

PART IV: THE PROBLEM OF OUR DAY: STATE CAPITALISM VS. FREEDOM

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PART IV: THE PROBLEM OF OUR DAY:  
STATE CAPITALISM VS. FREEDOM

Chapter I: RUSSIAN STATE CAPITALISM VS. WORKERS REVOLT

A. The First Five Year Plan: Relations Between Planners and  
Workers, 1928 - 1932

The first Five Year Plan was introduced in October 1928, shortly after Stalin came out the complete victor over all tendencies in the Russian Communist Party which had been unloosed with Lenin's death and which ended with the exile of Trotsky,\* and the expulsion and imprisonment of the Left Opposition.

For a brief moment -- the first few months of the Plan, the workers were enthusiastic over the end of the NEP and the beginning of what they thought would be socialist planning, that they overfulfilled all norms set by the State Plan.

The workers had gained the seven hour day; Workers Conflict Commissions were still functioning and generally favored workers in the fight with management. On January 5, 1929, for example,

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\* Trotsky was the first to propose the Plan while Stalin-Bukharin maintained that Russia needs no plan, that it can reach socialism "at a snail's pace." But Trotsky was no sooner expelled than the Plan was introduced. But all this is beside the point, for we are now dealing with plan in action and it was Stalin who put into action and created an objective base for it. To the extent that Trotsky clung to the Plan, to that extent he was in actuality the prisoner of Stalin's Plan.

Economic Life, organ of the Council of Labor and Defense, emphasized that piece-work rates are subject to the approval of the Workers Conflict Commission but that the responsibility for fulfilling the financial program rested exclusively with management. That issue of the publication also reports that it is an ordinary occurrence for workers dismissed by management to be reinstated by the labor inspector. A new decree, on January 24th, however, made workers responsible for damaged goods. The State Planners ordered the Five Year Plan completed in Four. This became the sharp division point between planner and worker.

From then on, the execution of the State Plan turned into an endless battle between the State planners and their representatives at the point of production, and the workers. Two antagonistic plans, inherent in capitalist production, came to the fore.

The State Planners called 1929 "the year of decision and transformation." That was certainly fact. The appearance of workers' resistance to the State Plan was met by substituting, for workers production conferences with their conflict commissions, production conferences of engineers and managers, presided over by the politicians. At the same time, trials of professional personnel began. Some Gosplan officials were charged with "wrecking" and we had the first foretaste of that distinctive feature of state capitalism --- mass confessions and recantations.

This first minor spectacle was lost upon the world because of the 1929 crash which made each look to his own country.

The world crisis, in turn, adversely affected the price Russian wheat could command on the world market for which they wanted to buy tractors. This was crucial for the Plan since

tractors were not manufactured rapidly enough in Russia to take the place of draft animals. Not only that. The peasants' resistance to collectivization was such mass slaughter of animals that Russia has not recovered to this day.

As in the case of the famine, which Russia never admitted, they first revealed the extent of the slaughter of animals in 1934 in Stalin's Report to the 17th Congress of the RCP, thus:

<u>Millions of Head</u>	<u>1928</u>	<u>1932</u>
Horses	33.9	19.6
Large Horned cattle	70.5	40.7
Sheep and goats	146.7	52.0
Pigs	26.0	11.6

There was such havoc on the countryside that the harvest declined from 83.5 million tons to 70 million tons in 1930-1931.

Workers became restless. The state hit back and, in 1930, instructed labor exchanges to put workers who leave jobs on their own initiative on a "special list." That blacklist deprived the worker of unemployment compensation. By October 9th, unemployment was declared "abolished" and unemployment compensation was stopped altogether. It became obligatory for factory directors to insert into the worker's paybook, the reasons for his dismissal. But nothing could stop the labor turnover. By the end of the First Five Year Plan, it had reached the staggering figure of 252 percent. Thereupon they passed a new decree:

"To order that a worker be dismissed from the services of a factory establishment even in the case of one day's absenteeism from work without sufficient reasons and be deprived of the food-and-goods card issued to him as a member of the staff of the factory or establishment and also of the use of the lodgings which allowed to him in the houses belonging to the factory or establishment."

Planner and worker had reached opposite sides of the production perspective. As if stage directed, the Soviet theoretician-politicians followed the footsteps of classical political economy whose theory, Marx stated, was to

"Accumulate, accumulate! That is Moses and the prophets!...Accumulation for accumulation's sake, production for production's sake; by this formula classical economy expressed the historical mission of the bourgeoisie and did not for a single instant deceive itself over the birth-throes of wealth."

Neither did Stalin deceive himself. He was more ruthless because we live in the age of state capitalism. While the basic problem everywhere in the world now is labor productivity -- how to get workers to work more -- nowhere is it more so than in a totalitarian state. Which is why it is totalitarian.

"Socialist Accumulation" or -- "Upon what meat hath this our Caesar fed

That he has grown so great?"

--Shakespeare, Julius Caesar

In tracing the history of primitive accumulation, Marx concluded that "The only part of the so-called national wealth that actually enters into the collective possessions of modern peoples is their national debt." Never was this truer than in the case of Russia where the whole cost of industrialization and militarization has been borne by the people through that ingenious scheme known as the "turnover tax." The manner of raising the State Treasury to pay for The Plan appeared in an innocent enough guise. On December 5, 1929, the Central Committee of the RCP passed the following resolution: "To instruct the Peoples Commissariat of Finance and Supreme Council of National Economy to draw up a system of taxation and government on the principle of a single tax on profits."

