

First. Referring to Stalin's statement that means of production are not sold even to the collective farms, the authors of the proposal cast doubt on this statement of Stalin's by declaring that the state, after all,

does sell means of production to the collective farms, such as minor implements, like scythes and sickles, small power engines, etc. They consider that if the state can sell such means of production to the collective farms, it might also sell them other means of production, such as the machines of the machine and tractor stations.

This argument is untenable. The state, of course, does sell minor implements to the collective farms, as, indeed, it has to in compliance with the Rules of the Agricultural Artel and the Constitution. But can we lump in one category minor implements and such basic agricultural means of production as the machines of the machine and tractor stations, or, let us say, the land, which, after all, is also one of the basic means of production in agriculture? Obviously not. They cannot be lumped in one category because minor implements do not in any degree decide the fate of collective-farm production, whereas such means of production as the machines of the machine and tractor stations and the land entirely decide the fate of agriculture in our present-day conditions.

It should not be difficult to understand that when Stalin said that means of production are not sold to the collective farms, it was not minor implements he had in mind, but the basic means of agricultural production: the machines of the machine and tractor stations, the land. The authors are playing with the words «means of production» and are confusing two

different things, without observing that they are getting into a mess.

Second. Comrades Sanina and Venzher further refer to the fact that in the early period of the mass collective-farm movement — end of 1929 and beginning of 1930 — the CC, CPSU(B) was itself in favour of transferring the machine and tractor stations to the collective farms as their property, requiring them to pay off the cost of the machine and tractor stations over a period of three years. They consider that although nothing came of this at the time, «in view of the poverty» of the collective farms, now that they have become wealthy it might be expedient to return to this policy, namely, the sale of the machine and tractor stations to the collective farms.

This argument is likewise untenable. A decision really was adopted by the CC, CPSU(B) in the early part of 1930 to sell the machine and tractor stations to the collective farms. It was adopted at the suggestion of a group of collective-farm shock workers as an experiment, as a trial, with the idea of reverting to the question at an early date and re-examining it. But the first trial demonstrated the inadvisability of this decision, and a few months later, namely, at the close of 1930, it was rescinded.

The subsequent spread of the collective-farm movement and the development of collective-farm construction definitely convinced both the collective farmers and the leading officials that concentration of

the basic implements of agricultural production in the hands of the state, in the hands of the machine and tractor stations, was the only way of ensuring a high rate of expansion of collective-farm production.

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 cannot 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 or 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.

Assuming for a moment that we accepted Comrades Sanina's and Venzher's proposal and began to sell the basic implements of production, the machine and tractor stations, to the collective farms as their property. What would be the outcome?

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. How, by what considerations of progress and advancement, could this exceptional status of the collective farms be justified? 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?

Comrades Sanina's and Venzher's basic error lies in the fact that they do not understand the role and significance of commodity circulation under socialism; that they do not understand that commodity circulation is incompatible with the prospective transition from socialism to communism. They evidently

think that the transition from socialism to communism is possible even with commodity circulation, that commodity circulation can be no obstacle to this. That is a profound error, arising from an inadequate grasp of Marxism.

Criticizing Dühring's «economic commune», which functions in the conditions of commodity circulation, Engels, in his *Anti-Dühring*, convincingly shows that the existence of commodity circulation was inevitably bound to lead Dühring's so-called «economic communes» to the regeneration of capitalism. Comrades Sanina and Venzher evidently do not agree with this. All the worse for them. But we, Marxists, adhere to the Marxist view that the transition from socialism to communism and the communist principle of distribution of products according to needs preclude all commodity exchange, and, hence, preclude the conversion of products into commodities, and, with it, their conversion into value.

So much for the proposal and arguments of Comrades Sanina and Venzher.

But what, then, should be done to elevate collective-farm property to the level of public property?

The collective farm is an unusual kind of enterprise. It operates on land, and cultivates land which has long been public, and not collective-farm property. Consequently, the collective farm is not the owner of the land it cultivates.

Further, the collective farm operates with basic

implements of production which are public, not collective-farm property. Consequently, the collective farm is not the owner of its basic implements of production.

Further, the collective farm is a cooperative enterprise: it utilizes the labour of its members, and it distributes its income among its members on the basis of workday units; it owns its seed, which is renewed every year and goes into production.

What, then, does the collective farm own? Where is the collective-farm property which it disposes of quite freely, at its own discretion? This property of the collective farm is its product, the product of collective farming: grain, meat, butter, vegetables, cotton, sugar beet, flax, etc., not counting the buildings and the personal husbandry of the collective farmers on their household plots. The fact is that a considerable part of this product, the surplus collective-farm output, goes into the market and is thus included in the system of commodity circulation. It is precisely this circumstance which now prevents the elevation of collective-farm property to the level of public property. It is therefore precisely from this end that the work of elevating collective-farm property to the level of public property must be tackled.

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 between state industry and the collective farms. That is the point.

We still have no developed system of products-exchange, but the rudiments of such a system exist in the shape of the «merchandising» of agricultural products. For quite a long time already, as we know, the products of the cotton-growing, flax-growing, beet-growing and other collective farms are «merchandised». They are not «merchandised» in full, it is true, but only partly, still they are «merchandised». Be it mentioned in passing that «merchandising» is not a happy word, and should be replaced by «products-exchange». The task is to extend these rudiments of products-exchange to all branches of agriculture and to develop them into a broad system, under which the collective farms would receive for their products not only money, but also and chiefly the manufactures they need. Such a system would require an immense increase in the goods allocated by the town to the country, and it would therefore have to be introduced without any particular hurry, and only as the products of the town multiply. But it must be introduced unswervingly and unhesitatingly, step by step contracting the sphere of operation of commodity circulation and widening the sphere of operation of products-exchange.

Such a system, by contracting the sphere of operation of commodity circulation, will facilitate the transition from socialism to communism. Moreover,

it will make it possible to include the basic property of the collective farms, the product of collective farming, in the general system of national planning.

That will be a real and effective means of raising collective-farm property to the level of public property under our present-day conditions.

Will such a system be advantageous to the collective-farm peasantry? It undoubtedly will. It will, because the collective-farm peasantry will receive far more products from the state than under commodity circulation, and at much cheaper prices. Everyone knows that the collective farms which have products-exchange («merchandising») contracts with the government receive incomparably greater advantages than the collective farms which have no such contracts. If the products-exchange system is extended to all the collective farms in the country, these advantages will become available to all our collective-farm peasantry.

*J. Stalin*

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