THE NATURE OF SOVIET SOCIETY

☆ ORGANIZATION FOR REVOLUTIONARY UNITY
INTRODUCTION

For the working class, the nature of socialism, particularly the nature of class struggle under socialism, is a paramount strategic question. It is the fundamental importance of this issue which makes the question of whether capitalism has been restored in the U.S.S.R. a matter that all revolutionaries must resolve.

Not only will a correct stand on this matter determine how successful a revolutionary proletarian party will be in struggling against the kind of opportunism that has gutted the once-great Communist Party of the Soviet Union and the Communist Party of China; but it will also determine how successful that party will be in giving strategic and tactical leadership to the class struggle itself.

For this reason, here in the United States, the Committee for a Proletarian Party and the Communist Organization, Bay Area, along with other forces, have made the issue of class struggle under socialism, and specifically the question of the nature of the U.S.S.R., a vital base of their efforts to help build a Marxist-Leninist Party.

The events in China during the last decade demonstrate that the threat that revisionism poses to Marxist-Leninist parties and the construction of socialism has not diminished. As some groups have lost their bearings, others have moved aggressivel to exploit the new opportunities. Here in the U.S., groups like the Communist Workers Party, which once held that capitalism had been restored in the Soviet Union, have reversed their verdicts and now uphold the U.S.S.R. as a bulwark of socialism. Other groups, like the Line of March, now bitterly attack Mao Tsetung as an arch revisionist and have become open apologists and mouthpieces for Soviet social-imperialism.

The major purpose of our participation in the forum held June 10 in the San Francisco Bay Area, as well as the publication of our position, is to combat this revisionist consolidation among a significant number of forces on the nature of the Soviet Union.

We urge all revolutionaries to join in this struggle. We welcome criticisms pointing out the strengths and weaknesses of our position. We also urge comrades to read the relevant material from Line of March, which is readily available. Most importantly, we encourage revolutionaries to place this struggle against revisionism within the over-all context of the worldwide struggle for proletarian revolution and socialism.

*COSA and the CPP merged to form the Organization for Revolutionary Unity in October 1982
The following joint presentation, given in two parts, was developed by the Committee for a Proletarian Party and the Communist Organization Bay Area for a debate with Line of March held on June 10, 1982 in the San Francisco Bay Area. The presentation should be regarded as a working position of both organizations. We see the need for further study and struggle on this question and are making this position available at this time in an effort to move that struggle forward.

PART I: STATE CAPITALISM IN THE SOVIET UNION

We uphold the position that in the USSR of Lenin and Stalin, and the China of Mao, the working class and its allies made historic strides in creating socialism. Through fierce class struggles, the Soviet and Chinese working classes, led by Marxist-Leninist parties, not only greatly increased the material wealth of their societies, but also revolutionized the relations of production, the social relations, and the political superstructure to make them serve working class interests.

Today, that situation has been reversed. Specifically in the Soviet Union, we can observe the full contours of a state capitalist system whose overriding goal, like any capitalist system, is to maximize surplus value. When we refer to the Soviet Union as state capitalist, we are not using this term in the sense that the state is being called on to more directly intervene in the economy in order to better serve the interests of individual capital in the private sector, as is happening in most of the advanced capitalist countries. Nor are we using the term in the way Lenin did, to describe the use of large-scale private capital investment by the proletarian state to build up the economy.

Under the historical conditions in which capitalism has been restored in countries like the Soviet Union, where the principal means of production have already been nationalized, the state itself has become, as Engels earlier described it, 'the ideal personification of the total national capital.' (Socialism: Utopian and Scientific) The nature of capitalism is distorted by those who draw their model of capitalism from its early competitive stage and describe its essence as the competition among individual capitals within a nation-state.

The following joint presentation, given in two parts, was developed by the Committee for a Proletarian Party and the Communist Organization Bay Area for a debate with Line of March held on June 10, 1982 in the San Francisco Bay Area. The presentation should be regarded as a working position of both organizations. We see the need for further study and struggle on this question and are making this position available at this time in an effort to move that struggle forward.

PART I: STATE CAPITALISM IN THE SOVIET UNION

We uphold the position that in the USSR of Lenin and Stalin, and the China of Mao, the working class and its allies made historic strides in creating socialism. Through fierce class struggles, the Soviet and Chinese working classes, led by Marxist-Leninist parties, not only greatly increased the material wealth of their societies, but also revolutionized the relations of production, the social relations, and the political superstructure to make them serve working class interests.

Today, that situation has been reversed. Specifically in the Soviet Union, we can observe the full contours of a state capitalist system whose overriding goal, like any capitalist system, is to maximize surplus value. When we refer to the Soviet Union as state capitalist, we are not using this term in the sense that the state is being called on to more directly intervene in the economy in order to better serve the interests of individual capital in the private sector, as is happening in most of the advanced capitalist countries. Nor are we using the term in the way Lenin did, to describe the use of large-scale private capital investment by the proletarian state to build up the economy.

Under the historical conditions in which capitalism has been restored in countries like the Soviet Union, where the principal means of production have already been nationalized, the state itself has become, as Engels earlier described it, 'the ideal personification of the total national capital.' (Socialism: Utopian and Scientific) The nature of capitalism is distorted by those who draw their model of capitalism from its early competitive stage and describe its essence as the competition among individual capitals within a nation-state.

*CGBA and the CPP merged to form the Organization for Revolutionary Unity in October 1982
of products which satisfy human wants and needs, while value is the abstract worth given to products for the purposes of exchange and based on the socially necessary labor time that went into creating them. Surplus value is the difference between the value the workers create with their labor and the value they receive in payment, this difference being pocketed by the capitalist.

Marx pointed out that in the case of slavery the slaves were oppressed and exploited in order to produce use values for their slaveowners. This is distinct and different from the exploitation of the working class by the capitalist class, whose goal, as Marx puts it, is "the production of surplus value as the absolute law." Under socialism, although the value of products, based on socially necessary labor time, must be taken into account, still commodity production is made subordinate to the goal of producing use values for the working people, such as food, clothing, housing, health care, and transportation.

