



IS RUSSIA A NEW CLASS SYSTEM?

For years the Socialist Labor Party of America (SLP) had a rather unclear, ambiguous attitude towards Russia. In the 20s and 30s they gave the impression that they thought it was some sort of "proletarian" régime, but from the time of the 1939 Hitler-Stalin Pact onwards it was denounced as "Soviet Despotism" and "Industrial Feudalism." Only in the 1970s was the need felt to embrace an overall theory as to the nature of Russian society.

Given that the SLP had always correctly rejected the view that Russia was socialist, they were faced with three choices: to say that Russia was some sort of deformed "proletarian régime" (as they had tended to do in the 20s and 30s and as the Trotskyists still do); to say it was a form of capitalism (i.e., state capitalism); or to say it was a new type of exploitative class society.

An SLP pamphlet, The Nature of Soviet Society, based on a series of articles that had appeared in the Weekly People in 1977 on the occasion of the 60th anniversary of the Russian revolution, discusses these three theories in a fairly objective way before coming down in favor of the third, that Russia is "a new form of class-divided society... fundamentally different from capitalism."

Since we in the World Socialist movement have always held that what exists in Soviet Russia is a form of capitalism, we welcome the opportunity to reply to objections raised in the SLP pamphlet to our view.

Preliminary Comments

Before doing so, some observations are in order. It is true, first of all, that some state capitalist theories are quite inadequate for explaining their subject: for example, the Maoist view that Russia suddenly became state capitalist when Stalin died in 1953. Nor, secondly, is it sufficient to point to the existence of exploitation, class privilege and the state in Soviet Russia and the West to draw the conclusion that the USSR has the same system as in the West, even if this is based on the fact of government rather than private ownership. For these could also be the features of some hypothetical new class society, which is precisely the point at issue: is Russia a new exploiting society, or is it a form of capitalism? If we are to demonstrate that Russia is (state) capitalist we must show, in the pamphlet's words, that its "economic laws of motion" are the same as those operating under capitalism.

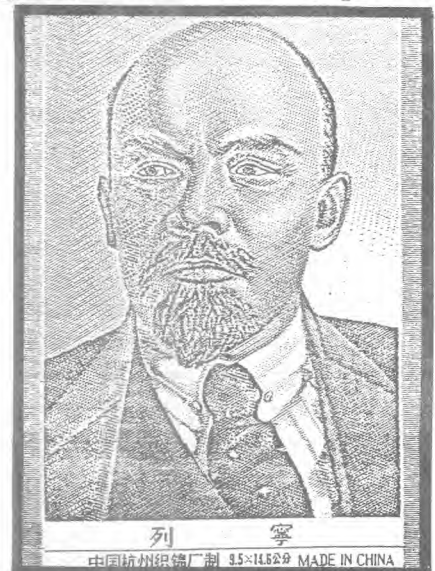
The Nature of Soviet Society mentions three aspects of the Soviet economic system which it sees as being incompatible with capitalism:

(1) "The regulating motive in a Soviet enterprise is not production for sale with a view to maximum profit for the enterprise, or maximum return on investment, but production according to the specifications of a bureaucratic plan."

(2) "...all basic decisions...are made in a centralized fashion by a mammoth state apparatus. These decisions do not reflect the logic of a capitalist market—that is, they do not primarily reflect the workings of the law of value—but the interests and whims of bureaucratic allocation."

(3) "...the absence of classic periodic crises is powerful evidence that the USSR is not a capitalist system or a variation of the mode of production described by Marx."

Individual enterprises in Russia, it is true, are not autonomous, profit-maximizing units in the Western sense. Even though they are engaged in production for sale (i.e., in commodity production), they do not necessarily seek "the maximum profit for the enterprise" but rather to produce





"according to the specifications of a bureaucratic plan." But, as we shall now see, this plan seeks to maximize profits for the Russian economy as a whole.

We deny the validity of the second objection, in other words, and assert that, on the contrary, in Russia "all basic economic decisions...do...primarily reflect the workings of the law of value." Talking about "the interests and whims of bureaucratic allocation" gives the impression that somehow the ruling class in Russia ("the bureaucracy") has a completely free hand when it comes to making economic decisions and is not subject to pressures acting on it with the force of what Marx called "external, coercive laws." It suggests that in Russia there exists a system of production for use, but one only accessible to the ruling class, such as existed (for instance) under feudalism and other pre-capitalist societies.

If this were the case, then goods and services would take the form of simple use-values. But a basic feature of the Soviet economy is that nearly all goods—producer goods as well as consumer goods—are produced for sale, as commodities, and therefore have an exchange-value in addition to their use-value. It is just not true, as the SLP pamphlet claims, that "market relations" have been

"suppressed" in Russia by "a bureaucratic plan." This rests on a misunderstanding of the nature of "planning" there: what the Plan tries to do is precisely to coordinate market relations between enterprises, to organize and orient commodity production. In other words, it does not abolish the market and production for sale at all but merely attempts (and none too successfully, by all accounts) to control and direct the process.

It is not simply commodity production that exists in Russia. Since labor-power too is a commodity there, wage-labor exists, and, as Marx put it in a well-known passage from Wage Labor and Capital,

capital presupposes wage labor; wage labor presupposes capital. They reciprocally condition the existence of each other; they reciprocally evoke each other.

