

AMENDMENTS TO THE MIKE P. DOCUMENT ON BUREAUCRATIC COLLECTIVISM

Emmet Casey

Substitute the following for all but the first paragraph of Section 1.

This new ruling class is organized as the bureaucratic apparatus of the state, which runs all productive industry. It controls an economy which is based on:

- (1) large-scale machine production,
- (2) exploitation of the labor power of the working class, which receives only a minimum for subsistence, and does not own the product of its labor, and
- (3) subordinates all economic needs to expansion of heavy industry and arms production.

We call this form of society bureaucratic state capitalism.

Bureaucratic state capitalism differs from conventional western capitalism in the following ways:

- (1) ~~All property is owned collectively rather than privately.~~ The ruling class owns property collectively rather than privately.
- (2) The profit motive operates in a disguised way, through taxation, rather than openly.
- (3) Economic growth becomes even more crucial to the health of the system.
- (4) Unemployment, instead of being cyclical, becomes chronic underemployment. The business cycle is suppressed by state regulation and becomes flattened out into a long-term tendency to stagnation.
- (5) The state apparatus is totalitarian. There is greater political regimentation in every phase of society.
- (6) The social crisis takes the form of underproduction and stagnation rather than the classical cycle of boom and bust.

All these differences represent the culmination of tendencies operating within private capitalism. They are not fundamental in nature.

Because of its origin in Stalin's Russia, we also call this form of society "stalinist". By that we do not mean to limit the applicability of our analysis. In our view, such varied states as the People's Republic of China, the Democratic Republic of Vietnam, Castro's Cuba, Yugoslavia, and Russia since Stalin are every inch as "stalinist"-- that is, bureaucratic state capitalist-- as Stalin's Russia.

We are concerned not with the differences between these societies, but with ~~dis~~ discovering the general dynamic that applies to all of them. Western capitalist states vary from fascist to social democratic, but they all remain capitalist. While we will focus our analysis on Russia and Eastern Europe because they are technologically more advanced and thus show more clearly the nature of the crisis of bureaucratic state capitalism, but the same crisis afflicts all the state capitalist societies.

There are no longer only two fundamental ~~classes~~ classes contending for power in the world. The state bureaucracy of the stalinist countries has joined bourgeoisie and proletariat in a three-cornered struggle for world domination. Like the bourgeoisie, the state bureaucracy of the stalinist countries lives by dominating the labor power of the ~~bourgeoisie~~ working class. This makes it a capitalist class. Unlike the bourgeoisie, the stalinist bureaucracy rules by its collective control of the state, not by its individual ownership of industry. This makes it a state capitalist class.

Because the state capitalist class in Russia arose not in a victorious revolution against feudalism, but in a bureaucratic counter-revolution against the working class, it is reactionary through and through. The emergence of the bureaucratic class was the product of a unique historical situation-- the degeneration and final defeat of the Russian revolution. The expansion of bureaucratic state capitalism after World War II was the result of the entirely new relationship of forces brought about by the ~~development of~~ decay of capitalism and the inability of the working class to make a revolution in the advanced countries.

The bureaucratic class arrives ~~late~~ late on the scene of history. By means of the most brutal repression and vicious exploitation, it achieves the historic mission of capitalism-- the development of modern industry and a modern working class, which ~~knows~~ knows nothing but its own power to work and must sell that power in order to live. As Marx says, "Capital springs into birth dripping from head to foot, from every pore, with blood and dirt." (Capital, Kerr edition, p. 834). History has invented no other way than this "primitive accumulation of capital" to destroy small-scale pre-capitalist modes of production and separate the producers from their means of production.

We believe that it is impossible to struggle consistently against U. S. capitalism without becoming a revolutionary opponent of bureaucratic state capitalism. We dedicate ourselves to building a movement that can run the workplaces and smash the existing state machine in every country in the world, replacing them with a new kind of state based on the revolutionary democratic organizations of the working class. Only such a state can really lead to the end of all oppression, all exploitation, and all injustice in the world. This theoretical work is no abstract ~~exercise~~ exercise but part of our fight against the employers, the trade union bureaucracy, and the state, to build a rank-and-file movement in the working class and a revolutionary movement in this country.

ec amendment 2

substitute for the section "ORIGINS OF THE THEORY"

THE THEORY OF BUREAUCRATIC COLLECTIVISM

Alongside the theory of bureaucratic state capitalism, there are other, older theories which also oppose the idea that stalinism is a movement in the interests of the working class, or some kind of workers' state. Foremost among these is the theory of bureaucratic collectivism, which asserts that stalinist societies are neither socialist nor capitalist but a totally new form of class society.