The "single tax on profits" turned out to have two sections; 1) a tax on profits which comprised nine to 12 per cent of the State budget, and (a) a turnover tax which comprised 60 to 20 per cent of the budget. It is the latter tax which is crucial for it suffices to finance all industrialization and militarization. Contrary to the usual sales tax, which is a fixed percentage of the base price of the commodity, the turnover tax is a fixed percentage of the total sales value of merchandise, including the amount of tax. In plain language, this means that whereas a 90 per cent sales tax raises the price of merchandise 90 percent, a 90 per cent turnover tax increases the sales price tenfold.

The turnover tax is unevenly applied, going lightest on heavy industry and heaviest on bread and agricultural produce. To get the full significance of the turnover tax, let us consider how it affects that single commodity which is the staff of life for a Russian worker -- bread. The proletarian, in paying a ruble for his kilo of black bread, pays 25 kopeks for the actual cost of the bread -- including production, distribution transportation and delivery -- the remaining 75 kopeks of that ruble goes to the State as turnover tax. This is the meat of what they call "socialist accumulation." There was such chaos in the city and in the country -- the prices skyrocketed so -- that the worker was faced with actual starvation. To assure the manual laborers getting at least sufficient to be able to work at all, rationing was introduced.

The division point between planners and workers was coming to a breaking point. Stalin, as usual, didn't flinch from taking the most extreme steps away from the workers. Far from stopping the unwearable tempo of industrialization that was the

result of the slogan of the Five Year Plan in Four, he now declared an increased tempo in creating a new "industrial and technical intelligentsia" to help bear down upon the worker,. He may not have been very brilliant but he was very specific and tirelessly repetitious on what these "New Conditions, New Tasks" were:

1) It was necessary "to end depersonalization" by displaying "the maximum care for the specialists, engineers and technicians."

2) It was necessary to be done with the foolishness of "equalitarianism." "Better pay for better work."

3) It was necessary to stop the "instability of labor in industry"; A greater differentiation must be made between sk skilled and unskilled and "wages must be organized in a new way."

4) Business accounting must be introduced and an increase in accumulation and a lowering of production costs achieved.

"Such," continued Stalin, in his address to the conference of industrial managers on June 23, 1931, "are the new conditions of the development of industry, demanding new methods of work and methods of leadership in our economic construction."

Although this was being done with great deliberation and consciousness, let no one assign omnipotence to Stalin. There is no doubt that he was making a conscious effort to create "leaders," "managers," "organizers" -- in a word, bosses. As a matter of fact, it was not going to work quite as he had envisioned it for four more years when he is finally able to create an aristocracy of labor through piece-work and the creation of Stakhanovism. What was true was that he was becoming conscious of his "mission" and his iron will was the manifestation

of the objective drive of the industrial development.

The First Five Year Plan ended with actual famine conditions on the countryside where Stalin was busy "liquidating the kulak as a class"; a mass of such rebellious workers that the labor turnover in 1932 was 152 per cent; the beginnings of a new class called "the industrial and technical intelligentsia." While we can easily dismiss the fantastic claims of accomplishments of industrialization (see statistical abstract at end of chapter), while more unplanned-for things happened than those which were planned, the one thing that is certain beyond the peradventure of a doubt was the direction in which the economy was developing, the economic structure that was evolving out of its law of motion was the same one that was so profoundly summarized by Marx when he divided up the whole national economy into two, and only two, major departments of production -- means of production and means of consumption. With this abstraction, he was enabled to show that the law of crisis of capitalism was that it was constantly developing machines at the expense of workers. There was a continuous preponderance of means of production over means of consumption. What Marx showed as abstract theory of capitalist development & turned out to be the exact direction of the whole Russian economy. The Planners proudly paraded the relationship achieved between these two departments during the First Five Year Plan:

	<u>1928</u>	<u>1932</u>
Means of production	44.8	52.3
Means of consumption	55.7	46.7

On the horizon is the social physiognomy of the new ruling class which Rakovsky, back in 1930, had called "the singular class

resting on the singular form of private property, state power."

Its specific contribution to capitalist production in general:

Forced labor camps, the product of the Second Five Year Plan.

B. THE SECOND FIVE YEAR PLAN: The One-Party State Takes Full Totalitarian Share and Completes the Counter-Revolution

"Assume a certain mode of production...."  
--K. Marx

Forced Labor Camps

Where, before, we were tracing the direction of the Russian economy along the traditional line of any capitalism, what greets us in the Second Five Year Plan is new. That Her-  
rific concomitant of state capitalism -- forced labor camps -- makes its first appearance in a modern industrial society in 1933. In June of that year, the Commissariat of Labor was abolished and the trade unions were incorporated as part of the State machinery. Five weeks later, on August 1, 1933, under the euphemistic title of the "Labor Corrective Code, we find listed, as "places of detention": "Corrective colonies, factory colonies, agricultural colonies, colonies of mass work and penalty colonies." The purpose? "Factory colonies are organized for the purpose of inculcating labor habits." By July 10, 1934, NKVD is created to take the place of OGPU, with the additional duty of forming "Department of Correctional and Labor Camps and Labor Settlement." On October 27, 1934, it is supplemented by a Resolution of the Central Executive Committee and Council of Peoples Commissars, as follows: "All Correction institutions (prisons, isolators, correction colonies and the bureaus of correction work without deprivation of freedom) which are at present managed by the Peoples'

Commissariat of Justice of each constituent Republic, are to be transformed to the competence of the Peoples' Commissariat for Internal Affairs and its local organs."

The "Commissariat of Justice" is nothing other than the GPU which has been transformed into the Commissariat for Internal Affairs (NKVD) so that from now on, party purges, arrests exile and work for the Plan are all "coordinated."

The image of the One-Party State Ruling Class is looming inside every factory and hamlet and school. Minors get no leniency. Death penalty is introduced for "minors from 12 years of age."

