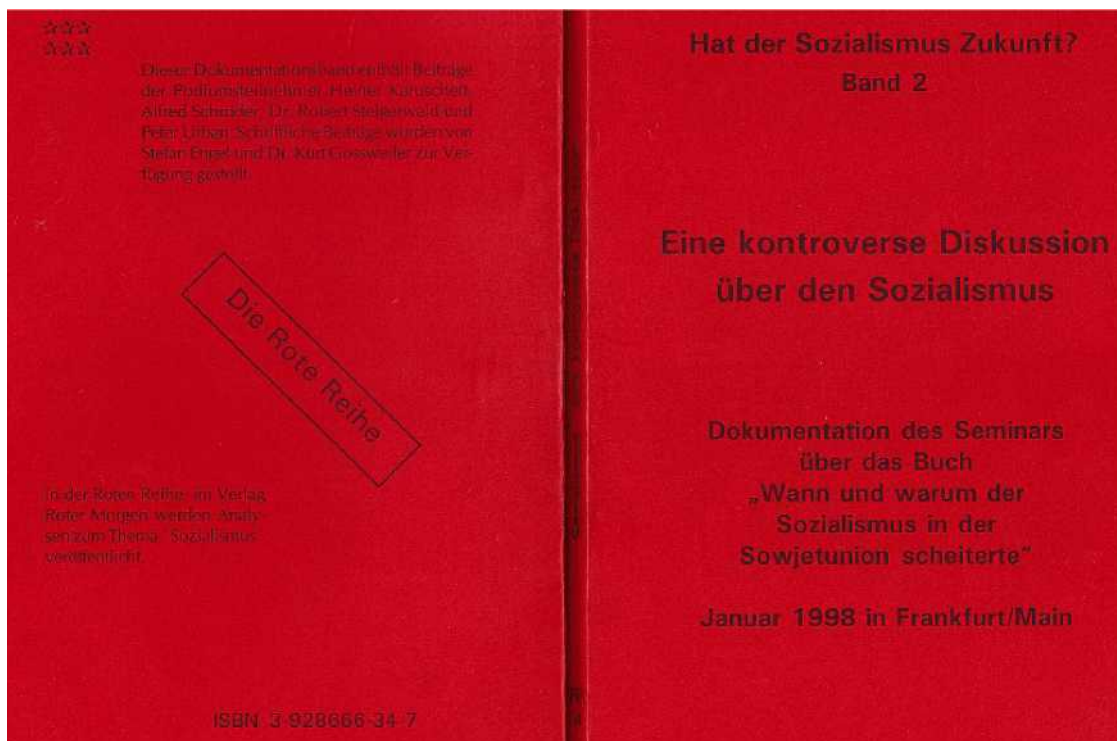


# Does socialism have a future?

## Volume 2

A controversial discussion about socialism

Documentation of the seminar on the book "When and why socialism failed in the Soviet Union".



January 1998 in Frankfurt/Main

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## **Preface**

In 1996, the publishing house *Roter Morgen* published a study "When and why socialism failed in the Soviet Union". Since this book met with broad interest, a panel discussion on the theses represented therein took place in January 1998 on the initiative of the publishing house in Frankfurt/Main. It was not only about questions of the development of the Soviet Union, but also about problems of socialism in general. In the run-up to the seminar, the publisher had suggested that the discussion should be oriented primarily towards the following questions, which largely also happened:

**What character and to what extent should nationalization have in economic planning and management under socialism; what character and to what extent should commodity-money relations have; what is the actual communist kernel of a socialist society? What are the differences of interest, in which political forms can and should they move? What lessons can be drawn from the history of the Soviet Union in this regard?**

Since we believe that these questions are of interest to many, we publish in this volume the papers given at the seminar as well as some other elaborations and documents related to the seminar or the problems dealt with there.

As far as manuscripts of the speeches were distributed at the seminar, they differ slightly from the texts printed here, since correction runs with regard to spelling errors have been made in coordination with the authors.

**Publishing House Roter Morgen**

Below we document the report in the *Roter Morgen* 2/98 about the seminar.

## Successful socialism seminar

On 24 and 25 January a seminar with about 60 participants took place in Frankfurt am Main on the initiative of the publishing house *Roter Morgen*. The topic was the book "When and Why Socialism Failed in the Soviet Union" published by the publishing house *Roter Morgen* and related questions. The panel speakers were: Dr. Robert Steigerwald (DKP), Diethard Möller (chair of the CC of the KPD), Peter Urban (representative of the authors' collective), Alfred Schröder and Heiner Karuscheit (essays for discussion). During the two days of the seminar, there were very interesting discussions and speeches on various questions related to socialism, not only among the panel speakers, but also from among the other participants.

Let us first summarize the opening contributions, in which the various fundamental positions were already expressed:

### Peter Urban

At the outset, Peter Urban presented the most important results of the KPD's theoretical work on questions related to socialism. In doing so, he abstracted from the particular conditions of the Soviet Union and attempted to draw general theoretical conclusions that play an essential role in the **elaboration** of the theory of the transitional society between capitalism and communism.

He stated:

The state sector of production under socialism must not be regarded **unilaterally** as representing only developing communism. The very methods of so-called economic accounting used in the Soviet Union and other countries show that there are still differences of interest even within the state sector. When real money flows from one state enterprise to another in the case of **deliveries**, and this money serves as a means of investment for the enterprise **making the delivery**, when bad **deliveries** entitle one to reductions in payments, when the state allocates financial and material resources to its enterprises in accordance with the degree to which they have fulfilled their plans, then these are methods which aim to bring about a certain agreement between the social interest and the special interests of the enterprises. It is true that the market has been eliminated: The state organs of economic planning and management by and large dictate to the enterprises both the prices of products and what they must produce. Nevertheless, commodity-money categories are still applied within the state sector. This is, therefore, the transition from commodities to non-commodities. The application of commodity-money categories also implies the possibility that the social interest is thwarted by particular **operational** interests: 'soft plans', 'formal plan fulfilment', etc.

So why this crutch of commodity-money relations within the state sector at all? Because the state planning and **management** of the economy is itself only a lower stage of socialization. It is true that the central state administration of the most important means of production is necessary in order to begin socialization at all, in order to smash commodity-producing relations from the bottom up. **Nationalization**, however, **implies** that there are still class differences and interests, and so even within the state – and precisely within the apparatus of the state economic planning and management – particular interests are formed which oppose the social interest, even if they disguise themselves as social interest. The **nationalization** of economic management is, for its part, a crutch, an expression of a relatively low level of socialization, **as measured by** developed communism. The **rotteness** emanating from this crutch would be overpowering if it were not mitigated by another crutch, by commodity-money relations.

But crutches alone cannot walk. The actual communist element of society is expressed in particular by the fact that more and more workers participate directly in the planning and management

of the economy, and of all social spheres in general. To the extent that this happens, the "commodity crutch" and the "state crutch" can be pushed back with regard to the relations of production. Of course, even in developed communism there are central and decentralized levels of function, but the central offices will have to make fewer decisions, because the decentralized levels of function (for example, the enterprises) will also act in the sense of society as a whole. This will then be possible because all class distinctions and class interests will have disappeared, and because society will make it possible for everyone to participate equally in discussions and decision-making on questions concerning society as a whole. There is then no need for over-centralism in order to prevent local decisions from being dictated by particular interests.

This communist element must not be sought for voluntaristically in subjective revolutionary desires and aspirations, but is rooted in the productive forces and is all the stronger the more these are developed. In developed capitalist countries like Germany, the managers of capital themselves drum that one must tap the "gold in the heads of the workers", they decentralize the decision-making powers, introduce group work, etc. The developed productive forces force them to do so. But these attempts ultimately fail because of the logic of capital valorization, since any "progress" achieved in this way is ultimately directed against the workers. But once the working class has seized political power, it makes possible for the developed productive forces to take much more rapid communist steps than was and is possible in relatively backward countries. It thus depends decisively on the character of the productive forces how strong the crutches borrowed from the old society still have to be and how strong the actual communist element of socialist society can be. However, even in developed countries, after the working class has seized power, one is still dealing with people whose mentality was formed in the old society, who have been educated in bourgeois conditions to take care of their own business first, so that here too the two crutches mentioned cannot be dispensed with. Once these crutches are established, however, they can support socialist society; but at the same time particular interests reproduce themselves on this basis, hindering the progress of society towards communism. The objective conditions make this advance possible, but there is no mechanism for it. Objectively, there the possibility also exists that the communist kernel will be stifled, that state and commodity crutches will become the very mode of existence of society. If this is the case, then society will have lost its socialist character, for socialism is the transitional society to communism. This does not exclude the fact that the central state administration of the economy still predominates, but this in itself is not yet a communist element. If, for example, the state enterprises produce a large quantity of unsaleable products, which are bought from them by the state trade organization and stored there as slow-moving goods, while the losses of the trade organization are covered by non-repayable "loans" from the state bank, then we are dealing with nationalized production, but the interests of society are thwarted, and social resources are wasted. If the working class no longer has the possibility of fighting against such conditions in an organized way, then, in the opinion of the KPD, there can be no talk of socialism despite the nationalization of the most important means of production. Therefore, from a certain point in the mid-1950s, the KPD refers to the Soviet Union, the GDR and other countries as "revisionist countries," meaning that they were no longer socialist. Contrary to the KPD's earlier view based on Maoist dogma, however, these countries were not capitalist either, but a transitional society to capitalism, while socialism is a transitional society that can either move forward to communism or back to capitalism.

**Which** of these two paths a socialist society takes depends decisively, within the framework of objective conditions, on the subjective efforts of the people involved. The objective interest of the working class lies in advancing towards communism, but since this does not happen in a purely spontaneous way, the vanguard party of the proletariat has an important role to play until developed communism is achieved. However, the various interests, including those opposed to the advance to communism, are reflected within this party. This party does not stand outside the complicated and contradictory ensemble of the conditions of the transitional society, but is part of

it. Strategically, the work of this party must be aimed at **lifting itself up** by having more and more working people participate in its immediate leadership. While the working class needs the leading role of its party in all spheres of society until the disappearance of classes and the state, with the process of the **reduction** of the division of labor of the old society this leadership must take qualitatively higher and higher forms, it must increasingly consist in involving more and more people directly in the social decision-making processes.

## **Heiner Karuscheit and Alfred Schröder**

Heiner Karuscheit and Alfred Schröder took the view that the relations with the peasantry represented "the basic problem", and in their opinion apparently the **only** basic problem of the development of socialism in the Soviet Union. They therefore spoke almost exclusively about this question. Logically, therefore, they did not comment at all on Peter Urban's attempt, **abstracting from the particularities of the Soviet Union** to draw general conclusions concerning the laws of motion and problems of socialism: In their view, there is nothing to abstract from here, since it was precisely this particularity that had had essential significance.

The question that suggests itself to us is this: If this were so, would it be worthwhile at all to devote great effort to the study of the development of the Soviet Union? After all, in Germany we are not dealing with these particularities (weakly developed productive forces, the majority of the population consisting of peasants). However, the assumption that socialism is always a transition from commodity to non-commodity and from the state to the non-state seems quite obvious to us, and Karuscheit and Schröder raised no objections to this assumption at the seminar. But then the problem cannot be reduced to the peasant question.

Karuscheit and Schröder did say some interesting things about individual aspects of the agrarian question, but because of this one-sided approach they came to some conclusions which seem to us simply absurd. For example, Khrushchev is said to have liquidated the state Machine and Tractor Stations for the **purpose** of ruining the collective farms economically and thus promoting the advance of socialization, which Karuscheit and Schröder criticize as "radical leftism," since it did not correspond to the real conditions and had the opposite effect to the purpose allegedly pursued by Khrushchev, namely, the strengthening of the collective farms.

## **Dr. Robert Steigerwald**

Robert Steigerwald first elaborated on some points in which he agrees with the assessments in the book on the Soviet Union, for example in the unreserved affirmation of the October Revolution, in the necessity of building socialism in one's own country after the failure of the revolution in the West, in the necessity of establishing centralist methods of leadership at first, but which later became an obstacle.

One fundamental difference with the positions of the KPD was, as was to be expected, the evaluation of Stalin's role. Another difference was that Steigerwald, while quite clearly pointing out some **rotteness** in the Soviet Union and the GDR, nevertheless maintained that these countries had been socialist to the end. To justify this, he argued that "the mass of the socially produced surplus product was no longer privately appropriated." "Therefore, this was a socialist social order." Peter Urban explained that, according to this criterion, the Asian mode of production would also have been socialist, in which the necessary large-scale irrigation systems were state-owned and administered by a hierarchy of officials. State forms of ownership were not progressive in themselves, but only if and as long as they were used as a means of communist socialization, and this was no longer the case in the Soviet Union and other countries after a certain point.

Robert Steigerwald saw a decisive cause of the negative development of the Soviet Union in the fact that in connection with the end of the New Economic Policy "the orientation towards economic laws and the working of economic levers were replaced by political **dirigisme**". In fact, he



complained that they were no longer decisively oriented towards the law of value. On this question, however, Comrade Steigerwald's position seems to us ambiguous. On the one hand, he declared that under socialism it was necessary "to **withdraw** an ever-growing part of economic and social activities from the sphere of action of the law of value." On the other hand, he declared that the law of value must remain dominant even under communism. According to Steigerwald, Marx held this view, an assertion with which Urban strongly disagreed. An immutable core of Marx and Engels' teaching, Peter Urban argued, is that the law of value as the law of commodity production will be eliminated under developed communism.

### Discussion about the law of value

The law of value in the transitional society was one of the major points of discussion. Diethard Möller and Peter Urban explained that under communism the law of value will not be replaced by arbitrariness and economic lawlessness, but by the law of the economy of time. The law of value has the effect that in the long run no production is possible in which more working time is spent on a certain product than the social average, but this happens by means of devastating crises and other catastrophes; today it is not uncommon for enormous capacities to be built up and then destroyed. Above all, however, under communism – and to an increasing extent already under socialism – there is a higher profitability than the profitability of a single social unit considered in the short term. Thus, in the Stalinist Soviet Union, heavy industry enterprises often operated at a loss, and thus had to be subsidized, but the overall social benefit provided by heavy industry outweighed this.

The law of the economy of time is based on the benefit to society as a whole. Here, too, the individual enterprise is compared with the total social expenditure. If the individual enterprise requires more working time than the social average, the causes are investigated, and under **communism** class interests will no longer stand in the way of this. If this is due, for example, to the fact that an individual factory unit uses backward production techniques, this deficiency will be remedied. If it is due to poorer natural conditions, such as poorer soil in agricultural production, society can make a conscious choice by applying the law of the economy of time. It may cease production at that location or continue it anyway, considering, for example, that if production ceased under worse conditions, it would not be possible to produce the socially desired quantity of the products in question. It may even turn out that in the long run the greater labor input is after all associated with a greater social benefit. If we stick to the example of soil, this may be the case because the type of land use in question conserves the soil in the long run. In this case, on the basis of the law of the economy of time, society will even decide to convert the other farms, which seem to be more profitable (in the short run), to seemingly less profitable technology (in the short run), which in the long run brings greater benefit to society. For all these reasons the law of the economy of time is far superior to the law of value. (On the negative consequences of the effect of the law of value, see also the article on pp. 98 ff. on the damage caused by the use of pesticides in agriculture.)

However, since there are still class interests in the transitional society, under socialism, the law of the economy of time cannot yet have a comprehensive effect there. Peter Urban pointed out in this connection that for this very reason the law of value could not yet be completely eliminated; that it still had a certain sphere of action. This sphere of action and the effects of the law of value in this sphere, according to Peter Urban, would, however, have to be examined more closely. Stalin had done pioneering work here, but had not conclusively clarified the matter. It is true that the law of value should not be the main regulator of production, but to a certain extent it must still have a regulating effect on production under socialism. Thus, through a limited effect of the law of value on production, one could counteract the above-described state of affairs in which enterprises supply unsaleable products which are paid for by the commercial organization, whose losses are then covered by the state bank. The unsaleability may lie, for example, in the fact that the enterprises,

although formally fulfilling the plan, produce products which do not correspond to the tastes of the consumers. The fact that these products have no use value would then have to **pass through** from the consumer to the producing enterprise in such a way that the latter would then be allocated fewer investment funds. In this case the law of value would have a limited regulating effect on production, for the enterprise in question would then have reason in its own interest (on account of its still existing particular interest) to produce other products for which there was demand instead of the products in question, but admittedly only within the margin left by the plan.

### **Application to today's problems**

Both Robert Steigerwald and the KPD speakers pointed out that the problems discussed at this seminar already have current significance today. Thus, Steigerwald spoke about the question of the norms of the Party statute, accountability, control and **deselection** of functionaries of the communist party. Peter Urban explained that the scheme he outlined concerning the socio-economic driving forces within socialism could be applied in microcosm to the communist party already under capitalism. Certain crutches of the old society, such as certain divisions of labor, a certain degree also of formal discipline, etc., were necessary, but had to be kept within limits by communist self-activity and communist consciousness of the individual collectives and members, so that neither bureaucratism nor liberalism could get the upper hand.

### **Conclusion**

All in all, a very positive conclusion can be drawn. Both the number of participants and the participation in the discussion showed the great interest in the topic of socialism, as well as in the way the participants concentrated with great discipline on the sometimes quite difficult theoretical debates.