Exploitation under capitalism is achieved through the buying of labor power, based on the exclusion of the workers from the ownership of the means of production. Under socialism workers are not re-united with the means of production — in the sense of individually owning them. Private ownership is supplanted by state ownership, so the immediate question has to be, does the working class control the state? If the working class controls the state, then through the national economic plan it is able to ensure that the social surplus does not assume the form of surplus value, but is made to serve its own class needs and interests.

The basic functioning of the Soviet economy reveals, however, that the extraction of surplus value is indeed the guiding principle. (All of the data we will present below comes from Soviet publications approved for copyrighting.) The Soviet bourgeoisie has been able to maximize capital accumulation because through the national economic plan it has had the power to mandate profit rates of 12-15% taken as the norm — a significantly high rate of return. These profit rates are not the result of voluntary self-sacrifice by the Soviet working class, but of high rates of exploitation.

This fact explains why this profit rate is undergoing a sharp decline. In the whole post-war period, the rate of growth of capital accumulation has been twice the rate of growth of output per worker, but the trend is for the rate of productivity to decline. It is this relative decline in productivity that is at the root of the crisis facing the Soviet bourgeoisie. Its response must include a drive to intensify labor as well as to hold down the wages of the working class.

For a great proportion of the time during this same post-war period, the rate of growth of wages was way below the rate of growth of output per worker. What this means is that while the standard of living of the Soviet people may have been slowly rising, the Soviet bourgeoisie has had the power to keep the rate of increase depressed relative to the productivity of the working class and the rate of capital accumulation.

Like any industrialized capitalist country, the USSR has had to raise the level of social consumption, such as on education and health care, in order to develop the kind of knowledgeable, skilled workforce it needs to labor in a more technologically advanced, capital-intensive economy. But the Soviet bourgeoisie still puts the major emphasis on material incentives to be able to manipulate greater productivity without having to unduly raise the whole wage rate of the working class.

While the money wages of the Soviet working class have been rising, there has been a shortage of consumer goods for them to buy with their higher wages. The national economic plan deliberately shortchanges the production of consumer goods, and this is a form of suppressed inflation. Even many of the consumer goods that the Soviet people finally receive are shoddy. This contrasts to the quality military hardware that somehow the same Soviet economy under the same national plan is able to produce.

The above facts and figures clearly point to the existence of a
capitalist economy in the Soviet Union which is geared to exploiting the Soviet working people and not to producing use-values for their well-being. On the contrary, attention is paid to the well-being of the Soviet people only insofar as this is seen as a factor in achieving greater extraction of surplus value. One of the chief forms that this surplus value has to assume to advance the over-all interests of such a capitalist economy is the building up of a huge standing army and imperialist military machine.

Clearly, on an international level as well as on a domestic level, Soviet leaders guide their actions primarily by the law of value. As they state, "...there is a world wide universal value just as there is a world market; that this value forms under the influence of countries belonging to different social systems according to their actual participation in world economic relations; and that it is not replaced by another international value in the market of CMEA countries." Put precisely, this states that the Soviet practice is to carry out its trade, even within its own bloc, at the average world prices that are generated from the international relations among the imperialist countries and the neo-colonial countries.

These kinds of basic value calculations establish not only the crucial relationship between the state bourgeoisie and the working class, but also the relationships between the state bourgeoisie and the smaller capitalist elements, the entrepreneurs of the illegal "shadow" economy, and the petit bourgeois producers within agriculture.

The real power of the state bourgeoisie is wielded through its control over the national economic plan, in which it is able to fix the rate of output and the rate of capital accumulation for the Soviet economy as a whole, and determine the utilization of the labor force, and the total wages that will go to the working class. Thus, it is misleading to focus on the Liberman reforms as the real beginning of capitalism in the USSR. What these reforms were meant to accomplish was to increase efficiency in the utilization of capital resources at the level of individual enterprises. To provide greater motivation for this goal, the reforms granted more power and material incentives to the enterprise managers.

It is in the same way that we should understand how the state bourgeoisie allows a large "shadow" economy to flourish in a supposedly socialist country like the Soviet Union. This "shadow" economy, which includes the black market and many other forms of activity outside the direct control of the central plan, provides an outlet for local, small-scale capitalist initiatives; but the central plan itself takes this

---

THE RIGHTS OF SOVIET WORKERS ARE BEING ERODERED BY THE DRIVE OF THE BOURGEOISIE TO MAXIMIZE CAPITAL ACCUMULATION AND PROFITS.

THROUGH CONTROL OF THE NATIONAL ECONOMIC PLAN, the State bourgeoisie sets the rates of output, capital accumulation, allocation of the labor force, and the wages that the working class must endure.

---

Despite its high level of organization, it would be misleading to characterize the state bourgeoisie as a monolithic class, since it is composed of a number of different, competing, and conflicting wings. The leading core of the Soviet ruling class is concentrated within the central state apparatus and the Communist Party of the Soviet Union, but the broader boundaries of this class include a number of subordinate elements, such as state functionaries and party officials at the regional level, especially in the non-Great Russian republics, as well as managers of large enterprises, chairmen of large collective farms, and managers of production associations and combines.

In addition, we want to be clear that while the form of state capitalism in the USSR requires a high degree of centralization, it does not require fascism. The Soviet ruling class has no need in the present period to resort to methods of open terror to maintain its rule, although there is considerable evidence that severe forms of repression exist in the USSR. Soviet workers and peasants have certain rights, such as those to free health care, education, and pensions,
but many of these rights are in the process of being eroded by the drive to maximize capital accumulation.

Given the basic irrationality of the Soviet system, the Soviet leaders are plagued with a number of severe contradictions. As we have stated before, the rate of profit for the state bourgeoisie is in the process of sharp decline principally because of falling productivity. In the past, the Soviet bourgeoisie had been able to build up large amounts of capital per worker.

From 1951-1977, for example, the volume of fixed capital roughly increased at 9% per year. From 1951-1960, the productivity increase was a corresponding 9%, but by 1961-1970 productivity had fallen to 6.1% and by 1971-1977 it had fallen further to 4.2%. If we take 1976-1979 as the last period, the figure is lower still – 3.4%.

