

# INTERNAL BULLETIN

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STALINIST RUSSIA - A CAPITALIST STATE

By John Fredericks and John Hudson

At the beginning of the war, the SWP, in common with the entire International, set before the workers of the world as the primary task the defense of the Soviet Union. This political slogan was based upon an analysis of the economy and political conditions existing within the Soviet Union to which we attached the description of a "degenerated workers' state".

Even before the defeat of Nazi Germany, the SWP of Great Britain took the position that defense of the Soviet Union had receded to the background in importance due to the victories of the Red

Army", and that the primary task of the workers now was defense of the European Revolution. This position lasted about a year and was then summarily dismissed in a speech made by Comrade Cannon in November, 1945, in which the slogan of defense of the Soviet Union was revived, and the world was informed that the war was not over, but on the contrary we were faced with the prospect of an even greater war, the product of a conspiracy of world capitalism against the Soviet Union. In this war, the workers must again rally to the defense of the Soviet Union, must again struggle against the war plans of Anglo-American diplomacy. In the meantime, first Germany and then Japan had surrendered, the occupation armies of the victorious powers had marched into the conquered countries (and a number of "allied" countries as well) and initiated their various regimes administering the affairs of "friend" and "foe" alike. To the great majority of observers it appeared that the war between Anglo-American imperialism and Axis imperialism was ended. Yet our press carried on a vigorous campaign against the war-makers, not in the sense of a threat of a new war, but with a peculiar insistence that this was the same war, more of the same process. We spoke of the workers of the occupied countries tolerating the presence of the Red Army "only to the extent that it is a friendly proletarian armed force" aiding agrarian reform and nationalization against reaction both native and foreign, without hindering development of a free workers' movement. This even as late as last June, with the full record of the Soviet occupation forces plain to see!

Out of the International Conference came a characterization of the Soviet Union as a profoundly degenerated workers' state. This clearly said only one thing: whatever meaning one might attach to the adverb "profoundly", still it was not sufficient to change the basic assertion of the superiority of the Soviet state and economy over capitalism in the eyes of the workers. The duty of defending that state and economy against any peril from the capitalist world is not changed one iota by this adverb. If a peril did exist, defense would logically become the first order of the day.

Leaving aside for the time any criticism which might be made of the line taken so far, it is only necessary to add the latest embellishments of the line to demonstrate that these changes have gotten us as a party into an untenable position. The F.I. has now raised the slogan of withdrawal of the Soviet occupation troops as well as those of the capitalist countries. Thus we find ourselves in the position of demanding withdrawal of the troops of a workers' state (however degenerated!) from countries which are still capitalistic, and which represent an economy inferior to that of a workers' state. Thus the troops based on collective property forms are called counter-revolutionary in economies of private property! It should not be necessary to enlarge upon the impossible contradiction implied in this position.

Added to the fact that Comrade Wright now reveals in the October 1946 F.I. that the war is at last over, (why, how, or by what means not explained) it becomes evident that our party is obligated to reexamine our recent policy on this most fundamental question of our era, and to arrive at conclusions which fit the facts, instead of forcing us to break our heads against them.

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The Nature of the Soviet State

The last thorough-going analysis of the nature of the Soviet Union, a position which the Fourth International has held ever since, was made by Trotsky in "The U.S.S.R. in War", written in 1939. We must now test our 1939 line to determine if it has withstood the test of time. We must determine whether, (a), the 1939 line still is valid, (b) the alternatives, as pointed out by Trotsky are to replace the 1939 diagnosis, or (c) new conclusions must be based on new unforeseen conditions.

As Trotsky foresaw the possible outcome of the war, he posed for us two alternatives. The first alternative he expressed in the following words,

"If this war provokes, as we firmly believe, a proletarian revolution, it must inevitably lead to the overthrow of the bureaucracy in the U.S.S.R. and the regeneration of Soviet democracy on a far higher economic and cultural basis than in 1918." (Defense of Marxism, p. 9).

Thus he posed two related conditions, proletarian revolution, growing out of the war, and the resultant regeneration of the Soviet Union. Nobody will claim that this has taken place. Yet Trotsky, arguing from an analogy with conditions after the last World War, posed this alternative as the expected result of World War II.

Failure of the confidently expected proletarian revolution and consequent regeneration of the Soviet Union to materialize in itself places before us an inescapable obligation to reexamine the whole question.

Trotsky's second alternative was:

"If, however, it is conceded that the present war will provoke not revolution, but a decline of the proletariat, then there remains another alternative: the further decline of monopoly capitalism its further fusion with the state, and the replacement of democracy wherever it still remained by a totalitarian regime. The inability of the proletariat to take into its hands the leadership of society could actually lead under these conditions to the growth of a new exploiting class from the Bonapartist fascist bureaucracy. This would be, according to all indications, a regime of decline, signaling the collapse of civilization." (In Defense of Marxism, p. 9).

Although this second alternative comes closer to the reality today than the first, it in effect, only paves the way for the concept of the new world social order of bureaucratic collectivism. This statement makes the failure of the workers to make their revolution after World War II equivalent to inability to make it at any time. Trotsky's belief (shared by all of us) that the revolution would occur at that time led him to exclude the possibility that it might not. Events have proved this to have been an error.

