

The Contradictions of Soviet Society & Professor Bettelheim

Hillel Ticktin

Method

In considering the laws of development of a society, it is usual for Marxists to analyse the class structure of the society in a process of movement. Marx, as we all know from the *Grundrisse*, proceeded from the class nature of the society to show that class structure permeated all social reality within the mode of production. He analyses the social relations in detail and so the socio-economic structure which is derived from the interrelation of the forces and relations of production. He does not commence with a dogmatic statement on the morality of capitalism, nor does he say that he proceeds from the nature of the mode of production to all else. Indeed, in capital, he has begun with the contradiction between use-value and exchange-value, expressed in the commodity. At one and the same time, he reveals the mode of social control—commodity fetishism—and develops the fundamental contradictions within the society, which themselves take a fetishized form.

If we are to use this method we cannot begin with a mechanical transposition of Marx's concepts, thereby assuming that we are dealing with a variety of capitalism. This, however, is precisely the fundamental mistake made by many Marxists. Bettelheim is one such aberrant theorist. He assumes that categories like value, so clearly applicable to capitalism (or to certain other socio-economic formations), can be applied to the USSR. He announced the existence of a state bourgeoisie but does not prove it. He can do this because he has already assumed that it is capitalism that he is dealing with in the USSR.¹ Mandel makes a parallel mistake based on the assumption that he is dealing with the USSR in transition from capitalism and that it is in this respect little different from the twenties.² The point is not that these authors are wrong in their statements, though that might be so, but that their approach or method is incorrect since they have effectively assumed away what is to be discovered. If the USSR is either capitalist or hybrid capitalist-socialist then all its laws are already known to us. In that case, it is not necessary for the theorist to do more than inject a little history into the laws already formulated for us by a number of classical Marxist theorists. This, indeed, is also Cliff's

1. We refer in this article to three works of Bettelheim, two of which are in English: *The Transition to Socialist Economy*, London, 1975 and *State Property and Socialism*, the key chapter of which is translated in *Economy and Society*, Vol. 2 no. 4, 1973, pp. 395-420; the third is: *Les Luttes de Classes en URSS*, 1ère période 1917-23, Paris 1974. In addition there are the articles in *Monthly Review*, in March 1969 and December 1970, on the transition to socialism. The latter have been reprinted in C. Bettelheim and P. Sweezy's work: *On the Transition to Socialism*, MR Press, New York, 1971.

2. Ernest Mandel: 'Ten Theses on the Social and Economic Laws Governing the Society Transitional Between Capitalism and Socialism'. *Critique* 3, pp.5-21.

method, who goes on to produce the absurdity of a falling rate of profit applicable to the USSR.³ It is absurd because the category of profit is similar only in name to the category applicable to capitalism. For a long period, the period of Stalin, all aspects of value were rendered meaningless and were enshrined in that form in official doctrine. The targets were immediately physical and the incentive system was based very largely on fear and force. A decline in the rate of profit applies as much to this system as it does to feudalism. Now the arguments of Cliff and others are undoubtedly more sophisticated since they draw in the world market, but nonetheless they ignore the internal dynamic of the society.

In this article an attempt has been made to show that Bettelheim is fundamentally wrong in both method and analysis. An alternative analytical framework is sketched out in terms of the concrete reality of the society. Furthermore a refutation is made of some of Mandel's criticisms of my first article in **Critique One**.⁴

The basic thesis put forward is that the method of Bettelheim does not differ in essence from that of J. V. Stalin. Although he asserts that Stalin made a number of mistakes, he accepts his basic propositions. In particular, he holds against Stalin that he did not put 'politics in command'. It is shown that this is an error, and that it arises from a failure to state clearly the institutional forms by which the masses are supposed to rule. In this respect there is little difference between Stalin and Mao. Bettelheim seems to rely on mass mobilisations and commune meetings addressed from on high. He never suggests that there has to be institutionalised open discussion, open factions, open elections with different viewpoints competing. Putting politics in command therefore amounts to the imposition of the leaders' opinions. Fundamentally, this is little more than a screen for imposition of the will of a particular social group.

The patently undemocratic and elitist views which underlie this viewpoint are not of great interest, but the analysis of the nature of the USSR in terms of the nature of labour-power and the nature of the labour process, to which he does turn, is of fundamental importance. But by failing to look at the concrete nature of labour-power and the labour-process, he effectively only poses the question. If he were to go any further he would obviously begin to make critical generalisations about China.

By looking at these questions in concrete terms and taking them to their logical conclusions, we can see that the reality to which they lead, whether under Stalin or today (and it is a reality which probably applies outside the USSR), is in the relative control over the work process granted to the worker in return for his exploitation. This can be dressed up under certain circumstances to appear democratic, whereas it is nothing other than a means of individualising the worker, so acting as a means of social control.

Soviet Society and Bettelheim's Undialectical Method

It is precisely on the question of method that Bettelheim errs. In the first place he has made the cardinal error of assuming that Soviet sources

3. T. Cliff: *Russia: A Marxist Analysis*, London, 1970: pp.146-175. He reduces the whole question to one of the arms economy, so effectively abandoning any real discussion of the rest of the economy.

4. Mandel's criticism appeared in **Critique 3**.

are uncensored. Consequently, it comes as no surprise when he reaches conclusions similar to those of officially approved literature. I refer, in particular, to the notion that enterprises are relatively independent, and the origin of the existence of commodity production in the USSR.⁵ This view may be found in the relevant chapters of Soviet textbooks of political economy.⁶ It is, of course, very convenient for the defenders of the *status quo* to find a source for present conflict which derives from the past, and which is furthermore irremediable for many years. Bettelheim maintains this view through his pro-Soviet and Maoist phases, providing a continuity to his thought which is at first sight surprising. Again, in his discussion of different opinions around the question of price formation in the USSR, he accepts the views at face value.⁷ He does not attempt to see the different social interests involved, something which any Marxist should automatically consider, when observing the same discussion in the West. Whether a Marxist supports the society or not, he has a duty to critically analyse the social forces at work. Even if he thought the working-class was mute he ought to have considered the interests of the working-class in relation to the other social groups and not proceeded to an analysis based on subjects and objects.⁸ In spite of his present critical attitude to the USSR, Bettelheim refuses to use the mass of data derivable from official sources, which is either interpreted as required by the censorship or hidden like pearls in mountains of hay. This leads to the next methodological failure.

As a result of this approach he is incapable of detecting the trends or the laws of motion of the Soviet Union. He, therefore, remains at a level of generality which is at the level of propaganda. He accuses Mandel of the same fault, but it is not enough to discuss abstractly the relations between the forces of production and relations of production without specifying both in some detail.⁹ He has pointed out that his history is intended to do this, but that history is intended to show the truth of his present proposition: that the USSR is capitalist.¹⁰ Mao's statement that it is capitalist is surely not proof. A detailed theoretical analysis of the present would be

5. Bettelheim, *State Property and Socialism*, page 396, *The Transition to Socialist Economy*, p.40ff.

6. The article by V. G. Vasiliev: 'Sotsialisticheskoe promyshlennoe predpriyatie: ego struktura i funktsii', in *Sotsiologicheskie Issledovaniya* no. 1, 1974, outlines the different views of Soviet authors on page 43, among which is the Bettelheim view. It is best expressed in the Moscow University Textbook on Political Economy produced by the Department of Political Economy of the Faculty of Economics under the direction of N. Tsagalov: *Kurs Politicheskoi Ekonomii*: Tom 2: *Sotsializm* pp.204ff., Moscow 1963.

7. Bettelheim: *The Transition to Socialist Economy*, p.184ff.

8. *Ibid.*, p.71ff.

9. *Ibid.*, p.150ff. He explicitly requires the incorporation of concepts used in, or deriving from, 'the practice of the countries which are actually building socialism'. Since he merely assumed the building of socialism in the USSR at that time (1966-7), abandoned the assumption, and now continues to assume the same proposition for China, he has proved nothing and only devised concepts on faith. The adoption of principal and secondary contradictions as dialectics permits a simple eclecticism and an abandonment of the method of abstraction. He refuses to admit the possibility of the low level of the forces of production forcing the social group in control to change into an exploitative group, and hence has to look to the super-structure for the contradictions in the society.

10. Bettelheim: *Les Luites de Classes en URSS: Avant Propos*.

required. Instead, in his work on Economic Calculation in Socialist Society or State Property and Socialism there are a series of propositions based on the thesis of the independence of the enterprise. This is defective both in its lack of proof and in its non-class content.

Still less is it possible to accept a theory which rejects as economism Marxist writing which lays stress on the importance of the forces of production,¹¹ without a concrete analysis of both the Marxist writing and the specific context. (His generalisations on this subject look uncomfortably like justifications for the regime in China. Again, it must be said that even if Mao is pursuing a correct path in the eyes of his followers, it does not absolve those followers from considering the real contradictions and trends in that society. History, as we know, has an uncomfortable habit of imprisoning leaders in trends which they neither understand nor make.) It is obvious that if politics and ideology come to be of supreme importance then a discussion of objective trends becomes unnecessary. Although Bettelheim has only recently adumbrated this modern variety of idealism, his earlier work does not differ in essence. Although he speaks of non-correspondence of the elements of a mode of production the resolution of the contradictions for him, when applied to the USSR, are subjective. They arise from poor leadership. That there might be insoluble contradictions does not seem to have entered his head.