#### Stakhanovist Speed Demons

The first year of the Second Five Year Plan had begun with the ordering of a party purge which was to last no less than two years and completely transformed what was left of the Bolshevik Party. This was April 28, 1933. The trade unions, as we saw, were the first to be abolished. They were blamed for the resistance of the workers to the norms set by the Plan. "Production atmosphere" -- that abstraction created by Trotsky in 1920 -- became a Stalinist reality with the incorporation of the trade unions into the State. The workers continued to fight the "norms" through the technique of slowdowns.

§ However, the famine on the countryside, the terrible privations of the people, sent millions of peasants to the city. A considerable army of "surplus labor" was created. On the one hand, internal passports to stop the flow of peasants to the city, are introduced. On the other hand, Industry, ~~is~~ the organ of the Commissariat of Heavy Industry, in its issue of March 16, 1933,

informs managers that they now have "a trump card: there are more workers in the shops than is necessary according to plans." (Emphasis in original.) The advice isn't lost upon them and the struggle between management and workers intensifies.

Stalin's slogan of 1931 -- "Ending Depersonalization" or "Better Pay for Better Work" -- had lain dormant because it could not gain momentum until there had been a piece-work system (which Marx had declared to be best suited for the capitalist mode of production). But, according to Stalin, such a system came to them as "a gift from heaven." V. Mezhlauk (the then chairman of the State Planning Commission) thus explained the "gift from heaven":

"A plain miner, the Donets Basin hewer, Alexei Stakhanov, in response to Stalin's speech of May 4, 1935, the keynote of which was the care of the human being and which marked a new stage of development of the USSR, produced a new system of labor organization for the extraction of coal. The very first day his method was applied, he cut 102 tons of coal in one shift of six hours instead of the established rate of seven tons."

In the four months that elapsed between the speech of Stalin, on May 4th, and the achievement of Stakhanov, on August 31st, the State did not miss a single publicity trick in setting up this "miracle." The press, photographers, the wires of the world, all immediately heard of the "gift from heaven." What they did not hear about, was the hothouse conditions that were created for Stakhanov to become a speed demon: 1) the fact that he and subsequent Stakhanovites get the finest tools and spoil them at the fastest pace without the necessity of paying for them while the average production worker must pay for goods he damages; the brigade of helpers who do all the detail work but get no Stakhanovite recognition either in fame or money; and, above everything 3) that those record-breakers for a day, do

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not repeat their records but retire behind swivel chairs while the mass of workers are now told that the "miracle" must be the "norm."

Armed with Stakhanovism, the State was able to revive the 1931 slogan -- "to train the recalcitrant factory hands," as the capitalist philosopher of the factory, Ure, put it in the day of the Industrial Revolution. Piece-work was made the prevailing system of work.

In the early workers' state, the range of pay was one to three; now it became one to twenty!

"Ending depersonalization" and creating this extreme differentiation in pay would, however, mean nothing if rationing was still in effect and the Stakhanovites could buy nothing with their money. Thereupon, rationing was ended and the production of luxury goods extended:

	<u>1932</u>	<u>1936</u>
Watches	65,000	558,000
Gramophones	58,000	337,000
Cameras	30,000	557,000
Silk (million meters)	21.5	512,000

In contrast to the 2,400 per cent increase in the production of silk, there was a mere 44 per cent increase in the production of cotton goods -- and the average worker continued to eat black bread and have his kipyatok (hot water). Under the given base, and with the given aim, it was impossible simultaneously to extend production of the means of production and the production of means of consumption. One or the other had to be sacrificed. The course of development of the state-owned means of production, the constant necessity to expand in order to catch up with and outdistance the capitalist lands," the high organic composition of capital in the advanced capitalist world which imposed the

same technical composition of the economy upon Russia, all these demanded sacrifice in the sphere of producing articles for mass consumption. Distribution of articles of mass consumption had to be brought into conformity with the reality of the stage of production. It was not a question, as Trotsky thought, of "bourgeois norms of distribution." It was a matter of the bourgeois method of production.

#### The Classless Intellegentsia

The mid-thirties saw the emergence of a "new type of Soviet man" -- the type of executive-administrator familiar enough in the capitalist world under the designation of "The Man in the Gray Flannel Suit." He made clear, by his everyday behavior, how different he was from the workers. As if giving bodily form to what Marx calls "the strictly regulating authority of the social mechanism of the labor process graduated into a complete hierarchy, this member of the "intelligentsia" (read: boss), acted the part as if made for him. The hierarchic structure of the labor process, the Plan and norms to be fulfilled by others, ~~THREX~~ the great mass of the population. The men to administer the goals were engineers and administrators, who bore as much resemblance to the men who led the revolution as Napoleon did to the "sans coulottes." They were mass-produced by the State to act the part. By 1937, Molotov boasted that there were 1,751,000 "leading positions" in the Soviet Union and "250,000 engineers and architects without personal responsibility for enterprises or projects." Two years later, when he will supply us with figures that reveal the physiognomy of the new ruling class\*, we will learn that the top echelons comprise only 2.5 per cent of the whole population. Meanwhile,

the "classless intelligentsia" has to be given legitimacy and we move into the great hullabaloo about the "Stalin Constitution" which, in 1936, will replace the old Constitution. Here is how the early Constitution bore witness to the transitional character of the dictatorship of the proletariat:

"The principal object of the constitution of the RSFSR, which is adapted to the present transition period, consists in the establishment of the dictatorship of the urban and rural proletariat and the poorest peasantry in the form of the strong All-Russian power with the aim of securing the complete suppression of the bourgeoisie, the abolition of exploitation of man by man, and the establishment of socialism under which there shall be neither class division nor state authority."