This theory arose inside the Trotskyist movement before World War II in opposition to the position of Trotsky that Russia must be unconditionally defended. Its supporters argued that in the war, ~~xxxxxxxxxxxxxxxx~~ revolutionaries must adopt the policy of the third camp: opposition to both imperialist war camps-- allied and axis-- and support for the independent movements of the working class and struggles for national liberation.

But the revival of capitalism after the war and the expansion of Stalinism to cover a third of the globe left revolutionaries confused and unprepared. Marxist theory stagnated and even the brilliant analyses of Lenin and Trotsky no longer were an adequate guide to action in the new and changed reality.

The theory of bureaucratic collectivism was a casualty of this period. It had assumed that stalinism could only come to power on the back of an unfinished workers' revolution, and, at one time, that the working class had become "modern slaves"-- therefore, forced labor was an essential part of the stalinist system. It denied the possibility of economic or political reform within stalinism, considered the leader cult to be unavoidable, and denigrated the possibility of violent power rivalries between stalinist states.

Thus, the theory of bureaucratic collectivism proved incapable of explaining the dynamic of the development of stalinism. It concentrated on a definition of the class holding state power, which it described at various time as more progressive, more reactionary, and just as reactionary as private capitalism. It confused property relations with production relations, and, like Trotsky, abstracted the forms of property into an ahistorical idea independent of the laws of motion of capitalism. It did not inquire into the nature of the economy of bureaucratic collectivism, and thought that the arbitrary decisions of the bureaucracy were the motor of the system.

But the theory of bureaucratic collectivism had a revolutionary thrust. It pointed to the need for the working class to struggle against an exploiting class. Since it was a sociological theory of the nature of the state regime and the ruling class, and not an economic theory, there is no fundamental contradiction between it and the theory of bureaucratic state capitalism.

ec amendment 3

add at the end of the section ~~xxxx~~ "THE APPEAL OF STALINISM"

(3) The little red engine that could-- In opposition to Marx's assertion that "social being determines consciousness" stalinist system are appealing to those who believe that "consciousness determines being", or as Chairman Mao puts it, "A chicken feather can fly up to heaven". They want to believe that a largely peasant country can make the transition to socialism, solely by its own efforts, and merely by wanting to strongly enough.

Many people in the U. S. want to overthrow capitalism very much, but they despair of ever building a revolutionary party which is up to the job. They take refuge in idealistic conceptions like those of the children's story The Little Red Engine That Could, where a locomotive is able to pull a heavily loaded train up a steep grade by puffing through its smokestack over and over again, "I think I can, I think I can..."

The backwardness of Chinese society appeals to alienated radicals who would like to see socialism built in the nice, clean countryside rather than the dirty, crowded city. The lack of a real network of communications and transportation in China appeals to notions that democracy is incompatible with large-scale production and centralized industry.

(4) The straw we cling to-- Many more serious radicals, whose first allegiance is to building a revolutionary party in U. S. based on the working class, support China not because they think everything there is beautiful, or a model for the world to follow. They support China because they see ~~Marx's revolution~~ the abolition of private property in China as a sign that change is possible, that oppressed people can take their destiny into their own hands, and that the lot of the Chinese people has improved greatly since the revolution.

We hope to demonstrate to these people that the Chinese government is as firmly wedded to the theories of "socialism in one country" and peaceful coexistence as is the Russian government; that the Chinese government also practices "great power chauvinism" and subordinates the interests of struggling people all over the world to the interests of its own ruling class. To continue to support it is to mortgage the future to the past, and to chain ~~xxxx~~ the working class to the program of its class enemy. It is the workers, and not the bureaucrats, of all lands that must unite.

ec ~~document~~ amendment 4

add to section II, page 8, second paragraph--
THE CASE OF CHINA

Mao's army effectively "declassed" the peasant-- it removed him from his land as a matter of conscious policy, gave him a new identity as a soldier, and indoctrinated him with the goals and outlook of the new ruling class. For the most ambitious peasants, it offered the perspective of joining the new class and marching up the ranks of the new hierarchy in party and army. It was this which enabled an army, largely recruited out of the ranks of the peasantry, to seize state power without placing it self under an alliance led by the working class.