Indeed it is not at all surprising that his views represent only a very superficial change, since he retains, in essence, Stalin's views. It is obvious that if your attempt to construct socialism is confined to one backward country and you persist in believing, or forcing others to believe, that they are constructing socialism, the objective difficulties have to be explained away and replaced by subjective possibilities and subjective enemies. Failures are then easily explained as being due to foreign agents, wars, spies, Trotskyists and other monsters. Success or failure under Stalin were explained as being due to good or bad leadership. This is still true today in the USSR, with the difference that the recently dismissed Minister for Agriculture did not lose his head, as no doubt he would have done under Stalin. In other words, the discovery of the economism is no more than the generalisation of Stalin's practice, continued in the USSR today. Again, amazingly, Bettelheim does not appear averse to the view that 'the class struggle grows fiercer under socialism'.¹² Yet this doctrine was a simple invention to destroy the old Bolshevik party and the old intelligentsia and really refers not to classes but to individuals who hold views different from the leadership. Can one conclude, on this kind of basis, that politics is primary—through the destruction of the opposition? The point is one of method. The concepts and level of discussion do not derive from empirical observation of the class struggle, nor from the categories of Marx: surplus product or surplus value and the laws and conflicts which flow from them.

When Stalin declared in 1929 that the rate of growth could be far higher

11. *Ibid.*, p.30:

12. *Ibid.*, p.20: He deliberately avoids Stalin's formulation of the same doctrine, quoting Lenin out of context. For Stalin and Bettelheim the most secure dictatorship of the proletariat would maintain rigorous class struggle. For Lenin, the problem was the establishment of a proletarian dictatorship.

than either left or right saw as possible, he was of course placing politics in command. But the price was paid. He could not ignore the economic laws with impunity. Not only did millions suffer or die as a result of this political decision but Soviet agriculture has remained backward to this day. He was also successful in creating the first society in human history which permanently overproduces producer goods. As a result, it is dubious whether Stalin even succeeded in extracting any extra surplus from the countryside.¹³ As a result, the standard of living in the towns plunged and the industry created was highly inefficient. As a result of putting politics in command he probably succeeded in having a lower rate of growth, much lower standard of living, numerous deaths and a discontented population. Yet the Marxists of the time, like Preobrazhensky, were able to point out that overproduction would necessarily occur. In failing to discuss the contradictions existing in the society at a class level, Bettelheim reveals the essential basis of his methodological failure.

This lies in his inability to discuss the dialectical interpenetration of the categories that he employs. Thus he has made a considerable advance on his previous positions when he points out that it is not ownership which is crucial but the labour process and possession and non-possession of the means of production. By putting it in this form he stresses only the outward shell of the contradiction. Who is a worker in the USSR? Who is a possessor? Once we pose these questions on Bettelheim's plane, we are lost. Surely an engineer, with a degree, has nothing to sell but his labour-power—but he may be in control of a section of the work-force. Is a skilled worker who is in the party (around one in seven are) and is incorporated in administrative committees deciding on promotions, norms etc., a worker or a possessor?¹⁴ After all the latter may have considerable power in the factory. The possessor of the factory is obviously not just the factory director or the chief specialists and party committee. Their individual control is greatly circumscribed and not just by the centre. The laws do prevent dismissals, downgrading, and other arbitrary acts on the part of the administration. Clearly they do not determine wages or prices. It is more, however, since there is a delegation of authority down the enterprise on the same basis as in the economy as a whole. The director is no more secure than his subordinates. The problem is not that Bettelheim has not posed a correct question—he has failed to provide a concrete answer. The reason is that he produces antinomies or isolated poles which do not interpenetrate and interact. In this case the interpenetration of labour-power and possession take us no farther than statements about ownership. They produce terms like 'dominated' and 'dominating' which are essentially functionalist. All that is required to change the system is the attitude of the dominators. (Hence the Chinese factory, which remains in its objective essence similar to the Soviet factory, can be superior be-

13. See Michael Ellman: 'Did the agricultural surplus provide the resources needed for the increase in investment in the USSR during the 1st 5 year plan?' *Economic Journal*, December, 1975.

14. See the work of N. A. Aitov: 'Izuchenie Struktura Rabochego Klassa Promyshlennogo Tsentra', *Sotsiologicheskogo Issledovaniya*, no. 1, 1974, p. 63, which produces on the basis of a concrete survey a description of the working class which is almost certainly typical of the USSR.

cause of the different subjective positions of the leaders.)

We have to proceed to observe the surplus, its extraction and distribution, in all its qualitative complexity before we make further statements. It will be seen that it is not a simple question of surplus extractors and the exploited. Exactly the same objection has to be made concerning the interrelation between the law of value and law of planning. It would be strange indeed if there was no interpenetration between these two laws. And if there is such a result, it must give rise to new forms. It might even be the case the laws themselves have evolved over time. Yet in Bettelheim's view they are timeless and changeless. Their theoretical discovery comes, of course, from Preobrazhensky but Bettelheim succumbs to the anti-Trotskyist mood in churlishly refusing to recognise Preobrazhensky's achievement, by making the extra-ordinary claim that Preobrazhensky only applied his categories to circulation and not production. By reading Preobrazhensky we are able to see that the categories of plan and market apply to a particular set(s) of production relationships which have ceased to exist. Behind the market were the Nepmen and private peasants while behind the planning lay the working-class as a conscious entity. The former only existed in embryonic form in the twenties but were successfully aborted by a skilled butcher, while the latter simply does not exist in its original form. Even if Bettelheim's thesis on a continuance of the law of value is to be accepted it is not based on Nepmen and peasants and so must modify the nature of the law of value in the USSR, if indeed it exists, but no hint is given of this change. We have to ask what kind of value is it that has prices determined by a centre and what kind of planning is it that is constantly negated by physical barriers. Even posed in this form it becomes obvious that the two laws have been converted into new forms and perhaps new laws. They may be derivable from the original contradiction but they are not the same.

The same methodological ignorance of dialectics arises in relation to the question of forces and relations of production. If they are not entities in themselves they must interact but from this it does not follow that the 'forces of production' dissolve into the relations of production. Thus the forces of production may be adapted by capitalism to its own socio-economic formation but they may still constitute a contradiction for the relations of production in their increasing socialisation and internationalisation. In other words the adaptation is only partial and the relations of production are also compelled to adapt. Under socialism these modified relations of production in turn adapt the forces of production. But neither pole can wholly determine the other. Capitalism cannot exist on the basis of stone implements; nor can socialism on the basis of an agricultural society.

Bettelheim's error is that he perceives entities which are not internally related and do not interpenetrate but are wholes which are either in a process of antagonism or of absorption. Put another way he produces generalisations or isolated postulates rather than abstractions from the empirical reality. Thus he produces a generalisation on the nature of Eastern Europe as a whole, ignoring that fundamental differences exist. The method of bourgeois social science is replete with such absurdities. If money plays various roles over the East European countries it does not follow that we can find some meaningful average role. When it comes to the USSR we

have to examine very specifically the exact role of money there, and not simply assimilate it to the nature of money in a more easily determined place. The law of value may have a fundamental role to play in Yugoslavia, an important role in Poland but only a secondary one in the USSR. Yet Bettelheim makes the mistake of taking Eastern Europe as a whole, and assumes that generalisations concerning the whole may be made from any part.

The Law of Value, Soviet Society and Bettelheim

These are the basic methodological errors of Bettelheim, but it is more important to deal with his concrete propositions as illustrations of his consequent misunderstanding of the USSR. His fundamental proposition is that the enterprise in the USSR is an autonomous entity which has to exchange in order to exist and so has to produce commodities. Hence the law of value continues to exist and to distort the nature of the society. The next proposition is that the direct producers are separated from the means of production in the possession of the enterprise, so that they have to sell their labour power.¹⁵ Before he came to the second statement he conceived of the relation between planning and the independent enterprises as that of dominant and subordinate modes of production.¹⁶ The subordinate mode could thus, if not properly controlled, become dominant. All three propositions are in my opinion erroneous. I shall show this by direct counter-argument and then provide a different explanation of the same phenomena.

In the first place it does not follow that there is such a polarity of independent enterprises and one huge enterprise which underlies the transition to socialism. He effectively rules out forms which are neither capitalist nor socialist. Thus his non-independent units of one huge social enterprise could be maintained by fear and force. Such indeed was very close to being the case under Stalin. No one has yet maintained that terror is compatible with socialism. Nor yet is such an enterprise capitalist. Administered with a 'plan' from a centre without the operation of the law of value, we have the essence of the Stalinist system. Indeed it was the Stalin period which introduced wide differentials, and special monetary 'packets' or dividends for the chosen few. It was he who founded the present hierarchy. (We only mention Stalin because of Bettelheim's admiration for him.) If the single enterprise is compatible with hierarchy and all its consequences in terms of wide differences in power and privilege, the independent enterprise is essentially market orientated. If hierarchy is not a simple function of the nature of control over the enterprise, it is nonetheless true that a market would lead to such a hierarchical enterprise. We must therefore ask if the law of value exists as a fundamental factor in the political economy of the USSR. Are enterprises independent?