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Persistence in this error explains Cannon's reluctance to admit that the war was over, his pathetic groping for a verbal out in place of correcting a faulty analysis as a Marxist should. This error made Trotsky go too far in saying that the failure to consummate a successful revolt necessarily condemned the workers to a counsel of despair -- a prospect of a long-enduring regime of decline and the eclipse of civilization. A contributing cause of this error may have been underestimation of both the extent and effectiveness of Stalinist betrayal, due to insistence on the "workers' state" theory after it had lost its validity. The logical consequence of this whole error is retrogressionism. An attempt to evade the whole problem is bureaucratic collectivism.

These revisionist theories are false and unnecessary, and are only encouraged by the failure of the Marxists to correct the error and put the events of the last six years into their true perspective by honest Marxist analysis. We have said for years that the Soviet Union has been going toward restoration of capitalism under the pressure of the capitalist encirclement. War conditions clearly completed the process, if it was not already complete before the war broke out. Recognition of this fact requires neither that we compromise with the innovations of the revisionists nor indulge in the frantic improvisations and blunderings of those who (like our own party) have as yet refused to face the facts.

Clearly the central point in determining the extent and nature of this error is the estimate of the Soviet Union. Trotsky saw three possible answers to this question: 1) a workers' state, 2) a capitalist state, 3) a new and unforeseen type of world state. The last is the desperate recourse of bureaucratic collectivists and others who must evade the results of Marxist methods. In the main, then, it is a result of trying to revise the whole perspective of world revolution within the confines of the degeneration of the bureaucracy and that with a methodology not of economic laws of development and production relations, but merely of subjective motivations of the bureaucracy in its Russian form and Stalinism as a world factor. It is like rolling the film of history back, and having Stalinism as a full-fledged world order before even it has established itself as a stable regime destined for any greater life than decadent world capitalism in general.

Is the possibility that the Soviet Union has become a capitalist state excluded in the work of our great teachers? It is apparent at a glance that Trotsky did consider such a condition as a possibility. On this question he said, "Theoretically, to be sure, it is possible to conceive a situation in which the bourgeoisie as a whole constitutes itself a stock company which, by means of its state, administers the whole national economy. The economic laws of such a regime would present no mysteries. A single capitalist, as is well known receives in the form of profit, not that part of the surplus value which is directly created by the workers of his own enterprise, but a share of the combined surplus value created throughout the country proportionate to the amount of his own capital." (Revolution Betrayed, p 245).

Marx, too, clearly envisaged such an economy in "Das Kapital", "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 those of one single corporation." (Capital, Vol. I, P 688).

The laws of such a single capitalist corporation are precisely the laws that we see functioning in Stalinist Russia today, with the working class reduced to the position of a degraded proletariat, or a fragment of a man. Furthermore, in "Anti-Duhring" Engels specifically refers to state ownership as the ultimate stage of capitalism.

We must now determine the basis upon which Trotsky last characterized the Soviet Union as a "degenerated workers state" in order to ascertain if these conditions still held good in 1945. He said, "Classes are characterized by their position in the social system of economy, and primarily by their relation to the means of production. In civilized societies, property relations are validated by laws. The nationalization of the land, the means of industrial production, transport and exchange, together with the monopoly of foreign trade, constitute the basis of the Soviet social structure. Through these relations, established by the proletarian revolution, the nature of the Soviet Union as a proletarian state is for us basically defined." (L.T. Revolution Betrayed, p 248) (my emphasis)

To repeat, our analysis is based primarily on the relationship of the bureaucracy to the means of production. For Marxists this is basic. The two features of the former relationships which Trotsky considered the most important were, the nationalization of the means of production and state planning.

To insist that only a decree parcelling out the means of production among the bureaucrats as their private property can mark restoration of capitalism is to retreat to an absurd legalism worthy of a corporation lawyer. Not possession of a title deed, but the right in practice to expropriate labor, is the mark of a capitalist. If the Soviet bureaucrat possesses all the privileges and increments of a capitalist and performs the same functions in relation to the means of production, it is childish word-juggling to deny him the title of capitalist.

"If a ship is declared collective property, but the passengers continue to be divided into first, second and third class, it is clear that, for the third-class passengers, differences in the conditions of life will have infinitely more importance than that juridical change in proprietorship. The first-class passengers, on the other hand, will propound, together with their coffee and cigars, the thought that collective ownership is everything and a comfortable cabin nothing at all. Antagonisms growing out of this may well explode the unstable collective." (Revolution Betrayed p 239)

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Trotsky's further analysis firmly established that the main direction of the growth of Stalinism was in the direction of a restoration of capitalism. No one can deny this. The direction and the path of Stalinist degeneration have been clearly pointed out to us. It remains but for us to follow the line of Trotsky's reasoning to its logical conclusions.

Trotsky assumed that the stranglehold of the bureaucracy upon the means of production was a transitional or a temporary feature in the struggle of the Russian workers for the dictatorship of the proletariat. But he warned of the possibility of this condition becoming permanent. He furthermore drew the necessary conclusions from such a process.