Unlike the working class, which cannot simply lay hold of the old state machine and use it for its own purposes, but must smash the capitalist state, Mao's new class of bureaucrats left the old state machine intact and filled it with their people.

THE LAW OF MOTION OF THE BUREAUCRATIC STATE CAPITALIST
ECONOMY (substitute for section V of the Parker Document)
Emmet Casey

In order to understand the workings of any social system, it is necessary to understand its internal dynamic. Just as modern physics and the development of modern machine industry awaited Newton's discovery of the laws of motion of physical bodies, modern social science depends on the discovery of the laws of motion of social bodies. In Capital, Marx set himself the task of discovering the law of motion of capitalist society.

For Marx, the law of motion of capitalism is accumulation for the sake of accumulation, and the subordination of all other economic activity to the goal of accumulation. The capitalist is forced to become the personification of capital and to have no other wants, needs or desires than the augmentation of his capital. In so far as the capitalist appropriates (makes his property) the wealth of others, he becomes wealthy; but his wealth is not his to consume. He must accumulate it. Not only the workers' consumption, but also his own, must become to him a sort of crime, for it is an act of robbery on accumulation.

This differentiates capitalist society from all previous forms of class domination. In all pre-capitalist societies, whether patriarchal, barbaric, slave, despotic, or feudal, the primary role of the ruling class was to steal enough from the producing classes to ensure its own survival, free from productive labor. The function of the ruling class was to consume, and production was always production for use. The immense productive possibilities of capitalist society come into being because "it is not values in use and the enjoyment of them, but exchange value and its augmentation, that spur (the capitalist-- ec) into action. Fanatically bent on making value expand itself, he ruthlessly forces the human race to produce for production's sake; he thus forces the development of the productive forces of society, and creates those material conditions which alone can form the real basis of a higher form of society, a society in the full and free development of every individual forms the ruling principle." (Capital, p. 64)-- all citations from Capital give page numbers from the Kerr edition-- ec)

The ruling bureaucratic class in the USSR, China, and other stalinist states perform the same social function; this is why Marxists refer to them as a capitalist class, even though they do not own the means of production as individual private property, and they are not motivated by individual private profit.

PROPERTY RELATIONS AND PRODUCTION RELATIONS

In a modern society based on machine production, as in any class society, the ruling class establishes formal, written codes of law which sanctify the given distribution of wealth, or property relations. The distribution of wealth is based on a specific organization of the productive forces, which continually reproduces that distribution of wealth. Thus, the property relations are dependent on the production relations.

All pre-capitalist societies have one thing in common-- production on a small scale. Even where many small gangs combine together for a great project, as in the building of the pyramids, or the gothic cathedrals, the basic unit of production remains a small group. The producers are not separated from the tools, the land, or the other means of production; they either own them themselves (as in feudalism), or they are owned in common with them (slavery). These production relations tend to produce the property relations typical of pre-capitalist society: individual ownership of the means of production by many small-scale relatively self-sufficient producers.

Capitalist relations of production substitute large-scale factory production based on machinery for painstaking craft work; the might of engines for human muscle power; production for exchange replaces production for use. Capitalist private property arises as a result of the expropriation by force of the many small producers typical of ~~capitalist~~ pre-capitalist modes of production. As the production relations develop, the property relations also change, although not necessarily at the same pace. Undercapitalism, Marx said, "the laws of appropriation or of private property, laws that are based on the production and circulation of commodities, become by their own inner and inexorable dialectic changed into their very opposite." (p. 639)

Why is this so? Capitalism is not a static system; it develops according to its own economic laws. Those laws are product of the progressive separation of the ~~worker~~ producers from the means of production. One effect of the development of capitalism is the creation of larger and larger production units. Along with it, is the creation of a large class which owns only its own power to labor-- the working class.