As already was pointed out the enterprise is not able to determine prices, wages, its source of supplies or its buyers. For that matter it cannot really determine by itself what it is to produce. Bettelheim knows this but he does not stress these aspects. Yet they are fundamental in determining the nature of the enterprise. Instead he lays stress on the independent fulfil-

15. Bettelheim: **State Property and Socialism**, p.402.

16. Bettelheim: **The Transition of Socialist Economy**, p.16-18.

ment of these given indicators. The use of monetary instruments such as bonuses, bank control, financial discipline becomes important. Here it is quite clear that he has been taken in by the officially approved literature. Socialist competition or emulation existing between enterprises would be important here. Yet, Soviet surveys contradict their own literature in demonstrating the failure of so-called socialist emulation. It appears that the bonuses so received do not amount to more than 2-5 per cent of workers' pay and that they do not take it seriously.¹⁷ Again Bettelheim cites statements about control through the ruble as if it shows that the enterprise has to be controlled financially and it is resisting such attempts. He asserts the importance of the economic reforms.¹⁸ In the first place exhortation has to be separated from reality. Thus the control by the bank over the wage-fund is well recognised as necessarily weak. The main financial control would have to be through profits. In spite of the reforms profit remains relatively unimportant as an indicator in the enterprise performance. The prime indicator is production realised or sold.¹⁹ In practice, since most goods are in short supply this indicator is only marginally different from the previous physical targets. The supreme unimportance of profits is shown in the fines levied for late delivery or other failure to match up to performance. As many complaints testify the director ignores the fines, however large. Indeed there are films and cartoons produced exhorting the director to pay more attention to finance. Thus the real meaning of statements about the need for financial control is that the control does not exist at present. The prime method of judgement of enterprise performance remains, in the final analysis, physical. The failure of the economic reforms and the absurdity of claims of decentralisation is shown by the 50 per cent increase in the apparatus, in the last decade.²⁰

We cannot deduce from the existence of monetary forms that the law of value either exists or plays a primary role in political economy of the USSR. When the content is examined it becomes clear that money cannot purchase certain goods altogether while others require specific permission of the authorities to be acquired. Still others need both permission and skill in acquisition. Money plays only a secondary role as a means which is by itself insufficient to obtain the goods. Furthermore the money may be readily acquired. Secondly it is certainly not true that the authorities are governed by the law of value in setting prices. They reflect the exigencies of the moment, particular scarcities or prejudices and little else.

17. V. D. Patrushev and V. A. Shabashev: 'Vliyanie Sotsial'no-ekonomicheskikh Uslovii Truda Na Sotrudnichestvo i Vzaimopomoshch' v Proizvodstvennom Kollektive, *Sotsiologicheskiye Issledovaniye*, no. 4, 1975, p.88.

18. Bettelheim: *The Transition to Socialist Economy*, p.187, and *State Property and Socialism*, p.415.

19. On the total failure of the financial reforms: 'Despite assertions of Soviet financial specialists and economists that the reforms have had significant effects on state finances, it would seem that these effects in the main are merely distinctions without a difference' (p. 353). 'With targets for profit and payments into the budget centrally determined and the allocation of retained profits specified, the reforms left little scope for profits to function as an economic lever.' (p.355-6), in: 'Post-Khrushchev Reforms and Soviet Public Financial Goals'—Gertrude E. Schroeder, *Economic Development in the Soviet Union and Eastern Europe*, Vol. 2, *Sectoral Analysis*, edited by Zbigniew M. Fallenbuchl, New York, 1976.

20. *Ibid.*, p.354.

Thus the low cost of producer goods was originally conceived as an additional encouragement for their employment. The higher cost of such new goods serves other purposes and its effect is the reverse of the original cheapness. The price has little to do with value. Nor can one speak of redistribution of value through prices of production. The point is that there is no competition whatsoever.

A recent example is the situation with the 4.2 billion rubles worth of unsold non-food goods, lying in storage on April 1, 1975, in the USSR.²¹ The authors of an article discussing the problem make it clear that poor quality lies at its heart. Brezhnev in fact made the same point when he said that the reason for the shortage of shoes in the USSR was not in quantity produced, since there was enough for three pairs per person per year, but in the poor quality and outdated fashion. In this respect both Bettelheim and Mandel are wrong. The overproduction that exists in the USSR does not take the form of overcoming scarcity but in most cases it is due to quality defects or shortage of complementary parts, etc. In other words it is not due to the law of value in its usually understood sense and hence the contradiction is not between use-value and exchange value. In analysing the reasons for this overproduction the authors of this article point out that inspectors of the Ministry of Trade found production (already passed quality control) of various kinds of textiles and shoes to be around 20 per cent defective, in 1974. (A check done in a Kazakhstan factory produced worse statistics. There, in May 1973, at a clothing factory 30 per cent of items were defective after quality control while a year later first 20 per cent and then some 84 per cent of items were defective.²²) Since the standard of quality will vary it may not be implausible to point out that standards are bound to be lowered where poor quality is the norm. The reason for the wholesale and retail organisations accepting these goods is revealing. They do not want to 'spoil their relations with their suppliers'. In turn suppliers avoid demanding buyers and the arbitration tribunals adopt an understanding attitude to the offending enterprises. The latter occurs because the cause of enterprise failure may be traced to reasons beyond the control of the enterprise as the absence of raw materials, equipment etc. This in turn is blamed at least in part on the 'unreal plans'. Here we have in a nutshell the problem of Soviet industry. There is no question of money or of profits as the source of the contradiction. Where there is no competition there is no market and the position of the manufacturing organisations or enterprises is dominant. It is also obvious that in such a system the giant producer goods enterprises will be dominant over the consumer goods industries. As a result the effect of making realised production the target rather than total amount produced is very limited. It is clear that only exceptionally can enterprises fail to sell their products. Thus the real connections are made directly between enterprises or rather their directors and not through the intermediary of value or money. This network of inter-enterprise bargaining is essentially an intra-elite mechanism of organising the economic system. Its results are en-

21. R. Lokshin and V. Tyukov: 'Uskorenie obrasheniya tovarov narodnogo potrebleniya'. *Voprosy Ekonomiki* 2/76, p.37.

22. I. Munaev, N. Uralov: 'Kachestvom nado upravlyat', za kachestvo nado borot'sya.' *Ekonomika i Zhizn* 7/74, p.72.

shrined in the plan. It is not so much that the plans are inherently unrealistic on this basis, but there is no way of coping with the multitude of connections so established. In an earlier article reference was made to the unplanned character which results and some attempt was made to show its forms. Bettelheim does indeed note the administrative character of the planning.²³ He seems, however, to regard it as a subjective phenomenon.

Again it is not enough to argue that labour time is used (imperfectly) at the centre to calculate prices. In the first place this is dubious but in the second place prices do not reflect values but rather the preferences of the centre or whoever has most control in fixing the price at any one time. This has always been true from the time that low prices were fixed for producer goods in the thirties.²⁴ Today when enterprises complain of the reverse: that new producer goods are priced higher than the old—to a disproportionate degree it may be argued by either Mandel or Bettelheim that prices are being used and they have an effect: They may not be based on the law of value—but price must reflect value. It is this kind of muddled thinking which has bedevilled discussion on the USSR. If competition does not exist, profit is not used even as an indicator to any important extent, and economic relations are to a large extent direct administrative or bureaucratic relations, what is the role of value and how does it operate? In the West if price is below value it is compensated elsewhere in the economic system. In the USSR there is no real mode of calculation either at the centre or through the impersonal hand of a non-existent market. It is important to realise that facile comparisons with the West are not to the point. The law of value may not exist in its pristine purity both because of government intervention and the decline of competition—but both governments and monopolies tend to operate on market or commercial principles, regarding other factors as a kind of social cost.

There is little more than a redistribution of value. In the USSR changes in price in the producer goods sector have only secondary effects, since the physical target is all important. The only reason why the price of producer goods can play some role is that the introduction of new equipment in the USSR is fraught with difficulty. It is probable that even if it were supplied at zero cost new techniques or simply newer equipment might not be introduced. Price here serves as an added incentive which is not crucial in most cases. Since in the producer goods industries money performs more of an accounting role, with little changing hands, it is very difficult to speak of the primacy of the role of the law of value. Instead it becomes necessary to speak of the self-interest of the individual in the economic structure. This, then, expresses itself through the units supervised by different members of the Soviet elite, whether it be an enterprise, trust, ministry, or sections of enterprises.