LABOR DISCIPLINE

A major reason for these adverse results for the Soviet bourgeoisie is, of course, as Marx notes, that capitalism produces not only surplus value, but also the class relations between exploiters and exploited. It is not in the class interests of the Soviet working class to work hard to produce surplus value for the state bourgeoisie, and working-class resistance is taking a number of different forms. These include demands for higher wages, a constant search for better jobs, or just simply doing as little work as possible on the job.

The lack of labor discipline has become a common theme in Soviet economic literature. Losses of working time are substantial, and are estimated as much as 20% within shift at some enterprises. Over all, the estimate is that "millions of man-days are lost as a result of the violation of labor discipline and personal turnover." (Pg. 25, POE, May 1979)

It is no wonder then that we are hearing the following from the Soviet economists: "Subjective factors that determine the rate of increase of labor productivity are advancing more and more to the forefront. Untapped reserves include the strengthening of labor discipline and the formation of a proper attitude toward labor." (Pg. 12, POE, Aug. 1981) In addition, these economists are talking about the need to "magnify the negative consequences for workers who frequently change jobs without valid reasons." (Pg. 85, POE, April 1980)

One of the results is an increased drive by the Soviet bourgeoisie to intensify labor in order to raise productivity. The pressures on the Soviet workers are building up while institutions like the trade unions, which are supposed to defend their interests, remain bound hand and foot to the ruling class. Some Soviet publications admit that working conditions have been worsening and health and safety conditions in particular have been rapidly deteriorating.

THE AVERAGE EARNINGS OF women are still only 65-70% that of men. Women comprise 80% of the workforce in low-paying industries such as food and textiles, a tremendous savings for the Soviet bourgeoisie.

POPULATION DECLINE

One of the chief sources of concern if not panic, for the Soviet bourgeoisie is not just that labor productivity is declining, but that the labor reserve itself is drying up. Not only is the working class not producing, but also it is not even reproducing itself. During the period of 1951-1965, for example, the rate of growth of industrial personnel was 4%, with most of this growth resulting from peasants leaving agriculture. From 1970-1977, however, the industrial workforce had stabilized at roughly 34.5 million. (Pg. 24, POE, May 1979) In the European regions of the Soviet Union where the intensity of capital production has been greatest, the decline in the population has reached an alarming rate.

The fact that this decline in population is seen in crisis terms by the Soviet leaders is another sure sign that we are dealing with a capitalist economy hell-bent on extracting the greatest possible amount of surplus value.

This declining birth rate is related to the large-scale introduction of Soviet women into social production. The Soviet bourgeoisie encourages this trend because of the problem of a labor shortage, but the need of Soviet women to bring in another wage for the family as well as the reluctance to add new family members are mostly the result of economic necessity.
Clearly, the introduction of Soviet women into social production is progressive, but this introduction has been turned to the account of state capitalism, not to the interests of the working class. If we look at the condition of women in the Soviet Union, we find the following: in low-paying industries, women predominate, such as food and textile where they comprise 80% of the workforce. In agriculture, women primarily carry out heavy manual labor. In machine building, as another example, 66% of women are classified as low-skilled compared to 19% for men. On the whole, the average earnings of women are still only 65-70% of that of men, and this represents a tremendous saving in the national wages fund for the Soviet bourgeoisie.

As is obvious from our previous points, we do not believe that unemployment (as a reserve army of labor), exists in the Soviet Union, as it does in other capitalist countries. But a labor shortage or a labor reserve does not help to prove whether a country is capitalist. In capitalist countries like the United States, the reserve army of labor serves the purpose of meeting the needs of capital accumulation as capital moves from one area of the economy to another, and also it acts to hold down the demands of the working class so that they are not able to interfere with the rate of profit. In the Soviet Union, the same purposes are accomplished through the state bourgeoisie's control over the national plan. The Soviet bourgeoisie has greater ability in the short run to resist the demands from the working class for higher wages because it acts with greater political cohesion through the state apparatus.

MATERIAL PRIVILEGES

In opposing this view, some would argue that the Soviet Union cannot be capitalist because the Soviet elite does not really enjoy great material privileges.

The whole line of argument on material privileges, of course, misses the essence of capitalism, which involves the accumulation of surplus value, not its consumption in the form of luxurious use values by the ruling class. As Marx states about the capitalist, "as far as he is personified in capital, it is not values in use and the enjoyment of them but exchange value and its augmentation, that spur him into action." (Capital, Vol. 1)

The enjoyment of material privileges do not appear to be as great among the Soviet ruling class as among the U.S. bourgeoisie -- the Soviet bourgeoisie's income is roughly seven times greater than the average Soviet income, while the ratio in the U.S. is more like 12 to 1. But evidence is sufficient to demonstrate that there is a qualitative gap between the wealth of the Soviet ruling class and the income of the working people which cannot be justified on any rational basis according to the principle of bourgeois right. Moreover, if these privileges are being justified as a material incentive to create greater loyalty and labor, why is the access to these privileges kept from the public view?

The purpose of the socialist state is not to serve as the guarantor of inequality, but to protect the class dictatorship of the proletariat and to assure that whatever bourgeois inequality exists is made to serve the interests of the proletariat. It is for this reason that the argument which tries to state that a revisionist party in power is compelled by a socialist economic base to objectively serve the interests of the proletariat borders on political fantasy.

Lenin himself clearly brought out the class essence of opportunism. As he states, "The point is that at the present time, in the imperialist countries of Europe, you are fawning on the opportunists, who are alien to the proletariat as a class, who are the servants, the agents of the bourgeoisie and the vehicles of its influence..." ("Opportunism and the Collapse of the Second International")

When a revisionist party effectively wields state power, its revisionist actions are not thereby watered down and objectively turned into their opposite, but only make sense as serving to nurture, consolidate, and develop a new ruling class, a state bourgeoisie -- of which the party itself is the leading core. Bureaucracy in the Soviet political superstructure is not an unavoidable evil, but instead is a bourgeoisie class phenomenon which wall off the Soviet working people from exercising power over the state, thus helping to transform the dictatorship of the proletariat into a new form of state capitalist dictatorship.