The new Stalin Constitution, on the other hand, while claiming that "socialism was irrevocably established, yet strengthened the State authority in the form of complete totalitarianism, establishing piece-work as the reigning system ("From each according to his abilities, to each according to his work"), and decreasing the protection of state and personal property from "thieves and misappropriators." Far from withering away of this State, this octopus will first now gorge itself on what is left of the revolution and the workers who dared to resist it. The Moscow Trials will liquidate, literally liquidate, the general staff who led the revolution.

The ruling bureaucracy let loose with a series of macabre trials, the like of which had not been seen since the Spanish Inquisition and the hung for witches, with all the added terrorism, violence and shamelessness that only a totalitarian state can produce. First the Zinoviev-Kamenev Trial; then the Bukharin-Piatkov Trial; then the trial, on camera, of Tukhachevsky; and, finally, the trial of the Yagoda who staged the first set of trials. The fantastic confessions and debasement of the

"General Staff of the Revolution" who had long since capitulated and re-capitulated and been isolated and imprisoned and were without stature and dignity, all added up to the extermination of the memory of revolution in some men, and helped complete the rewriting of history. But it was not for "history" that it was staged. The full totalitarian State had taken shape, was throwing its weight around, needed that bloodletting to install firmly the new class created by the "new" method of production. Now was the greatest frameup in history limited to the men who led the revolution. Quite the contrary. Its full fury is unloosed against the workers. The mass graves discovered at the end of the war bear terrifying witness to that. The millions who filled the concentration camps show that the Moscow Trials did not change the workers' attitudes to the totalitarian State.

The Moscow Trials were the culminating point to the counter-revolution that we saw developing early in the changed relations of production. A hangman's noose, rather than a full army, sufficed because only one of the parties to this conflict was armed. Whatever had been left of the October Revolution was exterminated and the proletarian state overthrown, not so much by the execution of the Old Bolsheviks (although that is always a manifestation of counter-revolution) but by clearing a place in the process of production for the new class. That place could have been cleared for the "classless intelligentsia" only where there existed such a full-blown class\*, only where the method of production itself called it forth.

\* The headings of the following groupings are mine, but the categories are from official statistics -- Central Administration of National Economy, 1939. This is the class division in a population of 169,519,127:

ftn. continued

Aristocracy of Labor (thousands)

	Heads of tractor brigades	97.5
	Heads of field brigades	549.6
	Heads of livestock brigades	102.1
Tractor drivers		
Combine operators		
Skilled laborers in industry including; metal workers, lathe operators, welders and molders		5,374.4
Total		<u>7,059.0</u>

"Employees" (thousands)

Economists and statisticians	822
Legal personnel (judges, attorneys)	46
Engineers, architects (excluding those acting as directors)	250
Doctors and middle medical personnel	762
Middle technical personnel	836
Agro-technical personnel	96
Teachers	1,207
Cultural and Technical workers (journalists, librarians, club directors)	46
Bookkeepers, accountants, etc.	1,769
Total	<u>6,451</u>

"The Advanced Intelligentsia"

Factory directors and managers, kolkhos and sovkhos and MTS presidents	1,751
Agronomists	80
Scientific workers (including supervisors, professors,)	93
Others (including the army intelligentsia)	1,550
Total	<u>3,474</u>

We thus get a total of 16.9 million, or only 10.02 per cent of the total population, who are considered a part of the "classless intelligentsia" in the broadest sense of the word. The "most advanced" of the intelligentsia, "the genuine creators of a new life," as Molotov called them -- those, that is, who are the real bosses over the economy -- constitute a mere 3.4 million or 2.05 per cent of the total population. The remaining eight per cent share in the surplus value and sing the praises of the rulers, but it is clear that they leave to the latter the running of the economy and the State, setting policy and making Plans, and seeing that the norms are executed by "others." Without marking this "advanced" section, "Exploiters," the social physiognomy of the ruling class is clear enough even under the euphemistic title of "the intelligentsia."

The production relations established by the Revolution had long become incompatible with this new method of production. That is why the blood-bath which came at the end of the Second Five Year Plan. The Russian worker knows that the production relations of state property demands his sweat and degradation. He knows that the job of a factory director is not, as the Russians so euphemistically put it, merely ~~firm~~ "functional." The factory director behaves like a boss because he is a boss. The state bears as much resemblance to a workers state as the president of the United States Steel Corporation does to a steel worker just because they are both "employees" of the same corporation.

The counter-revolution of 1935-1937 was the culmination of what began with the introduction of the Plan. It's the Plan which brought worker and manager into immediate conflict. The liquidation of the trade unions into the State apparatus was the symbol of the unbridgeable gulf between Planner and worker. Stakhanovites, engineers, administrators in production, joined those in the State to form the bulwark of the new ruling class which was given juridical status, that is, legitimacy, in the Soviet Constitution of 1936. The experience of Stalinist Russia since 1936, has exploded the idea that planning by any other class than the proletariat can ever reverse the law of motion of capitalist society.

C. The Third Five Year Plan and Summation of All the Plans at  
Outbreak of War.

That Russia had achieved great industrial growth is beyond question, although the claims made by the Russians are very questionable indeed. That is very obvious when it comes to the Gebacie on the agricultural front in 1932 which we find listed, nevertheless, as "93.7 per cent fulfilled." You see the drastic slaughter of livestock (greater than the decrease due to the war, revolution, civil war and famine, 1914-1920) was not taken into account since it certainly didn't figure as part of "the Plan"! There were always more unplanned things occurring than planned ones and by taking the "average" of a basic industry which overshoot it mark "103 per cent" and "adding" to an uncompleted house, which could not be lived in at all, it was easy to come out with all sorts of "accomplishments," What was not obvious -- indeed criticism of the Russian method of measuring industrial growth was not even widely believed before World War II when Russia alone seemed to be growing while the rest of the world was unable to get out of the throes of the long depression. The analysis I had originally made of the operation of the Russian state capitalist economy under the Planse, <sup>was</sup> about the sole one and very much disregarded, by academic economists, Marxists and politicians alike.