The truth is not that the enterprise is divided from the centre or exists as a separate unit but that the society as a whole is atomised so that every individual strives to maximize his own interest. Since certain individuals are in a supervisory capacity in relation to others, they try to maximize the return to their own unit. The problem (or for moralists the

23. Bettelheim: *The Transition to Socialist Economy*, p.178.

24. *Ibid.*, p.186-188 and p.218.

fault) is not in some necessary division, which will take an epoch to overcome or require the strong hand of a leader, but in the class structure of the society. Where the centre can easily control and the ruling group is centralised, force may be enough to sustain the economic system. Of course, a pre-condition is a low level of technique. A largely agricultural society, with a small percentage of industrial output in total national product, can exist on the basis of terror. Stalin was well aware of the possibilities but the costs of such a system rest precisely in the nature of the growth. A modern urban industrial society cannot, as the market reformers make clear, be governed through coercion from the centre. As a result Stalin's death saw the removal of terror and political police from the elite. This also meant that they would act as independent empire-creating units. If they are in charge of an enterprise then the enterprise is the particular unit which they try to build. While this existed under Stalin it was curbed by the apparatus of coercion which was maintained. What has come to exist then is this blend of force, administration, self-interest and price, which has to be analysed.

The Question of the Mode of Production

It is important to realise that the form is not one of a dominant and subordinate mode of production. On the contrary, it is one of contradictory laws operating throughout all aspects of the society. A system has evolved in which price and the residual forms of value which exist have been subordinated to the interests of the individual or the administration. From the point of view of the individual, money is only one aspect which he seeks to maximize. He requires a position, education, a reasonable flat, holidays, a trip abroad, a good town to live in and access to certain closed shops. Only a member of the elite can achieve his ambitions in all these aspects but he cannot do so through money. The whole point of the privileges of the elite from cars to food is that they obtain their requirements by virtue of their position. As a result a factory manager is less interested in his bonuses than in achieving the targets or obtaining accolades from the right people. In this way he will be promoted and obtain whatever else he wants. This, in turn, is where Mandel is wrong. It is not simply a question of the elite receiving consumer privileges but also of elite control. The factory manager is in charge of his labour force and responsible to that degree for extracting the surplus from the workers. The problem is that he is not in full control over the surplus extracted, both because so many important levers are determined from above, but also because of the nature of the work force. The question is wrongly posed by Bettelheim when he argues that the law of value prevails over the planning mechanism. It is not a question of separate modes of production in different parts of the society. Historically the conflict between the two laws was resolved by Stalin when he ended private enterprise both in the town and to a large extent in the countryside. The result was that the economy was 'planned' but in practice famine and chaos came to exist. The keynote of the regime was coercion—as the draconian labour laws testify. This was the picture of the thirties. There is no way of depicting Stalin as more socialist, as Bettelheim and the Maoists do, unless force is regarded as preferable to the use of other

measures. The individual then has had to react to a battery of stimuli of which price or money is only one. With the decline of force the regime has tried to place more accent on price, but it has gone a very little way along this road. As a result price does not reflect value and money is not the universal equivalent but only the general equivalent. Thus the contradiction between the administered nature of the society and the self-interest of the individual exists both at the immediately perceived level of the conflict between enterprise and the centre but also within the special categories which have come to exist within the society. Such categories are price, labour-power, commodity, the surplus product, etc. They all have superficial forms similar to capitalism and sometimes forms similar to socialism but an analysis of their essence reveals their contradictory nature within their capitalist shell. It is within this shell that one may observe the historical origins of the conflicting principles, although they no longer exist in their original forms. Thus it may be correct to point out that the administered economy evolved from planning and the individual has had to substitute his own interest broadly conceived for monetary return. The effect of administering such a society has been to create a ruling group of its own kind but also a working-class of its own kind.

There are people who speak of different modes of production co-existing in one society in a much more general sense. This is to devote far too much attention to structure and too little to the laws operating in the society. The outward form of the extraction of surplus value from labour-power may be varied. The real question is to examine the real relations which are established by the basic drive or fundamental laws of the capitalist system. So-called subordinate modes of production then appear as nothing more than empty shells preserved precisely because of their emptiness. Their real content (e.g. as a more easily controllable reserve army of labour as in the South African reserves) is then effectively masked. So effectively that some Marxists take the appearance for the content.

Bettelheim has thus failed to deal with the real laws operating in the society because he has not attempted to observe the concrete tendencies in operation in the USSR, preferring to remain at the level of competing structures. He is at error in conceiving of only two structures: capitalism and socialism. There can come into existence in epochs of transition unstable combinations of forms deriving from capitalism, and attempts to overcome it. They are not simply bits of one formation and bits of another but new forms altogether which are like unstable chemical compounds which may decay into their component parts but are not themselves the component parts and may have few properties in common. Hence his attempt to look at Soviet history is bound to fail, not just because he is imposing a present day interpretation on the past, but because the failure of the Russian revolution is not simply analysable in terms of the history of Russia, its petit-bourgeoisie and subjective errors. If all failures are attributable to the incorporation of previous social classes then there is no hope for socialism. It is quite obvious that for some time even the most socialist of governments will have to employ the old middle class. The problem is not in terms of the class composition of the government

or party in terms of their social origin but it is in the policy pursued. The same was true of the English revolution and indeed must be true of any social formation about to be born. Bettelheim has to answer the question as to whether the social environment is less powerful in such regimes which have overthrown the previous social order, than under capitalism. He attempts to avoid this point by arguing that Stalin was right against Trotsky but made a mistake in not putting politics in command.²⁵ He is without question wrong about Stalin as I argued above. Stalin spoke of overtaking the West in ten years, massive industrialisation etc., but such plans as existed had little to do with reality. Above all it was Stalin who put politics in command, ignoring the economic situation. The peasantry of the time did constitute a political challenge to Stalin's regime. He had either to concede or break their political force. In fact he represented the ruling group within the nationalised industries. In the conditions of Russia of the time further concessions to the peasantry meant an extension of NEP, which in turn threatened the positions of the new elite or stratum in control of the government and industry. Where industry required massive repairs and replacements the ignoring of economic reality only meant de-industrialisation and the probable collapse of the nationalised sector. It is not necessary to pose the existence of the old petit-bourgeoisie to argue in terms of the corruption of the ruling group. The debates of the party congresses are replete with examples of the corruption of hardened Bolsheviks, whether workers or intellectuals. Surrounded by a capitalist sea internally and externally, no political policy could have saved the regime from degeneration, unless it could break out of its isolation. Why can Bettelheim not understand that a social group based on its administrative control was bound to arise? It was a group that was born under NEP, although it might trace its roots to earlier periods, and hence appropriated the techniques introduced by Stalin under NEP, such as increased wage differentiation and the existence of privilege. It is not enough to argue, as does Bettelheim, that the exigencies of War Communism had already given impetus to this change. That is true, but War Communism was a deeply contradictory period with extreme egalitarianism ranged against one-man management and other undemocratic features. It was precisely Stalin's achievement to incorporate the hierarchical trends of previous periods into the post 1929 society. Effectively the new Soviet elite or bureaucracy wanted capitalism without the necessary social base and effectively in the person of Stalin produced a compromise: an administered nationalised economy with the hierarchical structure, incentive system and labour controls which are a result of a market economy—without its structure. They have the fruits of a market without having a market. This is the basic contradiction of the regime because such a regime is necessarily unstable, inefficient and wasteful.

Either the self-interest of the individuals of the regime has to be harnessed in the interests of the society as a whole so producing effective planning or they have to be given the free rein which exists in the West. (There are some individuals in the West who do not realise that

25. Bettelheim: *Les Luites de Classes en URSS*, p.36ff.

the absence of the market in the USSR, is not at all the same phenomenon as a declining market.) As long as the regime was based on some analogue of primitive accumulation²⁶ with growth dependent on the expansion of the industrial work force or the introduction of machinery where none existed before, its contradictions showed less acutely. Poor quality, wrong delivery dates, absence of spare parts and imprecise machine tools are acceptable in this early period but not where industry is closely interlinked and requires exact dates and precision instruments. The Stalin system can function with this backward technology, at an enormous price of course, but it does function, particularly with a few million in prison camps engaged in construction. In effect, the argument is that the relations of production which have come into existence in the USSR have truly adapted the forces of production. The inefficiency of the USSR is not an incidental feature, it is a necessary characteristic. As a result plants with technology imported from the West have to adapt their production lines. The nature of this adaptation amounts to a regression in the degree of socialisation of the work force. Whereas the forces of production demand ever greater socialisation through greater concentration, centralisation, internationalisation with an increasingly skilled, educated and closely related work force, the process of atomisation or individualisation breaks up the work force into isolated units.