While capitalism arises historically in a society full of small producers who create a market for the exchange of their products, and these products tend to exchange according to the amount of labor time needed to produce them, this capitalist law of value tends to break down almost immediately.

The reason for this is found in investigating the dynamic of capitalist expansion. While expansion of the productive forces goes on under all social systems, only capitalism is able to expand so rapidly. This rapid expansion is made possible by the ability of the capitalist to take from the worker without paying him for it, a portion of his working time. Some of this surplus value is used up recreating the means of production, but some of it is also used to expand the means of production. When the worker's own labor, materialized as tools and machines is used to extract still more ~~labor~~ surplus value out of him, the process is known as capital accumulation. The process is open-ended: every bit of capital accumulated enables the capitalist to use more and more labor, and make that labor more and more productive.

The end result of this process is the centralization of capital into

fewer and fewer hands, the divorce of ownership from management, the growth of monopoly, and increased state intervention in the economy, is the total socialization of production. Property is concentrated in fewer and fewer hands as well.

"Centralization in a certain line of industry would have reached its extreme limit, if all the individual capitals invested in it would have been amalgamated into one single capital.

" This limit would not be reached in any particular society until the entire social capital would be united, either in the hands of one single capitalist or in those of one single corporation. " (p. 688)

At this point the property relations of capitalism would be converted into their opposite. Yet it would not mean the end of capitalism, because the working class would still be unfree, would still not control the means of production; and the market between countries would not yet have been abolished.

Because the bourgeoisie is a class which defines itself by its private ownership of property, it only amalgamates itself under the threat of economic compulsion. A state capitalist bureaucracy, resting not on private property but on its collective control of the state machine, would have a much easier time in uniting the various capitals into one state capital.

Thus there is nothing in the nature of state property that prevents it from becoming a tool of capital. In fact, state property is an expression of the historical dynamic of capitalist accumulation-- to unite the small scattered properties of pre-capitalist society into large, mechanized social capital. A state capitalist society is like a large factory-- a monopoly enterprise, run to augment the capital of a collective ruling class.

THE PROFIT MOTIVE IN STATE CAPITALIST SOCIETY

Profits are not the motor of capitalist society, but its steering wheel. The more profitable capitalist eventually consumes the less profitable one. More profitable companies have an easier time ~~selling~~ selling stock and borrowing money. Thus the profit motive serves to increase the efficiency of capital and promotes accumulation.

Does the profit motive operate in a state capitalist society? With all property in the hands of the state, it would appear to make little difference whether one branch of industry was more profitable than another, since the same ruling class would reap the benefit in any case. This argument would be correct if (1) such an economy were world-wide, and had no competitors, or (2) could isolate itself completely from the world market. In fact, Stalinist societies do periodically attempt to

to withdraw from the world market, and cut their foreign expenditures to almost nothing, like China during the great leap forward or Russia in the 1930's. If this move were successful, the society would cease to be capitalist, for it would be able to plan consciously how much of its resources to spend on consumption and how much on production. It would not be at the mercy of blind forces beyond its control.

However, there is one form of competition that no society can isolate itself from. Modern armaments can reach every part of the globe and totally destroy all life there. Therefore, every economy is forced to join the arms race, or ally itself with another power that does. This in turn requires a large sector devoted to the production of the machinery needed to make weapons, the metals required in their production, and the electronic hardware for their guidance systems. This requires the massive intervention of the state in the economy, since these things must be produced, regardless of anyone's desire and regardless of profitability. Even in the private capitalist ~~economy~~ arms economy, profitability has long since ceased to be the sole mechanism for allocating capital resources.

By means of taxation, large amounts of capital are shifted from the hands of private capitalists and put at the disposal of the state. Even larger sums are removed from the workers' paychecks, that is, from consumption, by the tax agents.

In the state capitalist countries, taxation is even more regressive. In place of income taxes, the major form of taxation is the turnover tax. The turnover tax is calculated as a fixed percentage of the final selling price of a commodity. It is therefore even more regressive than the sales taxes we are familiar with, because the rate is different for different commodities.

In practice, the turnover tax is high on consumer goods, and low on luxuries, high on agricultural goods, and low on manufactured goods. In this way, the workers' consumption can be restricted in favor of accumulation.