"The means of production belong to the state. But the state, so to speak, "belongs" to the bureaucracy. If these as yet wholly new relations should solidify, become the norm and be legalized, whether with or without resistance from the workers, they would, in the long run, lead to a complete liquidation of the social conquests of the proletarian revolution." (Revolution Betrayed, p 249).

There is no denying that these relations have been extended, have become the norm, and been solidified by the purges. The Stalinist constitution has laid the basis for its legalization. There remains only to present the true conditions and draw from them the conclusions of Trotsky.

A working class party is guided, first of all, by the position of the working class in the economy of any type of state which it examines. Those conditions are depicted for us in the F.I.: "For the mass of workers the food rations are at bare subsistence levels. Housing conditions, very bad before the war, have not improved. Production of civilian goods is almost at a standstill. The little that is produced comes primarily from handicrafts.

Conditions are worse in places like Leningrad and other cities where needs of the population can be supplied from local sources. But the Stalinist bureaucracy is now boasting that in July, the entire city of Leningrad was served by "346 sewing shops, shoe shops, locksmith and other enterprises" which play "a big role in supplying the inhabitants of Leningrad with mass consumption goods" (Izvestya, July 2, F.I. October 1943, J.G. Wright).

No one in the Fourth International denies that in the so-called workers' state, the workers' standard of living is degraded far below that of most capitalist countries. But the significant thing about this standard of living is not the comparison with capitalist countries, but the fact that it has declined within the Soviet economy in relation to other years, and with a close inverse relationship to the "victories" in socialist accumulation. This was true before the outbreak of war, and has been only intensified by war. This decline is the result of increased exploitation -- the movement to a capitalist economy.

A further example of degradation of the workers is the Stakhanovite movement. Piecework was declared by Marx to be best suited to the capitalist mode of production. Stakhanovism is best suited to the mode of production prevalent in Russia today. Stakhanovism helped develop a labor aristocracy, which in turn became a prop to the ruling class. We therefore see the needs of production guiding the Stalinist rulers to use of capitalist forms. And these needs of production produce such results precisely because of the capitalist nature of the Stalinist rule.

The Stalinists acknowledged in the New Stalin Constitution the distinctive status of the intelligentsia as a "special group" (which we can read as a class). Trotsky long ago spoke of the bureaucracy as the "Bourgeois organ of a workers' state". At first in the basic law -- the Stalin Constitution -- and increasingly in scores of legal enactments defining and extending the privileges and powers of the bureaucracy, this bourgeois organ has eaten up both the economic and political heritage of the workers, and with them the supports for the theory of a workers' state. It is time to recognize that in this process the Stalinist bureaucracy acts with the independence of a class, managing the property relations in its own interests against those of the exploited and expropriated workers.\*

Kravchenko, in his book "I Chose Freedom", has shown us the extent to which forced labor exists in Stalinist Russia. He shows that the proletariat is divided into roughly three groups: (1) the nominally free who operate under the same compulsions as in a capitalist economy, the necessity to work under the given conditions of labor and employment in order to sustain life or suffer starvation or imprisonment; (2) the free prisoners of the NKVD, a share of whose miserable wages amounting to 25 to 50% depending upon their "crime", must be paid to the police; (3) the 10 to 15 million army of forced labor of the NKVD. They are owned in the same sense as the Negroes of the South before the civil war. They live in concentration camps, are herded about without even the concern that is normally shown to cattle. Their labor is contracted out to various Stalinist combines. Their pay goes into the pocket of the NKVD. Their jobs are often designed in such a way that their life expectancy is not more than a year at best.

This then, is the actual condition of the proletariat in this degenerated workers state.

Under such conditions of abject misery, exploitation and degradation, can anyone soberly claim that the proletariat plays any role in the process of production except that of a wage slave? We can only conclude that the proletariat plays no role whatever either in management or in the organization of production or in any form of distribution connected with the productive process. In what sense then, can Russia be called a workers' state?

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\*"A social organ (and such is every class, including an exploiting class) can take shape only as a result of the deeply rooted inner needs of production itself. If we do not answer this question, then the entire controversy will degenerate into sterile toying with words". (Trotsky, In Defense of Marxism, p 6).

This being the situation of the proletariat, it is obvious that the bureaucracy performs every function in the process of production that would be performed by any ruling class. The bureaucracy is not only the theoretical and political leader of the Russian state, it performs first and foremost (which for any Marxist is decisive) the role of exploiter in the process of production. Trotsky recognizes this in principle by the following comment in "Stalin", (page 410), "The control of the surplus product opened the bureaucracy's road to power."

The position of the Fourth International as stated repeatedly by Trotsky in "The Revolution Betrayed" is: that the bureaucracy owes its power to its control of consumption and through this developed the oppressive police state. But this does not completely state the case. The truth is, that the bureaucracy has control over consumption because it controls the productive process, and the distinctions in consumption are merely the result of the fundamental distinctions in the very process of production itself which must be and always have been the basis for any Marxist analysis of the state.