It also proved to be correct to seek discussion with various political forces. Formerly, the DKP and the KPD in particular were overall hostile to each other. The discussion between comrade Steigerwald and the representatives of the KPD, however, despite all the differences, some of them fundamental, proceeded objectively, in solidarity and a pleasant style.

This would not be the last seminar in which questions of Marxism and the working-class movement were discussed in a non-partisan setting.

Presentation by Peter Urban:

## On the socio-economic driving forces at work within a socialist society

For us, the study of history is not an end in itself, but it should provide orientations for the present and the future. Therefore, I will not attempt to summarize our book on the Soviet Union, but I will outline the main theoretical considerations that underlie this book. And precisely **not those considerations** that relate to the particularities of the Soviet Union. If we want to draw lessons for the future, then it is precisely a matter of examining, abstracting from these **particularities**, those problems of the transition to communism which will always arise in every socialist social order. In Germany we shall have quite different particularities. We will not have to deal with relatively backward productive forces and with a peasantry that constitutes the majority of the population. Theoretical considerations confined to the particularities of the Soviet Union cannot, therefore, be of any practical use to us. Theory cannot be limited to describing and explaining the past, which will never be repeated in exactly the same way.

Our book on the Soviet Union was not a product of chance, but a result of lengthy research on the question of socialism as a transitional society between capitalism and communism. Some of the results were already presented in the theoretical organ of the KPD, "Weg der Partei" [Road of the Party] 1-2/1992. Part of it has also been incorporated into the program of the KPD. These investigations are far from being completed.

As a result of this research, our image of socialism has changed quite fundamentally within the last 10 years; we have thrown some ideas overboard as false dogmas. The idea of socialism that we had about 10 years ago can be roughly schematically sketched as follows:

Industry is nationalized, commodity production has already been eliminated. In terms of the relations of production, this is the actual communist element of society. Agricultural production is organized in a cooperative way, and consequently we still have commodity production here, we have the exchange of goods between the state and cooperative sector. This is one of the birthmarks of the old society that Marx spoke of. There are others, such as the difference between mental and manual work, and there are also **some** in people's thinking, in the social superstructure. There is also the pressure of the imperialist countries. All these factors can lead to the victory of the counterrevolution. In order to prevent this and to advance towards communism, the class struggle must be waged. With the seizure of power by the revisionists, capitalism was restored in the Soviet Union, the GDR and other countries in the mid-1950s.

That was roughly our position.

From our point of view today, some of it is correct, some of it is **directly** wrong, but in particular the whole thing is completely inadequate.

### Commodity-money relations within the state sector

What struck us first, what did not fit into this scheme, were the mechanisms of so-called economic accounting within the state sector of production. These mechanisms were used in the Soviet Union and in most other countries that were socialist or had socialist sectors of the economy.

If one state enterprise supplied another, a corresponding contract was concluded and the enterprise supplied paid in real money. If a **delivery** was not made in accordance with the contract, for example, if it was faulty or too late, the payments could be reduced, and in cases of doubt the decision was taken by arbitration bodies, which in effect acted as civil courts. The state banks granted loans to state enterprises, charged interest, in certain cases – for example, if the loans were not used for their intended purpose – a penalty interest was due, and so on. In other words,

the idea that money within the state sector was only money of calculation was wrong, it did not correspond to the facts. It was real investment money of the enterprises.

Of course, this was not a market economy. The state organs of economic planning and management largely dictated both the production program and the prices to the enterprises. The enterprises could not conclude arbitrary supply contracts, but only within the framework of the plan, and supplies could only be made if the relevant state agencies had issued corresponding allocation certificates. Nevertheless, exchange value categories and commodity-money categories were applied to a limited extent even within the state sector. If the enterprise did not orient itself to the social interest, or not to a sufficient degree, it was to be punished directly in economic terms by receiving less investment funds.

Similarly, the State allocates material and financial resources to its enterprises, that is, either directly means of production or funds with which the enterprise can purchase means of production within the framework of the plan. However, the allocation of these resources depends to a certain extent on whether the enterprise has fulfilled or overfulfilled the plan.

The system of economic accounting takes into account certain special interests of the enterprises which run counter to the social interest. The bond between the enterprises is not yet so close that thinking and acting in terms of "my enterprise, your enterprise" has ceased; the social interest does not yet coincide to a large extent with the interest of the individuals and collectives. The system of economic accounting attempts to bring these interests largely into harmony. The individual enterprise should give as much as possible to society, and then it should receive as much. The limited use of exchange value categories corresponds to the stage of development of the transitional society, to the relatively low degree of socialization, **as measured by communism**. Even within the state sector, one is only dealing with the transition from commodity to non-commodity. (By the way: cooperative production is not simply commodity production either. If the state guarantees the cooperatives the purchase of certain products at fixed prices, then we are not dealing with production for an unknown market; an important element of commodity production is missing, it has already been overcome. Here, too, we are dealing with the transition from commodity to non-commodity, only the commodity-money relations that still exist, the remaining categories of exchange value, are even more pronounced here than within the state sector).

But exchange value categories cannot be a panacea to ensure the advancement of the social interest, otherwise commodity production would be the best of all worlds. The attempt to use exchange-value categories— instead of advancing the social interest — can also have the opposite effect, namely, it can thwart it. One sees:

The allocation of material and financial resources to the enterprise should, as already mentioned, depend to a certain extent on the fulfilment or over-fulfilment of the plan. But the different interests are already noticeable in the preparation of the plan. The planning authorities are dependent on enterprise data, otherwise the plan **hangs in the air** from the outset. The enterprise, on the other hand — if it is primarily following its own narrow self-interest — endeavors to supply the planning authorities with data in such a way that the plan goals are set as low as possible. Then the fulfilment or over-fulfillment of the plan is easy. This is the struggle for the so-called soft plan. This has been shown to occur en masse.

Or: one can formally fulfil the plan, but in such a way that the social interest is thwarted to a certain degree. If, for example, the plan relates to the weight of the products, then one can build in unnecessarily heavy parts. The word "ton ideology" was specifically coined for this. Or: if cloth to be produced was measured in linear meters, it was made narrower than desirable. And so on.

It is important to understand that these were **not individual excesses**. If the interests of the enterprise and those of society as a whole still diverge relatively widely, it is only natural that "the

enterprises" – whoever they may be – should behave in this way. They will then try to use the gaps in the plan – which cannot regulate everything – in order to assert their interests against those of society.

Some have claimed that the system of economic accounting was only introduced under Khrushchev, and that this was precisely revisionism, for example Willi Dickhut in his 1972 book "The Restoration of Capitalism in the Soviet Union". But this is not true. The system of economic accounting was introduced throughout the country at the beginning of the 1930s at the latest. One simply has to take note of the facts.

The mechanisms of this system are described in detail in the *Textbook of Political Economy*, Moscow 1954, without, however, the textbook even attempting a Marxist analysis of the socio-economic driving forces that have led to this system. No wonder, since we are dealing here, as I have said, with different interests, which the Textbook has just denied. According to the Textbook, "the entire people – the working class, peasantry and intelligentsia – ... were deeply interested in the establishment of the communist social order" (Dietz Berlin 1955 edition, p. 427) The only question is why communism was not realized then, if everyone was deeply interested in it.

### **Why commodity-money relations within the state sector?**

After all this, however, the question suggests itself: Why does the proletariat in power permit such a thing as economic accounting? It could, at least in the state sector, decide by decree on an economic system which no longer contains any commodity-money relations, in which, in any case, money no longer serves as a means of enterprise investment.

This question has never been asked and answered directly, but indirectly Stalin gave the following answer in 1931:

"It is a fact that a number of enterprises and business organizations have long ceased to keep proper accounts, to calculate, to draw up sound balance-sheets of income and expenditure. It is a fact that in a number of enterprises and business organizations such concepts as 'regime of economy,' 'cutting down unproductive expenditure,' 'rationalization of production' have long gone out of fashion. Evidently, they assume that the State Bank 'will advance the necessary money anyway.' It is a fact that production costs in a number of enterprises have recently begun to increase. They were given the assignment of reducing costs by 10 per cent and more, but instead they are increasing them. Yet what does a reduction in the cost of production mean? You know that reducing the cost of production by one per cent means an accumulation in industry of 150,000,000 to 200,000,000 rubles. Obviously, to raise the cost of production under such circumstances means to deprive industry and the entire national economy of hundreds of millions of rubles." And Stalin resolutely demanded: "We must put an end to inefficiency, mobilize the internal resources of industry, introduce and reinforce business accounting in all our enterprises, systematically reduce production costs and increase internal accumulations in every branch of industry without exception." (Stalin, *New Conditions – New Tasks in Economic Construction*, *Works*, Vol. 13 pp. 76-77, 78.)

In our book we wrote about this:

"So why the principle of economic accounting? Why did the Soviet power have to use commodity-money categories, not only as a means of **measuring productivity**, as the 1954 Textbook shows us, but as a means of control (if only **one** means) of controlling the economy? Many state economic leaders obviously had no respect for the labor of working people. One can easily waste material (that is, objectified labor), one does not need have to be economical with it, because '*the State Bank will advance the necessary money regardless of what kind of robbery we do*'. So why commodity categories? Because, on the one hand, the communist element, the management of the economy by socially conscious producers, was still relatively weak, and because, on the other

hand, the decay that emanated from the necessary crutch of state ownership would otherwise have become too strong and unbearable. The nationalization of the means of production is an essential requirement for smashing the system of capitalist commodity production from the bottom up and for **starting** socialization. But nationalization is a **lower form of socialization**, and the decay that emanated from the state crutch would have swallowed everything if it had not been tempered by a second crutch, the commodity crutch." (Soviet Union Book, p. 60.)

So, decay comes from the state itself!

### **Shortcomings in state management**

And here we come to another dogma that we have broken with:

Of course, we also used to assume that the state would **die out** under communism; that should be self-evident for Marxists. In fact, however, we have seen the socialist state **exclusively** as a progressive, **forward-striving** force, basically, in terms of economics, as the communist element of society.

The state is not "the reality of the moral idea," as Hegel said, and neither is the socialist state. It is indeed the instrument of power of the proletariat, but even this statement must not be made absolute. Even within the socialist state, special interests develop that are directed against the proletariat; even within the socialist state, class struggle takes place.

We are not talking here about the repressive functions of the state, but about the state as the economic subject of socialist society. And here I want to cite two examples that we have also addressed in our book:

In the Soviet Union, for a certain time, private citizens could only buy old-fashioned red or dark orange lampshades with tassels. Modern ones were also produced, but only for public institutions and hotels. When their needs were met, production was discontinued. Why? No retail prices had been set. Why not? Because the various government agencies that had to agree on a retail price had not done so. Apparently, the matter broke down because of a jurisdictional tussle among these agencies. Each was primarily concerned at emphasizing its own importance, and this thwarted the social interest in this case.

Another example:

A ball bearing factory was located right next to an automobile factory. If the former supplied ball bearings to the latter, this required in every single case an allocation certificate signed by 14 different state agencies of various horizontal and vertical levels. Naturally, this over-centralism hampered production.

What would that look like under communism, by the way? We assume that in such a case the decision would be decentralized, taken locally. This also makes it possible to flexibly solve problems that were not foreseen when the plan was drawn up. The transfer of a large number of decision-making powers to decentralized bodies is possible under communism because the interests of individuals, collectives and society as a whole largely coincide. If it turns out at short notice that a certain quantity of ball bearings is needed, the ball bearing factory will **produce** them, if possible, but only when or to the extent that other planning tasks and thus higher-level social interests are not impaired by this.

Why, then, is it not decreed from the outset that appropriate decisions are to be taken locally on one's own responsibility, without the involvement of state planning and management bodies?

What would that lead to if we were still dealing with commodity-money relations and if the narrow self-interest of the ball-bearing factory prevailed? The ball-bearing factory would notice that the automobile factory is under pressure, that it needs ball bearings at short notice and otherwise cannot get on with its production. It would take advantage of this to produce ball bearings outside

of the plan and sell them to the automobile factory at high prices. In doing so, it would accept that it would not produce other products that it was supposed to produce according to the plan and thus thwart higher social interests. Its interest in making a high profit by selling the ball bearings would be more important to it.

That cannot be **the point**. Thus, one cannot arbitrarily, regardless of the state of society, decentralize decision-making powers by decree and take them away from the state authorities. The extent to which one can sensibly do this depends on how far socialization has already progressed, how far more and more workers think and act in the overall social sense. Insofar as this is not yet the case, one needs state organs for the planning and management of the economy, and consequently one must also accept to a certain extent the **rottenness**, the bureaucratism, which proceeds from it. One can and must fight against this, but one must not hope to eliminate bureaucratism as long as one needs **nationalization**. Just as socialism is, on the one hand, the transition from commodity to non-commodity, it is, on the other hand, the transition from state to non-state.

Just as soft plans, formal fulfilment of plans, etc., are no more than isolated cases of abuse on the part of a few factory directors, so here, in the case of bureaucratism, in the case of the **rot** which emanates from **nationalization**, it is no more than a matter of abuse on the part of individual bureaucrats, i.e., of individual problems. This **rot**, too, is lawful under the social condition in question. The individual apparatuses and authorities develop their specific interests, even if these masquerade as the general interest. Each authority wants to prove its importance.

Such interests are formed **by law** in the hierarchical apparatuses of a class society. Marx already pointed this out in 1843 in his "Contribution to the Critique of Hegel's Philosophy of Law":

"The bureaucracy takes itself to be the ultimate purpose of the state. Because the bureaucracy turns its 'formal' objectives into its content, it comes into conflict everywhere with 'real' objectives. It is therefore obliged to pass off the form for the content and the content for the form. State objectives are transformed into objectives of the department, and department objectives into objectives of the state. The bureaucracy is a circle from which no one can escape. Its hierarchy is a hierarchy of knowledge. The top entrusts the understanding of detail to the lower levels, whilst the lower levels credit the top with understanding of the general, and so all are mutually deceived.... In the case of the individual bureaucrat, the state objective turns into his private objective, into a chasing after higher posts, the making of a career.... his existence is the existence of the department. The state only continues to exist as various fixed bureaucratic minds, bound together in subordination and passive obedience. Actual knowledge seems devoid of content, just as actual life." (Marx & Engels, *Collected Works*, Vol. 3, pp. 46-47.)

Now some may object that this should not be applied to the proletarian state. **Why not, in fact?** The proletarian state, too, is not the reality of the moral idea. The hierarchical structures in question produce such mechanisms **by law** on the basis of still existing class differences and clashes of interests. The proletariat in power can counteract such lines of development, but it cannot eliminate them. They will be eliminated only when the state **dies away**.

Such considerations should not be essentially new to Marxists. Marx and Engels said in the *Manifesto* that the proletariat will use its political power to centralize all instruments of production in the hands of the proletarian state, and then added: "Of course, in the beginning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production" (*Manifesto of the Communist Party*, Chapter II.)

And Engels says in *Anti-Dühring*:

"State ownership of the productive forces is not the solution of the conflict, but it contains within itself the formal means, the handle of the solution." (Chapter II)

And:

"The first act in which the state really comes forward as the representative of the whole of society – the taking possession of the means of production in the name of society – is at the same time its last independent act as a state." (Ibid.)

Historically, this is a final act, but for the people who live through this final act, it constitutes a whole period, that of socialism, and it is necessary to examine the inner contradictions of this final act. And that is where we demarcate ourselves on two sides:

Some want to draw the conclusion from historical experience that the centralized **state** administration of the most and most important means of production is not a viable path. We, on the other hand, say: nationalization is the necessary and inevitable first step of socialization. Without this first step there can be no further steps. The working class needs nationalization by the socialist state in order to smash the commodity-producing relations from the bottom up.

On the other hand, we oppose the false view of glorifying nationalization as such. Socialization reaches its communist goal only when it breaks through the limits of nationalization, and this does not fall from the sky **at some point**, but must be present in socialism as a communist element. The people of socialist society will not wake up some fine morning and find in amazement that the state has disappeared. The **withering away** of the state is a process which must be carried through by a social movement within socialist society.

In his remarks on Bukharin's "Economics of the Transition Period" Lenin emphasized the remark: *"smashing of the old and crude design of the new"*. (Lenin, Remarks on Bukharin's Economics of the Transition Period, VTK Frankfurt/Gelsenkirchen 1981 edition, p. 58 – *translated from the German*) Indeed: the commodity-producing relations must be smashed from the bottom up, but nationalization is only the rough draft of the new.

And Lenin further highlights the following proposition and criticizes Bukharin for not pursuing this idea:

***"The conquest of power in the workplace by proletarian cells is in essence here a task of economic struggle: to fortify the working class, as the ruling class, in all pores of economic life."*** (ibid.)

In the long term, the aim is to ensure that it is not only the enterprise director who makes enterprise decisions, but that the workforce is increasingly given decision-making powers. However, this only makes sense to the extent that the workforce acts in the interests of society as a whole. If the workers of an enterprise still act predominantly with the consciousness of wage-workers, they will for their part work against the interests of society as a whole and at best in a narrow-minded way take care of the special interests of the individual enterprise. In this case, an enterprise director who represents the interests of society as a whole, albeit to a limited extent, is a useful crutch. But experience shows: In the long run, more and more enterprise directors tend to narrowly represent their own or the enterprise's interests against society. Strategically, one can only win if the workers themselves are increasingly involved in management, not as owners of their respective enterprises, but as collective owners of the means of production of society. And **ownership consciousness only comes about through ownership**.