Paradoxically we have come to the point of arguing that Bettelheim is wrong in criticizing the USSR for putting economics in command because they do not in fact do so. In practice they operate precisely along the lines that he prescribes, since they adapt the technology to the relations of production. The USSR has a high level of concentration of production but it also has a very large measure of non-mechanised production. Thus in an important article in *Kommunist* V. Loginov informs us that 45 million persons are occupied in unskilled manual labour.²⁷ This means that well over half the manual workers are in this category, and the author makes it clear that he regards this figure as a good index of the lack of mechanisation of the Soviet economy. The reason is that 49 per cent of industrial workers are engaged in auxiliary work: repairs, loading, transport, checking, etc. This kind of work is not mechanised. Thus over a million persons are engaged in loading and unloading by hand. There are really two problems involved. The first is that in spite of almost 50 years of giving priority to producer goods, the colossal inefficiency of production has succeeded in maintaining the backwardness of Soviet production techniques. The second aspect is revealing. It is a fact that the number of these subsidiary workers has been growing at a rate considerably faster than the increase in population. In fact the number of repair-fitters more than doubled in the period 1959-72.²⁸ The number of checkers, controllers, etc., almost doubled in

26. A Marxist characterisation of this period has yet to be produced. Primitive accumulation implies capitalism and its forms of colonial exploitation. Primitive socialist accumulation implies a dictatorship of the proletariat or a transition to socialism. Neither of these conditions applied to the USSR after 1929, when industrialisation commenced.

27. V. Loginov: 'Aktual'nye problemy mekhanizatsii proizvodstva', *Kommunist* no. 18, December, 1974, Moscow, p.41.

28. *Ibid.*, p.43.

the same period. As a result a vicious circle is set up, according to Loginov.²⁹ The more you mechanise and free the basic personnel (machine-minders, etc.), the more repair and other auxiliary workers are required, with the absurd result that mechanisation turns into its opposite. Marx precisely defined mechanisation as a process of replacing human labour with machinery. The USSR has turned Marx on his head. The problem is that more mechanisation requires higher quality and greater exactness which in turn demands more quality control and supervision, and where machinery is poorly made or tended many more repair mechanics are needed. Loginov does not attempt to look at the real reason for this paradox. It is far too sensitive an issue. Instead he takes refuge in a technical solution: greater mechanisation and greater concentration. Clearly, although he does not say so, he hopes to eradicate human beings from the labour process as far as possible to solve his contradiction. Hence the need for the elite to turn to modern Western technology which they hope might automate their plants. It is a vain desire since the same problems will arise over supplies and with the work-force, and, indeed, as a result, with the machinery. Still, the fact is that the Soviet system mechanises through a method of non-mechanisation, and, we are compelled to conclude, its growth is called in question. This is where in his criticism of me in **Critique 3** Mandel is wrong. It is not simply a question of the USSR having wasteful **growth** as he argues. The point is that it is an altogether dubious form of growth.

It is not enough to produce more and more machinery unless it is put to good use. Yet we know that there is a positive disincentive to the introduction of any new process or product in the Soviet economy. The reason as we have argued before lies in the disruptive effect of new techniques or products on an existing relationship—between management and workers and between the local management and the centre. The effects of anything new are unpredictable and where instability is the norm it is always preferable to keep the operation at its old level. The invention of new products and processes is neither here nor there. The problem lies in their introduction for mass production. Where in fact the result of the introduction of new machinery is to increase the costs of production in terms of men and resources as in the above discussion, their introduction becomes altogether doubtful. Since growth must today depend on rises in productivity as the Soviet leaders make clear in their speeches, we have to conclude that the Soviet economy is not made for growth. This is both because the Soviet economy lags in the introduction of new technology and because it misuses it. The forces of production are thus not able to develop precisely because of the restrictions placed by the relations of production. This has always been true but has been masked by the growth in the absolute surplus caused by the influx into industry of millions of peasants. Yevtushenko's comparison of the hydro-electric station with an Egyptian pyramid has much point. We have to ask the question of the nature of the growth and for whom or what it is intended.

29. *Ibid.*, p.43.

The Nature of Labour Power

In the rest of this article I shall develop the consequences of this analysis, which is far beyond Bettelheim's framework. Mandel simply misunderstands my argument when he looks on it as a treatise on waste. The point as with the above is not to show how wasteful the economy is and how much more could be produced, but to show that the system, because of its insoluble contradictions, is necessarily inefficient. The self-evident waste and bureaucratic inefficiency are the immediately perceivable all-pervading aspects of the Soviet system. The commodity is not. Hence using Marx's method we have to analyse the underlying tendencies and contradictions giving rise to this bureaucratic waste. Clearly from what I have argued it cannot lie in the contradiction between use-value and exchange-value since commodity production is not the main feature of the system. The contradiction lies in use-value itself. The use-value produced is defective in no small measure, with the result that the surplus-product produced is itself of a particular kind. Part is so defective that it is in fact useless, another part is acceptable but the constant cause of additional cost whether because of breakdowns, absence of spare parts or whatever, while a third part may not in itself be defective but is operated in such a way that it is rapidly assimilated to the level of the rest of the surplus product. The first question that arises is that of control over this surplus and its extraction. It is clear that no ruling class could tolerate such a surplus product for long without abdicating its position. It is difficult to speak of control (or 'possession' for Bettelheim) of a defective good. Indeed it is difficult to understand the meaning of control over a plant which is producing in a manner contrary to the needs of the economy. From the point of view of the individual administering or working in such a plant it is quite another matter. Their actions are quite rational, intended to maximize their own returns, at the expense of the society where necessary. Administration of the economy does require consideration of the economy as a whole and of the interests of the elite as a group, but the constant negation of the intentions of the planners has led to a more genuine form of organisation for the society. The elite has had to accept that their desires can only be achieved to a very limited extent, and accept instead a role as co-ordinators and bargainers within the economic system.

The reason for their lack of control and acceptance of use-values other than those planned lies precisely in the nature of the extraction of surplus product in the USSR. The duality of organisation or administration and individual self-interest is expressed throughout the society and throughout the hierarchy. To understand this it is necessary to analyse the position of both the worker and the administration in the process of surplus extraction.

Bettelheim maintains that labour-power is a commodity in the USSR. For it to be such it would have to be bought and sold on a labour-market and the wage paid would have to be in return for labour-time. It is true that the superficial forms exist today. Under Stalin, where workers were tied to their factories, punishment for misdemeanours was draconian, and the labour camps were of economic importance, it

is clear that the superficial forms were less important, though not absent. (Large wage differentials, the extreme use of piece-work, etc., indicate the importance attached at that time to material incentives.) Nonetheless it is true that these particular forms of control over the worker no longer exist or are much attenuated. Only one who supports force over the working class could take the view that the regime is worse in any objective sense than before. The argument, however, that material incentives are more important today than under Stalin is simply based on factual inaccuracy. If anything the reverse is true. Progressive piece-rates have been phased out and differentials reduced. In fact the situation has now been reached where the differences between skilled and unskilled in one industry can be minimal. A recent survey of one industrial centre showed that the difference between skilled and unskilled, both narrowly defined, was 0.7 of a wage-grade.³⁰ There are usually six wage grades, so that the implication is that the great bulk of the working-class lie between grades three and four, irrespective of their education, training or real skill. In terms of payment it can only mean that there are only very minor differences among workers. This is reinforced by the further statistic that the amounts received from so-called socialist emulation are insufficient to affect the workers' motivation. The survey covered a range of iron and steel plants over the USSR. As pointed out above, not more than 2-5% of the material incentive fund could be allocated for this purpose. Exactly the same kind of statistic could be produced for any bonus scheme in the USSR. The conclusion is not merely that workers are more equal or less unequal than formerly but that pay is effectively not for work done. We do not have any surveys of this kind done for the Stalin period so that no obvious conclusions can be drawn for the initial period of industrialisation. For the present period, however, the interesting feature is the equality of incomes of workers and indeed of the ordinary intelligentsia. The payment appears, therefore, more as a social subsistence norm, differing according to the particular position of the manual or mental worker. It is more striking in the case of the Academician or dotsent (associate professor) who receives his salary for his title. The most obvious example is Sakharov. It would be surprising if this situation were otherwise than it is, since the worker is secure in his job and has no real incentive to work harder or get anywhere. It is necessary, next to touch on the situation as regards consumer goods.

The argument that money in the USSR fulfilled the function of a general equivalent and not the universal equivalent was alluded to earlier. It is important not only in that factory managers cannot acquire goods, of whatever kind, for their factories without planning permission or good contacts, both of which are far more important than the money, but, even for the consumer, money plays a very different role than that in the West. Facile theorists may speak of the rise of 'funny money' and non-monetary aspects of the economic system in the West. They are correct to a degree, reflecting the nature of our transitional epoch, but the trend has proceeded so much further in the USSR that simple transposition is an absurdity. Housing and transport inside towns are provided by the state,

30. Aitov, *op. cit.*, p.64.

depending on the job or position. Thus the privileged receive chauffeur driven cars and the rest use public transport at minimal prices. Housing is allocated through the local city council but it is dependent on the job and the payment for state housing is also very low. The basic purchases are food and clothing. The latest budget survey shows the predominance of food in the family budget.³¹ Here the most important variables for the family are a place in the queue, living in the right town to obtain the food, having the right contacts, etc. In other words there are a whole series of non-monetary factors which are of utmost importance.³² Since the real differences in food intake are more determined by the area and particular economic situation, money must play a secondary role. Thus the supply of meat may dry up in a particular town for six weeks at a time and those who have private plots or contacts with the agricultural sector will be the favoured ones. Finally on this point it has to be pointed out that the privileges of the elite are largely non-monetary. Access to special shops ensuring a continuous supply of the best quality goods or larger flats etc., are granted as of right to those with particular positions. There are limited uses for money, such as purchase of a flat or car, but the huge savings deposit testify to the queues involved in the purchase of either. In short the law of value is not applicable in the sphere of consumption either. Money serves a subsidiary lubricating role to purchase odd items of consumer durables, when available, but in effect it operates as a part of an overall rationing system. The demands of the reformers would precisely restore to money its classical role of purchasing whatever there may be, so disfranchising the working-class and elevating the intelligentsia. It is only by understanding that labour-power does not sell its labour-power for a wage that it becomes clear what the reformers want. They want precisely to discipline the worker in this manner—through the market.