Thus the turnover tax plays the same role in state capitalist society that profit plays in private capitalism. It steers capital from one sector to another. The turnover tax represents the collective profit of the collective ruling class under state capitalism.

SEPARATION OF THE WORKERS FROM THE MEANS OF PRODUCTION

Capital is primarily a relationship between people. It may take the form of money, machinery, or property, but it is something distinct from them. For capital to exist, the labor of one person must be owned by another, who uses it to dominate still more living labor. When, through the combination of machinery, raw materials, and living labor power, all of them bought and paid for by the capitalist, a new value is created,

greater than the sum of the values that were used up in its production, capital is born.

For capital to exist, the laborers must not be able to own the product of their labor, but they must own their power to labor, and be able to sell it. The specific difference between capitalism and all other systems of production is that the employers of labor in a capitalist system are chiefly motivated by a desire and a need to increase their own capital.

In Marx's words, "Labor-power is sold today, not with a view of satisfying, by its service or its product, the personal needs of the buyer. His aim is augmentation of his capital, production of commodities containing more labor than he pays for, containing therefore a portion of value that costs him nothing, and that is nevertheless realized when his commodities are sold. Production of surplus-value is the absolute law of this mode of production." (p. 678)

The bureaucratic rulers of the state capitalist countries, like the rulers of private capitalist countries, do not produce mainly for their own consumption. Although their incomes are far higher than those of the working people, and they have many privileges that separate them from the masses, their consumption amounts to only a small part of the tremendous wealth they control.

Kuron and Modzelewski have shown that between 1949 and 1963 production of consumer goods had more than doubled, but accumulation rose 3.6 times. (Open Letter To The Party, Pluto Press, p. 21) Because prices are distorted due to the high turnover tax on consumer goods, this actually understates the subordination of consumption to accumulation in state capitalist society.

COMMODITY PRODUCTION IN STATE CAPITALIST SOCIETY

Is it possible to speak of equality of production in state capitalist society?

Commodities must have a specific use-value and a general exchange value. In order to be exchanged, each commodity must have some property in common with all: "all are reduced to one and the same sort of labor, human labor in the abstract." (Capital, p. 45)

While ~~it~~ it is easy to see that commodities must be exchanged, the process of exchange itself tends to ~~reproduce~~ ~~the~~ ~~process~~ ~~of~~ ~~production~~ ~~of~~ ~~commodities~~ ~~as~~ ~~a~~ ~~crystallization~~ ~~of~~ ~~human~~ ~~labor~~ ~~power~~. "A commodity is therefore a mysterious thing, simply because in it the social character of men's labor appears to them as

m

an objective character stamped upon the product of that labor; because the relation of the producers to the sum total of their own labor is presented to them as a social relation, existing not between themselves, but between the products of their labor." (p. 83)

It would appear that this fetishism of commodities cannot exist in a state capitalist society. "As a general rule, articles of utility become commodities only because they are the products of the labor of private individuals of groups of individuals who carry on their work independently of each other. . . the labor of the individual asserts itself as a part of the labor of society only by means of the relations which the act of exchange establishes directly between the products and indirectly, through them, between the producers." (p. 83-84)

Only where commodities are exchanged, then, does the labor time embodied in them become subject to the law of value. It would appear, that in a society where all property was in the hands of the state, that there is no commodity production.

State-capitalist society would then resemble a pre-capitalist society in which consumption is the goal of production and articles of commerce do not become commodities inside the production unit. Commodity exchange in these societies begins from the outside in, as it were, as the slave-owners and feudalists start to exchange products with one another,

"The exchange of commodities, therefore, first begins on the boundaries of such communities, at their points of contact with other, similar communities, or with members of the latter. So soon, however, as products once become commodities in the external relations of a community, they also, by reaction, become so in its internal intercourse." (p. 100)

Once a society begins to trade articles of commerce with another society, it must begin to consider the cost of production of those articles. That is, it must consider them as a definite part of the total labor time expended for production in that society. Only if it is profitable for someone will the producers spend an ever greater proportion of their time producing commodities for exchange. This, in turn, reflects upon the time needed to produce the non-commodities, the articles intended only for use. This time must also be spent as efficiently as possible if the society is to go on producing for use. A hidden relation of exchange begins to develop between the articles produced for exchange and the articles produced for use.