Whoever keeps the workers permanently away from all decision-making powers reproduces the condition that they feel and **sound** like wage-workers. In this respect it is significant that the *Textbook of Political Economy*, Moscow 1954, succinctly stated that the state runs its enterprises "through its agents, the factory directors" (p. 452, German edition). As has been said, there may be situations in which more is not possible. But if one permanently comes to terms with this, then



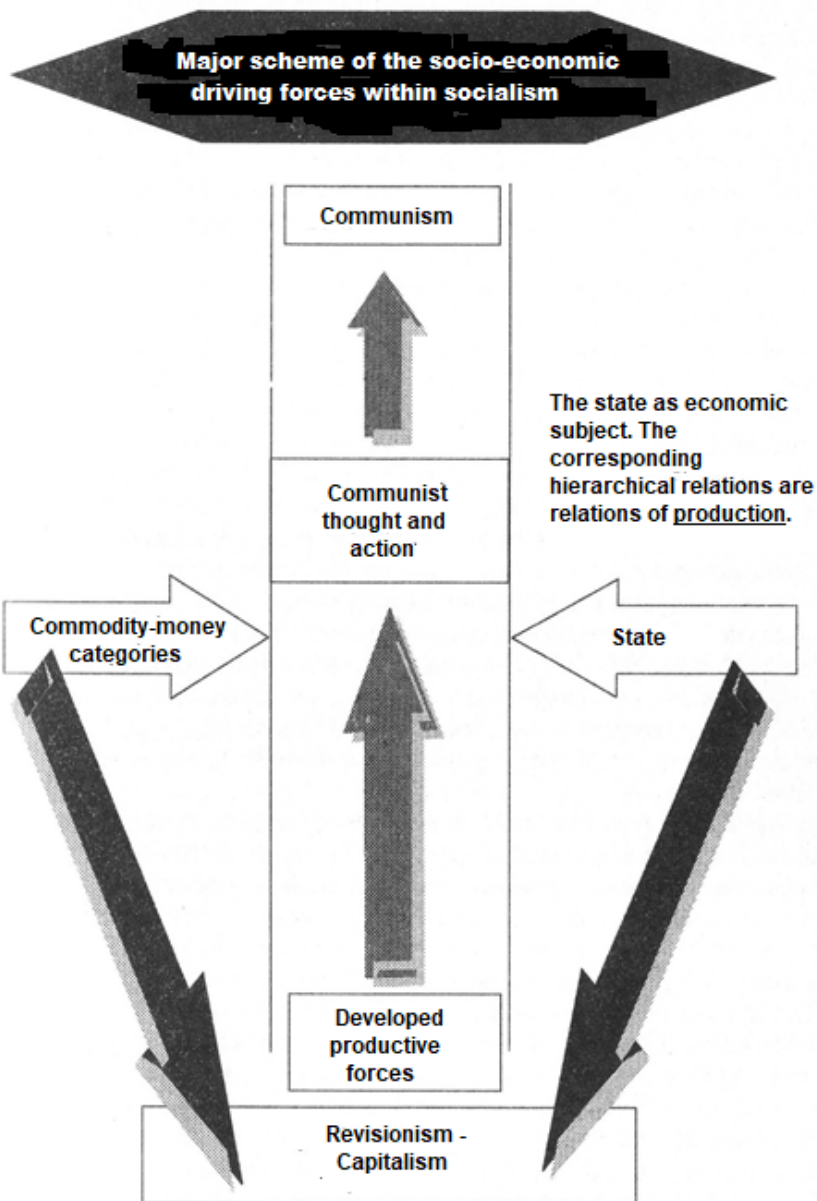
communism is already basically lost. In a certain sense, the proletarian state must be a **dying** state from the outset, and this is true precisely with regard to its economic functions.

Some may say that it is utopian for the workers to function in real terms as owners of society as a whole. To this I say: this is nothing other than the old philistine wisdom of the alleged impossibility of communism. As key witnesses against this philistine wisdom I cite the modern capitalist managers. They are beating the drum that the gold must be dug out of the heads of the workers. This means, for example, that decision-making powers are shifted downwards, that group work is introduced, and so on. It is the developed productive forces that force capitalist managers to adopt such slogans, which are communist in themselves. But under capitalism, on the basis of the logic of capital valorization, such things can of course only be realized in a perverted form and are ultimately directed against the worker. Under socialism this must be realized in quite a different way, and here we have the socio-economic driving forces pointing to communism.

Shifting decision-making powers downwards, what does that mean? We are and remain centralists, the economy is to be managed according to a central plan. But many decisions cannot be taken sensibly by central offices, but must be taken sensibly "below". Communism presupposes collectives and individuals who think and act in terms of society as a whole, and this communist element must exist and develop in socialism, otherwise it would be no socialism.

But, on the other hand, one has this element at first only in kernels. Capitalism does not educate people or the working class in such a way that they are able to act across the board in society as a whole at a stroke. That is why we need state apparatuses for the management of the economy and society, that is why we must also accept a certain formal centralism, a certain over-centralism in the transitional society and also accept the deficiencies and problems and the bureaucratism which emanate from it, but at the same time push them back.

The necessity of a state apparatus for planning and directing the economy is thus anything but a Soviet particularity or the particularity of countries in which the working class finds relatively backward productive forces when it takes power. This necessity always exists in the transitional society between capitalism and communism, that is, under socialism. One needs the crutch of the state, and the communist element is still too weak to keep in check the **rotteness** emanating from this crutch. Thus, one needs a second crutch borrowed from the old society, namely commodity-money relations, even within the state sector. Socialism is developing communism, but communism is still too weak to run without these two crutches. It needs these crutches, but at the same time they threaten it; these two crutches threaten the communist kernel, because they come from the old society.



## Scheme of the driving forces operating within socialism

We shall attempt to present the various driving forces at work within socialism in the following scheme (see the above diagram). Forces external to socialism, such as the pressure of imperialism from outside and the resistance of the shattered exploiting classes, are abstracted away here.

The actual communist element in society is the socially responsible thinking and acting of the producers, above all of the workers, whereby, of course, in the course of the development towards communism the class differences gradually become blurred. This communist element cannot be created or arbitrarily strengthened by mere acts of will, but ultimately springs from the more or less developed **productive forces**. The more developed they are, the stronger the objective

necessity and possibility of **social** planning and management of production and, in general, of all social affairs. How strong this element is, whether it is – to use our diagram – already a relatively strong tree with firm roots (the roots are precisely the productive forces) or still a very tender little plant with weak roots, depends decisively on the stage of development of the productive forces.

The strength of the supports that this tree still needs depends decisively on this. These supports are our two crutches borrowed from the old society, namely commodity-money relations and nationalization. (Since we are speaking of economics here, we are considering the state in its capacity as an **economic subject**. The hierarchical relations in the sphere of state economic planning and management are **relations of production**).

If these supports are weaker than they have to be at a given level, production is permanently disrupted and socialist society is **permanently** endangered. Seen in this light, they are **supports of socialism**, even if they are borrowed from the old society. But once these supports, these crutches, are established, special interests are reproduced on this basis, hindering the progress of society towards communism. **Thus, on the other hand, these crutches, which support socialism and thus contribute to the preservation of the communist kernel, in a certain way hinder the development of the communist kernel of socialist society.**

Here it becomes clear that socialism **is not an independent socio-economic formation**. By a socio-economic formation we mean a social order in which the various elements of the totality of social relations mutually support and reproduce each other. Independent socio-economic formations are primitive society, slaveholding society, the Asiatic mode of production, feudalism, capitalism and communism, but not socialism. **Socialism is the transitional society from capitalism to communism.**

The objective conditions make this transition possible, but there is no mechanism for it. Objectively, there is also the possibility that the communist kernel will be stifled, that the crutch of the state and the crutch of commodities will become the very mode of existence of society. If this is the case, then society has lost its socialist character, regardless of whether capitalism has already been directly restored.

The transition to communism cannot be brought about solely by acts of will on the part of the revolutionary subjects; the scope of action of these subjects is always limited by the objectively given conditions. On the other hand, this room for maneuver exists within the given framework. The task of the revolutionary subjects is to make maximum use of this scope in each situation in order to move the entire totality of social relations in the direction of communism at the greatest possible speed, i.e., to strengthen the communist element, thus creating and utilizing the possibilities of pushing back the sphere of action of the two crutches. In the process, the special interests created and reproduced by these crutches must also be counteracted.

The revolutionary subject is above all the working class. It is the working class which, even within socialism, cannot in the long run resign itself to the crutches borrowed from the old society, to the outmoded divisions of labor, since the development of its creative capacities is thereby hindered. But this statement is not absolute. As long as there are class differences, there will also be, to a greater or lesser extent, an attempt among workers to **settle down** in this or that backward relations, there will be, for example, a wage-worker mentality. This can also express itself, for example, in the mentality "the communists are already doing a good job for us" – this corresponds to the attitude of functionaries that socialism means "caring for the people". Thus, under the guise of defending socialism, precisely those components of socialism are reproduced which are borrowed from the old society, which, with a certain quantitative accumulation, can lead to such a qualitative reversal that liquidates the communist kernel and thus socialism.

It is the working class in the first place that must pave the way to socialism, but it cannot do so

spontaneously and unorganized. For this it also needs its conscious and organized vanguard party.

This party must have its class roots above all in the working class, must make it conscious and organize those aspirations of the class which in the long run cannot come to terms with the crutches borrowed from the old society. In the interests of its class, this party must act in a planned and organized manner in all spheres of society, and to this end it must be present in all these spheres. Thus, cadres of the party must be factory managers, hold responsible positions in the state apparatus, and so on. If the party does not strive for this, these positions are left to others who represent other class interests, or at least who do not consciously and systematically represent the communist interest of the working class. But if the party is present in all these areas, it is also subject to the negative effects which emanate from the commodity crutch and the state crutch.

The party members in these spheres have the task of strategically counteracting the special interests in question, while at the same time working to ensure that the tactical tasks of the respective crutches are carried out. The latter can take on a life of its own, can become detached from the strategic, communist goal, can lead to communists "forgetting" their strategic task and beginning to represent other interests, to them gradually ceasing to be communists without even realizing it. It is also possible for people to obtain the party **card** who do not start out from proletarian interests and the communist goal, but who represent completely different interests under the cover of the party **card**.

The party must take note of and tactically reckon with the realities of the transitional society, the existence of class differences, the separation of mental and manual labor, of **managerial and executive** activity, the partial **disjunction** between individual and social interests. It must at the same time pursue a strategy aimed at overcoming all these socio-economic driving forces. This is the contradiction which the party must repeatedly resolve theoretically and practically, and which can easily lead to tests of strength for individual members and collectives and for the party as a whole.

This party, therefore, does not stand outside the complicated and contradictory totality of the conditions of the transitional society, but is part of it. The contradictions of the transitional society are expressed in concentrated form within the party, and the party must always struggle to preserve its proletarian and communist character. The party must strategically strive to lift itself up as the vanguard. While the working class needs the leading role of its party in all spheres of society until classes and the state **wither away**, with the process of the reduction of the division of labor of the old society this leadership must take qualitatively higher and higher forms, it must increasingly involve more and more people directly in the social decision-making processes. One school for this is that more and more workers learn to participate in the management of their enterprise in the overall social sense, but this must not be the end of the matter. The goal is that they participate not only in the management of their enterprise, but in the management of all social affairs.

It is precisely in this respect that Marx's third *Theses Feuerbach* is **ingenious**:

"The materialist doctrine" – Marx means the previous mechanical or objectivist materialism – "that men are products of circumstances and upbringing, and that, therefore, changed men are products of other circumstances and changed upbringing, forgets that men themselves change circumstances and that the educator himself must be educated. Hence, this doctrine necessarily arrives at dividing society into two parts, of which one is superior to society. The coincidence of the changing of circumstances and of human activity can be conceived and rationally understood only as revolutionizing practice."

And that – mind you! – as the revolutionary practice of ever broader masses of producers. Within

socialism, the course must be set to involve more and more people in the debate and decision-making on important social questions. If this does not happen, communism cannot be approached and achieved, and the destruction of the communist kernel is tantamount to the downfall of socialism.

## The essence of the social order dominated by the revisionists

We experienced the stark opposite of this kind of revolutionary practice demanded by Marx in the GDR, where orders were "put through" from the top down, as the jargon put it. In the end, it was not even the Politburo as a collective that decided, but Honecker, Mielke and Mittag, and the decisions were "put through" to society through the Politburo, the Central Committee and the party. This state of affairs was not regarded as a provisional arrangement due to special circumstances, but rather the entire exercise of power was aimed at perpetuating this state of affairs. But this meant that the communist element had been eliminated. There was nothing emancipatory about this exercise of power; it was not in the interests of the proletariat. The idea that the nationalization and centralized state administration of the means of production is in itself emancipatory has nothing in common with Marxism.

But the fact is:

Capitalism was thus by no means restored. Production was largely administered by the central state. Our earlier view that capitalism had been restored in the Soviet Union, the GRD and other countries by the mid-1950s was a dogma derived from Maoism. Mao Tse-tung had said that the rise to power of revisionism was the rise to power of the bourgeoisie, but this was not true.

In the end, however, the **dominance** of the state crutch was particularly intolerable to the people; it was perceived as paternalism and personal **paternalism**, and indeed it was. Thus it came about that commodity and capital seemed to mean freedom. Of course, this was an illusion, but the **working** of this illusion was an objective fact and was based on the fact that the state crutch no longer had a progressive character.

Marx distinguished in the "Outlines of the Critique of Political Economy (Grundrisse)" between three stages of development of mankind. First, personal relations of dependency, **first** quite natural, because humanity was only working its way out of the animal kingdom; then within the corresponding class societies: slaveholding society, Asiatic mode of production and feudalism. Commodity production and capitalism are the second stage: there are certainly still personal dependencies at this stage, but the fundamental socio-economic element is **factual/on things** dependence, the subjection of man to the blindly working **factual** force of the market or of capital utilization. The third stage is communism, in which freely associated and universally developed individuals manage the things they produce and consciously set up social relations. But the transition to this third stage requires the thorough dismantling of commodity-producing relations, and this requires nationalization, that is, personal relations of dependence. Marx: " Take away this social power from the thing, and you must give it to persons [to exercise] over persons." (Outlines of the Critique of Political Economy (Grundrisse), in Marx & Engels, *Collected Works*, Volume 28, p. 95) But this is progressive only as a crutch to the transition to the third stage. If the possibility of this transition ceases to exist, then these personal relations of dependence, as the predominant socio-economic element, are more reactionary than commodity production and capitalism. The social order thus created is not viable in the long run, since personal instead of material relations of dependence do not correspond to the highly developed state of the productive forces. It is not a socio-economic formation, but a transitional society, and indeed a transitional society to capitalism. In the absence of a new proletarian revolution, this transition was **lawful**.

Presentation by Dr. Robert Steigerwald:

## On a discussion about the demise of (European) and future socialism

I accepted your invitation to the discussion at once, because I think that, with all the past disputes, we, as far as we are communists or want to be communists, do not have the right to lose sight of these debates since the greatest possible efforts are necessary to unite the already weakened Marxist forces.

I have read the collection of essays "When and Why Socialism Failed in the Soviet Union" that you sent out in preparation for the discussion. I think it is appropriate to say a few things about the book you sent me before I go into the questions that you invited me to discuss here.

There are many basic positions in it which I not only share, but which I have also published, for example in the contribution in the "Marxistische Blätter" ("Marxist Sheets") issue 5/1992: "Was der Oktober ein Fehler?" (Was October a mistake?). Or again in the lectures that I gave on the past anniversary of the October Revolution. But there are also a number of fundamental statements or positions in the "Roter Morgen" material mentioned above with which I disagree.

### Where do I see similarities?

In the unreserved affirmation of the October Revolution. In the opinion that the young Soviet Republic, left alone/by itself, could take no other path than that of building Socialism in its own country. Knowing that for this purpose, and for the purpose of securing the country's ability to defend itself, the rapid development of heavy industry was inevitable. Knowing that this extremely difficult effort, based on no previous experience, required a high degree of centralization and discipline. Likewise in the fact that not only industry but also agriculture had to be placed on socialist foundations. We agree that these processes necessitated economic planning. It must be emphasized, of course, that at that time a real proportionality of economic development – that is, real planning – was not possible. This deficiency, which could not be remedied at the time, later led to negative effects, in particular to insufficient development in the consumer goods sector, with not inconsiderable consequences. We all know that during this period in the Soviet Union, under the leadership of the CPSU, of which Stalin was the first man, the working class and the peasantry of the country achieved achievements that are historically without comparison and were the basis for breaking the neck of Hitler's fascism. We believe together that in the period at least after the Second World War the centralist methods of leadership, which were necessary at first but had now become an obstacle, should have been replaced.