The Russian economists referred to the purported 650 per cent achievements of Soviet industrialization

That the tremendous industrial development and the lagging behind in consumption goods have not brought Russia out of its backwardness when judged by per capita production is seen clearly enough once the Russian bureaucracy, for its own purposes, began a campaign against the low labor productivity. Relative to the rest of the advanced capitalist world, including Japan, here are the figures cited by Molotov:

Per Capita World Production in 1937

	<u>Unit</u>	<u>USSR</u>	<u>USA</u>	<u>Germany</u>	<u>Japan</u>
Electricity	kwt. hr	215	1160	735	421
Coal	kilo	757	3429	3313	643
Pig Iron	"	86	292	234	30
Steel	"	105	397	291	62
Cement	"	32	156	173	60
Soap	"	3	12	7	--
Sugar	"	14	12	29	17
Cottons	Sq. Meter	16	58	--	39
Leather ftwr.	Pair	16	2.6	1.1	--
Paper	Kilo	5	48	42	8

In presenting the Third Five Year Plan, therefore, Molotov made per capita production the key word: "People here and there forgot that economically, that is, from the point of view of the volume of industrial output per capita of the population, we are still behind some capitalist countries....Socialism has been built in the USSR but only in the main. We have still a very great deal to do before the USSR is properly supplied with all that is necessary...before we raise our country economically as well as technically to the level not only as high as that of the foremost capitalist countries but considerably higher."

Thus, the slogan of the First Five Year Plan "to catch up with and outdistance the capitalist lands" and which held for the Second, still remained for the Third Plan. Again, the

unpardonable sin was the workers' attitude to work. Molotov knows better than anyone that to accomplish what they did do in the First Plan, they were forced to use 22.8 million workers where the Plan called only for 15.7 million and, he knows above all, that the low labor productivity of the Russian worker is not a sign of his backwardness but a sign of revolt against the conditions of production.

Griggs, Russian Brand

The new name for it is purge.\*

\* This is what an experienced American production worker told me when I discussed Russian purges with him:

"Purges are not just a Russian thing. They take place in America too. Purges are nothing new in American industry. They happen all the time. That is the character of American mass production. The biggest purge that took place in American industry was when Henry Ford II took over. He wiped out from the top down, from the very lowest to the very highest. These guys had run production to the ground. He saw that the only way to put production on its feet was to purge.

"Two examples: 1) They introduced a new model on a truck job. They had a hard time getting production organized. Trucks weren't coming off the line either in quantity or quality so they began to purge the lower level of foremen. No improvement. So they clipped the top guy. Two more followed him. Finally they got the line rolling.

"2) On a tractor job, they introduced a new model and couldn't get quantity or quality. Began to eliminate foremen on lower level. No results. They wiped out top guy, replaced him with a guy and wiped this one out. Finally they got one.

"But everybody knows, from top to bottom, that these purges don't do it. Finally after many months of hit and miss, it gets going. But the purges take place anyway.

"When I look at Russia I see one big factory. Politics and production are so close in society today that any crisis in production is immediately reflected in a higher level. What I see in Russia is one crisis after another in production and with the crises follow purges.

"Everybody tends to view these purges as struggle within the bureaucracy for power. That is part of it but that is incidental. The way I see it, is not merely a problem in production. It is a problem with the working class. They obviously have a full scale revolt developing in Russia. Today, the workers in Russia constitute the majority of the population. The state wasn't dealing with the working class as such, but only in production. But now it is the class as a political force. The character of the revolt is altogether different now. You can defeat anything once you can isolate it.

Your problem arises when you can't isolate what you want to defeat. I think that is the relationship that exists now between the Russian party and the working class."

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Purges are not due to a state of mind but to a state of production. They have never ceased in Russia and will never cease under that regime because the crises never cease. And the crises never cease because the revolt of the working-class is continuous.

The party bureaucracy, armed with full State power, began to wreak their vengeance in a new set of anti-labor "labor legislation" ever recorded in the history of modern times.

The 1940 laws forbid a worker to leave his job. Any infraction of factory discipline, such as coming 15 minutes late, is made punishable by six months at "corrective labor," that is labor in the factory at 25 per cent reduction in pay. If this law is violated, then he is to be sent to forced labor camps in the wilds of Siberia.

From labor, the totalitarian bureaucracy moved over to take their vengeance on the youth. Teen-agers were taken out of school and given from six months to two years "free vocational training," at the end of which they were to work where the State directed, for two and up to four years at "the prevailing rate of pay."

On December 26, 1940, Pravda reported that in the coal mines, especially, truancies were greater in the first six months of the operation of the law than in the previous period. At the 1941 Party Conference, held just a few months before the Nazi attack and after the European war had already been going on for nearly two years, the report stated that workers "were constantly

absenteesing themselves, particularly after pay day," and that fully a third do not accomplish their "norms."

The truth is, this Draconian anti-labor legislation records the terror of the ruling bureaucracy in the face of the revolt of the workers which has been going on for two solid decades since the inauguration of the First Five Year Plan and which performs such miracles of ingenuity and endurance in resisting the totalitarian stranglehold over production.

The millions in forced labor camps are the true measure of the never-ending resistance of the Russian workers to the Russian rulers in the State and in the factory. Had the revolt not been so persistent, the terror would not have been so violent. Nobody wants to put millions of people into concentration camps.