In this way, the circulation of commodities begins to establish itself in place of the direct exchange of products, or barter. "The exchange of commodities breaks through all local and personal bounds inseparable from direct barter, and develops the circulation of the products of social labor." (p. 126) The process requires the use of money as an intermediary.

On the basis of the money economy, capitalism destroys the self-sufficiency of the small-scale pre-capitalist production unit, and forces all non-capitalist societies into a single universal world market.

Within this market, larger and larger production units are built up, inside of which the exchange of products again no longer obey the laws of commodity production. Ford has a vertically-integrated auto plant at River Rouge where steel, for example, is made on the premises, and manufactured into cars. Only the finished car is commodityproduced for exchange-- the steel is produced for use only. However, Ford is not the only producer of steel in the U. S. Therefore, it must submit its steel production to the same kind of cost accounting as U. S. Steel, which does produce steel as a commodity. Ford has now begun to buy from U. S. Steel because it has discovered that U. S. Steel can produce the same product cheaper. Thus, the external compulsion of the commodity market subjects Ford's steel production to the law of value even the law formally does not apply.

A similar process takes place inside the Russian economy taken as a whole. Once Russia begins to divert any significant proportion of its social product into foreign exchange, all products produced in Russia become indirectly subjected to the law of value by the relations of exchange existing between Russia and the other states trading on the world market. Arms competition also subjects production to the law of value because armaments take up a portion of the labor time of society which would otherwise go into production of commodities.

IS LABOR POWER A COMMODITY?

However, this is not the only condition that must be satisfied to prove that labor power is a commodity. Does the laborer possess his labor power or is it owned by another? Is he a worker in the true sense of the term?

For the worker to possess his labor power he must be able to sell it. Labor power must be sold only for a definite length of time. "He (the worker)--ec) must constantly look on his labor power as his own property, his own commodity, and this he can only do by placing it at the disposal of the buyer temporarily, for a definite period of time. By this means alone he can avoid renouncing his ownership over it." (pp. 186-87)

A forced laborer, a serf, or a slave, do not sell their labor power for a definite period of time. Under socialism, labor power is not sold at all, because the producers themselves control production. But as long as the producers are separated from the means of production, as long as the worker remains a worker for wages who has no control over the means of production, wage labor and capital continue to exist whether there is one buyer for labor power or one million.

"X In reality, the laborer belongs to capital before he has sold himself to capital. His economical bondage is both brought about and concealed by the periodic sale of himself, by his change of masters, and by the oscillations in the market price of labor power." (p. 633) The capitalist production process itself continually recreates the relationship between capital and labor. The "change of masters" brings about his bondage because he is no freer under his new master than under the old; it conceals it because it gives him the illusion that he can regain his freedom with the next change of masters. The change of masters does not produce his bondage, for that is necessitated by the process of accumulation itself.

It is astounding, but labor turnover in Russia has always been extremely high, even while Stalin's draconic 1940 labor code was in effect. Apparently even the Russian worker is not convinced a "change of masters" will do ~~him~~ him no good!

Once the process of accumulation begins, the very existence of capital serves to transform the relations between capitalist and worker and distort the exchange of value between them.

"The relation of exchange subsisting between capitalist and ~~worker~~ laborer becomes a mere semblance appertaining to the process of circulation, a mere form, foreign to the real nature of the transaction, and only mystify (sic) it. The ever-repeated purchase and sale of labor power is now the mere form; what really takes place is this-- the capitalist again and again appropriates, without equivalent, a portion of the previously materialized labor of others, and exchanges it for a greater quantity of living labor." (p. 639)

The state capitalist ruling class does no more and no less with the workers under its control. This is the essential meaning of capital accumulation as outlined by Marx. To maintain that labor power is only a commodity where the law of value applies is to maintain that it is not a commodity under ~~capitalist~~ private capitalism as well.

THE RESERVE ARMY -- LAW OF CAPITALIST ACCUMULATION

The existence of capitalist accumulation submits the working class to a further inexorable law-- the formation of a reserve army of unemployed workers. Unemployment disciplines workers to fear loss of their jobs and so to accept lower wages and speed-up. It also provides a pool of surplus laborers to be drawn on in times of boom and creates the material basis for exploiting racial, sexual, ethnic, and religious divisions in the work force.