Finally, there is probably also the fact that there were factors of an economic and social nature within the socialist development which led to the formation of Mafiosi-like structures – these are not only the work of the recent past. We are probably also in agreement that there was theoretical backwardness in important areas. This is true at least on the questions of class analysis. One thinks, for example, of Stalin's remarks on the justification of the constitution or in his closing words at the 18th Party Congress, where he claimed that there were now no antagonistic classes in the Soviet Union and consequently no class struggle any more – this was certainly correct with regard to property relations, but not with regard to the remnants of the smashed exploiting classes. It is also true in questions of state theory. I recall both these texts. In them he denied that the Soviet state still needed inward-looking repression, and this during the Moscow trial wave (which, however, I do not wish to classify under the heading of "class struggle"! ). There were also serious deficiencies with regard to the theory of socialist economics, which resulted, among other things, from the replacement of the NEP and thus of economically oriented methods of development by

political **dirigisme**, with the resulting voluntarism and subjectivism – but we certainly no longer agree on this assessment. In my opinion, there was also a **delay** in the theoretical analysis of today's capitalism – **if** it was rotting and in a general crisis, why bother with extensive theoretical work? Careful analyses of the quite multifaceted revolutionary processes of our century would also have been necessary, but this failed because – contrary to some formulations in official texts – in the end the Soviet model of revolution and socialist construction was considered binding.

I agree with you that one of the reasons for the defeat was the **retreat** of democracy, the prevalence of centralism. The hierarchical structure of the system of leadership in the whole of society, which you have described, in fact led successively to the disenfranchisement of the class, to its exclusion from the decision-making processes and thus to its alienation from socialist property and also from state power. And only on this ground was it possible for such phenomena as you describe to develop: the emergence of a parasitic managerial and political class, which was not concerned with socialism but with its own selfish interests. Indeed, this is one of the reasons – perhaps the main reason – for the failure of socialism. Consequently, the question of democracy, of the democratic element in the organizational principle of democratic centralism, must be posed with the utmost severity. And the process which you have brought about confirms the correctness of the old Latin saying: *Wehret den Anfängen!* (Resist the beginnings!) Goethe translated the problem in "Faust" when he said: At the first (step) we are free, at the second servants! Whoever **misses** the resistance at the beginning will have a harder time later on, if it is to be possible at all to fight the dismantling of democracy. The development of socialist democracy – of course, of no other kind, a **somehow** general, abstract democracy did not and does not exist anywhere, we agree on that – would also have been the decisive means against those conditions described in the sphere of the factory managers, of the cadres in general. If the working people in the factories had had real opportunities for co-determination and co-decision-making on the basis of the **transparency** of the factory and general social processes, they would have been able to ensure that the economic resources allocated to the factory and its management could not be used for the special interests of the manager, for example, or the strata of managers. This also means that – and here I disagree with you – in this phase of the development of socialism the law of value was indispensable as an economic instrument for planning the national economy. I refer to what I will introduce as Marx's and Lenin's view on this.

This raises the question of whether there was no alternative to the way in which centralization was carried out. I am not talking about centralization, but about its manner. I am talking about the dialectic of centralism and democracy, the unity of the two elements in the organizing principle of democratic centralism. Was the dissolution of this dialectic in favor of only centralism inevitable? What **checks and balances** must our organizing principles contain to prevent centralist excesses?

As far as the positions of disagreement are concerned, I will have to say more about that. That will be done in another context.

## **On the criterion of socialism**

The subject of our debate prompts me to make the following introductory remark: I would consider it arrogant if we, from our own position and with necessarily insufficient expertise, wanted to lecture others on what they should have done, what they had done wrong – if we did not at least also combine this with a self-critical approach to our own behavior. However, this cannot happen today due to time constraints.

After this preliminary remark I would like to formulate the thesis: The social conditions in real socialism were – despite all problems – socialist. Perhaps the assessment of the counterrevolution of the 1980s and '90s in Central and Eastern Europe by its ideological **minstrels** will help us a little on this question. I have in front of me the weekend supplement of the "Frankfurter Allgemeine

Zeitung" of December 31, 1997. There is an interview by Krisztina Koenen with Janos Kornai, a Harvard professor from Hungary, whose main occupation was and is the critique of the socialist system.

In his estimation, the "absolute priority... to dismantle the political institutions," was a "fundamental criterion... the destruction of the anti-capitalist ideological monopoly and its replacement by a pro-capitalist ideology". "The question of property relations was the second fundamental criterion of change... As far as property relations were concerned, the goal was almost reached. The third fundamental question was by what mechanism social activities were coordinated." He came to the question of the market, which, though not the only mechanism, was preponderant over others. Praising it, he said that within a very short time it was possible to transform society into one "based on private property." This precisely, he said, was crucial, "that the political institutions, the property relations and the mechanisms of coordination changed."

In this I differ from your position in that I – which you accept at most for the period up to the death of Stalin – consider the regimes that fell there to be socialist in essence. On the basis of social property and derived from it, the decisive criterion for me to judge a social order is the appropriation of the surplus product. This is done socially under socialism, no longer privately. Under real socialism the mass of the socially produced surplus product was no longer privately appropriated. Therefore, this was a socialist social order. Marx did not consider what the exploiting class consumes privately to be the essential feature of capitalism, since it does not serve to hedge surplus value. On this problem, which would be analogous to this under socialist conditions, namely the private consumption and privileges of the leading forces, there was and is a prolonged and sometimes heated debate (also one certainly fueled by the opponent).

Were there dangers in this and, if so, to what extent did they involve the character of the society as a socialist one?

Although the appropriation of the mass of the socially-created surplus product no longer took place privately, serious dangers arose for the character of the social order as a socialist one. Unfortunately, after good beginnings, which even paradoxically developed in the midst of necessary, quite centralistic forms of leadership, no real further and higher development of socialist democracy took place.

On the contrary, the central elements were successively strengthened. The reasons for this remain to be discussed, as does the question of whether these reasons persisted throughout the history of the Soviet Union or whether it would not have been possible and necessary to return to the combination of the democratic and central elements of democratic centralism. References to the importance of external conditions do not invalidate this criticism. It was precisely under the conditions of unavoidable centralism that the ties with the working people of one's own country should have been intensified! The ties of the working people to society were virtually weakened by this purely centralist organization of social life. This also affected the ties of the working people to socialist property, which was perceived less and less as such. This led to the often-mentioned alienation of the working people from socialist property. This was a danger to socialism arising from the internal conditions of the shaping of real socialism itself. Without doubt, we are dealing here with an essential type of the connection between property and democracy, between economy and politics, the economic base and ideological-political superstructure under socialist conditions. The non – or wrong solution to this problem was one of the inner reasons for the collapse of socialism. It was the result of the fact that the working people were not prepared to defend socialism in the hour of danger.



# On what issues do I disagree with you?

## 1. First on the revenue problem.

This is what Marx in "Capital" called the second meaning of the word "revenue", that part of the surplus product which the capitalist appropriates but uses for private consumption, that is, he does not transform it into further **exploitable** value, does not accumulate it. Marx explicitly states that the decision about this part is made solely by the capitalist, that it is therefore "an act of will" (Vol. 1, Berlin 1947, p. 621). How does this problem play a role in our debate? You speak of it several times, as it has emerged under the conditions of socialist economy. First in an argument with Varga, then in your quotation of a passage from Alliluyeva's book, and finally in your **derivation** of what you call a new class. In this, however, your position is internally contradictory. 1. In the discussion about Varga (pp. 13 ff.), who expressed himself critically on what under socialism, in relation to its cadres, corresponds to the revenue of the capitalists from the point of view of political economy, you answer with a quotation from Marx's introduction to the "Grundrisse". There he presents the theoretical connection between production and consumption and points out that consumption depends on production. This serves you as an argument against Varga's criticism of the cadres' **consumption behavior**. You reject this criticism with the argument: this behavior corresponded to the economic **regularity** between production and consumption, and was therefore not worthy of criticism.

2. You quote (p. 26 f) Alliluyeva at length with regard to what **was available to** Stalin and other **functionaries** as revenue.

3. Later on, this revenue, with regard to the managers, forms one of the reasons which serve you to deduce the formation of a new class. If we look at this more closely, there is a discrepancy between argument No. 3 and the two preceding ones which you put forward.

Where do I see the error of your first argument, that regarding Varga?

First, in that you do not analyze the problem itself, but quote from a theoretical treatise not at all related to this problem. This is not a materialistic approach to the problem.

I emphasize explicitly that we also used this false, non-materialistic method in analogous cases.

To point out this mistake is necessary, because it appears again and again. Again and again, you evade the analysis of a real problem by quoting Stalin. There are, for example, completely true statements by Stalin – I am thinking of the beginning of the "Short Course" or his interview with Emil Ludwig – against the personality cult. Only his real conduct stood in just as stark contrast to this as, for example, his remarks on the justification of the Soviet constitution or his words in the closing speech at the 18th Party Congress blatantly contradicted the real class situation and state question in the Soviet Union. What he said at that time, however, justified Khrushchev's later thesis that a state of the whole people now existed in the Soviet Union! Such contradictions also exist with regard to the two main elements of the final address to the 19th Party Congress, the question of democracy and the nation. Have you never heard that there is also the problem of a contradiction between word and deed?

As is well known, Marx's economic analyses were concerned with investigating the fundamental, objective laws of capitalism. It was clear to him that the sale of the commodity labor power to the capitalist deviates in reality from these laws in many cases. It was equally clear to him that the concrete relations between capitalists do not take shape exactly according to the underlying laws. It would therefore never have occurred to him to estimate a non-equivalent contract of sale between a capitalist and an owner of labor-power as "conforming to objective laws." But this is precisely what you do in the case of the forms of consumption by Soviet functionaries criticized by

Varga: You "settle" Varga's criticism by pointing to the laws of the relations between production and consumption underlying the surface phenomena.

You also "overlook" the fact that Marx explicitly says in "Capital" that the shaping of this problem is "an act of will", that is, relatively independent of underlying objective economic laws.

## 2. Lessons of the Commune neglected

You are ignoring something that was already important in Marx's address to the General Council on the Paris Commune. It was later taken up by Lenin. Unfortunately, you ignore it when you talk about class formation in socialism (though I think you confuse class theory with managerial theory).

I quote from Lenin's preliminary work on "The State and Revolution":

"Against this transformation of the state and the organs of the state from servants of society into masters of society -- an inevitable transformation in all previous states -- the Commune made use of two infallible means. In the first place, it filled all posts -- administrative, judicial and educational -- by election on the basis of universal suffrage of all concerned, subject to the right of recall at any time by the same electors. And, in the second place, all officials, high or low, were paid only the wages received by other workers. The highest salary paid by the Commune to anyone was 6,000 francs. In this way an effective barrier to place-hunting and careerism was set up, even apart from the binding mandates to delegates to representative bodies which were added besides." (V. I. Lenin, *The State and Revolution*, Chapter IV, Section 5)

Lenin quotes here what Engels, summarizing Marx's position, wrote in the introduction to the "Civil War in France". I do not think I need to go further into Marx, Engels and Lenin here. What is certain is that these words were written after the preparation of the first volume of *Capital*, still less after the "Grundrisse". In the Addresses to the General Council on the Commune, Marx expressly emphasized the great importance of such measures as those mentioned in order to safeguard the morale of the organs of the proletarian dictatorship, to prevent the intrusion of careerists, etc.

Thus, it was completely absurd to reject Varga's criticism, completely absurd to do so by quoting from the "Grundrisse".

But it is necessary to refer to this problem, together with that of democracy (in Engels' text it is mentioned as a prerequisite to the other means), if we want to trace the processes of the degeneration of proletarian state power and clarify the responsibility for this.

You have – incorrectly – rejected Varga's criticism. Later in your text you speak of revenue. In doing so, you use (without, however, doing so analytically) the double meaning of the word, which Marx emphasized and assumed because it had such a tradition in economic literature. Revenue then means both funds for consumption and for accumulation. It is about this revenue – that is, in this double sense – when you speak of the factory managers under socialism. In them you see one – perhaps one should even say: the decisive – socio-economic basis for the formation of a new class.

I could agree with you if you meant that the Mafiosi-like structures that are emerging today have been developing in Russia for some time. It is appropriate to emphasize in this context that there was no such thing in the GDR, or not on a "Soviet scale". What exists there today in the way of mafiosi is imported. Even a glance at the former leadership personnel reveals this: While in the Soviet Union it turned out to be a bunch of politically characterless lumpen of the ilk of Yeltsin, Shevardnadze, Gorbachev, Yakovlev, this does not apply to the GDR – apart from the creature

Schabowski! I would have my problems with your concept of class, because at best it concerns three of the four characteristics used by Lenin in the "Great Initiative". Position in the production process, method of acquisition and size of the share in social wealth, but not the decisive one, the property question. But as regards the size of the acquired wealth, you have already settled your own position by rejecting Varga's criticism!

### **3. On the argument often put forward: "Stalin knew nothing about it".**

I refer to the book by Alliluyeva. I leave open to what extent one can orientate oneself on this thoroughly dishonest book, because according to your opinion "...a relatively high degree of truthfulness is at least probable" (p. 27. Since when is probable probable!). Alliluyeva lists the names of many relatives and friends who were arrested and shot with the knowledge and approval of her father. This was so outrageous to her that she does not want to believe in her father's guilt. She searches for explanations for what seemed incomprehensible to her and says: "Beria was more treacherous, more practiced in perfidy and cunning, more insolent and single-minded than my father. In a word, he was a stronger character." (in: Twenty Letters to a Friend, p. 112).

Stalin had agreed to the arrest of his first wife, a native of **Swanidze**, as well as his second wife, Nadezhda Alliluyeva, who committed suicide in 1932 – she was the mother of Alliluyeva. **This** does not question the existence of despotism, but only replaces one despot with another. However, **this one** was not even active when, for example, the lists mentioned below, signed by Stalin (and Molotov), were made.

Documents containing lists of names of persons whose cases were before the military court were sent to Stalin. Such lists included several categories, for example: General Cases, Former Military, Former NKVD Personnel, Wives of Enemies of the People. A sentence of the first degree was: shooting. The lists were signed "approved" by Stalin and Molotov. There are about four hundred such lists with these signatures, with the names of 44,000 people on them. These documents can be viewed in Moscow.

Let us take the Tukhachevsky case. Heydrich did not invent the provocation alone! He collaborated with an emigrated former Soviet general: Nikolai Skoblin. The latter had contact with both the NKVD and the Gestapo. Thus, it would have been quite possible to find out more about the alleged affair – by the way, in the trial against Tukhachevsky the "documents" of the alleged betrayal played no role. And one could also have found out then what one knows today, namely who was the **engraver** of Tukhachevsky's alleged signature under the "documents".

But even if no other possible course of action had been seen with regard to Tukhachevsky, the subsequent **bloodletting** of the Red Army commanders could not have been deduced from the "case". We know from Zhukov's later interviews that he, too, was on the execution list, spared only because he happened to be in command of the Red Army at the **Chalchin Gol** in its victorious fight against the Japanese. (I will not go into the well-known cases of Rudsutak, Eiche, Eberlein, Bukharin, their personal letters to Stalin, or the retraction of their "confessions" at the trial with reference to tortures they had suffered. What was Stalin's attitude to this?)

As for the **bloodletting** in the Red Army after the Tukhachevsky affair, the figures are in. Tukhachevsky himself was shot along with seven other generals and three of the five Soviet marshals. In all, out of five first-rank army commanders, three were shot, out of ten second-rank army commanders all were shot, out of 57 regimental commanders 50 were shot, out of 186 divisional commanders 154 were shot, out of sixteen first- and second-rank army commissars all were shot, out of 28 corps commissars 25 were shot, out of 64 divisional commanders 58 were shot, and out of 456 colonels 401 were shot! Stalin is supposed to have missed this decapitation of his army? Stalin, who interfered right down to details of, say, the KPD program of national reunification of

1952, dictated into the program of our party, then already largely isolated, the "revolutionary overthrow of the Adenauer regime," but at the same time dictated into the program of the English party the "parliamentary road to socialism" (as I know from the mouth of Palme Dutte, an Anglo-Indian comrade, an old Comintern functionary, then a member of the Politburo of the British Party), this Stalin, who discussed even relative trifles of an economic, social and political nature in Politburo meetings, is supposed to have known nothing of the destruction of the head of his army? This is ridiculous to the point of idiocy! But if this had really been so, then the system of leadership which came into being under his responsibility should be condemned **to the ground** as one of the worst irresponsibility!

(It would not be unimportant to introduce the development of Lenin's relationship with Stalin – there were not only the two parts of the letter to the Party Congress, but also a direct one from Lenin to Stalin himself – but also the **rogue play** that Trotsky and Stalin performed together to deceive Lenin on the Georgian question!

An edition of "Pravda" specially made to deceive Lenin, only a few copies **strong**, which had a completely different content from the normal number of the same day – it is certainly also not generally known that one had even gone over to the forgery of Lenin's works: the red Lenin volumes of the Ryazanov edition still contain those words of Lenin from the early twenties that in the isolated Soviet republic the building of socialism was not possible – this was deleted in the mid-1930s in the corresponding works, but without making this clear or saying it!