DISPLACING THE CRISIS

As we have seen, with a declining rate of profit, declining productivity, and a decrease in the rate of reproduction of the working class, the Soviet bourgeoisie is facing a grave crisis. Domestically, there does not appear to be any viable solutions from a capitalist viewpoint to this crisis.

When these contradictions reach a boiling point, and the workers begin to organize their own means of defense against exploitation, as the Polish workers have done with the Solidarity movement, then methods of martial law come to be employed. But while martial law can keep workers on the job, it cannot solve the problem of raising their productivity.

The only real solution for the Soviet ruling class is to displace this domestically-generated crisis onto the international arena. What this means is an intensified drive to export capital beyond Eastern Europe and the growth of imperialist relationships with other countries that will both cut down the demand for labor within the Soviet Union and achieve an over-all higher profit rate by the exploitation of working people in other parts of the world under the guise of a socialist division of labor.
PART II: CRITIQUE OF LINE OF MARCH'S POSITIONS

How do our points on the nature of the Soviet system compare with those advanced by Line of March? The differences are substantial. We do not agree on what capitalism is, and neither do we agree on what socialism is. We have different interpretations of what classes are and the nature of class struggle under socialism. We differ on the nature of the relations of production under socialism. We differ on the nature of the relations of production under socialism and the material base for revisionism. We, also, have very different views on the relation between the party and the masses and between the state and the working class.

Line of March insists that the Soviet Union is socialist basically because the Soviet Union doesn't match its own definition of capitalism. As we have indicated, the problem is that the capitalist model that LOM uses is private capitalist and 19th century competitive capitalism at that.

Marx, Engels, and Lenin all recognized the possibility of the form of state capitalism arising historically, and all of them saw emergence of state capitalism as consistent with the Marxist theory of development. Engels, for example, wrote:

"The more productive forces it (the state) takes over into its possession, the more it becomes a real aggregate capitalist, the more citizens it exploits. The workers remain wage-workers, proletarians. The capitalist relationship is not abolished, rather it is pushed to the limit."

(Engels, Socialism: Utopian and Scientific, P. 91)

The reason that Line of March refuses to understand state capitalism is that it regards the essence of capitalism as the competition among numerous individual capitals within a nation state. LOM sees wages determined "where capitalist and worker meet as buyer and seller, respectively, of labor power." (LOM 44, p. 98) The Soviet bourgeoisie and the Soviet worker do meet in the marketplace, but the wages of the Soviet are determined primarily by the economic plan and only secondarily by the material incentives accessible at the enterprise level.

Line of March is correct that capital is always "private" in the sense that a capitalist class controls it and makes decisions about it in its own narrow class interests. But capital is not, in essence, an individual affair. Moreover, the existence of capital as state capital by no means gets rid of the anarchy of production. There is competition among the different wings or special interests of the Soviet bourgeoisie, and this class cannot really resolve the fundamental crisis of the Soviet system, the signs of which can be seen in population trends, in agriculture, in declining rates of productivity and profits, as mentioned earlier.

Part of the reason that Line of March fails to understand how a socialist society like the Soviet Union can be transformed into a state capitalist system is that it can not pinpoint the main material, class basis for revisionism. LOM tries to focus our attention on three sources for a threat of capitalist restoration: the old ousted bourgeoisie, small-scale commodity production, and international capital. Obviously, after some years of socialism, we can eliminate the old ruling class as a serious threat. Small-scale commodity production, while not a primary source, has in fact played an important role through agriculture and in the "shadow economy" in complementing or helping provide an atmosphere conducive to the growth of large-scale state capitalism. International capital is a significant factor, but mainly in the sense that the Soviet bourgeoisie has to formulate its policies based on fierce competition with other imperialist rivals.

The fact that Line of March focusses on secondary sources of capitalist restoration results from its distorted concept of the relations of production. As we shall see, it is these relations of production, taken as an integrated whole, that are the main material basis for the restoration of capitalism.

The relations of production have three basic components: (1) the forms of ownership of the means of production, (2) the division of labor or mutual relations between producers, and (3) the forms of distribution. Classes are defined not only by the relations that

This poster from Lenin's Time underscores what the LOM fails to grasp. Capitalism can be restored in a socialist country unless the working class wields state power.
groups of people have to the forms of ownership of the means of production, but also, more comprehensively, by their relations to all three components. Lenin, for example, states that

Classes are large groups of persons, differing according to their places in the historically established system of social production, according to their relations (mostly fixed and formulated in laws) to the means of production, according to their roles in the social organization of labor, consequently according to their methods of obtaining and the size of the share of social wealth over which they dispose.

( Lenin, A Great Beginning, Vol. 29, p. 421 )

Line of March would like to split up this integrated definition of class. In talking about developing the forces of production under socialism. LOM tries to distinguish two kinds of relations of production — "basic relations of production" based on property forms; and "secondary relations of production." According to LOM, these secondary relations of production are "not inherently class relations and stem principally from the relatively low level of the forces of production." They go on to identify these secondary relations of production with the "inequality between town and country, the separation between mental and manual, and the overall oppressive character of the rigid social division of labor..." ( LOM #4, p. 113)

Lenin was right ( and LOM wrong ) when he recognized these so-called secondary relations as inherently class relations. He said

Clearly in order to abolish classes completely, it is not enough to overthrow the exploiters ... not enough to abolish their rights of ownership; ... it is necessary to abolish the distinction between town and country, as well as the distinction between manual workers and brain workers.

( Lenin, op. cit. )

Line of March has to push these kinds of relations into the background because questions of the social division of labor deal with which classes hold real economic and political power in society.