Since World War II, relatively full employment has been achieved in the advanced capitalist countries through the maintenance of large unproductive sectors in the economy supported by taxation. However, increased

PLANNING OR BUREAUCRATIC DIRECTION?

If the state capitalist bureaucracy is able to regulate the amount of consumer goods to control the consumption of the working class, why can't it prevent crises, why can't it prevent crisis by accumulating so rapidly that wages tend to rise over a period of time? In fact, many state capitalist economies have shown high rates of growth for long periods of time.

In a private capitalist economy, a high rate of accumulation, ~~alters the relationship between~~ alters the relationship between wages (variable capital) and investment (constant capital), causing the average rate of profit to decline. The declining rate of profit tends to stifle new investment and reduce demand, bringing on a crisis in which unemployment becomes massive, prices and wages decline, less efficient capitalists go broke, and the rate of profit, and therefore the rate of accumulation, go up again. Can such a crisis occur in a state capitalist society?

The ability of a state capitalist society to prevent a crisis depends on its ability to plan rationally. If capital ~~xxxx~~ can be allocated in the correct proportions between the light (consumer goods) and heavy (capital goods) industries, the economy should be able to keep on expanding at a ~~heavy rate~~ steady rate, without producing a surplus of either capital or consumer goods.

Planning in Russia means the establishment of definite production goals for each ~~xxx~~ enterprise. Goals may be specified in terms of quantity, volume, weight, or price. In whatever terms the goals are specified, the motivation of the plant manager and other factory officials, including the technicians and the party secretary, is to conspire to see to it that the goal is met in the stated terms.

Does the goal of a tractor plant specify total weight? The tractors will be as heavy as possible-- half again as heavy as tractors produced in the west. If price is the goal, the most expensive raw materials will be used-- and not enough tractors will be produced. If size is the criterion, large, ~~slow~~ tractors will be produced, if quantity is the criterion, many small tractors will be produced-- many of them missing essential parts that were in short supply. The need for tractors-- which types, which size-- will not be taken into account, only the need to fulfill the plan.

A further contradiction arises because of supply shortages. Due to the failure of the previous plan, supplies will not be available in sufficient numbers and assortment to produce the goods required by the plan. Either defective goods which cannot be used will be produced, or the factory will procure its supplies by black marketeering, or it will make them itself, at a much higher cost of production. In any case, the cost in terms of wasted labor power, is crippling. The trend to "departmentalism"-- the striving for self-sufficiency at any cost-- leads to anarchy in production.

Planning thus leads to its opposite-- a total breakdown in centralized direction and an anarchic duplication of services and products.

Another bad effect of bureaucratic planning is that the tyranny of the quota causes technicians and plant managers to be conservative-- technical innovations are shunned because any new process might lead to a short-term loss of production that would endanger this year's plan figures. As in private capitalism, downtime to repair and maintain machinery just takes valuable hours away from production-- there is a tendency to run machines until they break down, and need much more costly repairs. Since there is a very rapid turnover among plant managers, there is no reason for the manager to worry about next year-- he'll be somewhere else by then!

The type of "planning" done by stalinist bureaucrats is not incompatible with capitalism-- all modern state monopoly capitalist economies require years-ahead "investment planning" in order to grow. Most of those economies have begun to adopt "incomes policies" to regulate wages costs in advance.

As Tony Cliff points out, "If by the term "planned economy" we understand an economy in which all component elements are adjusted and regulated in a single rhythm, in which frictions are at a minimum, and, above all, in which foresight prevails in the making of economic decisions-- then the Russian economy is anything but planned. Instead of a real plan, strict methods of government dictation are evolved for filling the gaps made in the economy by the decisions and activities of this very government. Therefore, instead of speaking about a soviet planned economy, it will be much more exact to speak of a bureaucratically directed economy." (~~Stalinist~~ Russia: A Marxist Analysis) p. 274)

THE STATE CAPITALIST CRISIS

If bureaucratic direction cannot fill in for the blind workings of the market, how does the Russian economy allocate resources? The one factor that the bureaucrats cannot restrict is arms spending. Arms spending tends to prevent overproduction from occurring and yet aids economic growth. Arms spending requires heavy investment in metals, electronics, and machine-building. World-wide arms competition, a blind economic force, makes the bureaucracy need to subordinate consumption to accumulation.