#### 4. Material for the proof of voluntarism and subjectivism.

Among the problems which, although not at the time of their emergence, were to have their negative effects many years later, are the voluntaristic and subjectivist approaches which can be observed time and again. They played no small part in the fact that such methods increasingly took the place of sober elaboration of political or strategic objectives – the best-known example of this is probably the so-called program of the 22nd Party Congress. But this voluntarism had been "born" earlier.

Let us take the example of the elaboration of five-year plans. The 15th Party Congress (December 1927) adopted directives of the first five-year plan. Stalin violated these very carefully worked out directives on his own authority. At the 16th Party Congress (June 1930) he energetically demanded that the plan targets for the 1929-32 plan be increased. "We do not need 10 million tons of pig iron at the end of the five-year plan, as the five-year plan demands, but 15-17 million tons." (*Works*, Vol. 12, Berlin 1940, p. 290.)<sup>1</sup> Official statistics, however, show only 6.2 million tons of pig iron were produced for the year 1932. So even the original target was not real; Stalin's **saddling on** corresponded to pure voluntarism. Below is a table showing how this voluntarism played out:

Industrial production and planned targets 1928 - 1932

	Actual Production 1928	Originally planned for 1932	subsequently increased	Actual production 1932
Electrical energy (Billion KW)	5.0	22	-	13.5

<sup>1</sup> The actual quote, in the English edition, is: "the five-year plan provides for the output of pig-iron to be brought up to 10,000,000 tons in the last year of the five-year period; the Central Committee's decision, however, found that this level is not sufficient, and laid it down that in the last year of the five-year period the output of pig-iron must be brought up to 17,000,000 tons." (*Works*, Vol. 12, p. 355.) Also, how was this printed in Berlin in 1940, in the middle of Nazi rule?

Coal (Million tons)	35.5	75	-	64.4
Crude oil (Million tons)	11.6	22	45-46	21.4
Pig iron (Million tons)	3.3	10	17	6.2
Tractors (1000 units)	1.3	53	170	48.9
Motor vehicles (1000 units)	0.8	100	200	23.9

The higher targets were reached much later, for motor vehicles in 1937, for pig iron in 1950, for oil in 1952 and for tractors in 1956.

Strictly speaking, what was achieved in each case – including the growth rates achieved – was a feat even by international standards; it was only belittled by voluntarist nonsense.

This is also evident in the field of agriculture:

	Actual position in 1928	Plan for 1932/33	Actual position in 1932
Cereal production (Million tons)	73.3	105.8	69.69
Livestock (million head)	114.2	153.7	70.9

While livestock was expected to increase by almost 38%, it decreased.

## 5. Let us take the example of collectivization

There is no doubt in my mind that collectivization was necessary. The supply for the cities, even the generation of the necessary sources of accumulation for rapid industrialization, could not be secured on the basis of a small, mostly self-sufficient peasant economy. It is true that the NEP led to the development and strengthening of capitalist elements in the country. It is also true that the peasants withheld grain with the intention of obtaining higher prices and that this led to supply problems in the cities. That all these problems were bound to lead to contradictions between town and country, the working class and peasantry (whose alliance, however, was the mainstay of state power) is also undisputed. There were already reasons for the transition to an intensified collectivization movement. The problem, however, is how this transition was carried out before the onset of a (Russo-Siberian) winter and with the means of political violence. But it should also not be overlooked that there was a policy of transferring funds from the village to industry, which had been tightened to such an extent that the peasants lost the incentive to increase production. This was despite the fact that the peasants had been winners of the revolution and the NEP and, if the NEP had continued, would have had no reason to oppose Soviet power. But instead of a change in the policy of transferring funds, such a pace of collectivization set at the end of 1929 was completely contrary to the plan objectives. Not only that. In quantitative terms, too, the original goals were far exceeded.

According to official Soviet figures, in 1927 there were still 900,000 Kulak farms, in 1929 about 600,000 to 700,000, but altogether 1.1 million farms were eliminated. These figures prove that the attack was waged not only against kulak farms, but also affected a large mass of middle-

peasant holdings – that is, holdings of the most important ally of the working class and thus the social base of state power. The fact that peasants reacted to this with various forms of resistance, including armed ones, slaughtering cattle and destroying grain, was presented as an indication of the intensifying class struggle, but this was in fact provoked by the Soviet and party leadership! Strictly speaking, it was the initiation of a civil war against the villages, which affected the foundations of state power and led necessarily to the maximum concentration of the means of political violence and to their use in this way. One of the reasons for the successive weakening of the democratic element in the organizational principle of democratic centralism, the ever more rampant centralization, together with the economic consequences of the abandonment of the NEP, led to the tremendous growth of a hierarchically structured mass bureaucracy.

First, however, a severe famine broke out, to which about two million people fell victim. At the same time, several hundred thousand peasant families were resettled in Siberia in the middle of winter, and other peasants were sent to quickly constructed camps.

## 6. On the problem of the NEP

In February 1928, Stalin categorically clarified to all party organizations in a circular: "The talk to the effect that we are abolishing NEP, that we are introducing the surplus-appropriation system, dekulakization, etc., is counter-revolutionary chatter... NEP is the basis of our economic policy, and will remain so for a long historical period." (*Works*, Vol. 11, p. 18). But at the 16th Party Congress (June/July 1930), it was suddenly stated, "At the end of 1929 Soviet power passed from the policy of restricting the kulaks to the policy of liquidating the kulaks as a class on the basis of continuous collectivization." (*The CPSU in Resolutions*, Vol. VIII, p. 78. Translated from the German.) Why this change was made is not clear.

Hans Kalt, an Austrian communist, political economist who speaks Russian, wrote: "It is also not true that the Soviet leadership at any time had to choose between NEP and socialist industrialization. When, in reviewing the material on the history of the Soviet economy, I went through the minutes of the party congresses and Central Committee meetings of the 1920s, I was surprised to find not only the extent of the economic successes of the NEP period, but also that at no time was the question, NEP or socialist industrialization, but that the beginning of this industrialization took place in the NEP period, and that the large state investments necessary for it were possible only thanks to the success of NEP. In contrast, the famines that followed the abandonment of the NEP certainly made industrialization more difficult." (Hans Kalt, *Sozialismus und Warenproduktion (Socialism and Commodity Production)*, in "Marxistische Blätter" (*Marxist Sheets*), issue 4/97, p. 88 – significant for our topic as a whole is Hans Kalt's book "Stalins langer Schatten. Das Scheitern des sowjetischen Modells" (*Stalin's Long Shadow. The Failure of the Soviet Model*), PapyRossa Publishers, Cologne 1994).

The termination of the NEP, the replacement of the orientation towards economic laws and the operation of economic levers by political dirigisme had a variety of consequences. I will discuss some of them in the paragraph on the law of value.

## 7. On the problem of the law of value and commodity production.

In my opinion, your explanations of this problem show, on the one hand, an inaccurate perception of what Marx and Lenin said about it – but then one could be of the opinion that the development has raised new questions which must be answered differently than by Marx and Engels. Secondly, your texts point to insufficient attention to political-economic contexts and laws. I have the impression that this is particularly true with regard to the difference between the two stages of development of communist society, which, to put it mildly, you do not always pay sufficient attention to.

In a society with a division of labor on the basis of different forms of property, products can only

be exchanged in accordance with the law of equal labor for equal labor, that is, equivalently, in accordance with the law of value. To regulate the exchange of products otherwise would mean to decide politically without regard to economic laws. Or else one must orient oneself to morals or phrases of justice, that is, to that Lassalleism which Marx castigated in his "Critique of the Gotha Program." We then forget that morality and justice must ultimately correspond to the relations of production, and not the other way round. We then forget that we are materialists and not idealists.

This necessarily leads to some consequences:

First, it is an illusion to believe that in the long run an economic process can thrive in disregard of its own laws; rather, its eventual collapse is implicit.

Second, disregard for objective laws must lead to voluntarism and subjectivism; I have given examples of this.

Third, this approach, especially with the higher development of production, its expansion and differentiation, requires an ever-growing management and decision-making apparatus, which cannot be organized in any way other than hierarchically.

Fourth, there is also the danger that more and more senior staff will have to make decisions which are not sufficiently based on expertise.

All these consequences in fact occurred. The overgrowing centralism was accompanied by the loss of sources of information, of **signals** from the working population, and consequently by an increase in decisions **alien** to life. In the course of time, a widening gap **between** the working masses, whose opportunities for participation were diminished to the same extent as the resulting alienation of the masses from the economy and politics, was inevitably created. There was created an ever-proliferating **implantation** of bureaucracy. If the danger of the emergence of capitalist elements, against which barriers had to be erected, was already inherent in the NEP, the possibility of the emergence of a proliferating bureaucratic apparatus with the concomitant phenomena of corruption, of special interests separated from the people, had virtually been brought into being.

A problem arose which did not only result – not even in the main – from the **departure** from the NEP. All in all, the prevalence of centralism, its connection with the thesis of the increasing aggravation of the class struggle, its intensification into the further thesis that the enemy was now developing its activity in the centers of the party and the state, led to the fact that opposition to the "center of the center", that is to Stalin, could be interpreted and was interpreted as an expression of activity of the class enemy (with the well-known repressive measures). This is one of the reasons not only for political but also for ideological and theoretical stagnation: Where the **controversy** of opinions falls into the **odium** of activity of the class enemy, the development of science is no longer possible.

The non-observance of the law of value had particularly dramatic effects in the **foreign** economic relations of socialist states. These effects were aggravated by the non-observance of the law of value in the internal economic activity of the Soviet Union, for example. Since, for example, the law of value was not applied with regard to the means of production – and the problem of the **moral** wear and tear of such means of production, such as occurs as a result of scientific and technical innovations, was not taken into account – fixed capital was renewed far more slowly in the Soviet Union than under capitalism. The consequence was that the products produced on this basis, if they were to be **converted** on the world market, on the one hand required a higher labor input in the Soviet Union than under capitalism, but on the other hand could only be exchanged on the world market for products which had been produced under capitalism with a much lower labor input. Here, then, we are dealing with enormous losses of social labor as a result of the non-observance of the law of value.

Let us examine the opinion of Marx, with which Lenin agreed.

In his "Critique of the Gotha Program" Marx drew attention to the fact that in the first stage of communism, that is, under socialism, the distribution of individual consumer goods is bound to the same principle as in the exchange of commodity equivalents; equal amounts of labor in one form are exchanged for equal amounts of labor in another. Here, then, the law of value prevails.

And how did Marx see the distribution of the means of production in this stage of communism? He also tied the distribution of the means of reproduction to the law of value. He wrote that here, too, one can only proceed according to the norms of "economic necessity". Economic problems cannot be solved with phrases of morals and justice. He tackles the problem thoroughly in the third volume of "Capital", in the analysis of the total social product and the total social labor. How is this to be divided among the individual sub-spheres of the reproduction process? **Expressis verbis**, Marx uses the law of value:

"It is indeed the effect of the law of value, not with reference to individual commodities or articles, but to each total product of the particular social spheres of production made independent by the division of labor..." (Vol. 37, Chapter XXXVII – Introduction, p. 629)

And further, also in the third volume of "Capital" he states on this question for the time after the overcoming of capitalism, which nevertheless implies that this answer also applies to socialism! He emphasizes that "after the abolition of the capitalist mode of production, but still retaining social production, the determination of value continues to prevail in the sense that the regulation of labor time and the distribution of social labor among the various production groups, ultimately the bookkeeping encompassing all this, become more essential than ever." (Vol. 37, Chapter XLIX – Analysis of Process of Production, p. 838) And when Bukharin, in his "Economics of the Transformation Period," thought that under socialism the problems of value, price, profit, etc., would disappear, Lenin remarked: "Wrong. Even under pure communism at least the ratio  $l + v + m$  to  $l + c$ ? And accumulation?"

Is it possible otherwise in a society in which there are different forms of property and a social division of labor? "With the existence of different collective owners and even still small private owners, who do not exploit other people's labor power, as well as the social division of labor, commodity production, the exchange between commodity producers and thus also the effects of the law of value (including the contradictions connected with it) are unavoidable", writes Willi Gerns in the same number of "Marxistische Blätter" (p. 89), at the same time pointing out how this effect is pushed back.

## 8. Mechanical instead of dialectical materialism

I also do not agree with the method you like to use, which traces everything back to necessities, to an objective **need**. Whenever the question arises as to whether there might not have been alternatives, whether one could not at least have tried an experiment of a different kind, the iron necessity, the **need**, appears in your case – this is not a dialectical-materialist, but a mechanical-materialist approach. You give the impression, for instance, that the pace of industrialization would not have been possible if the NEP had been maintained, and that **staying behind** would have been fatal (I agree with this). You simply take as a fact what Stalin stated in his dispute with Bukharin (the "rightists"). Why do you take that as fact while not even examining the theses of others? Surely this has nothing in common with an objective examination of the real problem. The materials of the CC of the CPSU mentioned by Kalt contradict what Stalin publicly announced!

I see the causes of the defeat in four main groups of reasons:

First, one cause is the pre-revolutionary legacy (this is a multi-faceted question, it has economic, social, political and cultural aspects)

Second is the quality of the political structures created after the revolution.



Third is about concrete historical conditions.

And fourth, finally, there is the problem of the role of personality in history.

I would now like to address the questions you formulated in your letter of invitation. I am very cautious, not to say skeptical, about statements on what socialism could or should look like in the future. Marx's words from the "Grundrisse", that we are not there to work out the recipes for the cookshops of the future, are still valid today in so far as we cannot know what this cookshop of the future will look like, what kind of stove, what kind of cooking utensils and what ingredients it will have for cooking. What will the world look like when the subject of socialism will one day be on the agenda? What will the nature of the productive forces be, what will the nature of the subjective factor be, what will be the nature of the revolutionary crisis from which the revolutionary break with imperialism can arise? There are more such questions which we cannot answer today.

Nevertheless, I have been persuaded that we must continue to discuss socialism today for at least four reasons:

1. Because the so-called questions of the day always include the problems of principle – anyone who does not want to discuss how we can overcome capitalism will not come to grips with the problem of unemployment.
2. Because we will be stuck in the struggle for reforms for a long time and consequently suffocate in reformism if we do not establish our socialist goal and say that this will not be achieved by a sum of reforms.
3. Because it is necessary to confront the opponent who spreads dirt against the idea and reality of socialism.
4. Because there are now seventy years of positive and negative experiences with a model of socialism and we have to work through these experiences.
5. Because, especially in view of our grave defeat, it will not be possible to give new attraction to the idea of socialism unless we discuss it in the most serious manner.

So, with that in mind, I turn to your questions. You ask:

What should be the character and extent of nationalization in economic planning and management under socialism?

What is the real communist kernel of a socialist society?

What are the differences of interest?

What political forms can and should they take?

What lessons can be learned from the history of the Soviet Union in this regard?

I have commented on some of these questions or their aspects in what I have already said.

I start from the following: At the time of the struggle for socialism, the objective, the material productive forces will, in the wake of the scientific-technical revolution, have reached a quality which is at least considerably different from that of today. Under these conditions, the use of at least a number of such productive forces will absolutely require the control of society as a whole. Otherwise, dangers of the greatest magnitude for society as a whole are unavoidable. Therefore, societal strategies of a more economic, ecological and social nature, probably also of a political nature, analyses, planning and activities of an overall societal character are necessary. This does not mean that everything and every problem must or even can be subjected to regulation by society-wide strategy. To give an idea of the size of the problem, here are a few figures:

In 1957 there were 200,000 large-scale enterprises in the Soviet Union, 100,000 construction sites, 85,000 collective farms, 5,000 sovkhoses, eight million indicators and about 25 billion material routes that had to be observed for the industrial enterprises! (Data according to Hans Kalt's book "Stalin's Long Shadow")

This, at least, has been clearly proved by the **dirigiste** method of management in the Soviet Union, which eventually suffocated under bureaucracy and fell more and more into stagnation. What it did not prove was the impossibility of the planned economy – modern capitalism plans, and in some cases, if one thinks of Japan, it does so far more thoroughly and effectively than the whole of the CMEA. But tens of millions of individual problems of an economic or economic policy nature cannot be solved in a centralist way. But the productive forces of microelectronics already make decentralized solutions possible within the framework of society-wide developments. Such a society-wide controlled operation of productive forces presupposes, however, that these forces are also owned by society as a whole. I cannot imagine that productive forces of this quality would not be owned by society as a whole. One of the reasons for this is easy to see.

At this stage of development – as far as we can judge today – there will be agricultural or handicraft production cooperatives. Their collective ownership would not be of an overall social nature. This will lead to problems and contradictions. If such productive forces were owned by the respective collective of producers, and consequently the surplus product worked out on the enterprise were appropriated wholly or in part by them, there would necessarily be special interests, forms of competition between this collective of producers and others of approximately the same range of production. Under these conditions, contradictions arise with regard to, for example, the class solidarity, that is, across the factory collectives.

At this level of production, this should not affect the overall social interest, or it should be easier to address the problems by economic and political means. But in the case of those productive forces which play a role necessary for society as a whole, which are vital for the process of reproduction in society as a whole, socialism cannot afford such contradictions if it is to survive.

To solve the problems indicated here, organs of society as a whole are then also necessary. Whether these are called state organs or otherwise is completely irrelevant. If I make a verbal distinction here, it is because, in my opinion, such an organ of society as a whole, if it combines central and democratic aspects, is no longer a state in the old sense of the word, according to the classics.