While Marx, Engels, and Lenin wrote extensively about the necessity of breaking up the old bourgeois state apparatus and building a genuinely democratic proletarian state in which the masses of working people would exercise real political power, Line of March avoids this question. For LOM, the contradiction between the workers and the state apparatus does not really exist, and certainly not as a class contradiction between a ruling class monopolizing political power and the working class. When LOM sets itself the ambitious task of analyzing "The Universal Contradictions of Socialism" ( LOM #4, p. 112 ), the closest it comes to dealing with this question is to state "the relationship between the party and the class and the party and the state tend (sic) to get refied as perpetual divisions." (Ibid., p. 115 ) You try to figure out what means.

Of course, Line of March agrees that the Communist Party of the Soviet Union is a revisionist party, although in LOM's journal, the CPSU comes out looking better all the time. Having granted the CPSU's revisionism, LOM feels compelled to deal with the question of "revisionism in state power." ( LOM #4, p. 116 ) The problem is, ideologies don't hold state power, as this phrase seems to suggest; classes hold state power. In the LOM scheme, it is logical that the masses have no real role to play in rectifying the CPSU. ( LOM #9, p. 63-71). Supposedly, the CPSU is expected to rectify itself without going through a process of mass criticism. LOM's approach reveals an elitist conception of the relations between the party and the masses.

Line of March tries to render absurd the arguments of those who believe capitalism has been restored in the Soviet Union by claiming that we reduce everything to what line the CPSU has. The line of any party is ultimately what it does in practice, not just what it says, and it develops as a party of the proletariat when it maintains and institutionalizes revolutionary links with that class. LOM, in focusing on the question of line, is just holding up a mirror to its own position on party building.

Line of March also tries to dismiss the position, that the Soviet Union is capitalist, by linking it with the class collaborationist three worlds theory. It is not difficult at all to see that these are two distinct positions. We must repudiate the Chinese revisionists who falsely paint a picture of fascism in the Soviet Union in order to justify an opportunism alliance with the bourgeois democratic United States. We must also repudiate those such as the Line of March who call now for a united front against fascism in the United States ( LOM #5, p. 6 ), with the purpose of making the state capitalism of the Soviet Union look like a better, though tarnished alternative.

No matter how much Line of March wants to twist and turn, it still must face the question — which class holds state power in the Soviet Union? If you agree with them that the proletariat does, then you are led into vulgar apologists for glaring injustice, exploitation, and oppression in Soviet society. You are also led to approve the latest Soviet imperialist adventures abroad, whether slaughtering peasants in Afghanistan or napalming them in Eritrea. Such a stand betrays the interests of not only the heroic Soviet working class which has accomplished so much in the past, but also the various peoples of the world who are oppressed and exploited by their Soviet "saviors."
The following is the last part of the rebuttal which we gave during the debate. It has been edited in a minor way for clarity of expression.

In this last part of our rebuttal, we take up the political and class stand of Line of March's positions.

In analyzing the Soviet Union, LOM puts a great deal of stress on the level of productive forces, the degree of socialized production, and they tend to downplay the importance of the social relations of production as well as the superstructure. A close look at the implications of the following statement by LOM may help to clarify this point: "...the foundations of socialism have been thoroughly established in the Soviet Union and consolidated through fierce class struggle, probably to the point of being irreversible short of military invasion by imperialism." ([LCM #4, p. 47])

But, what does LOM mean by saying that the foundations are irreversible? The essence of LOM's argument is that the irreversibility is due not to the working class wielding any real political and economic power, but rather to the fact that the means of production have been nationalized and production has become very socialized in the technical sense.

Notice how in their debate in LCM #8 with Goldfield and Rothenberg, the authors of The Myth of Capitalism Reborn, Line of March does not really answer the charge that the workers have no real power over the productive process, but they resort to turning the argument on a semantic question, taking refuge behind Lenin's customary use of the term "socialization". For Lenin "socialization" referred to the level of development and organization of the productive forces, and not to questions of power, control, or authority by the workers over the productive process. By referring to Lenin's vocabulary in this way, LOM apparently thinks that it can avoid the whole question of working-class power under socialism and talk merely of technical matters involved in boosting the level of production and raising the level of its organization.

LOM is quite clear that the working class is not ready to exercise any real authority at the point of production in the Soviet Union or other so-called "socialist" countries. The exercise of such power and authority would assume "a relatively high material level of society and a high ideological level among the direct producers." ([LCM #4, p. 32]) Until these tough qualifications are met, apparently, only the communist party can be trusted with the exercise of any power.

Let's look again at LOM's debate with Goldfield and Rothenberg in LCM #8. In this exchange, LOM curiously labels any direct forms of economic and political power by the masses as only a form of bourgeois democracy. When they state, for example, that "formal democracy must be subordinate to the revolutionary interest" (pg. 114), quoting from Lenin, LOM really means that the exercise of political and economic power by the working class is a formality which can be dismissed because the communist party as the vanguard knows best how to serve the "revolutionary interest".

For Line of March there does not appear to be any essential connection between proletarian democracy and working-class power. Instead, avoiding the question of who has power, LOM states that "proletarian democracy is actual democracy; that is, it is the resolution of all political, economic, and social questions in the objective interests of the working class." (pg. 114) Moreover, LOM does not equate the dictatorship of the proletariat with any political power being held by the working class. Instead, their main argument is that "the further development and strengthening of the collective property forms... demonstrates the proletarian character of the state..." (pg. 115)

The clear, revisionist implication of this whole line of argument is that if the working class were indeed allowed economic and political power, its actions would not serve revolutionary interests.

This is the only way we can understand how LOM regards as a Catch-22 the argument, attributed to Goldfield and Rothenberg, that "real workers control (as opposed to the party's control) can only be demonstrated by visible and direct workers' control." ([LCM #8, pg. 116]) We agree that the working class as a whole is not identical to its vanguard, organized into a party, but we have to ask, what accountability does the party have to the masses?
The following five questions were among many submitted in writing for the question-and-answer period of the debate. Because of time limitations a couple of the questions we have selected were not asked during the debate. For the most part, the answers printed here have been composed since the debate. Our purpose is to use the questions to draw out, elaborate, and hopefully clarify certain points we made in our main presentation.