Thus far we have argued in terms of the worker not obtaining a wage but receiving a ration from the net product produced. A second aspect reinforces this conclusion. This has to do with the continuing control over the worker. It has been argued that there is a labour market because the worker can move from factory to factory, improving his position. This is only superficially true. Firstly workers in the military sector do not have the same rights. Secondly movement between towns is strictly controlled and, for the major industrial regions, movement is very limited. Thirdly, the use of the numerous documents from the personal file to the workbook ensures that workers have to be careful in their activities. It is of course no recommendation to be seen to be changing work-place too often. The information is anyway strictly controlled, when it comes to advertising vacancies. The existence of a large sector of illegal workers living without permission in the towns, together with those having temporary permits, ensures a greater level of control. The effect is not one of producing a market. It is rather that of a worker

31. *Narodnoe Khozyaistvo v 1974 godu.*, Moscow 1975, p.605.

32. Robert Kaiser: *Russia*, London 1976 pp.50-56: 'Because the acquisition of goods is so difficult, the accumulation of wealth loses much of its potential significance'. p.50. He gives a good journalistic description of the role of money, the importance of food in the family budget and the non-exchange sector.

bargaining with the administration for his position in the factory and society. Bargaining or exchange are not in themselves value.

The Worker and the Labour Process

If the worker has less control over his own exploitation, the nature of this exploitation and the worker's provision of his own labour require to be explored. It is here that we see that the worker is permitted a limited degree of control over his own work process. In other words, in return for the absence of workers' power, or alternatively a genuine labour market, the worker has been permitted more liberty in the course of his work than under capitalism. As a result he can produce more slowly or do work worse than would otherwise be the case. Thus, if we look at the procedure for norms of work or rates at which the labourers are expected to work we see that the worker can control his own rate more than under capitalism. The fact that these rates are notoriously slack is constantly bemoaned in the Soviet literature which speaks of scientific norms. Interestingly, however, so-called scientific norms are more in evidence in consumer industry than in heavy.³³ Given the predominance of women in the consumer industry this is no surprise. However, it is well known that factory management has interest only in workrates which are acceptable to the workers and will show the management in an acceptable light to the higher echelons in terms of plan fulfilment. It is therefore no surprise that over half the members of a norming committee should be manual workers.³⁴ Since the management of the factory has no disciplinary means, either through employment or material incentive, only concessions on the work process are left. This situation is made essential for the factory management when they find the factory forced to work slower or stop owing to an absence of supplies or a breakdown of machinery. A survey has shown that 50% of production time losses were due to these reasons. Inevitably as the article shows, this must lead to arhythmic work, overtime and overintensive working at the end of a plan period.³⁵ Yet, as we have seen, poor quality and need for repairs is built into the Soviet economic system. Hence these breakdowns are a necessary feature of production. To see how much this is the case one might just note the special inclusion of paragraphs on payment for defective products in the Soviet Labour Code. Workers who produce a defective product due to reasons other than their own poor work in general receive two-thirds of what they would otherwise receive.³⁶ This hardly provides any incentive to produce, since the result is unpredictable particularly if there is a production hold-up and they work on piece-rates. The production management necessarily becomes dependent then on the goodwill of the workers to operate in this unpredictable manner. He has in fact to permit a lower rate of work and

33. A. L. Maksimov: *'Premirovaniye Rabochikh v Usloviyakh Khozyaistvennoi Reformy'*, pp.26-7, Moscow, 1971.

34. V. I. Mukhachev and V. S. Borovik: *Rabochil klass i upravleniye proizvodstvom*, Moscow, 1975, p.34.

35. Yu. L. Sokol'nikov: *'Sotsialisticheskaya distsiplina truda i puti ee uluchsheniya'* *Sotsiologicheskiye Issledovaniya*, no. 1, 1976 p.95.

36. *Kommentarii k zakonogatel'stvu o trude*, Moscow, 1975, p.268 (article 93 of the RSFSR labour code).

poorer performance to make up for the special calls required. The workers are then allowed to overfulfil the norm to the point where material incentives cease to have much effect. 'The unsatisfactory position with work norms at engineering enterprises leads first of all to the workers losing their material incentive to overfulfil the norms.'³⁷ Such is the conclusion of one Soviet writer. The same writer points out that where better norms are introduced the quality of the individual piece-rate fulfilment declines. Soviet practice over the last 50 years shows simply that there is a constant re-assessment of these norms which rapidly dates as the technique changes. In fact there can be no scientific norms established, which do not date very rapidly. As is pointed out, only 14 per cent of norms requiring to be changed were altered in 1968.³⁸ The reason given is that the old norms are required to give the required wage. In other words a necessary wage is established, by spontaneous pressure, above which there is no point in going, as indicated above. Clearly 180% fulfilment can be declared 100%; giving the same wage, but little is changed. What is actually going on is that the particular work-rate and wage is determined from below. Indeed one survey showed a loss of work-time of 30-40% below that planned.³⁹ The only reason why the administration wishes to change to a more scientific system is to intensify the work of the labourer through dismissals and redeployment. This was in fact done in the Shchekino experiment where some one thousand workers were eliminated.⁴⁰ It was calculated by the Ministry of Chemical Industry that 17-18% of its workers could be similarly dismissed.⁴¹ This would mean if adopted throughout industry that there would be some 15 million unemployed.

Although the central committee has called for a generalisation of this experiment it has not introduced measures for unemployment or redeployment. This it could not do for obvious political reasons, but it would also have considerable difficulty in intensifying the work process. Thus the Shchekino experiment led to a decline in work absences by 15 times, while absence with permission declined 13 times.⁴² Since the administration is compelled to give permission to workers, owing to the nature of the Soviet system, to acquire certain goods or receive certain services, any generalisation of this decline must be held to be doubtful.⁴³ In fact the Shchekino director admits that fear of unemployment played some role in his achievements, but tries to attribute the success to

37. A. L. Maksimov: *op. cit.*, p.27.

38. *Ibid.*, p.27.

39. *Ibid.*, p.36.

40. P. M. Sharov: 'Partiinaya Organizatsiya Shchekinskogo Khimkombinata' in *Bor'be za Ykrepneniye Distipliny Truda i Sotsialisticheskaya Distiplina Truda: Opyt, Problemy*, p. 97, Moscow, 1975. (Sharov is the director of the Shchekino enterprise.)

41. *Ibid.*, p.98.

42. *Ibid.*, p.99.

43. In the same volume as Sharov writes, A. S. Donba has this to say. 'Around two-thirds of the whole-day loss of work-time is connected with the dubious practice of giving leave with permission of the administrator'. He then cites the reasons, 'often criticised in the press' as given in the text. These include such bureaucratic needs as fixing up the internal passport—A. S. Dovba: 'Not i Sotsialisticheskaya Distiplina Truda'—*Ibid.*, p.127.

consciousness and material gain. Since there was no obvious change in workers' consciousness before and after, while the material gain he cites is little more than 6 rubles per person per month, his reasons look altogether spurious.⁴⁴ The latter figure contradicts not merely the general argument produced here but a survey which in effect showed that at least 4 times that figure would be necessary to have an effect.⁴⁵ There seems little doubt that his questioners, who put the point of unemployment, are correct. Still, if his figures are right, the low rate of real work must be astounding for all other enterprises. The rate of underemployment is relevant here. For example, workers might not be dismissed because they cannot be found other jobs or because the enterprise director prefers to hoard labour. However, this does not need to be explored here because it is so well known. Mandel indeed takes this as evidence that the USSR is a workers' state. Since Spain also has the same law compelling enterprises to keep their workers unless found other jobs it is not a very sound basis. The truth is that this security of employment is merely one aspect of the individualisation or atomisation of the worker in the USSR. He is given a job or position to himself and his return is dependent on that position.