To call the bureaucracy a caste today, or to limit its bourgeois function merely to the process of consumption, is to imply that the relations which exist in the Soviet Union are some form of socialist relations of production upon which the bureaucracy is merely an excrescence or a parasitic growth. Such a characterization today is absolutely false. The bureaucracy is no growth upon new relations of production such as existed in Russia in the early Soviet state. The bureaucracy is itself, part and parcel, manager and ruler of the process of exploitation.

To deny this, it would be necessary to show some means, whether it be soviet, trade union, political party, or whatever, through which the workers can exert a positive control over production. This can be done only by swallowing the Stalinist legal fictions after the manner of the Webbs and the venerable (but gullible) Dean of Canterbury. Actually, the workers can have recourse only to the methods of resistance and protest which have been the desperate heritage of the oppressed in all times and places. Slow-down, sabotage, absenteeism, riots, are not the political weapons of a ruling proletariat, yet no other form of resistance is possible to the Soviet worker.

This development in Stalinist Russia is not in any sense of the word accidental but is merely the economic consequence of the isolation of the Soviet state and its inevitable subordination to the economic laws of the surrounding capitalist world market. The bureaucracy in its capacity as ruler of production has been compelled to transform the worker into pure and simple wage slaves.

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paid at his value. Under these conditions the surplus labor becomes the main object of production which is the essence of the capitalist system, operating, not for prestige, power and revenues, but because of the necessity of constantly reorganizing production so as to extract as much surplus labor as possible, in order to expand the means of production. Owing to the degraded condition of pauperized labor, the bureaucracy is therefore compelled to constantly develop as large a productive mechanism as possible in relation to as small a quantity of living labor as possible.

Thus there is exemplified in Stalinist Russia the essential capitalistic law that the greater the production of the worker, the more the means of production are used to dominate and exploit him. It is this process which accounts for the accumulation of capital being paralleled by an increasing accumulation of misery. It is this very disproportion and increasing contradiction which not only creates unemployment but constantly lessens the power of the bureaucracy to continue the expansion of the economy. The waste and inefficiency of the bureaucracy in production results in a decrease in the rate of production from year to year.

Thus, in this process of exploitation, the basis is laid for the coming proletarian revolution in Stalinist Russia.

#### Private Property?

The party continues to base itself upon the belief that in a particular capitalist country, the capitalistic form is inseparable from private property. Not only does this fly in the face of the theoretical considerations of Marx, Engels, Lenin and Trotsky, but it leads the party to a perpetual search for signs of capitalistic restoration, or some dramatic upheaval, in Stalinist Russia. It sticks slavishly to the point of view that the counter revolution in Russian economy will come in the form of a restoration of private property. This is not necessarily so. There are no signs of de-nationalization of the fundamental means of production in Stalinist Russia. The Stalinist bureaucracy must of necessity appear to the masses as the defender of the nationalized property. It furthermore establishes it in other countries, either directly or indirectly, and is prepared to defend it by means of the Red Army.

As a matter of fact, the dominant economic tendency today, even under capitalism, is toward statification of production. State ownership, by itself, without the element of workers' control, means nothing, proves nothing. As Trotsky pointed out in "Defense of Marxism", "the urgent task of the statification of the productive forces will obviously be accomplished by somebody." The question is: "By Whom?" Proletariat or Capitalists? The class control decides the question of its progressive or reactionary character.

This leads the Fourth International to the ridiculous, demoralizing and confusing position that the Baltic countries, Estonia, Latvia and Lithuania, have at one swoop become "progressively" annexed to the Soviet Union, and at the same time,

degenerated workers' states (profoundly)! What is the nature of Yugoslavia, Poland and Czechoslovakia? Their economy is in no essential respect different from that of the Baltic countries. It was imposed by the same "victorious Red Army" under similar circumstances. Are they capitalist states or are they too, profoundly degenerated workers' states? It is just possible that the workers of these countries might want to know whether to defend their economy or to be defeatists. So far the F.I. has maintained silence.

If we call the satellite countries capitalist, which they are in fact, then we must admit that within the Union of Soviet Socialist Republics, a number of the republics are degenerated workers' states but three of them are capitalist! What a contradiction this maintenance of a patently outworn formula has led the Fourth International to defend!

By maintaining this position the Fourth International merely gives aid and comfort to the bureaucratic collectivists, managerial socialists and pessimistic revisionists of all sorts.

On the other hand, there is another aspect of the question of private property with which we must of necessity deal. Trotsky said in this relation, "(the bureaucracy) must inevitably in future stages seek support for itself in property relations. -- But the right of testament is inseparable from the right of property. It is not enough to be the director of a trust; it is necessary to be a stockholder. The victory of the bureaucracy in this decisive sphere would mean its conversion into a new possessing class." (L.T. Revolution Betrayed, p 254).

This is false. Production relations do not flow from property relations. Property relations flow from production relations. It is not the function of stockholders in a corporation that gives the right to exploit labor. It is the function in a process of production over which the workers have no control that transforms a mere Mr. Moneybags into a real capitalist.

The Stalinhist bureaucracy, precisely because of its role in the process of production, has the "right of testament", that is the right to the unpaid labor of the workers because of that role, and not because of any stocks it "owns".