In other words, wage labor, under conditions of generalized commodity production, produces a surplus value which is re-invested as capital in the exploitation of wage labor. This too exists in Russia, and it is such surplus value that the ruling class there is obliged to seek to maximize as the price of staying in the competitive rat race (economic and military) with the other states in the capitalist world system.

So the Russian ruling class does not have a free hand in economic matters but is obliged to seek to maximize the amount of surplus value extracted from the wage-working class under its control. Interestingly enough, a 1985 SLP leaflet, "Socialism versus Soviet Despotism," does make the same argument:

The Soviet economy, like the capitalist system, is based on wage labor, which is to say, on the exploitation of wage labor...Every Soviet factory, every Soviet mine, every Soviet mill is expected to show a profit. This profit must come from the wealth Soviet workers create over and above their wages—just as the profits of General Motors and Westinghouse and IBM come from the surplus value produced by their respective wage slaves. And, just as GM, Westinghouse and IBM strive constantly to increase that share of the workers' production that is appropriated as profits, so, in the Soviet Union, the bureaucratic exploiters of the workers put the pressure on factory managers to turn the screws on the workers.

Bureaucratic Greed?

If this is the case (and it is), then we should ask ourselves whether this occurs just to satisfy the "whim" or the greed of the "bureaucratic exploiters"—or whether it is an expression of the economic laws of motion of the Soviet economy, of which the bureaucrats are but the agents, the same as the capitalist owners in the West with their stocks and bonds.

To maximize the surplus value extracted from the working class—which, we emphasize, is not a whim, but an economic necessity for the Soviet ruling class—

these latter must first have some measure of value and surplus value, which can only be money ("the universal crystallization of exchange value," as the pamphlet rightly calls it). Surplus value in monetary form is profit, so it is the monetary calculation of the rates of profit in the various sectors of industry which provides the Russian ruling class with the information it must have to make its key economic decisions: those concerning capital investment.

Profit-Seeking Enterprises

In the private form of capitalism that exists in the West, the spontaneous movement of capital to the more profitable sectors decides where new investment will go; the decision is made through the spontaneous operation of the law of value. But since, as we saw, individual enterprises in Russia are not autonomous profit-seeking units like the private (and state) capitalist firms of the West, this task of allocating new capital to the more profitable sectors falls, in the Soviet economy, to the state.

The state planners are obliged, in short, to try to reproduce bureaucratically the same result that the spontaneous operation of market forces brings about in the West. Which is another way of saying that they are obliged to try to apply the law of value consciously. This does not rule out, any more than it does in the West, subsidizing certain politically or strategically important industries, nor seeking a longer-term rather than an immediate short-term profit.

Thus, the Russian economy is just as much governed by

the law of value and the pursuit of maximum profit (even if this is at national rather than at enterprise level) as are the Western economies. It too can therefore be properly described as capitalist, but—taking account of the form of ownership and the much more active role of the state—we can qualify this further by calling it state capitalist. It must not however be forgotten that, in the end, there is only a single world capitalist economy of which both the private capitalism of the West and the state capitalism of the East are merely parts. Russian state

capitalism is not a separate economic system existing on its own.

Capitalism, then, is alive and well in the Soviet Union. It only remains to add that the case against seeing Russia as a new exploiting class system is based not on the theoretical impossibility of such a system coming into being (even though this is unlikely, given the integrated nature of the world economy today), but on the empirical evidence of how the Soviet economy operates in practice, in terms of its own laws of motion.

—Adam Buick

Tribute to Rab (1893-1986)

Last New Year's Eve I. Rab, a founding member of the World Socialist Party, died. The following is a tribute offered in his memory.

While still attending high school in Boston, Rab was the youngest secretary of the Socialist Party of America (Eugene Debs, Norman Thomas) and considered himself quite well grounded in Marxism. In 1916, as a young man enrolled at Ohio Northern, he went to Detroit in search of a summer job, fully intending to resume his studies in the Fall. He found employment at the River Rouge Ford plant and also contacted the SP of A. There he met his wife for 63 years, Ella Riebe, whose father had been an organizer for the SP of A in the Montana-Wyoming-Colorado region.

He heard about two Englishmen who were conducting socialist classes. The "Brits" were Moses Barritz and Adolph Cohn of the

Socialist Party of Great Britain who chose to sit out the war in the USA. After his first encounter with Barritz's eye-opening mockery of his reformist position and Cohn's scholarly analysis on the same theme, Rab was never the same again. He knew what he wanted to do with the rest of his life. So much for the SP of A! So much for college! He would stay in Detroit.

Rab was a quick learner and, encouraged by Cohn and Barritz, despite world war I, organized on-the-job classes using SPGB pamphlets as text in the factory yard during lunch hour. He was warned by his supervisor many times, but he ignored the consequences. His defiance finally resulted not only in his dismissal but in his being blacklisted. By this time he and Ella had two little children, and there was nothing to do but move back home to Boston.

Somewhere around this time, a few scattered comrades in New York and Detroit along with Rab in Boston organized the Socialist Education Society, which eventually evolved into the