**QUESTION:** Isn't profit or profitability just an indicator of how productive enterprises in the Soviet Union are, and not a determinant of economic activity?

The above question represents a common argument among those who would maintain that capitalism has not been restored in the Soviet Union. This is based on the contention that in the USSR profits are not the controlling or motivating factor for economic decisions, but are merely "after-the-fact" mathematical indicators of how well economic units meet certain norms.

Certainly, under socialism indicators of how well enterprises or associations are fulfilling the norms determined by the central plan provide valuable information for helping to gauge economic progress. But the evidence has long been building up that the use of "profit" calculation in the Soviet Union does not represent an indication of how well production is meeting the needs and promoting the well-being of the masses (which would be the case in a socialist society), but instead is a major form for expressing the rate of extraction of surplus value.

It is no accident of language that the Soviet leaders have had to resort to the whole capitalist vocabulary — capital, profits, value calculation, etc. They have had to resort to this kind of vocabulary as part of the whole effort to make the Soviet state-capitalist economy work.

But even the way the Soviet leaders use this kind of language is not technically neutral. For example, the Soviet economists do not refer to the accounting as just an indicator of economic activity, but instead use such phrases as "cost accounting lever for intensification" (pg. 11) and "cost accounting stimulus" (pg. 12). This clearly implies that cost accounting is not being used as a passive, after-the-fact mathematical measure, but used as an active lever to stimulate and motivate profit-making economic activity.

The major determinant of whether profits are being used as a "socialist indicator" or as a "capitalist end-goal" in the USSR is not found in the use of language alone, but in the context of the

SOVIET-IMPERIALISM MANDATES A PROFIT RATE OF 12-15% which is siphoned off into the military machine, while the population suffers hardships.

entire economic, political, and social reality. We have pointed out a number of different manifestations of a capitalist economy in the Soviet Union: the crisis that exists between production and consumption, the crisis in the reproduction of the working class, the problems with labor productivity and the use of material incentives, the worsening social conditions such as we find with rising alcoholism, the drive to tighten labor discipline, the use of world capitalist prices even for trade within the Soviet bloc itself, and the existence of the illegal, shadow markets which also generate capitalist relations. Taken all together, these manifestations lead inescapably to the conclusion that the Soviet economy is a capitalist economy in which profits are in command. By this statement we do not mean to imply that it is mainly at the enterprise level that profits are in command. We want to make it clear that we think profitability is the guiding principle of the Soviet economic activity as a whole.

QUESTION: The Soviet Union is like a trade union that has fallen into the hands of a bureaucracy which has politically expropriated the working class. If the capitalists in this country attack a workers’ organization, even a politically reactionary union like the Teamsters, would you not defend those workers against the capitalist bosses?

This question helps us to focus on some important points. The chief reason that the analogy between the Soviet Union and the Teamsters breaks down is that it begs the question on whether the Soviet leaders are a new ruling class.

The question itself is based on the assumption that the Soviet working class can be politically expropriated without becoming economically exploited. Related to this assumption is the belief that somehow a bureaucracy can rule for a long period of time without giving rise to a new ruling class.

We believe that bureaucracy will pose a serious problem for the dictatorship of the proletariat for a protracted period of time. If we find, however, that the degree of bureaucratization is such that the workers do not wield any decisive power over the apparatus, but in fact are effectively blocked from doing so, then the body of functionaries and administrators who do control the levers of state power inevitably constitute themselves as a new ruling class.

In the Soviet Union this new ruling class is a capitalist class because through its control and disposal of state property and direct powers of management of the economy it gears all economic activity ultimately towards the goal of extracting surplus value from the working class.

Under conditions in which the principal means of production have been nationalized and the state intervenes directly in the economic management of society through a national plan, the political superstructure and the economic base are closely interwoven. Hence, we think that it is a mistake to regard bureaucracy in this kind of social formation as being an instrument of a class which is necessarily external to it. We believe that under a socialist system which is being turned back to state capitalism, the new ruling class is generated out of the bureaucracy itself and consolidates itself within the upper levels of the party, state, and military apparatuses.

The view taken by the above question seems to put forward that a bureaucratic stratum could hold state power for decades, in the place of the working class, without this stratum degenerating into a ruling class. Granting that this theory was ever plausible to begin with, we think that it has no validity left for explaining what is happening in the Soviet Union when the working class clearly has not been the ruling class for decades.

The only other option left for those who would defend the Soviet Union is to either avoid the whole question of bureaucracy or to treat it as an inevitable evil which is part of the effort to build up centralized political leadership. This is the option chosen by the Line of March, and it is bound to lead them to become more unabashed apologists for the Soviet state bourgeoisie.
QUESTION: Marx said that capital is self-expanding value and that capitalists themselves are forced to accumulate or be driven out of business by other capitalists. What forces the “state bourgeoisie” in the Soviet Union to accumulate? Isn’t it a political decision, rather than an economic necessity?

What forces the Soviet state bourgeoisie to accumulate is the pressure from the world market in the final analysis. What forces General Motors to accumulate, for example, is not just the competition with Ford and lowly Chrysler and American Motors, but competition at the level of the world market.

The Soviet state bourgeoisie is faced with the domestic crisis of a declining rate of profit, as can be seen in the sharp increase in the recoupment period on capital investment in the Soviet Union—the number of years it takes to recover the amount invested. It is because of this crisis that the Soviet ruling class recognizes the necessity of entering into joint stock-company ventures with foreign capitalists, such as the French bourgeoisie, who are already entrenched in the neo-colonial market. Although the Soviet moves towards joint stock-company investment in underdeveloped countries are in the beginning stages, the Soviet state bourgeoisie plans to increase this whole effort in a big way as part of the economic necessity of continually expanding its capital.

It needs to be pointed out that the Soviet Union’s imperialist relations with other countries take somewhat different forms than those developed by other imperialists. With regard to Eastern Europe, the Soviet Union, for instance, does not “own” any factories, but this fact makes it no less an imperialist. The Soviet Union really has no need to own particular factories when it has the final say on how capital accumulation is carried out in each Eastern European country as a whole. This relationship of ultimate economic and political control was stripped bare in 1968 with the example of Czechoslovakia, and this again is what is being exposed now with Poland.