On the other hand, this production relation, in turn, has led to having the right also to any amount of money or personal property which you can leave to your direct descendants without interference by the state. No one denies this. The F.I. has published details of this law and has acknowledged its existence. However -- and this is what can become fatal -- it draws no conclusion from this new fact, any more than it draws firm conclusions from the changes in the family relationships, or that of the younger generation becoming a privilege of the new class. Yet the children of the bureaucrats, having the money to attend the schools of higher learning, and enjoying many special privileges, including travelling abroad, are in fact being trained by their parents and by the state as the future rulers of that state. Thus we see that the special privileges flow from the role of this exploitative class in the process of production and hence in the state. The new Stalinist Rulers are the state capitalists of Russia.

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STATE PLANNING

One of the main arguments of the defensists is that the nationalized property allows a new stage of social development, the stage of planning. The bureaucracy cannot plan and overcome the economic results of the basic class distinctions in the productive relations, which are governed not by the blueprints of the bureaucracy but by its relations with the world market. Under conditions of the Stalinist economy operating within the framework of world capitalism, the monopoly of foreign trade becomes not a guarantee of the maintenance of the socialist relations of production, but a channel through which the Soviet economy is re-absorbed into the capitalist world economy.

It is absolutely impossible for the bureaucracy to plan in such a way as to overcome the constantly growing disproportion between the accumulation of capital and the degradation of the proletariat. The planning of the bureaucracy consists, in essence, of regulating the economy within the laws of its capitalistic motion.

Like every other economy in the world today, capitalism has developed to such a stage that the capitalists plan the economy to the degree that they apportion capital and labor to such spheres as are needed by the class position and class aims of the bureaucracy or any other capitalist class. The classical free market is a thing of the past.

The bureaucracy is able to overcome the more obvious manifestations of the old commercial crises only by the most brutal regulations and the subordination of the workers to the constant crises in the economy. But planning in the sense of a rational apportionment of the means of production and consumption is absolutely impossible for the bureaucracy owing to the class antagonisms inside the country, the removal of the proletariat from all productive functions except the production of surplus value and subordination of the economy to the world market either through actual economic relations, such as Russia is striving to establish today, or through the modern form of competition, which is imperialist war.

This confusion on the question of planning, the conception that planning, is possible by any other class than the proletariat which has emancipated itself from the tyranny of capital also causes in the minds of the world proletariat a confusion between collective society and totalitarianism. This further does great damage to the socialist idea at the present critical stage of the history of the Fourth International.

It is to be particularly noted that in Russia, the Stalinist professors themselves were unable, according to their own confession, to explain the presence in the Soviet economy of value, hitherto associated with capitalist production.

According to an article published in the American Economic Review a translation of an article appearing in "Pod Znamenem Marxizma" (Under the Banner of Marxism, September 1944) entitled,

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"Some Questions of Teaching Political Economy", the Stalinist professors were forced to admit that the teaching of political economy had stopped several years ago (1940 at the latest) and when it was resumed, a complete reversal of position was necessary. The admission was now made that the theory of value operates within the Soviet Union, and at the same time launched a vigorous attack on the methodology of "Capital". This in turn forced them to defend the Soviet Union against the charge that it is a capitalist state on the two grounds that it has no private property and that its economy is planned. It is significant that this question came to the surface and was discussed in totalitarian Russia, but was not considered worth discussion in our party.

The inner essence of the Marxian theory of value, and hence of surplus value, is that labor power is a commodity bought at value. The theory of value is only the theoretical expression of the actual class struggle. The constant growth of constant capital (the machines of production) over variable capital (living labor power) is only the expression of the constant domination of the capitalist over the worker.

In a transitional society, like the dictatorship of the proletariat, when the society has the elements of both the society from which it emerged (capitalism) and the society toward which it is developing (socialism), the theory of value continues to operate, since the theory of value is a theory of the world market. However, to the extent that the worker directly intervenes in the process of production (production conferences, trade unions, soviets, etc), he delivers blows to the functioning of the law of value. The proof of this lies in the fact that the law of motion of capitalist society (the increase of accumulation at the same time as the increase of the misery of the working class) is in part defeated in a workers dictatorship. Thus, when in 1923 the production in Russia reached 100%, that is, 1933 levels, wages rose 125%.

But on the contrary, after the first 5 year plan was introduced when production was consciously set to match capitalist standards, you had a simultaneous decrease in the standard of living of the workers, due to the law of value functioning on the one hand and the failure of the worker to intervene in the process of production on the other hand. The law of motion of the workers' state was thus reversed, and the capitalist law of motion became dominant. Thus in 1940, when production reached 300% above 1928, wages had decreased to 50% of that level!

When the leaders of October spoke for the permanent or world revolution, they did so not as "idealists", but because they knew that, with the existence of the world market, the workers could not continue to deliver decisive blows to the law of value. Without the revolution in some of the advanced countries, the law of value was bound to reassert its dominance. That is precisely why their espousal of world revolution and their realization that Socialism could not be built in one country.