#### D. The War and the Assault on Marx's CAPITAL

In 1939, Hitler, with his own Three Year Plans, "and to unemployment," gas chambers and concentration camps, poised ready to centralise all of European capital, got the go-sign from Stalin and the Nazi-Soviet Pact to launch the war against Poland and carve it up between the two dictators. But by 1941, the dictators fell out -- Stalin's full imperialist ambitions are not met until he joins with the Allies and gets what he couldn't get from Hitler: Eastern Europe -- and on June, Nazi Germany launches an attack against Russia. So deep are the antagonisms within Russia that Hitler marches up to Stalingrad before the Russian people chose to stand up to the attack and turn the invaders rather than suffer also foreign rule.

But the Russian Planners do not change at all, nor do they stop at taking away the workers' seven-hour day and make eight hours the regular and "overtime" obligatory. In fact, the slogan is,

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"No distinction between the front and the rear," and martial law exists. The insatiable hunger for "production and more production" loses all bounds right in the midst of war when the bureaucracy discovered the conveyor belt system. 1943 is referred to officially as "the year of the conveyor belt system." The assembly line technique was used to transform the individual break-neck competition of Stakhanovism by "socialist emulation," that is, factory-to-factory competition. It seemed to embolden them also to lay their brutal hands on Marx's CAPITAL.

Heretofore, all the theoretical revisions had been political. They had stopped being concerned with theory with the abolition, in 1936, of the Communist Academy and the many archives of Marx were lying unpublished in the Marx-Engels Institute as they had lain unpublished in the Archives of the Second International.\*

\* In 1941 they suddenly published the Grundrisse, but only in its original German, not in Russian. The press, however, continues to publish the true Theories of Surplus Value as against the garbled version of Kautsky, but that promise of over a decade has yet to be fulfilled. The latest revelation that the Early Essays are still unpublished in full, comes in Voprosy Filosofii, No. 3, 1955, but again, no date when it will be published.

But any works that had been published were untouched and, when taught, followed the sequence of the original works. It seems, however, that during the war, the teaching of political economy had been stopped altogether. No Russian worker could see the difference between his "socialist labor" and that which was described by Marx as capitalistic labor and the questions asked by students were unanswerable. So, in the year that they discovered the conveyor-belt system, they were emboldened to lay their hands on CAPITAL and to demand that the dialectical structure be not followed.\*\*

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\*\* Pod Mnaniemenn Marxizma, No. 7-8/43. English translation under "Teaching of Economics in the Soviet Union," American Economic

Review, No. 3, September, 1944.

Nevertheless, the theoretical change of front is the least important aspect of the startling reversal in theory which, as theory would have had significance for Marxists only. Take the proposal that the teaching of Marxian economics should no longer "pedantically" follow the pattern of CAPITAL, should not begin with Chapter I which includes the famous section on the "Fetishism of Commodities." It is true that does violence to Marx; what is even truer is that apparently all it solves of their problems is, in actuality, none.

The fetishism of commodities is the mystery with which social relations of production are clothed in bourgeois society. In Russia, where the society is completely state capitalist, the bourgeois fetishism of commodities seems to be overcome and, in a sense, it is. The Russian bureaucrats are not affected by problems of the market nor confused by ideas of equal exchange as are the bourgeois economists. But another aspect of fetishism, the critical one that Marx uncovered, was the perversity of relations between machine and man, where dead labor dominates over living labor. That is why Marx is so insistent in saying that the form of the commodity is fantastic, not because it correctly reflects the real relations at the point of production, where machine employs man, not man machine. This real fetishism not only has not been overcome in Russia; the Plan has perfected it and become a prisoner of it.

They have substituted for the fetishism of commodities the fetishism of the Plan. But their Plan turns out to be no more than

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a disguise for the actual relations of production in the factory. They are no more able to overcome this fetishism than are the bourgeois economists. In other words, far from the Plan bringing light into the relations of production in the factory and particularly the domination of the worker by machinery, the State Planners in getting rid of the domination of the commodities as such, in the Plan express, to a total degree the domination of the workers by the machine. The Plan in reality is nothing else but the organization of the proletariat under the domination of the machine to produce.

Never before has so gigantic a State mobilized itself with such murderous vigilance to keep the proletariat at work while the leaders plan. This is of the essence. This is the most deadly, the most insidious, the most dangerous enemy because it springs from the proletariat and cloaks itself in Marxist terminology.

Heretofore, everyone, friend and foe, Marxist and non-Marxist alike, had agreed that Marx's law of value was the characteristic mark of capitalist society. For that very reason Russian theoreticians, up till the publication of this article, claimed that the law of value did not operate in their country which they declared to be "the land of socialism." Now they found themselves in the dilemma of refusing to depart from the claim that Russia was "socialist," and suddenly admitting that the law of value does operate in Russia. For a Marxist that would be an impossible situation. For a Russian Communist, however, it was a savior for Russian theory finally squared with Russian reality. As I wrote in my commentary then: "The ideas and methodology of the article are not accidental. They are the

ideas and methodology of an "intelligentsia" concerned with the acquisition of "surplus products." What is important is that this departure from "past teaching of political economy" actually mirrors economic reality. The Soviet Union has entered the period of 'applied economics.' Instead of theory, the article presents an administrative formula for minimum costs and maximum production. It is the constitution of Russia's post-war economy."

The purpose of the article was practical, not theoretical. The main aim was two-fold: 1) It served notice to its own workers that nothing will be changed at the end of the war, that they will have to continue to produce more and more. The teaching of CAPITAL ~~MEMBERS~~ would be revised; the practice in the Russian factories would undergo no change. 2) At the same time, it served notice also to its Allies that it is "as advanced" as they are and it means to challenge them for world domination.

Postscript

not Germans, Italians and Russians only -- they abound in America too. Of all the totalitarians, Stalin is the most authentic state capitalist personality and is to him we now turn.