What is important to clarify in this context is that when we talk about the export of "capital", we are referring to capital as being fundamentally a social relationship, between exploiters and exploited; we are not talking about export of a lathe, a turbine, or a dynamo. Through its political and military control of Eastern Europe and other countries, the Soviet Union effectively insures the dominance of capitalist relations of exploitation.

With regard to underdeveloped countries like Cuba, the relationship is somewhat different. Cuba represents an invaluable outpost and showcase for Soviet social-imperialism in Latin America, and the Soviet Union pumps tremendous amounts of aid into this small country. Obviously, it would be short-sighted even from an imperialist viewpoint to try to carry out intense exploitation of the Cuban people. Thus, it would be misleading to evaluate this relationship on short-run economic terms. The Soviet investment is paying back big dividends through a very high rate of return in political terms. Obviously, the Soviet leaders are free to make certain political choices within the over-all necessity of serving Soviet world-wide economic interests.

Lenin was right when he countered Kautsky by stating that imperialism cannot be a policy which is independent of economic necessity. The Soviet moves abroad, which are taking the form of increasing reliance on capital investment, are all the inevitable consequences of the USSR’s capitalist structure and the deep crisis it is facing domestically, the signs of which we pointed out in our main presentation.
QUESTION: What is the position of the CFP/CUBA on Cuba? Would you come to Cuba's defense as a socialist country as it has been constantly attacked by U.S. imperialism?

The Cuban revolution was undoubtedly a genuine anti-imperialist revolution which decisively severed the shackles of U.S. imperialism and created the possibility for the construction of a socialist society. To this day, the U.S. imperialists have attempted every possible tactic to bend Cuba to its back and away. We condemn the attacks of the U.S. bourgeoisie.

During the 60's the Cuban revolution made important advances as U.S. capital in the country (mainly the sugar industry) was nationalized; a radical agrarian reform transformed the countryside, health care and education were made available to most Cubans and important measures were instituted to eliminate racism and sexism in Cuban society. However, serious ideological and political weaknesses of the revolution were to ultimately result in Cuba developing a new dependency on Soviet social-imperialism.

A number of factors were responsible for leading to the consolidation of revisionism in Cuba, which in turn led to its greater reliance on the Soviet bloc: 1) Castro and others in leadership of the revolution had not been Marxists-Leninists prior to the seizure of state power and had not assimilated the lessons of socialist construction elsewhere in the world. 2) When the Fidelistas came to power in 1959, they turned for help in administering the state to the revisionist PSP which had collaborated with Batista in the 40's and opposed the armed struggle throughout most of the revolutionary period. 3) The influence of the revisionists was strengthened because the Fidelistas had come to power through a revolutionary process which did not base itself on the active participation of the masses of workers and peasants in Cuba.

These internal weaknesses, when combined with the external threat posed by U.S. imperialism and the embargo against Cuba by U.S. business, resulted in the alignment of Cuba with international revisionism and the integration of Cuba into the Soviet bloc. Cuba joined COMECON and chose not to diversify its sugar-based economy. Instead, it relied on the exchange of its sugar for machinery and manufactured goods within the revisionist "international division of labor".

The Cuban revolution once made impressive gains towards self-reliance, but now suffers from deepening dependency on the Soviets. Cuba has become a mouthpiece for the Russians.

The persistent trade deficits and balance of payments which were a consequence led Cuba to accumulate an external debt of 8 billion dollars to the USSR by 1981. Cuba's failure to diversify trade and its integration into COMECON meant that it became dependent on the Soviet bloc for machinery and vital raw materials like oil. By the mid 70's 15 years after the revolution, the Cuban economy revealed sluggish growth, declining productivity, and an inability to meet basic needs of the people such as housing and consumer durables.

As a result of this economic dependency on the USSR, and the revisionism of the Cuban Communist Party which held its first Congress in 1975, Cuban foreign policy has tended to converge with and directly support the foreign policy of Soviet social-imperialism. A few examples to demonstrate this tendency: in the 60's Cuba denounced and broke with the revisionist parties of Latin America for their failure to take up armed struggle against U.S. imperialism. By 1975, at a conference of Latin American revisionist parties in Caracas, Venezuela, Cuba re-established fraternal relations with these pro-Soviet parties and contended that peaceful transition was now possible in Latin America. The uncritical support the Cuban leadership gave Allende and the Communist Party of Chile is indicative of this policy.

In the 60's Cuba had given material and political support to the Eritreans in the strategic Horn of Africa. By the mid-70's, when Soviet social-imperialism had gained decisive influence over Ethiopia, Cuba sent thousands of advisors and assistance to prop up the reactionary Mengistu clique in Ethiopia and aid this regime in its counter-revolutionary war against the Eritrean people led by the ELF.

In the 60's Cuba gave political and material support to the various revolutionary movements struggling against fascism and reaction throughout Latin America. But just the example of Cuba's relations with Argentina will show how much this policy has changed.

As the USSR became the largest trading partner of Argentina, and the Argentines began importing Soviet machinery and hydro-electric
equipment with Soviet credits, the Cuban relationship to the military junta which had seized power in 1976 in Argentina, changed dramatically. Videla, the leader of the Argentine dictatorship responsible for the deaths of 40,000 Argentines according to Amnesty International, was invited by the Cubans to the 1980 Non-aligned Conference in Havana as a representative of a "progressive, anti-imperialist" government.

There are many other examples we could point to in backing up our claim that the over-all international role of Cuba is not progressive, but is basically serving the interests of Soviet social-imperialism. It is our sincere hope that eventually the Cuban people themselves will recognize how they are being used by the Soviet Union and break the chains of political, military, and economic dependency.

**QUESTION:** Who exactly is the bourgeoisie in the USSR? List and categorize the members of this class and how they appropriate the surplus value.

Bresheen himself refers to the distinction between those who perform production and those who command it. Taken broadly, the bourgeoisie is composed of those who have the basic decision-making power over capital accumulation. In the Soviet Union this is a highly centralized class, and somewhat smaller than the ruling class in the United States.