It is one thing to say that in the workers state the law of value functioned, and another to say that it was dominant. For when

it becomes dominant, capitalism exists! That is why Lenin insisted that they had "state capitalism" with a workers regime. That is the reason that he warned that Russia would return to capitalism unless the revolution was extended.

The fact that this came about in an unprecedented way, not through military intervention, not through the restoration of private property, only proves how correct Marx was, when he stated that the ultimate development of the law of value was the stratification of production.

The Soviet theorists had, up until 1943, denied that the law of value, the dominant law of capitalist production, functioned in Russia. The Stalinist apologists affirmed that the denial of the operation of the law of value in Russia has created insurmountable difficulties in explaining the existence of such categories as money, wages, and so forth under Socialism. However, the admission that the law of value operates should bring with it the admission that the law of surplus value operates. This they refuse to do. The contradiction is their's.

These Stalinists, in denying that Russia is a capitalist society, insist that the best proof of this fact is that Russia is not subject to "the law of capitalism: the average rate of profit".

Actually, the law of capitalism is not the average rate of profit but the decline in the rate of profit. The average rate of profit is the manner in which the surplus value extracted from the workers is divided among the capitalists. It is impossible to conclude that therefore Russia is not a capitalist country as these Stalinists do. This would be a revision of Marxism. In reality the state-imposed turnover tax, which reveals to us the extent of profit in the production of consumers' goods, is the medium through which the state, not the industry, siphons off surplus value from the wages of the workers. It could not do the same thing through heavy industry since the workers do not consume its products.

To call Stalinist Russia a workers' state, as our party does, on the grounds that property is nationalized and production is planned, is merely to reinforce the same arguments advanced by the spokesmen of the bureaucracy, in their effort to bolster up Stalin's claim that socialism has been achieved.

#### The Extraction Of Surplus Value And Socialist Accumulation

In all capitalist lands, money is the means through which prices and wages are equated in the supply and demand for consumption goods. The value of the worker is equal to the socially necessary labor time required for his subsistence. Just so long as the production of the means of consumption is only sufficient to sustain the masses prices will break through all legal restrictions until the sum of all prices of consumers' goods and the sum of all wage payments are equal, price fixing notwithstanding. In the Soviet Union, the abolition of rationing in 1935 brought about so great an increase in prices that the worker could not exist at the

new price level. The state was therefore compelled to grant a general wage increase. In this the state was only bowing to the inexorable law that controls wages and prices in any capitalist society, i.e. the law of value. And as part and parcel of this process, in obedience to the laws of value, the state accumulates value by the device of the turnover tax. This accumulation of surplus value becomes capital in the hands of the Stalinist bureaucracy. This increased accumulation of surplus value, as is demonstrated by the increase in production of the means of consumption, is marked in Stalinist Russia as in every capitalist country, by the accumulation of misery of the workers at the opposite end of the pole.

Capital, said Marx, is not a thing, but a social relation of production established through the instrumentality of things, i.e. the means of production alienated from the workers and oppressing them. Resultant preponderance of production of means of production over means of consumption is inevitable under capitalism, for the use-values produced therewith are consumed by capital not workers or capitalists. This has been true of the Soviet Union, where means of production outweigh means of consumption in the total of production, and where the bureaucrats showed their awareness of the importance of this fact in the Plan for 1941, stipulating openly that the workers were to get only 6.5% raise in wages for every 12% increase in productivity. Vosnessensky announced: "This proportion between labor productivity and the average wage furnishes a basis for lowering production cost and increasing socialist accumulation. . ."

"Socialist accumulation" could hardly be more clearly identified as equivalent to capitalist accumulation that it is in this case.

#### Political Changes Within The Soviet Union

The degeneration of Stalinist Russia is to be marked not only by the economic exploitation of the workers but by the reversion to the worst features of all the derivative social relations of capitalism. To but list these changes would occupy a document in itself. Since most people in the party will acknowledge that political changes by themselves are not the vital factors that we are concerned with here, we will therefore cite only those changes which illustrate the class changes within the Soviet Union. These political changes are but a reflection of the economic change that has taken place.

In the Soviet army -- even the name "Red Army" has been dropped -- we find that the officer caste has been reestablished as it was in the days of Tsarism. The chests of the Army Marshals are resplendent with revived Tsarist medals and other decorations. The officer caste system demands strict obedience of the worker-soldier, on pain of the death penalty. The officer in return is rewarded not only with special pay and privileges but also with the right to use soldiers as servants and flunkies. Any trace of political control from below either through party or soviet has long since vanished. Further, the special troops of the NKVD, separate from the regular army, exist as a means of guarding against

any trouble with the regular army -- a police body of the bureaucracy functioning like the SS troops of Nazism!

These "special bodies of armed men" described by Lenin in "State and Revolution" now function as agents of repression against the workers, not as defenders of the conquests of October. And the highly privileged position held by the NKVD is its reward for the efficiency with which it polices the masses.

Bourgeois family relationships have been formally reestablished, and the family has become again the agency for exploitation of women and children. This has been accomplished through more stringent regulations concerning marriage, divorce has become extremely difficult, and abortions completely prohibited. Large families are rewarded, and in many respects the "kitchen, church and children" ideal for women is being preached. Large families, we might mention, have an economic value to the exploiter in swelling the supply of cheap labor, especially since the laws have been changed to make child labor the rule instead of the exception, in the families of the workers.