The question, therefore, does not boil down to whether **this is** state activity or not, but rather to how this entity called the state should be constituted. The type of state that emerged in the Soviet Union (and not only in the Soviet Union), especially after the NEP, would not be suitable for solving the problems raised. This is one of the lessons of history.

If one takes a closer look, it is a question of applying the organizational principle of democratic centralism not only in the Party, not only in general in the social life of socialism, but above all in economic policy.

But at the same time, it should be made clear that even then development will in the long run lead to the **sidelines**, if the "state" activities are not oriented to objective economic laws, and to those belongs the law of value.

What is the actual communist kernel of such a social order, you ask?

1. social property!
2. the stipulation: Those who do not work should not eat – which of course means that members of society who **fall out of** the working population for reasons of health or age do not fall under this precept.
3. the struggle for the enforcement of solidarity behavior of the members of society and of the social institutions – for which there are many opportunities for development in work, in the field of education and health policy, and so on.
4. the successive replacement of state activities by the direct self-regulation of socialist collectives – examples could be organs of self-administration in the residential sector, forms of regulation of

minor violations of the law by non-state bodies, such as labor or residential collectives.

5. the efforts to remove an ever-growing part of economic and social activities from the sphere of action of the law of value.

6. special measures to reduce the differences between manual and mental labor, between urban and rural areas, etc., for example by eliminating educational privileges, **shaping** the education and training system and providing material incentives for people to make use of such opportunities for their own **qualifications**.

There are certainly other such areas. Everything that contributes to awakening and strengthening the consciousness of labor as man's prime activity of life seems to me to be of particular importance. This will be a long-term process, but without success in this area, a transition to the higher stage of development of communism is out of the question.

On the question of how the inevitable clashes of interests can be resolved, the only answers that come to mind are those that arise in connection with the organizational ideas of the communists.

The starting point for me is what Marx emphasized in his analysis of the Paris Commune and what Lenin particularly emphasized from this analysis. I have already gone into this. It may be that in the process highly **skilled** forces do not come into operation, because they do not agree with such a material condition. But on the other hand, it would be easier to keep the "apparatus" of the state and the party "clean" (easier, because even under such conditions the development of **careerism** cannot be completely excluded!). But whoever accepts an "office" under such conditions does it more out of loyalty to the cause, out of idealism, than if sinecures and the like can have an effect.

Furthermore, I consider it necessary to observe the norms of the party statutes unconditionally (for example, ensuring the periods for accountability and elections). In the CPSU, for example, this was not observed from the summer of 1939 until the fall of 1952! This includes regular and not only formal accountability and control, the possibility to vote functionaries out of office who have done something wrong, who do not behave in a party-like manner, who do not show solidarity, who behave in a high-handed manner. It is absolutely necessary that collectivity be observed in the formulation of policy, in decision-making and leadership, and – of course – in the fidelity to decisions. Without honest criticism and self-criticism – not **stuffy** petty-bourgeois criticism and self-criticism – it is impossible to think of a correct way of dealing with mistakes.

So much for my reflections on a topic which is not yet a current task for us, but from which there are already lessons for our actions, especially for how our own organizations should be designed – and how they should not be.

Below we document a written response by Peter Urban to the above presentation by Dr. Robert Steigerwald.

Peter Urban:

## **Response to Comrade Steigerwald's comments**

The written form of the answer offers the possibility of going into comrade Steigerwald's arguments point by point, which was not possible at the seminar, not only because of the time frame, but also because we were primarily concerned there with presenting our own views in their inner context.

### **With regard to the comments under the heading “Where do I see similarities”**

It is good when – as comrade Steigerwald has done – not only the differences but also the points of agreement are worked out. Nevertheless, there are also points in this section with which we must disagree.

Did the economic system introduced with the end of the NEP involve "real planning"? For comrade Steigerwald, the answer is simple. He says: no. To us this answer does not seem dialectical. The new cannot exist fixed and ready in one fell swoop; it must be developed. Wasn't the building up of heavy industry in record time an expression and result of planning? Most certainly, for it would not have come about through the spontaneous action of the laws of the market.

The building up of heavy industry took place on the basis of a conscious determination by the ruling class, a determination which, however, was not voluntaristic as such, but was fundamentally oriented to the objectively given possibilities. For otherwise the tremendous successes, of which comrade Steigerwald also says that they are "historically without comparison," would not have come about. Could these successes have come about without "real planning"? If the planning was not real, it did not have an effect, that is, it was not planning at all. But the effect was obvious, as comrade Steigerwald also admits.

Later, when it was no longer primarily a question of extensive but of intensive economic activity, when it was no longer a question of starting up new economic sectors in large-scale campaigns, when it was instead a question, for example, of improving the fine-tuning between different economic sectors, management methods which had previously been successful failed. But that does not in any way argue against the fact that they were used successfully before. Nor does it argue against the thesis that they were economic methods of "real planning". Certainly, a planning which in many respects did not yet contain, could not yet contain, fine-tuning and thus left much to spontaneity, chance or the arbitrariness of individual functionaries. It was not yet sophisticated planning and could not yet be, but it is wrong to claim that it was not "real", that is, that it was not planning at all. Such a view fails to recognize the kernel of the developing new.

Later, the "initially necessary methods of leadership" would have had to be replaced by others – we agree with comrade Steigerwald on this. But then, in this context, the quotation from Goethe's Faust touched upon by comrade Steigerwald does not fit either, according to which we are free at the first and servants at the second. The Bolsheviks were not particularly free in the first case; the margin of maneuver provided by the weakly developed productive forces was rather damn narrow. Without the highly centralist methods of leadership, which in many respects must already have appeared at that time as over-centralism, the successes mentioned would not have been possible, successes in the development of the productive forces which, also in our opinion, are historically without comparison.

Why was it that the original methods of management were not changed later, when the state of

the productive forces required other methods? Now it was no longer the productive forces that prevented this change; it was they that required this change. It was class-based interests that now opposed this change. Class-based interests which comrade Steigerwald unfortunately does not analyze.

"Only on this ground," says Comrade Steigerwald, "namely, on the ground of the specific management system in the Soviet Union, was it possible for a parasitic managerial and political stratum to have developed which was concerned only with its own interests. Only because of the Soviet peculiarities was this possible. We must disagree. Socialism is a society in which class differences have not yet died away; socialism is the process of the dying away of all class differences, and as long as they have not yet died away, class-based special interests necessarily assert themselves and there is the possibility that they will expand again instead of dying away further.

Mind you, when we speak of class-based differences, we do not mean only the differences between classes. The bourgeoisie no longer exists as a class under socialism, since the means of production have been snatched away from them; there are only remnants of the shattered bourgeoisie. By class differences we mean all social differences based on different positions in relation to the means of production. If there are still separate **women** managers and separate **women** politicians (under communism this will no longer exist!), these have a special position in relation to the means of production which distinguishes them from the workers. The ideal communist functionary who holds such positions does so in an effort to further reduce class differences.

But since being determines consciousness, these divisions of labor, so long as they are not abolished, necessarily produce special interests. These class differences are more subtle and more difficult to analyze than such clear class antagonisms as that between the bourgeoisie and the proletariat. But one cannot hope to really grasp the contradictions and **regularities** of the transitional society between capitalism and communism unless one focuses attention precisely on these class-based differences, which are already no longer differences of classes. Since socialism is the process of the disappearance of class differences, one needs appropriate theoretical categories to adequately grasp this process. The analysis of socialism so far suffers precisely from the fact that these class-based differences, which were already no longer class differences, were not or not adequately examined. Incidentally, it was precisely these class-based differences that played a decisive role in the process of revisionist degeneration.

Stalin was by no means – as comrade Steigerwald asserts – of the opinion that there was no longer a class struggle; on the contrary, Stalin assumed that the class struggle would intensify. (Incidentally, Comrade Steigerwald says this himself in point 7, so he contradicts himself). Stalin, however, saw the roots of the class struggle solely in the remnants of the shattered exploiting classes, in their support on the part of the imperialist foreign countries, and in the lagging of consciousness behind the economic situation. This was one-sided.

He did not see those roots of the class struggle which lie in the divisions of labor of the old society which have not yet been overcome (see, for example, "Weg der Partei", theoretical organ of the KPD, 1-2/92, p. 43 f.) These outdated divisions of labor, however, also give rise to corresponding consciousness: to the extent that they prevent the workers from real ownership, they give rise, for example, to wage-worker consciousness, a consciousness which, moreover, does not lag behind the economic situation at all, but corresponds to it.

Trotskyism, on the other hand, does point out such contradictions, but only in order to obscure the view of their socio-economic roots. Thus, for example, Mandel uses the concept of bureaucracy as a purely political concept and explicitly deprives it of any socio-economic and thus class content. (see Soviet Union Book, p. 206 f.)

This apparently satisfies the need to take account of this contradiction, which has not been taken into account or not adequately taken into account by theory, but in reality, it denies the roots of the phenomena in question in the relations of production. This also obscures the view of how a new exploiting class could develop out of socialism.

What would now have been the decisive means against the formation of special class-based interests of the factory managers and the cadres in general?

Comrade Steigerwald means the development of socialist democracy. We have to disagree with him: as important as the question of socialist democracy undoubtedly is, it would not have been the decisive means.

Democracy is a form of state, and therefore it will have died away under communism, precisely because there will no longer be a state. Socialist democracy is important as long as there are class-based interests which oppose the interests of the working class. We know today, for example, that even within the socialist state special interests develop which are directed against the working class, and from this we conclude, among other things, that the guarantee of liberties directed against the state has by no means become irrelevant with the seizure of power by the working class.

But democracy is always a means of enforcing class-based interests. As long as democracy must exist, therefore, there are these interests, consequently there is also always the tendency to the formation of interests directed against the proletariat. Consequently, socialist democracy cannot be the decisive means of the proletariat to overcome these special interests. As long as the proletariat still needs this means, the struggle has not been decided. The "possibilities of co-determination and co-decision" of the workers, of which comrade Steigerwald speaks, do not prevent the formation of special interests of the leaders, but only offer possibilities to defend themselves against the activity of these special interests. These special interests can only cease to form when the corresponding divisions of labor have been eliminated, when society offers every member of society the same opportunities to participate in social decision-making processes.

We are not talking here about mere rights. The mere right is of no use at all if the people are not prepared to exercise it. Those who do not have the chance to learn how to govern will not be able to govern, no matter how much they are granted the "right" to govern. What is needed, then, is a thorough reorganization of the totality of social conditions until the formation of the special interests mentioned is no longer possible. But then there will be as little talk of rights as of democracy: the associated producers will administer the material wealth they have created and will consciously set up the social relations. One will then need neither rights nor democracy in order to fight for what the social collective grants to each individual as a matter of course.

Why, then, do we insist so firmly that the development of socialist democracy cannot be the decisive means in the communist transformation of society? Because it is a political instrument of the transitional society, but this transitional society must be overcome, that is, resolved under communism, just as politics must be overcome. Because socialist democracy as a political instrument of the transitional society, important as it is, cannot transcend it. This is because the limitation of the task to the development of socialist democracy is not a communist strategy.

"The political mind is a political mind precisely because it thinks within the framework of politics." (Marx, Marx & Engels *Collected Works*, Vol. 3, from "Critical Marginal Notes on the Article 'The King of Prussia and Social Reform,'" p. 199.) The mind of Marxists must by no means limit itself to being a political mind, otherwise this mind could not conceptually grasp communism. Communism is, in fact, a society in which the barriers of politics have been broken down because there are no longer any class-based distinctions and differences of interest based on them, a society in which, consequently, the political assertion of interests has ceased to exist and instead

there are clear and transparent relations between people.

Comrade Steigerwald accuses us elsewhere of not distinguishing sufficiently between socialism and communism. We clearly distinguish between them, but not metaphysically. We do not erect a Chinese wall between the two, because socialism is the transitional society to communism, is the process of transition. Thus, it is not even possible to describe "socialism" as a static condition, because it is the movement towards communism. Theoretically, therefore, the main task is to work out the communist elements of socialism, so that these very elements can be strengthened and developed in the practical struggle. In the past it was precisely the apologists of the special interests who opposed this, who tried to portray socialism as something static and separated from communism by a Chinese wall.

## Re "The Criterion of Socialism".

We quite agree with comrade Steigerwald that the restoration of the capitalist order in the Soviet Union, the GDR and other countries did not take place until the end of the 1980s or the beginning of the 1990s, and that in the process:

- 1) the system of capitalist property was enforced,
- 2) a pro-capitalist ideology was imposed as the ruling ideology,
- 3) the market was put through as the predominant mechanism of control of the economy (as far as we are dealing with a "market economy" under monopoly capitalism). These three things: system of capitalist property, pro-capitalist ideology and the market were not socially dominant before. Yet we deny that the previous social order was socialist. We have explained in other places, also within this book, what character in our opinion the social orders previously existing in these countries was, and we do not want to repeat this here. At this point we will only say the following:

Surely one cannot claim that any social order in which surplus product is not privately appropriated is socialist. What is decisive for socialism is that it is the **beginning of the direct socialization of production**, the beginning of society **collectively disposing of the means of production**. That is certainly not the case when a small group of people actually disposes of the means of production and does this not on behalf of the ruling class in order to begin socialization under difficult conditions, but does so in its own interest and strives to preserve its privileged position with respect to the means of production forever and ever. It is not, in fact, primarily a question of the extent of the private consumption of these people, but of their position in relation to the means of production, of their power to dispose of these means of production in their own interest. If they have this unlimited power, the working class is without power in this respect, and here we have the simple solution of the riddle posed but not solved by Comrade Steigerwald, as to how it came about that "socialist property" was felt to be such by fewer and fewer working people (when, after all, being determines consciousness!):

It **was** not socialist property! The people were not owners and **therefore** did not have the consciousness of ownership! Ownership consciousness comes from ownership.

But the transition from wage-worker to socialist owner does not take place overnight either – an essential reason why divisions of labor are still necessary for the time being, which produce professional managers and professional politicians. If functionaries alone were the evil, they could easily be gotten rid of. (That would be the "solution" a la Mao Tse-tung: the "good" functionaries put on the "evil" **dunce-caps**; every 10 years or so the "dragons and devils" come to the surface and are then beaten). But the evil is not the professional politicians, professional managers, etc.; the evil is the social condition that still necessitates the forms of division of labor in question. The enterprise politicians and functionaries are necessary because of the relative backwardness of working men and women, but they can help to preserve that backwardness. The working class in power still needs its professional managers and professional politicians, but the corresponding social condition, the corresponding divisions of labor, reproduce themselves if they are not

gradually overcome by conscious effort. And here we come back to the class-based divisions under socialism, which are already no longer class divisions. If, for example, there are professional managers and professional politicians, these have special positions in relation to the means of production and thus represent special strata.

They are not classes, because and as long as the control of the working class prevails, is stronger than the special interests of these strata. They are strata which are in the service of the working class, even if they pursue their own interests alongside or against it. They are not classes if only because this self-interest does not distinguish all the members of these strata: Communists (though this is by no means everyone with a party card!) in leading functions or with special tasks strive to orient themselves to the proletarian class interest and exercise these functions **with this objective**, but the transitions are, as always, fluid.

Now what happens when proletarian control, proletarian domination of society is **lost**? Then, precisely, these strata transform themselves into a new class, a class which is admittedly very inhomogeneous, as we have just shown in our Soviet Union book, but whose common interest consists in the suppression of the working class. And then society is no longer socialist, because the orientation towards communism has been lost.

Comrade Steigerwald, however, means: "despite all problems – socialist".

How does this rhyme with the fact that in another place, namely under point 2) he speaks of the "degeneration of proletarian state power"? If this state power has degenerated, then we are certainly no longer dealing with a dictatorship of the proletariat. Thus one would have socialism without the dictatorship of the proletariat? This would already be far from Marx: "Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. There corresponds to this also a political transition period in which the state can be nothing but than the **revolutionary dictatorship of the proletariat.**" (Critique of the Gotha Programme, Foreign Languages Press, Peking, 1972, pp. 27-28.)

If this state has degenerated, if it is no longer the revolutionary dictatorship of the proletariat, then we are no longer dealing with socialism, even if capitalism has not yet been restored. Its restoration is then a question of time – unless the revolutionary dictatorship of the proletariat were to be restored by a renewed revolution, a renewed political overthrow.

Let us take the well-known phenomena, namely that products are manufactured which are not marketable, but that the producing enterprise nevertheless receives the corresponding financial means for "plan fulfilment" and society bears the damage. For example: According to the plan, ladies' handbags are to be produced. This is done, but the handbags are all the same. The fact is therefore **ignored** that the use value of ladies' handbags implies that they differ from each other. The handbags remain on the shelves of the state trade organization. The producing enterprises do not care, since their interest in the allocation of appropriate resources is satisfied. Is this social production?

No, and not even to the extent that commodity production is social production. Commodity production is not directly, but indirectly, social production, because it is not produced for the needs of the producer, but for social needs. The commodity property of a product presupposes, among other things, that it has a use-value. This is not the case here, and yet society allocates financial resources to the producers.