## CHAPTER II: PORTRAIT OF A TOTALITARIAN

### Why Did Stalin Behave As He Did?

Stalin had once been a revolutionary, a Bolshevik, which meant an uncompromising fighter for the overthrow of Tsarism. There was a time when Bolshevism was a doctrine of liberation. Today everyone knows Russian Communism as the greatest barbarism on earth. Stalin is the name which symbolizes this.

It was this one-time revolutionary who initiated and carried through with unmatched brutality the greatest counter-revolution in all history. But Stalin is only the Russian name for a phenomenon that is world-wide. Two

Two questions stand out: 1) Why does any individual behave like that: what objective movement in the economy, what class impulses necessitate such brutality? 2) What specific characteristics in a man enable him to become the receptacle for and the executor of class impulses from an alien class, the very one he either challenged or actually helped overthrow?

The leaders who led the Russian Revolution were revolutionaries who, when the energies of million-headed masses smashed the old and created the new, could and did make great contributions to the greatest single fact of world history: The creation of the workers' state.

However, when the Russian working-class was itself in a crisis, these intellectuals, as individuals, did not stack up very

high. At a critical juncture in world history, their will reflected the movement of the working class. But, as Lenin pointed out in his Will, "A seriously false turn at that juncture could unloose the disintegrative forces at work in a dual worker-peasant state which is surrounded by world capitalism, from which it cannot full free itself without the help of the advanced European working-class."

As Lenin lay dying, the German Revolution failed, and in Russia's exhaustion, Stalin flowered.

#### A Bureaucratic Attitude to the Masses

Stalin's outstanding trait was a bureaucratic attitude to the masses. He claimed to be a leader of the workers, but to him it meant to make the workers do as the leader wanted and told them to do. He spoke of the party as "the vanguard of the proletariat," but to him this meant that just as the leaders of the party were to tell the ranks what to do, so the party was to order the masses about. That was true even when he was a revolutionary fighting in the underground. Once the Communist Party got into power, his passion for bossing came out in full bloom. It showed itself clearest of all in his attitude to the many nationalities which constituted the Soviet Union.

In overthrowing the Tsarist monarchy, the Russian workers had fought not only to overthrow the capitalists and the landlords, but to overthrow as well the Great Russian overlordship of the many nationalities in Russia.

One of their first acts upon getting into power was to grant freedom to all the different nationalities that lived in Russia. But Stalin, though himself a Georgian, ran roughshod over the aspirations of his native Georgia, displaying a chauvinism,

a national arrogance, that was as rabid as that of any Tsarist official.

"Scratch A Bolshevik"

Lenin drew back in horror. "Scratch a Bolshevik," he wrote, "and you will find a Great Russian chauvinist." It remains the most precise commentary of the totalitarian personality-in-the-making.

Lenin's last appeal to Trotsky\*

\* Trotsky often spoke of this I know, but neither in 1923 nor when he formed the Left Opposition and was expelled had he revealed the full text. This is from the Archives at Harvard College (?) Library and are quoted in The Formation of the Soviet Union, Communism and Nationalism, 1917-1923, by Richard Pipes (publisher?)

reads: "I am declaring war on Great Russian chauvinism." His last theoretical contribution on the National Question\* (?) continued: "It is said we needed a single apparatus. From where come such assertions? Is it not from the same Russian apparatus, which, as I have pointed out in one of the previous numbers of my diary, was borrowed from Tsarism and only barely anointed with the Soviet chrism??"

Stalin Begins His Struggle for Power and Wins

When Stalin began his struggle for power, as Lenin lay dying, he moved quite empirically. The road to power seemed obvious: it was to get the Party which was the State which was the Economy. To get the Party which was in power meant to get its functionaries, those people who had displayed a "passion for bossing," whom Lenin had fought. Those, Stalin embraced. He knew them and knew how to talk to them. Where Lenin appealed to the non-party masses to help him expose the vain Communist k  
bureaucrat, Stalin was later to appeal to the non-party careerists

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to flood the Party and help defeat Trotsky. It wasn't, as Trotsky thought, because the new members didn't know the issues in dispute. It was that they chose what Stalin represented.

No one, however, at that time conceived Stalin as a class enemy. Not even Lenin, who had asked for his removal from the post of General Secretary. Although Stalin was crafty enough, there is no point to assigning omniscience to him either. He didn't know what strong objective forces were pulling at him. He didn't have a theory about that. He shied away from fundamental theoretical questions. That does not mean that theory didn't matter to him, but as yet he didn't know what theory he would espouse. He was nowhere the mediocrity Trotsky made him out to be -- he was capable enough when he wanted to win that way. It was he who made Trotsky argue on his ground, his fantastic notion of "socialism in one country." It was he who made Trotsky's "permanent revolution" appear as an immediate, adventuristic schema that was out of all bounds for exhausted Russia in the 1920's. He wasn't playing intellectual games; he was playing for power. He maneuvered with one faction, then with another, played the modest man who didn't hunger for Lenin's mantle as did Trotsky -- until he won both over the Left and Right Oppositions and became undisputed leader of the Party.

The first problem that confronted him when he won the victory of Party power was that the kulak refused to turn grain over to the Soviet State. That decided the sudden zigzag for the abolition of "the kulak as a class," just as the resulting chaos made him turn backwards with his "Dizzy With Success" speech. There wasn't a zigzag, however, that didn't rhyme with the strong

pull of an objective force, a world force.

Once the Russian people "to a man" did not run the economy and the state. Once the German Revolution, too, was defeated. Once world capitalism regained its breath and the vortex of the world market had full sway, the logic of the Russian development was startling, unforeseen, but inevitable for the revolution then finds the really serious counter-revolution inside itself. Stalin was the perfect representative of that counter-revolution, not so much because his "personality" so well suited the task, but above all because he did come from the revolutionary party, did have command of the Marxist "language" for so corrupt and outlived is capitalism, it cannot hope to win except by pretending to be other than it is. Hitler too, knew to call his fascism National Socialism. Stalin was by far his superior because his functionaries came from the working class.