The Orthodox church has been restored to many of its old privileges, and even given an official status. The Eastern Rite of the Roman church has been separated from Rome and brought under the benevolent wing of the Holy Father in the Kremlin. And while a state church develops, anti-religious propaganda is discouraged!

Education for the worker's child is class education, designed to keep him in the class to which he was born, through the device of compulsory "vocational" education from the age of 12. The higher education is closed to the worker's child by high tuition fees, and instead reserved to the children of the bureaucracy, a device familiar in capitalist countries as a means of ensuring the continuity from one generation to another of the exploiting class.

As has already been pointed out, the new inheritance laws permit accumulation of family fortunes in the form of tax-exempt Soviet bonds, a permanent privileged claim on production.

Further light is shed on the attitude of the bureaucracy toward the Russian working class by observing their attitude toward the workers of the occupied countries and even the "allied" countries which somehow find themselves occupied. This "workers' state" demands from the workers of Italy and Germany reparations for the crimes of Fascism even greater than those asked by the capitalist powers. What a devastating contrast to Lenin's emphatic rejection of all such imperialistic demands!

Even more brazen an attack on the working class is the unprecedented official looting of Eastern Europe and Manchuria, in which factories and machinery were moved out wholesale. This has a dual effect: it deprives the proletariat of these countries of the tools of labor; it also lowers the productivity of these countries and faces these workers with greatly increased peril of starvation. The only thing in recent years which can be compared

to this calculated brutality toward the workers is the policy of the Axis bandits in occupied countries under their control.

Even the vaunted success in dealing with minority national groupings within the Soviet Union has broken down as a result of the war. Five autonomous areas have been condemned as nations on the grounds of disloyalty to the Soviet Union, their rights abrogated, and their populations scattered to the prison camps of the NKVD. These are not individual cases, but charges against whole peoples, reflecting again both weaknesses in handling the national problems and a contemptuous disregard for the masses on the part of the bureaucracy. This is not the action of defenders of the revolution; it is the iron hand of an exploiting imperialism. The report of Kravchenko and others that Jews as a people were shipped from the occupied territories to concentration camps, and the testimony of thousands of Jews who fled from the Soviet zone to the tender mercies of Anglo-American imperialism, and of many similar bits of evidence all demonstrate that racism is growing to menacing proportions in Russia. The state that fosters this disease is in no sense or degree an organ of the emancipated proletariat.

A further example of the practice of racism by the Stalinists can be seen from their policy of seizing "German lands" and handing them over to members of the "Slavic races" exclusively. Their land seizure policies are clearly not based on seizing lands of the German capitalists and turning them over to German workers.

These are but a few political symptoms of the profound change which has gone far beyond mere degeneration, to an unmistakable return to capitalism.

All these and numerous other phenomena can only be interpreted by Marxists as the result of a change in the social relations of production. To state, or even to imply, after the past six years, that this barbarous oppression of the workers is merely the result of differences in the control of consumption is to admit to the world that social relations in the state based on collective property can be equally barbarous with those based on the most reactionary forms of capitalism in the period of its death agony.

#### The Danger Of False Analysis

"Just as a tidy housewife never permits an accumulation of cobwebs and garbage, just so a revolutionary party cannot tolerate lack of clarity, confusion and equivocation. Our house must be kept clean!" (Trotsky, In Defense of Marxism.)

A false analysis of the nature of the Soviet Union has led the International into a series of gross errors in estimating the political tasks of our time. We are committed to the idea that the major antagonism today lies between the capitalist world as a whole and the state of collectivized property. On the contrary, the struggle is between two mammoth imperialist powers with their allies and spheres of influence, dividing the world between them and competing for unique mastery of the globe. In this struggle neither predatory gang can claim the allegiance of the workers of the world.

The Fourth International must throw off the outworn analysis based on conditions which have long since ceased to be, and once again lead the workers in the struggle for Socialism against all the exploiters.

Failing to do this, the International finds itself preparing the proletariat to defend Stalinist Russia in the war to come, which the logic of our position forces us to blame entirely upon the plots of Anglo-American imperialism, playing down or ignoring altogether the guilt of Stalinism. The cynical treacherous maneuvers of Stalinist foreign policy, in no way related to the interests of the workers, repeatedly force us into one outrageous absurdity after another.

What the International calls "expansionism" is indistinguishable from imperialism in our era. Even thirty years ago, Lenin pointed out that whereas the classic basis of modern imperialism was the export of finance capital, yet the imperialists had reached a stage where they seized upon all sorts of territory for all sorts of economic, political and strategic reasons, even to the extent of seizing territory solely to keep other imperialists from getting it. He also established that the imperialism of Tsarist Russia and of Japan was not based on export of finance capital as was that of Britain, France and the U.S. But today Stalinist Russia fulfills even the most exacting demands of those who require the letter of the law. The series of joint business agreements it has concluded with occupied and satellite nations requires export of capital, and reaps rewards for the Stalinist bureaucracy in the form of surplus value extorted from the labor of the workers of the small nations involved. Today Stalinist Russia follows in every detail the method of a great continental imperialist power in seeking to integrate the economics of the dominated countries into its own as one economic unit. That this "integration" is exploitative and imperialist in character is beyond dispute. One of the strongest evidences of this fact is the degree to which Stalinism forces reorganization of the exploited nation's economy into nationalized forms, the better to fit the needs of the exploiting economy. This nationalization has nothing in common with the socialization imposed by a victorious proletariat.