Modern industry requires the co-operation of the worker, and to the extent that there is insufficient discussion and participation production suffers. Such is the conclusion of a recent article on co-operation in Soviet industry.⁴⁶ In effect, on the basis of field work, the authors come to the conclusion that some form of workers' control is essential. Exchange of experience and more general co-operation is shown to be necessary for raising productivity. However, two aspects of the statistics stand out—which are not dealt with. These are the low ratings given by the workers to the level of participation in the government of the enterprise, and the still lower ratings shown for the level of organisation of the work process.⁴⁷ This comes as no surprise, any more than the failure to discuss these aspects except by implication. This survey has to be supplemented by another which shows that in relation to the work process the average worker does not fulfil his technical functions and permits loss of work time, etc.⁴⁸ This result is directly contrary to their plan fulfilment where the average worker does perform satisfactorily.⁴⁹ The explanation is not difficult to see: the worker performs at the given superficial level for plan purposes and so delivers his surplus product but retains a measure of control over his own work process.⁵⁰

Clearly, there are certain specific factors permitting the worker a measure of control over his work process. At this point we have to return to

44. P. M. Sharov, *op. cit.*, p.100.

45. Patrushev i Shabashev, *op cit.*, p.88.

46. *Ibid.*, p.91.

47. *Ibid.*, pp.85.86.

48. A. V. Tikhonov: 'Vliyanie proizvodstvennoi Samostoyatel'nosti Rabochego na Otnoshenie k Trudu', *Sotsiologicheskie Issledovaniye* 1/76, p.38.

49. *Ibid.*, p.38.

50. Thus Munaev and Uralov *op. cit.*, p.75: 'As a result, the plan for realised output appeared to be fulfilled, although in terms of physical and value product it failed'. Why?: 'because, at the enterprise, labour discipline is crippled in both legs, and the amount of absenteeism is increasing.' This enterprise is only the tip of an iceberg, as should be clear from these surveys quoted,

the argument about the specific adaptation of the forces of production to the Stalinist system existing in the USSR. Thus the same survey quoted above also points out that there is a higher degree of independence in production for the auxiliary workers, who constitute around half of all production workers. In fact what has occurred is a specific form of organisation of labour which reproduces itself. We have referred above to five forms of the Soviet labour process which permit this latitude to the worker. In the first place the nature of overall mechanisation is startling. Thus Academician Tselikov pointed out in 1974 that machinery being used in the engineering industry was sometimes of pre-first world war vintage. Both because of their tolerance of lack of precision and breakdowns, workers must have a measure of control over their own. It is thus not surprising that some 45 million workers should be considered unskilled. In the second place the quality of production leads to the phenomenon of a large repair sector and increasing numbers of controllers. This auxiliary sector is considerably worse mechanised. Thirdly, the production delays and absence of supplies cause arrhythmic production. Fourthly underemployment as a result of the introduction of new technology has become endemic. Fifthly, for historical, political and technical reasons the regime permits slack norms and a slack discipline. Finally it should be added that the transport and construction sectors by their nature tend to be more individualised. It is no accident that *Krokodil* frequently has cartoons of workers constructing their own houses during their work time when they are supposed to be erecting some public building. Casual labour is permitted on construction sites—without the usual documentation. The overall effect is not to increase the independence of the worker, that would be absurd. The effect is to increase his individualisation or atomisation, so that the *Krokodil* cartoons have a bitter truth. The worker is compelled to relate to his work-process and not to his fellow workers. The latter is manifestly impossible in the absence of genuine trade unions and with the numerous documentary and police controls. The regime has therefore accepted in production that which was initially established because of the lack of working-class tradition of the new work-force. The worker relates to his job and less to his pay. This is also brought out in a survey of workers' attitudes to forms of discipline where money is least important, but punishments associated with the job play a greater role.

Labour-power and the Socialisation of the Means of Production

The worker does not therefore in any sense alienate his labour-power as a commodity. Those who look at the Soviet situation in this way are imposing their own wishes on reality. They can in fact make no predictions as to trends other than simple statements derived from their own experience of capitalism. The consequences of this particular form of exploitation are of considerable importance. The forms summarised above are in fact reducible to a more general argument. The mechanisation in the USSR leads precisely to disruption of production, an unmechanised auxiliary sector, underemployment, slack norms and a consequent difficulty in any mechanisation. In other words, the worker's control over his work process expresses the individualisation of a process of production which requires socialisation. This socialisation expresses itself in the constant need of the

administration to rationalise production. They distort the required process until it becomes a caricature. Thus the conservatism of the economic system can only increase as more machinery is employed, and to deal with it the elite uses such absurdities as Khrushchev's constant reorganisations or the present concentration of production. Reorganisations have the merit of permitting some change while concentration reduces the number of intermediate layers between central elite and worker. The reorganisations, however, lead only to an increase in the size of the bureaucracy, as cited above. In other words attempts to introduce flexibility only make the system top-heavy and so more inflexible.

The paradox of this system, however, is that the more mechanised it becomes the less mechanised it is, and so the more socialised the means of production the less socialised they are. To the extent to which more workers are being employed there must be a growth in the absolute surplus. As long as the technology is backward or isolated in relatively small or controllable units, this atomisation of the worker can still permit some growth with mechanisation. When, however, the economy becomes more complex, and subject to what Soviet books call the *scientific-technical* revolution, the contradiction between the demands of the productive forces for socialisation and the prevalent atomisation becomes insoluble. On the one hand the elite try to arrive at a solution by administrative means: greater units or total automation and computerisation—various forms of re-organisation while leaving their own administrative floundering intact; on the other hand the individual self-interest of members of the elite demands a market. The contradiction between the requirements of administering the economy and the resistance set up by the self-interest of the individual has to be resolved in favour of one or the other. Thus the administration is attempting through such things as the Shchekino experiment and economic reforms to reduce the individualisation of the work process, but the political limits make this a slow process. In fact this change can never succeed, because the socialisation of the means of production requires working-class co-operation and collective action. This alternative, which will force its way over time, is the death-knell of the system. Hence the elite must maintain the system in its glorious inefficiency.

It is probably true that modern industry is so socialised that it cannot operate even on a micro-level without wide-ranging discussion and participation. To the extent that this is absent, inefficiency is a necessary result. As long as the worker accepts the system, fetishised by commodities, a surrogate is possible. In the USSR, we have argued, there is no commodity fetishism; there is atomisation, but the political nature of the system is clear. The worker has accepted a quid pro quo for his exploitation but he is in no doubt that he is not in control of the economic system. Furthermore, as long as the absolute surplus increased or total use-values were rising, the worker might get a better job (or indeed a job if he were a peasant) and some rise in income. It is less easy for the elite to perform the same function today so that the worker is doubly attacked. He loses his individual control and gains little material benefit.

There is thus a real basis to the contempt shown by the intelligentsia for the working-class. As long as they have a modicum of control over their work-process they relate to the system more as a *petit-bourgeois*

than as workers. The insolubility of this contradiction between the necessity to socialise and their atomisation must collectivise the worker. Already a hereditary proletariat is forming, which is of momentous importance. This means that the worker comes from a worker family and not peasant one and has little opportunity of becoming anything else. Sociological surveys have shown that this is the case. The corollary is that the worker must be forced into an understanding both of his own contradiction and of the nature of the remedies being proposed by the elite. The latter do not want to disturb the existing political agreement, but they have no choice. If growth declines, as it has, the basis of the system's acceptance also declines. Thus, they have to find an alternative *modus vivendi*.

It is bound to be suggested that this argument is too economicist. There are three reasons why such a view is untenable. Firstly, the Soviet system, we maintain, does not have the viability either of capitalism or socialism. It is inherently unstable, though it has managed to adapt itself for a period of time to a political reality. We have argued that it was always inherently contradictory, but today its original viability as an analogue of primitive accumulation has evaporated. In the second place, much of the criticism of 'economism' appears dated. During a period of apparently never-ending boom, it was natural that pragmatically minded Marxists should turn to ideology as an explanation for their own failure. Now that the boom is at an end, we would predict that such explanations will be offered less frequently. In the third place, the refusal to accept the awful truth of the Soviet Union, which is a material fact, has led many to take refuge in non-material explanations for the behaviour of the working-class.

Two kinds of questions arise from this analysis. Firstly there is the question of whether the analysis can be extended to other countries, and secondly, whether any statement follows on the nature of the Soviet elite and the surplus product.

Concerning the first problem, it is clear that the all-pervading bureaucratic and individualist nature of the USSR was possible only on the basis of a rupture of the productive forces from their own internationalisation.⁵¹ Once this rupture was established it was inevitable that every unit would become isolated and that only a concession to the worker on the same lines could maintain the system. The same system with variations must have its applications elsewhere. Indeed it is no accident that Yugoslavia opted for its own incorporation into the world economy, or that Czechoslovakia declined as an industrial power to the point where it has to import what it formerly produced when it was capitalist. It does appear to mean, however, that the communist parties of Western Europe would be compelled either to go the de-industrialising way of the East European countries or find an alternative, if they are to maintain power. Much the most likely is that they will not take power except as a coalition, so that the question will not be posed. As the unviability of the USSR becomes clearer, the communist parties will have to resolve which way to turn, especially as the only real temporary solution for the USSR is a deal with the West, as we have argued elsewhere.⁵²

51. Akad. A. Tselikov, *Kommunist*, 13/75, p.67. 'Segodnya i zavtra nashego nashirostroiya'.

52. H. H. Ticktin: 'The Current Crisis and the Decline of a Superpower'. *Critique* 5.

The Question of the Surplus Product

As regards the nature of the surplus in the USSR the question of its control can now be put into perspective. Because the worker has the limited control vis-a-vis the administration he is able to limit the control of the surplus held or obtained by the administration. He is effectively able to distort, alter or prevent certain forms of disposal of the surplus product in a largely spontaneous and unconscious manner. In turn the elite have had to accept this situation. The matter does not end there because there is, as we have seen, the army of checkers and repairmen, added to the numerous political police, all of whom simply absorb what is produced. The elite may twist and turn, but it has no solution other than an administrative one which effectively absorbs more of the surplus product. It has to be asked whether these checkers and factory supervisors control the surplus. Clearly we return to the previous problem of their duality and the duality inherent in the entire system. In other words the engineer operating with a shift performs a dual role as a supervisor of the extraction of the surplus product, and as a worker in so far as he is performing a necessary engineering function, which he usually is. The problem of deciding who is responsible is insoluble. Emigré literature brings this out, but there is an essential truth in the point that it really is a totally bureaucratised system without final responsibility.