In Stalin's zigzag and lack of theoretical acumen was the straight line of the newly-emergent state-capitalism. It now had a personality, a totalitarian personality, armed now with a theory of totalitarianism.

Nor was the liquidation of the kulak as a class as fantastic as it sounded and as ludicrous as Trotsky made it appear. You certainly cannot "liquidate a class by fiat." A class is such by virtue of its role in production and production would have to be entirely differently motivated to overcome a class and that is certainly not a job to be done in a day or a year. But, objectively, this is not what Stalin meant. Objectively, the kulak couldn't stand up to the combined might of State and industry. That was true even under "ordinary capitalism" -- agriculture lost

to industry in the long run. Stalin saw to it that it was done in hothouse fashion. Ruthlessness and forced collectivization became an extraordinary State power. He first now became conscious of representing a new force -- State power, the State Plan, the State economy, the State Party. There was going to be no "withering away" there; his rule was absolute and so was theory, the ideology (?)

In 1931, Stalin's slogan for "Ending Depersonalization" got nowhere, but by 1934, when there was sufficient means of production built up, and insufficient means of consumption to go around, there were enough opportunists to create a "mass" base for the ruling bureaucracy. Again, the creation of Stakhanovism, was done in hothouse fashion, but this time as opposed to the time of the kulak resistance, both forces had but one purpose -- to appropriate the wealth created by the workers. It was then that Stalin moved to legitimize the new class called the "classless intelligentsia." The new Stalin Constitution had no further need for ghosts from the past and it was then that he planned the macabre Moscow Trials to kill off at one and the same what was left of the "General Staff of the Revolution" and the workers who resisted the norms set by the Plan.

Stalin After the WAR: Reaching for World Domination

Stalin acted that way to the Russian people. He acted that way to Hitler. He, Stalin, set the conditions for the Nazi-Soviet pact and the carving up of Poland was one, only one, of the territories he wanted. What he didn't get from Hitler -- Eastern Europe -- he got from the Allies. And now that the war was over, and he was victor over his immediate enemy, he wanted to move straightway toward world conquest, especially if he could get others -- Chinese and South Koreans -- to do the fighting.

Economists like Varga were saying that if Plan means no general crisis, then there will be also be no general crisis in the private capitalist world. Plan is no longer a monopoly of "socialism" (read: state capitalism) the war showed the Allies planned and mean to continue and not let a depression follow this war. That was dangerous "cosmopolitanism" that had to be fought -- not in Varga who had no power and could easily be made to sing another song. What began to concern him was that those closest to him, the Politburo members, were "deviating." The first to go was Voznessensky who had innocently revealed the state of the Russian economy which had not been open to the public since the outbreak of war. No one of course dared dispute Stalin and no one knew who would be the next to go.

By 1948, only one was fully with him in the headlong rush to World War III and he -- Zhdanov -- was bumped off without the "Great Leader" knowing. This was the beginning of the end of Stalin's power. By 1950, Yugoslavia defected. Stalin may have read the handwriting on the wall as if it applied to all but him, but he certainly took no chances with his too-eager heirs. While he let Malenkov read the main address at the 19th Congress, he made his greatest bid to remain the theoretician after his death with his 1953 magnum opus, "Economic Problems of Socialism."

The minute Stalin was buried, the bureaucracy ran from his last testament like rats from a sinking ship. So the absolute tyrant who, alive, could command the adulation "Sun of the Himalayas" was forgotten ere a single sundown.

But it was not the battling heirs who are scuttling his name now for whom the death of Stalin symbolized the beginning of the end of totalitarianism. They mean to continue "Communism." Communism, as practised in Russia is a system of the most sweated labor in the modern industrial world, buttressed by a vast complex of spies and counter-spies. The counter-spies are not "foreign agents." They are "Party men" who spy on the NKVD (?) who spy on the party men who and both spy on the people. Where this octopus does not presently disgorge itself in blood baths known as purges of the kind in Stalin's day, it is buttressed nonetheless by forced labor camps as isolated from the world as that vast land can find. It is from there nevertheless that the challenge to totalitarianism came. But first the bell of freedom rang in East Berlin in the heart of Europe.

CHAPTER III: THE BEGINNING OF THE END OF RUSSIAN TOTALITARIANISM:  
DATELINES: June 17, 1953, East Germany; July 1953,  
Vorkuta

The myth that the Russian totalitarian State was invincible was suddenly and strikingly shattered on June 17, 1953, when the workers in the East German satellite took matters into their own hands on the question of speed-up, and moved speedily, confidently, courageously and in an unprecedented manner to undermine the Russian puppet state. Heretofore, absenteeism and slowdowns were the only weapons used against the intolerable conditions in the factories. Beginning with May 18th, however, when the Communist government announced a new increase in work hours, the German workers broke out into open strikes. Trying to stop the strikes the Communist government issued concessions on all points except speed-up. That was June 10th. On Tuesday, June 16th

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Strikes by the workers in the rest of Eastern Europe followed. The Russian bureaucracy slept uneasily, and Beria, who was directly in charge of the stellites, was to feel it most keenly for it was the beginning of his end.

But, above all, it was the regaining of the workers confidence in the struggle for freedom. The East Germans wrote a glorious page in this struggle for they answered in an unmistakable affirmative: Can man achieve freedom out of the totalitarianism of our age?

Even the slave laborers in Vorkuta heard this answer. Whereupon they wrote the second page in that new struggle for freedom.