Not possessing the immense capital reserves that U.S. corporations possessed, Russian state capitalism must still spend enough on arms to maintain approximate equality with the U.S. Whereas the U.S. has only recently begun to experience a shortage of investment capital and balance of payments difficulties, Russia has been short of capital for decades.

Russian state capitalism was faced with the additional burden of squeezing a heavy industrial base out of an impoverished country. The rapid

accumulation of the 1930's and 40's was made possible by depressing the living standards of the people, and by the forcible expropriation of the peasants which released the vast surplus population of the countryside and drove them into becoming factory workers. "The so-called primitive accumulation, therefore, is nothing else than the historic process of divorcing the producer from the means of production. It appears as primitive, because it forms the prehistoric stage of capital and of the mode of production corresponding with it." (Capital, p. 786)

But the ~~the~~ expansion of Russian state capital was preconditioned by the backwardness of the Russian economy. While other state capitalist economies still find themselves in the stage where "accumulation of capital is, therefore, increase of the proletariat" (p. 673), Russia, Czechoslovakia, and East Germany have had to come face to face with the tasks of a highly developed capitalist economy.

State capitalism is, if anything, even less able than western capitalism to develop the productivity of labor. All the developed state capitalist countries have shown stagnant growth rates in the last few years, a sign that they are no longer able to generate capital by adding workers to the work force.

State capitalism's chronic shortage of capital means that expansion is only possible by drastically limiting consumption. However, they cannot even raise wages through productivity dealing as western capitalists do. There is no carrot, only the stick. While liberal reformers dream of applying the methods of western capitalism inside the state capitalist countries, increasing wages, consumption (particularly the privileged consumption of the technocrats), and ~~plxxx~~ entrepreneurial initiative inside the society, reform shatters on the rock of national defense.

As long as arms spending remained the chief priority of the economy, any increase in consumption is a direct threat to military security. Arms competition, not production for use remains the goal of the ruling class. Nikita Khrushchev made this explicit in 1955 when he attacked then prime minister Malenkov for attempting to increase consumer spending.

Khrushchev said, "III-starred theoreticians are trying to prove that at a certain stage of socialist building the development of heavy industry-- so they allege-- ceases to be the main task and that light industry can and must outstrip all other branches of industry. This is a profoundly mistaken reasoning, alien to the spirit of Marxism-Leninism..."

"The paramount task, to the solution of which the party devotes all its efforts, has been and remains the strengthening of the might of the Soviet state, and, consequently, the accelerated development of heavy industry, which forms the firm basis of the whole of the national economy and the indestructible strength of the country..." Malenkov resigned as Prime Minister two weeks after this speech and was replaced by Bulganin, the Minister of Defense.

The bureaucracy is unable to plan for even its own needs. Lured by the vast variety of commodities for sale on the world market, it attempts to increase consumption. Lured by the sophisticated computer technology of the west it attempts to accumulate foreign currency by trading on the world market. It relaxes the pressure on the peasants, allows the private market in agriculture a bit of breathing room-- and the economy stagnates.

Stagnation threatens the military budget and the heavy industrial sector. Consumption must be limited again. Investment in the heavy industry and arms sectors is increased, foreign trade is cut off, compulsory purchases from the peasants are increased, the workers are told to work harder. Material incentives ~~are replaced~~ are replaced by moral incentives. Shortages get worse, sabotage increases, and industrial productivity decreases. The plan goal is not fulfilled, and there is increasing unrest among the population, if not open revolt. Waste and inefficiency increase. Competition between various enterprises for short supplies produces economic chaos.

The result is a constant series of zigzags between slow and ~~rapid~~ rapid growth, between entering the world market and ~~total~~ near-total withdrawal, between "socialism with a human face" and real marxism-leninism". As long as workers are excluded from any real control over production and any real power in the state, the bureaucratic ruling class can only postpone the moment of its death.

Real economic growth can only come about when production for consumption's sake replaces accumulation for accumulation's sake, when the workers of all countries take power into their own hands, and, led by their own revolutionary Marxist party, proceed to construct the socialist order.