Socialism cannot **yet exclude** such phenomena, **but can only limit them.** (This is the price to be paid for the fact that personal relations of dependence must be used as a crutch to break up commodity-producing relations, so that **directly social production** can develop: conscious regulation by persons instead of the objective power of the market.)



But if such phenomena get out of hand and no effective struggle can be waged against them, this is an indication that the working class has lost political power and socialism has been eliminated, even if commodity production and capitalism have not yet been restored. Commodity production then even appears as progress, because the actual dependence of the market makes possible a greater orientation to use-value than the personal relations of domination of the revisionist regimes. (To what extent decaying imperialism still permits the development of commodity production is, of course, another matter.)

## **Re "1. First about the revenue problem" and "8. Mechanical instead of dialectical materialism"**

Comrade Steigerwald is right: Marx says, what part of the surplus value the capitalist consumes and what part he transfers to accumulation, he decides by his "deliberate act" [an "act of will" in German]. (Capital Vol. I, Chapter XXIV, Section 3, Marx & Engels Collected Work, Vol. 35, p. 587.) It remains to be clarified by what that will is determined.

Comrade Steigerwald should have read on. In the same chapter, indeed on the same page, there is already something to this effect. The capitalist functions as "personified capital", he is consequently only one of its "wheels" within the "social mechanism". Certainly, he has a will, but it is determined by the logic of **exploitation** of capital. And further: "Moreover, the development of capitalist production makes it constantly necessary to keep increasing the amount of the capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist production to be felt by each individual capitalist, as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend it he cannot, except by means of progressive accumulation." (ibid., p. 588) But he can accumulate only what he does not consume. Free will?

But times are changing. "As capitalist production, accumulation, and wealth, become developed, the capitalist ceases to be the mere incarnation of capital. He has a fellow-feeling for his own Adam, and his education gradually enables him to smile at the rage for asceticism, as a mere prejudice of the old-fashioned miser. While the capitalist of the classical type brands individual consumption as a sin against his function, and as 'abstinence' from accumulating, the modernised capitalist is capable of looking upon accumulation as 'abstinence' from pleasure.

"Two souls, alas, do dwell within his breast;  
The one is ever parting from the other.'

"At the historical dawn of capitalist production, — and every capitalist upstart has personally to go through this historical stage — avarice, and desire to get rich, are the ruling passions. But the progress of capitalist production not only creates a world of delights; it lays open, in speculation and the credit system, a thousand sources of sudden enrichment. When a certain stage of development has been reached, a conventional degree of prodigality, which is also an exhibition of wealth, and consequently a source of credit, becomes a business necessity to the "unfortunate" capitalist. Luxury enters into capital's expenses of representation." (ibid. p. 589 f.)

Free will? Certainly, just as every worker has the free will to decide whether he goes to work the next day or to the casino. No one prevents him from **leaving work** and instead taking his savings and blowing them in Monte Carlo. Very few do it, because — free will or not — they don't want to bear the consequences. They are not free to determine the consequences.

And our capitalist is not so much better off. As the Marx quotation impressively shows, he is not even free to decide to what extent extravagance and to what extent miserliness and stinginess towards himself determine his personality. This is decided by the respective stage of development of the capitalist mode of production, in which he functions as "personified capital".

But still: The capitalist will live more carefree than his workers even in the skimpy period. How does that happen? The worker can only live on his wages. Since, on the contrary, the capitalist has surplus-value at his disposal, he has the free will (we have seen how far his freedom extends) to decide how large a portion of surplus-value he will use for his consumption. But why can he dispose of surplus-value? Because he possesses the means of production, that is, by virtue of his position in relation to the means of production. And this brings us to the quotation we have cited from the *Introduction to the Critique of Political Economy*, in which Marx says "that the particular mode of participation in production determines the specific forms of distribution, the form in which one shares in distribution." (Marx & Engels *Collected Works*, Vol 28, p. 33) Comrade Steigerwald now thinks that this has nothing whatever to do with the problem we are examining. Why not? Who can understand that?

Marx, by the way, also explicitly says the same thing in the *Critique of the Gotha Programme*. Marx says there that it was "in general a mistake to make a fuss about so-called distribution and put the principal stress on it. The prevailing distribution of the means of consumption is only a consequence of the distribution of the conditions of production themselves; the latter distribution, however, is a feature of the mode of production itself." (op. cit., p. 18)

Comrade Steigerwald refers to will with regard to the allocation of revenue. The freedom of this will is somewhat greater under socialism than under capitalism, but it is also not so great. The working class has political power, but that alone is not sufficient to overturn at once the whole totality of relations, including all the old divisions of labor. What is to be done when the managers, because of their special interests, function only when a certain quantum of revenue is allocated? As long as one needs these managers, these divisions of labor, one can counteract this, but only up to a certain point, because otherwise the functioning of the economy as a whole is called into question. That is the tricky dialectic of the transitional society, that the revolutionary working class must defend certain conditions of the old society as long as the conditions for their elimination have not been created!

Comrade Steigerwald is off the mark when he claims that we have declared the immoderate consumerism of certain managers and functionaries "not worthy of criticism". The point is rather that the best criticism is practical criticism, the practical overthrow of conditions worthy of criticism, but whether that is possible does not depend solely on free will. Indeed, we have said little about what the revolutionary forces in the then Soviet Union should have done in this respect. This is because we do not know the circumstances, the real relations of forces, well enough to develop concepts that are not based primarily on pious wishes about what should have happened.

More important is what lessons can be learned for the future, and there is a lot to be said for that.

At a certain point, the problem of enormously high incomes for leading cadres was no longer considered a problem. Incidentally, comrade Steigerwald places himself in the theoretical tradition by saying: The main thing is that there is no private property. For as long as there is no private property, it is still socialism. But the maintenance of high-income differentials over a long period of time is a sure sign that the traditional divisions of labor of the old society are also not being dismantled, and if there is no process of revolution in the relations of production, it is not a matter of socialism.

We say: The relations of distribution are mainly a consequence of the relations of production, however, but they have a certain independence regarding the latter. What matters is to advance the whole totality of social relations in a communist direction. One cannot arbitrarily pick out a single element of this totality and move it in a communist direction detached from the other elements.

The differences in income, therefore, cannot be reduced much faster than the divisions of labor

borrowed from the old society, for otherwise there will be disturbances in production. Nor, of course – and this is what a struggle is to be waged over – can they be greater than what corresponds to the given character of the relations of production in each case. Because of the relative independence of the various members of the totality, however, it is possible at times to go a little further in some areas than in others. The struggle against high wage differentials is thus always reasonable and necessary, but from a certain exaggeration fatal errors may occur here. One should approach the question materialistically; we quite agree with Comrade Steigerwald. Unfortunately, he himself does not do this when he arbitrarily removes the question of remuneration from the totality of objectively acting driving forces and places it in an ominous realm of free will, which does not exist at all: Even where the will of subjects actually has a material effect, even there this will is in turn determined by objectively acting driving forces.

Incidentally, Albania tried to learn from the negative experience of the Soviet Union by setting the maximum allowable income differentials quite low. As a result, the cadres found plenty of other ways to gain advantages over each other. The negative experience of the Soviet Union alone and the will of the revolutionary forces not to follow in the same footsteps were clearly not enough here. Objective forces were at work which, in turn, brought about other forces of will, which the revolutionary forces had evidently not sufficiently taken into account theoretically.

On the subject of free will, another Lenin quote:

"The idea of determinism, which postulates that human acts are necessitated and rejects the absurd tale about free will (Lenin means a freedom of will supposedly independent of objective conditions, P.U.), in no way destroys man's reason or conscience, or appraisal of his actions. Quite the contrary, only the determinist view makes a strict and correct appraisal possible instead of attributing everything you please to free will. Similarly, the idea of historical necessity does not in the least undermine the role of the individual in history: all history is made up of the actions of individuals, who are undoubtedly active figures. The real question that arises in appraising the social activity of an individual is: what conditions ensure the success of his actions, what guarantee is there that these actions will not remain an isolated act lost in a welter of contrary acts?" (Lenin, *What the "Friends of the People" Are and How They Fight the Social Democrats*, Collected Works, Vol. 1, p. 150)

We do not in any way deny, as comrade Steigerwald suggests, the role of personality in history. We do, however, strive to determine the objective driving forces that produce personalities.

This also makes clear why, contrary to comrade Steigerwald's view, there is no contradiction between our critique of Varga and our analysis of what circumstances made the emergence of a new class possible:

The low level of development of the productive forces forced a management and leadership system which still had to fall back to a great extent on divisions of labor taken from the old society. There was little room for other decisions if the necessary development of the productive forces was to be tackled. When the productive forces made other, higher methods of management not only possible, but necessary, class-based interests were strengthened, however, which stood in the way, since these higher forms would have involved the dismantling of the privileges of the managers. The productive forces now made possible the advance towards the dismantling of class distinctions, but to do so a class-based determined resistance had to be overcome. Whether this could be achieved was a question of the balance of power. There were a number of factors which meant that this balance of power was unfavorable to the working class, and here the war in particular played a devastating role. A negative role was also played, however, by the fact that the relevant working of class-based interests was theoretically not understood at all. (See in particular "Weg der Partei", theoretical organ of the KPD, 1 -2/92, p. 42 ff.) This in turn was based, among other things, on the fact that there was no historical material to fall back on, and that the

theoretical analysis of the relevant driving forces in the midst of the struggle itself was at the very least tremendously difficult. It is all the more important, at least today, with the benefit of hindsight, to undertake this analysis in order to be better equipped in the future.

The **determinacy** of everything that exists is absolute – we think that comrade Steigerwald will agree with us here. As dialecticians, of course, we assume that subjective objectives – once produced – in turn have an objective effect. But in the transition to communism, it is not only a question of their somehow having an effect, but of the subjective objectives of the revolutionaries actually having an effect in the direction of the desired goal, and for this it is necessary to have as exact a theoretical analysis as possible of all the driving forces at work in society. The given totality of social conditions always offers the revolutionaries only a certain – sometimes very narrow – scope for action. It is necessary to recognize precisely this room for maneuver and to work with all one's strength to use it optimally.

## **Re "2. Lessons of the Commune Neglected".**

The classics spoke of "two infallible means" of the Paris Commune against the "transformation of the state and the organs of the state from servants of society into masters of society – an inevitable transformation in all previous states" (see, for example, Engels, Introduction to *The Civil War in France*, FLP Peking, 1977, p. 16): election of all administrative, judicial and educational posts on the basis of universal suffrage by all concerned, and the right to recall at any time by the same electors, as well as payment of the general workers' wage for these services, be they high or low. Thus, everything seems settled for Comrade Steigerwald. Apply these means and one has no problems with regard to the socialist state. Why did they not apply them in the Soviet Union? Was there a lack of will here, too?

It is a little more complicated than that. The Paris Commune was a very small community that existed for a very short time before it was crushed from the outside by counterrevolution. During this short period revolutionary enthusiasm was a predominant driving force. For these reasons, certain typical problems of the transitional society could not appear at all, problems which are precisely connected with the fact that certain divisions of labor of the old society are very difficult to overcome.

The quotation in question is – to put it cautiously – richly over-interpreted, if one wants to conclude from it that the classics were of the opinion that here we are dealing with "two infallible means" in the sense that one merely needs to apply these means (on the basis of the exercise of free will?) in order to turn all the problems of the transition to communism into child's play. Marx of all people knew very well how difficult these problems are: "The working class... know that this work of regeneration will be again and again relented and impeded by the resistance of vested interests and class egotisms. They know that the present 'spontaneous action of the natural laws of capital and landed property' can only be superseded by 'the spontaneous action of the laws of the social economy of free and associated labor' by a long process of development of new conditions...." (Marx, The First Draft of *The Civil War in France*, FLP Peking, 1977, p. 177.)

The right to recall deputies at any time, for example, is a very fine thing, but what is it worth when one has to deal with social conditions under which this right cannot to be exercised or not sufficiently? And further: a large and highly developed community will need a relatively extensive administration even under socialism (though it may be far smaller than in exploitative societies). Not every function in the administration can be filled by elections, otherwise people would only be occupied with elections, and elections would thus become a farce. Thus, you need effective control of the administration, from two sides: From "above", on the part of the elected representatives, and from "below", on the part of the voters. If, for whatever reason, control from below is too weak, this deficiency cannot be compensated for by control from above; the administration becomes independent to a certain extent.

We refer to a double warning by Lenin in 1918. Lenin warned, on the one hand, against the danger of "transform[ing] the members of the Soviets into 'parliamentarians', or else into 'bureaucrats'". (Lenin, "The Immediate Tasks of the Soviet Government", *Collected Works*, Vol. 27, p. 272-3) What did he mean by this? By the danger of transforming them into parliamentarians he meant the tendency for them to pass laws but not to concern themselves with their execution, not really to control the administration. By the danger of turning into bureaucrats, he meant that they merge with the administration and thus also fail to control it in the interests of their constituents: "In many places the departments of the Soviets are gradually merging with the commissariats." (ibid.)

What did Lenin propose as a remedy for such tendencies? "Our aim is to draw the whole of the poor into the practical work of administration, and all steps that are taken in this direction – the more varied they are, the better – should be carefully recorded, studied, systematized, tested by wider experience and embodied in law." (ibid.) This is – if you will – an infallible remedy. But the full implementation of this remedy coincides, in effect, with the achievement of communism. (Apart from the fact that there will then no longer be a "poor" population and that then legally enshrined norms will no longer be needed).

### **Re "3. On the argument often put forward: 'Stalin knew nothing about it'"**

This argument is not our argument.

Of course, Stalin knew many things that were taking place in the Soviet Union. He could not have known everything. Even when he confirmed death sentences, he was informed by others who had investigated and sometimes only pretended to investigate.

As far as the blow against the army leadership is concerned, there seems to us to be some indication that these sections of the army leadership belonged to the "left" opposition and that a military coup was in the air from this side at that time, which Stalin forestalled.

Regarding innumerable details, these and other assertions are made today which can no longer be objectively verified. We do not want to speculate here on our part. We want to confine ourselves to one of Comrade Steigerwald's assertions, which we can verify objectively. Comrade Steigerwald claims that Bukharin in his trial recanted his confessions "with reference to tortures suffered". In reality, Bukharin stated in his closing statement:

"Repentance is often attributed to diverse and absolutely absurd things like Tibetan powders and the like. I must say of myself that in prison, where I was confined for over a year, I worked, studied, and retained my clarity of mind. This will serve to refute by facts all fables and absurd counter-revolutionary tales.

"Hypnotism is suggested. But I conducted my own defence in Court from the legal standpoint too, orientated myself on the spot, argued with the State Prosecutor; and anybody, even a man who has little experience in this branch of medicine, must admit that hypnotism of this kind is altogether impossible.

"This repentance is often attributed to the Dostoyevsky mind, to the specific properties of the soul..., this can be said of types like... Dostoyevsky characters, who are prepared to stand up in the public square and cry: 'Beat me, Orthodox Christians, I am a villain!' But that is not the case here at all....

"Of course, it must be admitted that incriminating evidence plays a very important part. For three months I refused to say anything Then I began to testify. Why? Because while in prison I made a revaluation of my entire past. For when you ask yourself: 'If you must die, what are you dying for?'; an absolutely black vacuity suddenly rises before you with startling vividness.... And, on the contrary, everything positive that glistens in the Soviet Union acquires new dimensions in a man

s mind. This in the end disarmed me completely and led me to bend my knees before the Party and the country." (*Report of Court Proceedings in the Case of the Anti-Soviet Bloc of Rights and Trotskyites*, Moscow 1938, p. 777.)

Even if the latter may be hypocritical, it doesn't exactly sound like Bukharin recanted his confession with reference to torture, as Comrade Steigerwald claims.

#### **Re "4. Material for the proof of voluntarism and subjectivism".**

We are not arguing with Comrade Steigerwald about the question of whether there was voluntarism and subjectivism. Undoubtedly there was voluntarism and subjectivism, and to a considerable extent. But the question is what were the socio-economic and socio-psychological roots of it. Unfortunately, comrade Steigerwald says nothing about this, at least nothing that could advance the matter.

According to Comrade Steigerwald, Stalin was essentially the source of voluntarism and subjectivism. This inverted cult of personality will cannot solve the question. Even if Stalin "saddled up" in an unrealistic manner with the planned goals, he relied on apparatuses that informed him.

What are the roots of voluntarism and subjectivism?

The blind laws of the market have been replaced by conscious regulations made by individuals. Nevertheless, there are still objectively acting economic laws. These laws can be applied consciously, in which case there are positive results. Or they may not be adequately recognized and applied, in which case they have a destructive effect.

How can it happen that laws are not adequately recognized and applied? There can be very different reasons for this:

On the one hand, the persons acting must first learn how to handle these laws, and mistakes occur in the process. The desire to move ahead faster than circumstances allow can also play a role here. However, it is more important to examine those reasons that arise from the specific class structure of the transitional society:

Since – as shown in our book – a certain degree of formal centralism is undesirable but temporarily unavoidable, central agencies have to make decisions that they cannot reasonably make. First, there is the information problem: these central agencies may not have certain detailed information that they should have in order to make certain decisions. There is also the problem of interests. Because of the initially low level of socialization, both centralized and decentralized functional levels pursue not only social interests, but also special interests alongside or against them, regardless of whether and to what extent they are aware of this.