What conclusions can be drawn on the control over the surplus product then? Mandel has suggested that the bureaucracy receives only consumer privileges, but who then controls the rest of the surplus product? He does not pose this problem. Bettelheim is here more correct than Mandel, but fails because he retains a legalistic discussion by using possession (instead of ownership). The legalistic question is secondary, and that is why we have used surplus product and its extraction as the basis of our discussion. This is, of course, the basic question of the political economy of the USSR, even if it is essentially abdicated by the above legalists. What is clear is that the bureaucracy (the word is used to conform to Mandel's usage) administers this surplus and the workers have no relation to this administration.

They have only a negative control—by not producing this surplus or alternatively producing a surplus with no use-value (because it is impossible to use, for whatever reason). Can any conclusion be drawn from this?

In approaching the question of the laws of development of Soviet society I have proceeded from the question of commodity production to the nature of labour-power, and so to the problem of control over the surplus extracted from the worker. I have argued that there is an equilibrium of class forces established on the control over labour-power. It is possible to see that if there is an equilibrium on the control over labour-power there is also a parallel equilibrium over the surplus. The surplus which is only a potential surplus product does not exist at any one time and does not raise the immediate question of control. It does raise the problem of increasing the surplus for the discontented population and this might seem a separate though important problem. In reality, however, it means that the worker can set limits to the size of the surplus, which the elite can do little to change. These limits are not natural but social and arise not from

physical requirements but from the peculiar social relations in the USSR. There is, however, a more important point. The existing surplus product is greatly reduced in its use value by its nature, and its nature has been so distorted by this equilibrium as to be very different from what is desired by the elite planners. It will be objected that capitalists do not obtain exactly what they want either, and that the market and trade unions produce a different effect from that desired by the capitalist class. This is true and requires a detour discussing the differences between capitalism and the USSR in the matter of the control over the surplus product or surplus value.

Under capitalism, the driving force and fundamental law is the law of value, which means the production of surplus value in a self-expanding form. If it is surplus value that has to be extracted, then it is only in terms of value that the success or failure of the capitalist can be determined. *They physical form is of little importance. Secondly, the system is not centrally organised, but divided into competitive units, and it is the individual performance of these units that is of importance to the individual capitalist not the performance of the whole system, unless the latter is itself threatened. It is, thirdly, not in the nature of capitalism that there will be an easily predictable run of profits. The spontaneous and anarchic form of the market renders prediction atypical of classical capitalism. Control over the means of production, and hence over the surplus value produced, rests with those who control the broad flows of investment and so control the accumulation process. As long as this accumulation process proceeds, and surplus value is continuously produced, the system is operating in however anarchic a way. Some capitalists will fail and others succeed. Even those who fail will do so not because they have been contradicted by some other non-capitalist law, but because they have not followed the logic of the market sufficiently successfully. In a word, whether the individual capitalist makes a profit or loss he is fulfilling his function as a capitalist, as long as he is engaged in the process of accumulation. It is only when the working-class is revolutionary and chokes this process of extraction of surplus value that it could be said the system was so self-contradictory as not to function, and that a new class equilibrium, however unstable, will have been established. Of course there are various approaches to this state in the present epoch, but qualitative change is needed. Indeed examples of the decline of capitalism as an accumulative process are important as showing that the process occurring in the USSR is only the most obvious symptom of what is occurring during the whole epoch of transition. Thus it has become a favourite complaint of the capitalists that they are taxed too much or that investment is being choked by the public sector or that the working-class will cause a runaway inflation and economic collapse. These complaints are all demands for the right to accumulate, or for the maintenance of the law of surplus value, in the face of continuous attack. In fact the more far-seeing industrialists have accepted as an inevitable process the limitations on their right to accumulate, and even loss of ownership to the public sector.*

All of the above goes to argue that capitalism (including Fascism) and control over capital are not judged by successful planning, predictability or ability to change investment plans. Incorrect prediction leading to high

profits is not a failure from the point of view of the accumulator or extractor of surplus value, but it is from the angle of the planner. The capitalist class control the surplus value produced for purposes of accumulation and their own consumption. The important question is really whether the decisions of those in receipt of the surplus value are executed. They may be frustrated by the market or other capitalists but their control over the surplus value produced, and so over the labour-power utilised, is shown within their own unit. This is true of Fascism as well as liberal capitalism. In the USSR, the planner knows that his instructions are dubious through lack of knowledge and in any case will emerge in an entirely different form. Yet the lower down the chain of administration one proceeds the less the responsibility for important decisions. It is not at all clear where the responsibility lies or where it ends. There are in fact no independent units. Price, quantity, wages and salaries are all determined outside the firm or enterprise, unlike capitalism. The result is that it is not possible immediately to detect who has responsibility for the allocation of the surplus product. If it is said to be the central committee there are two problems. Firstly, the elected body seldom meets, and secondly it can only act through its own apparatus. The central committee apparatus is certainly large but it is only capable of administrative acts. It is said and often used to be said that the middle cadres are the problem. This was Stalin's view. What it illustrates is the difficulty in a bureaucratised society of getting anything done. The aim of producing profit has the merit of being clear and becomes even clearer when a firm is in financial trouble. There is no obvious overall aim of this kind in the USSR. There are a multitude of conflicting targets based on inadequate information, which inevitably are re-interpreted in the interests of whatever units become involved. The result is that the more complex the economy the more the central committee is reduced to a body resolving conflicting interests and providing a clearing-house for inter-unit bargaining. It is a highly pragmatic body which produces whatever policy will ensure that the system (which they organise and from which they benefit) will continue in existence for a few more years.

We are compelled to conclude that the elite exert only a partial control over labour-power. Further, this lack of responsibility is itself only a reflection of the fact that the members of the elite are there only by reason of their occupation. As a result, many of its members are at least partially alienating their labour-power for reward. They, therefore, exhibit the characteristics of both worker and exploiter. Some elite members are entirely useless and others are merely policemen, but its predominant membership would remain in position, stripped of rank, privilege and power, in a socialist society.

I have deliberately avoided using means of production as the categorical relationship as this is a legal category which can obscure the social relationship. I have developed the analysis in terms of labour-power and the appropriation of the surplus. The argument is that the worker retains a limited control over his labour-power, and that consequently the elite have only a limited control over the surplus—more limited than under capitalism. This is an expression of an historical equilibrium of class forces which is inherently unstable. The elite would like to establish itself

as a class with full control over the means of production but has hitherto not been able to do so, despite repeated efforts. The economic reforms would undoubtedly mark an historical move towards the full formation of the class.

Historically considered, the bureaucracy was formed out of the petit-bourgeois environment of NEP and the vast sea of peasants, within a capitalist world. Although spawned by market relations, they could exist only through exploitation of both proletariat and peasantry. This could only be achieved through force. Once politically established, it became necessary to extinguish the intellectual opposition and open social mobility to the mass of this one-time petit bourgeoisie—largely the peasantry. This meant both the conversion of the peasantry into workers and the absorption of the most grasping and most philistine into the elite itself. In this way a social basis was made for the regime itself. Once the elite had achieved such a social basis, however, it was caught in its own contradictions. The high social mobility was limited to the period of purges, war and rapid industrialisation. Once it declined, the elite clearly separated itself from the mass of the intelligentsia, while its privileges became anachronistic. The disfranchised intelligentsia resented them, aspiring to the increasingly impossible position of member of the elite. Members of the elite, once terror was removed, preferred market type privileges rather than those dependent on their own positions or on their superiors. Furthermore, they needed positions more secure than those dependent on the whim of others—ones based on ownership or individual control. But they had lost their social base in the intelligentsia and had to manoeuvre between the intelligentsia and the working class. While the intelligentsia was small it had both power and privilege, but 12 million graduates cannot have the same position as the fraction of that number under Stalin. Nonetheless they aspire to it, and thwarted they have turned to the only system which does grant them better positions—capitalism. This is a separate topic but the important point is that the whole dynamic of the system is to break this class equilibrium and permit the formation of a new, open and stable ruling class. Either it moves in this direction or the discontent of the intelligentsia will force it to move towards the class below it—the working class.