Imperialism takes different outward forms. Britain built an elaborate politically-controlled empire. The United States relied upon the superiority of its economy to defeat competitors, and became the champion of the "Open Door" and the "Good Neighbor Policy". Stalinist Russia employs the methods dictated by its own peculiar political and economic structure. The result is the same: exploitation and misery for the workers. The Stalinists even challenge the old colonial powers by seeking to control the Dardanelles and, from a base in North Africa, to become a Mediterranean power, following slavishly the pattern of Tsarism.

Not to call this imperialism is to do violence to Marxist truth, and which is more important, to tie the workers to a false political line which ignores the difference between the old imperialism of the export of capital, and the totalitarian imperialism of the death agony of capitalism.

CONCLUSIONS

1. Stalinist Russia is in no sense or degree a workers' state, degenerated, profoundly degenerated, or otherwise.

2. This is the result of a dialectical process through which the quantitative factor of degeneration has made a qualitative change in the economy and therefore in the character of the state, transforming the erstwhile workers' state into a capitalist state.

3. Stalinist Russia is not to be defended by the working class under any circumstances.

4. The proletariat of Russia must be mobilized under the slogans of the proletarian revolution for the overthrow of the Stalinist bureaucracy, not as a caste, but as a class which rules the processes of production, controls the surplus labor, and tyrannizes over the whole economy by means of an army, secret police, and state bureaucracy whose removal from power requires a profound social revolution.

5. The Fourth International must unremittingly and uncompromisingly explain to the workers and oppressed everywhere:

a. The degradation which is inherent in calling Stalinist Russia socialistic or in any sense a workers' state.

b. That the great lesson of the last thirty years is that it is impossible by any legal arrangement of property to achieve Socialism unless the economy is based upon an emancipated proletariat. Unless the nationalized economy is paralleled by free, democratic, proletarian, political and social institutions, it is doomed to degeneration.

c. That the Stalinist bureaucracy must be included among the bearers of barbarism along with the capitalists of other lands, and that the Russian proletariat must play a vital part in the overthrow of world capitalism by struggling against its own exploiters. The social revolution in Russia is an essential part of the world revolution.

d. That the Soviet Army and all other organs of the Stalinist state must be dealt with in the same way as the organs of any capitalist state.

e. That there is a profound difference between the political agents of the Stalinist bureaucracy and the revolutionary workers who are still deceived by Stalinist propaganda. It is our task to work with and win over the revolutionary workers inside the various Communist parties, but never to be trapped into aiding the predatory schemes of the bureaucrats.

f. That the workers must carry out the same fight against the present peace conference as Lenin and Trotsky did against the Versailles Treaty.

6. We recommend that the Russian question be placed on the agenda of the forthcoming world conference of the International.

7. The International must carry on a vigorous propaganda against all types of "bureaucratic collectivists", "retrogressionists" and other revisionists of Marxism who base their programs, either directly or indirectly, upon doubts of the ability of the proletariat to carry out the socialist revolution.

(The signers of this article have not affiliated themselves

with either faction in the SWP in the present discussion. We believe that the question taken up herein is the central problem of the time, and should be the focus of the present discussion. All other questions are of subordinate importance. We welcome the collaboration of any comrades who accept the basic political line of this resolution.)

September 29, 1946.

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A GLANCE AT A FEW FACTS

By H. Ellinger, Bayonne Branch

The necessity of a Marxian analysis of events is well known throughout our party. Indeed, such has been the aim of the resolutions and articles of the past period. However, equally important for a party which seeks to guide the working class to power is the checking and correcting of these analyses against the actual unfolding of events. Such a verification is vital not only for the assurance of a correct program but also as the most important aspect of party education.

The European revolution and the question of Stalinism were undoubtedly (and still are) the paramount issues before the world working class in the period embracing the war and its aftermath. Yet precisely these issues revealed political differences within our party and served to demarcate the majority faction from what is now known as the minority. Is it not time now in a pre-convention period -- and one year after the conclusion of World War II -- to assess these differences, decide who was correct and attempt to benefit from the dispute in order that we may better approach present day problems?

What in brief was the majority view of the European revolution? The following, while by no means a complete presentation, constituted two of the central planks of the majority position:

1. The European masses well understood and were thoroughly disillusioned with bourgeois democracy. Hence, democratic demands would play no or at the most a very small role in the struggle. The agitational slogan of the hour which would win the masses to our program was therefore "The Socialist United States of Europe."

2. The pattern for Europe would be Franco-type governments, propped up by the bayonets of Anglo-American imperialism. The latter dare not sanction bourgeois democratic regimes because the workers would make short order of these.

Such ideas in one form or another pervaded the Militant.