The state bourgeoisie is mainly based among the leading political operatives in the state bureaucracy and military and what Soviet economists call the "captains of industry". As Lenin stated in State and Revolution, the bureaucracy and the standing army are two of the chief pillars of any ruling class, and the situation is no different with the Soviet ruling class. The communist party is the political/social cement which holds the state bourgeoisie together and is the decisive vehicle through which the ruling class wields state power. Ultimately it is entrance into the party and promotion up through its ranks that is the key channel for entering the ranks of the Soviet ruling class.

Amount the "captains of industry" some of the leading elements of the bourgeoisie are to be found among the leaders of the monopoly industrial associations. Production in the USSR has become increasingly concentrated in vast associations, of which there are between ten and twenty thousand at present, and this development lends a special character to the Soviet state bourgeoisie. To be as inclusive as possible, we would say that there are fringe elements in the Soviet economy which could also be included within the broader boundaries of the bourgeoisie, such as the capitalists in the make in the shadow economy. An example would be the capitalists of fur production in Siberia.

The leading core of the Soviet ruling class is a relatively small grouping which maintains itself in power basically through a sophisticated system of co-optation and self-appointment. Thus, we do not regard the liberalizing, decentralizing effects of the Liberian-inspired reforms of 1965 as the initiation of capitalism in the USSR, but rather as a shift in policy meant to build a broader base of support among the subordinate bourgeois elements at the enterprise level.

The state bourgeoisie has a similar relationship to the intelligentsia, which milks and uses as a base to recruit for a growing capitalist infrastructure. One of the basic mechanisms which allows for upward social mobility in the USSR is higher education, and the Soviet educational system is built along class lines to favor the self-reproduction of the intelligentsia and the ruling class. The Soviet ruling class, of course, is historically a relatively new class, so that the process of self-reproduction would represent a more recent trend, but the signs of this trend have become clearer in the last 15 to 20 years as the Soviet class structure has become

The primary basis to determine whether the Soviet leaders constitute a capitalist class is not how much they personally consume, but the way they have geared the Soviet economy towards the goal of surplus-value extraction. Nonetheless, even though the share of surplus value which it siphons off for personal consumption may be small relative to the entire surplus value, the Soviet ruling class enjoys great privileges and benefits. These include huge bonuses which can double an official's salary, dachas or country homes, purchasing rights at exclusive luxury stores, free travel expenses, access to special restaurants, hotels, and resort facilities, etc. This whole elite system of rewards and benefits is closed off to public
view, which in itself indicates that we are dealing with a definite class system of privileges which cannot be justified on a socialist basis.

One of the major stumblingblocks to understanding how the Soviet leaders can be a capitalist class which controls the extraction of surplus value arises from an un-Marxist, formalistic view of property relations. Line of March, for example, argues that because there is not individual ownership, because there is not a legal piece of paper which states that "I own that factory", capitalism cannot exist in the Soviet Union. They try to back up this claim by stating that Marx and Lenin allegedly demonstrated that "every mode of production is first of all a reflection of the dominant property relations". (LM, Sept/Oct 1981, p. 104) However, if we look at Marx, page 715 of Capital, Vol. 1, he turns the question the other way around. He says that "the capitalist mode of appropriation is the result of the capitalist mode of production". In other words, the capitalist mode of production creates capitalist private property. So we can see that LOM has attempted to turn Marx on his head by trying to promote a lawyer-like view of what property is all about.

Property is ultimately the ability to dispose. We are arguing that it is exactly the Soviet ruling class which possesses this ability to dispose of state property and appropriate surplus value out of the sweat and toil of the Soviet working people.

REFERENCES

NOTE: The abbreviation POE is the publication Problems of Economics, a journal of unabridged translations of articles from Soviet economic journals. References are listed below in the order that they were cited in the presentation. Author and original source are given first, followed by the POE volume and date.


3. E. Ivanov and A. Eskina. in Planovoe khoziaistvo (POE Feb. 1980) and (POE Aug. 1981)


New Democracy and the Transition to Socialism in China, and The
Cultural Revolution in China, by Communist Organization Bay Area
and Committee for a Proletarian Party (COBA/CPP, now ORU)

Two articles examining the attacks by the Party of Labor of
Albania on Mao and the Chinese Revolution. The first presents a
historical defense of New Democracy; the second gives a materialist
analysis of the origins and development, successes and failures of
the Cultural Revolution. Papers presented during a "National Joint
Study" by a number of US Marxist-Leninist groups on Hoxha's
Imperialism and the Revolution.

159 pp. $5.00

"Poland -- Is This Socialism?", by CPP

If Poland today is a socialist country, why would we want to
fight and die for such a socialism? Briefly traces Polish history
and the role of the superpowers. Shows why Poland cannot be
considered socialist.

8 pp. 25¢

"Line of March: Apologist for 'Martial-Law Socialism'", by CPP

Written as a contribution to the Guardian's "Opinion and
Analysis" column, polemizes with LOM on Polish socialism.

8 pp. 25¢

COMING SOON FROM ORU:

A pamphlet on working women, US monopoly capitalism, and
the struggle for socialism. Includes the results of a two-year study
by COBA and others. Approximately 100 pages.

ALSO AVAILABLE:

Central America: Imperialism and Revolution, by the Central Ameri-
can Solidarity Committee

Discusses a number of critical questions, including: What is
the strategic importance of Central America to US imperialism? Who
are the various opposition forces in El Salvador? What about the
role of the Soviet Union, Cuba and revisionism? And how to build
an anti-imperialist movement? Appendices include lessons from
Vietnam.

60 pp. $2.00

On the Roots of Revisionism, by Revolutionary Road Publications
(some members of ORU participated in writing this document)

A political analysis of the international communist movement,
including the Comintern and the Communist Party USA, 1919-1945.
Very useful as a reference work.

445 pp. $5.00

ORGANIZATION FOR
REVOLUTIONARY UNITY

PO BOX 7726
OAKLAND, CA 94601