This also includes the problem of consciousness lagging behind social existence. Is the thesis of this lagging behind true at all?

Well, that's one way to look at it:

On the one hand, the social consciousness of ownership of the producers is lacking precisely because they – or as far as they – do not yet have any real position of ownership. Seen in this way, we have a very extensive identity of being and consciousness.

On the other hand, there is Marx's statement that "the changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure," Preface, "A Contribution to the Critique of Political Economy," in Marx & Engels *Collected Works*, Vol. 26, p. 263) To a certain extent we are definitely also dealing with a temporary divergence. Through the transition to central state administration the commodity-producing relations are smashed from the bottom up, regardless of what is in the minds. If there is no longer a free market, the law of value no longer acts elementally as a regulator of production. But it is the same people who were there

before and whose psychological mentality existed before. (The revolution itself has changed some things in this respect, but it has not, of course, produced the new, communist man at one stroke.) And on this basis, it comes to the following, for example:

Along with the free market, economic competition between producers is eliminated. People's competitive thinking has not been eliminated, because they spent their entire earlier lives in a social order that generated competitive thinking on an enormous scale. The remaining competitive thinking in people's minds now manifests itself in a different way.

For example, a functionary (or a function level) wants to be more successful than others and therefore sets unrealistic targets in his or her area or sphere of work. One shows how "revolutionary" one is by "wanting to march forward with all one's might" regardless of the real circumstances. "Ambition" is an apt word here, for it does, after all, imply avarice, but an avarice that is primarily directed toward prestige, not possessions. "Boastfulness" much more easily denotes another nuance of the social psychological phenomena in question.

Or: Hierarchically subordinate offices want to look good "at the top" and therefore feed the higher offices with embellished information, which in turn causes the latter to set unrealistic planning targets.

This (at least among other things) leads to voluntarism. It is the old competitive thinking, which, however, operates in new forms, namely under conditions in which the actual dependencies of the market have been replaced by personal dependencies.<sup>1</sup> (This new form of competitive thinking also manifests itself in **rope relationships** that one enters into in order to be able to make a career, but that is another chapter.)

What follows from all this?

Voluntarism and subjectivism are unavoidable in a transitional society. To forestall any objection from Comrade Steigerwald: we do not justify them with this, just as we do not justify the consumerism of the cadres in the Soviet Union. Voluntarism and subjectivism must be combated. But in order to fight them adequately, one must understand them. (Just like the consumerism of the cadres.)

According to Comrade Steigerwald, things in the GDR were nowhere near as bad as in the Soviet Union. Perhaps, but these are differences of degree. Consider, for example, the following episode, which is said to have taken place in the GDR in 1986. Mittag<sup>2</sup> reported to Honecker about the Leipzig Spring Fair that the general directors of the state-owned combines had committed themselves to an additional one billion marks in extra production. What Mittag concealed was that he had forced these voluntary commitments on the general directors, even though the additional production in question was not covered either by raw materials and primary materials or by production capacities. Honecker also did not ask how such an enormous additional output was possible at all, but acknowledged Mittag's boastful "information" with the remark that then the child benefit could be increased by one billion. This also happened. (*Wochenpost – Weekly Post* March 11, 1993)

However, these are no longer voluntaristic mistakes. This is the habitual behavior of functionaries who are no longer interested in pursuing social goals that are oriented toward reality, but who are primarily interested in flattering themselves. Mittag had demonstrated his power to the general directors and had shone with Honecker.

Honecker was able to shine as the "benefactor of children". The consequences: The state spent money for which no equivalent had been produced. On the one hand, this contributed to the

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<sup>1</sup> This seems a little like the MLPD's "petty-bourgeois thinking" – *translator's note*.

<sup>2</sup> Secretary of the SED.

aggravation of the chronic problem of the money surplus: the supply of consumer goods did not correspond to the monetary assets in private hands. On the other hand, it contributed to the aggravation of the state's debt crisis. How Honecker and his ilk tried to solve the latter is well known. Suffice it to mention here the name of Shalck-Golodkovsky. And the Strausses and consorts gladly gave loans to "support" the GDR, but in the same way as the rope "supports" the hanged man.

Incidentally, it doesn't matter whether the episode described by the *Woche*npost really happened that way. If not, it is in any case well invented. (But the situation in the GDR was such that the Western bourgeoisie hardly needed to invent such stories.) The fact is that the people at the top of the GDR, in deviation from objective economic logic, arbitrarily set low prices, fixed subsidies, etc., and presumably subjectively felt themselves to be "benefactors of the working people." But it was not they who had to pay the bill, but the working people.

On Honecker's instructions, "Account 628" was set up in March 1974 at the Deutsche Handelsbank AG<sup>3</sup>, Schalck's KoKo's principal bank, with Honecker reserving personal discretion over dispositions regarding this account. Honecker instructed that at least DM 100 million were to be kept liquid in this account at all times, but the volume of the account increased as the GDR's debt grew. (Przybylski, Peter, Tatort Politbüro, Berlin 1991, vol. 1 p. 129 f.)

It should be noted that Honecker did not withdraw funds from this account for personal purposes (as was sometimes falsely claimed), but rather used it to take economic policy measures as he saw fit. In particular, it was an attempt to secure the GDR's solvency with regard to foreign financial loans – in view of the economic policy pursued by Honecker and Co. a desperate and hopeless undertaking, whereby the real problem of the GDR's growing indebtedness was removed from any social discussion and any influence on the part of the officially responsible state authorities. Is this social disposal of social wealth? Hardly. This episode aptly characterizes the fact that it was no longer social or socially controlled organs that disposed of the wealth created by society, but to an increasing extent individual functionaries at their own discretion. Once things have come to this point, voluntarism and subjectivism can no longer be opposed, but to a certain extent are unavoidable evils of the society in transition to communism.

These are unavoidable phenomena of the economic and social order. Although it is not the objective power of the market that rules, but personal relations of domination; these no longer serve in any way the exercise of power by the proletariat, but are an end in themselves.

## **Re "5. Let us take the example of collectivization."**

Comrade Steigerwald begins by saying quite correctly here, "It is true that the NEP led to the development and strengthening of capitalist elements in the country. It is also true that the peasants withheld grain with the intention of obtaining higher prices and that this led to supply problems in the cities." It must be added, however, that these "peasants" were precisely the kulaks (i.e., rich peasants who exploited the labor of others) as well as other peasants under their influence, and that all this was not only about higher profits, but it was also a political struggle: the supply problems in the city were meant to undermine Soviet power so that it could eventually be overthrown.

Comrade Steigerwald goes on to say that "if the NEP had continued, (the peasants) would have had no reason to oppose Soviet power". Instead of the "peasants" it should again correctly read: the kulaks and the peasants under their influence. Then the sentence contains something correct: if the Soviet power had continued the NEP indefinitely, it would have undermined its own existence, and the kulaks would have been satisfied with that. This is precisely why Bukharin's policy

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<sup>3</sup> **Aktiengesellschaft – public limited company.**



was counterrevolutionary.

Comrade Steigerwald complains about the **pumping over** of funds from the village to industry. But this **pumping over** was necessary in order to advance industrialization and thus, among other things, to produce modern means of agricultural production (e.g., tractors), which were the material basis for collectivization and thus also for ending the NEP and for the offensive against the kulaks. Without this **pumping over**, all this could not have been prepared, the NEP would have been perpetuated, the perspective of socialism would have been eliminated, and Soviet power would have been undermined.

Comrade Steigerwald then goes on to claim that the resistance of the kulaks to Soviet power was provoked by the offensive of Soviet power against the kulaks. In this he contradicts himself, for at the beginning of this section he himself had conceded that the kulaks resisted Soviet power because of their class interest. That the offensive against the kulaks must also strengthen their resistance goes without saying and belongs to the **1 x 1** of the class struggle.

The dissolution of non-kulak farms was based to a large extent on the fact that the peasants concerned joined the kolkhozes voluntarily. It is true, however, that the attack was waged not only against the kulaks but also against a number of middle peasant holdings. This was essentially due to two different reasons. On the one hand, it is clear that the kulaks had succeeded in taking certain middle peasants in tow. After all, they had been in charge in the village for a long time and had surrounded themselves with appropriate people. If these people sided with the kulaks, they were fought accordingly. On the other hand, as is well known, there was always a very strong "left" opposition in the Bolshevik Party, which wanted to attack the village as a whole, and at this time used the offensive against the kulaks to attack the middle peasants as well, contrary to the party line. Stalin fought this "left" opposition with all determination. The murder of Kirov was a reaction of the "Left", because Kirov was a partisan of Stalin (that is, a representative of the "Center", which fought against the Right and against the "Left" opposition), and this same Kirov had gone to Leningrad, traditionally a stronghold of the "Left", to attack the lion in its own lair. This was taken by the "left" as a provocation, and therefore Kirov was assassinated. The "Center" around Stalin answered the terror of the "Left" in its turn with terror, and this is precisely what Comrade Steigerwald laments. But if the "Left" had prevailed, the consequence would indeed have been a declaration of war on the village. That would have led to the downfall of Soviet power.

## **Re 6. On the problem of the NEP**

We do not want to argue here which statistics are more correct, whether the NEP should have ended at this or another point in time. As shown in the previous section, the indefinite continuation of the NEP would in any case have led sooner or later to the downfall of Soviet power. Therefore, Kalt's claim that at no time was there a question of NEP or socialist industrialization is absurd.

The NEP involved not only a certain policy towards the village, but also a certain policy towards industry. It involved a state capitalist sector of industry: The enterprises concerned were state property, but had to operate largely on their own account under the conditions of a free market. The continuation of such a policy was incompatible with the transition to socialism.

Comrade Steigerwald, however, specifically complains that the termination of the NEP meant "the replacement of the orientation towards economic laws and the operation of economic levers by political **dirigisme**". This would only be true if there were no other economic laws than the law of value. Under socialism and communism, too, economic laws operate, the practice of economic management must be guided by objective economic logic, but the law of value has been eliminated under communism and has already been restricted under socialism. Comrade Steigerwald sees things differently. According to him, the law of value is eternal. We shall deal with this in the next section.

## Re "7. On the problem of the law of value and commodity production".

It is not without a certain **piquancy** that comrade Steigerwald of all people, according to whom the relations of distribution are determined by a will which is not questioned further, now wants to enlighten us about the objective effect of economic laws. Clearly, he is **carrying owls to Athens**, for we are aware of the objective effect of economic laws. We are also in agreement with Comrade Steigerwald that the law of value must still have an effect in a society with different forms of property. We disagree on the question of whether the law of value acts here as the sole, or at least the main, regulator of production, or whether it should not exercise this function under socialism. Comrade Steigerwald is evidently of the opinion that the law of value should act as the sole regulator of production: According to him, products in a society with different forms of property "can only be exchanged in accordance with the law of equal labor for equal labor, that is, equivalently, in accordance with the law of value. To regulate the exchange of products otherwise would mean to decide politically without regard to economic laws." The "only" is crucial here. "Only" can only mean here that the law of value should act as the **sole regulator of production**.

On the basis of this position, it is of course consistent when Comrade Steigerwald deplors the **transferring** of funds from agriculture into industry. The consequence of such a position, however, would have been that the development of heavy industry in Russia would have taken 100 to 150 years longer, that it would have taken place in the normal capitalist way.

However, it should be noted that he refers not only to exchange between sectors with different forms of ownership, but also to exchange within the state sector. Comrade Steigerwald does not refer his "only" only to the exchange between the different sectors, but to all actions of exchange in a society with different forms of ownership.

We do not believe that we have overinterpreted comrade Steigerwald's "only" here. Comrade Steigerwald refers explicitly to an essay by comrade Kalt, in which he said that the socialist social formation "can be nothing other than a system of reproduction regulated by commodity exchange". China, for example, is currently making "positive experiences" in this sense. (Kalt, Hans, *Sozialismus und Warenproduktion (Socialism and Commodity Production)*, *Marxistische Blätter* 4/97 p. 84) (Kalt does speak of the "first phase" of socialism, but in doing so explicitly refers to Marx's remarks in the *Critique of the Gotha Program*, in which he speaks of the first phase of communism, commonly referred to as socialism. Kalt thus clearly assumes that in this phase, that is, in socialism, there can be **nothing other than a system of reproduction regulated by commodity exchange**).

However, towards the end of his remarks comrade Steigerwald, in answering the question of what the actual communist kernel of a socialist society is, says under point 5: "the efforts to withdraw an ever-growing part of economic and social activities from the sphere of action of the law of value". Now there is no more talk of "only" – obviously a contradiction to the previous remarks. Here, at any rate, there is still a need for clarification regarding comrade Steigerwald's position. Also, at the end of point 7, comrade Steigerwald refers to an essay by comrade Gerns, in which he states that in the course of the development of socialist society, "more and more spheres... must (be removed) from commodity production and are withdrawn from the effect of the law of value". With this, of course, we agree. But on the one hand, this is neither compatible with Steigerwald's "only" nor with Kalt's "nothing else at all"; on the other hand, Gerns too postpones the "complete overcoming" "of commodity production and the effect of the law of value" in fact to St. Nevers day and in this respect speaks expressly of "far-off generations". (Gerns, Willi, *Den Sozialismus in seiner Entwicklung sehen (Socialism Seen in its Development)*, in: *Marxistische Blätter* 4/97 p. 89)

At this point we would only like to remark that socialism is not an independent socio-economic formation, but a transitional society, that it therefore cannot exist for any length of time, but must develop relatively quickly (admittedly measured in historical terms): either forwards, to communism, or backwards, to capitalism.

As far as the effect of the law of value is concerned, I would like to remind you that I already asked Comrade Steigerwald two questions at the seminar, which he did not answer there:

- 1) Who is to determine the program of production of the enterprises on the whole under socialism? The enterprises themselves or state planning authorities?
- 2) Who should set the prices? The enterprises or state planning authorities?

If the enterprises determine their production program and sell the products on a free market, we are dealing with commodity production, and consequently, at the given state of the productive forces, with capitalist production.

Indeed, what happens if – as comrade Steigerwald demands – products are exchanged only according to the law of value?

Every enterprise is assigned values by society to the same degree that it supplies values to society which also have use-value for it (that is, they are sold or **come** for distribution). In other words, the means assigned to the enterprise require for their production the same quantum of socially necessary labor as the enterprise needs for the production of the goods which it makes available to society. And since the period of simple commodity production is irretrievably over, since society, and consequently the individual enterprises, are accumulating, this means that every enterprise is required, on pain of extinction, to produce the average profit of society. Consequently, comrade Kalt declares that socialism must make use of the categories "exchange of commodities, law of value and capital transactions" as well as the **regularities** connected with them, and further: "In this I agree with those who see the working of the law of value as inseparably connected with surplus value and the tendency to (more correctly: compulsion to, P.U.) profit-making" (Kalt, loc. cit. p. 84 f.) Only that this consequence is a consequence directed against the working class.

How is the effect of the law of value to take place? Via the market and the corresponding struggle for market shares? But then the question arises why should we change anything at all in the existing social condition. This is the condition we have today.

Or does Comrade Steigerwald want to avoid blindly acting market forces deciding whether and to what extent an enterprise's production is recognized as socially useful? Are the planning authorities to decide how many hours of labor are socially necessary for the manufacture of a product, and how many workers are to be assigned to the enterprise in exchange for means of production and means of consumption for distribution in the meantime? To this we say: The attempt to artificially reconstruct the law of value must fail miserably. If it is to act as a determining regulator of production, it can, by its nature, act only elementarily.

But if it acts elementarily, this means that it can only assert itself through crises and catastrophes. Our above proposition, that every enterprise should then (namely, with the operation of the law of value as the main regulator of production) receive products only to the same extent as it has given products to society, must not then be taken absolutely: this principle can only prove itself blindly operating in social means. Does Comrade Steigerwald want to prevent this, for instance, by having a social authority watch over the "correct," "unadulterated" effect of the law of value, that the price should not fluctuate around the value, but should coincide directly with the value? Elementary effect of the law of value further means that the small ones are crushed under the pressure of the big ones, because they cannot produce as cheaply as the big ones. Does Comrade Steigerwald want to prevent this, for instance, by saying that value is to be formed not by the socially required but by the individually applied quantity of labor?

Engels already wrote scathingly about such attempts to artificially reconstruct the law of value and thereby to realize it in a "pure" way, so to speak, in dissociation from Rodbertus, a Prussian-Junker state "socialist":

*"In present-day capitalist society each industrial capitalist produces off his own bat what, how and as much as he likes. The social demand, however, remains an unknown magnitude to him, both in regard to quality, the kind of objects required, and in regard to quantity. That which today cannot be supplied quickly enough, may tomorrow be offered far in excess of the demand.*

*"Nevertheless, demand is finally satisfied in one way or another, good or bad, and, taken as a whole, production is ultimately geared towards the objects required. How is this evening-out of the contradiction effected? By competition. And how does competition bring about this solution? Simply by depreciating below their labor value those commodities which by their kind or amount are useless for immediate social requirements, and by making the producers feel, through this round about means, that they have produced either absolutely useless articles or ostensibly useful articles in unusable, superfluous quantity. Two things follow from this:*

*First, continual deviations of the prices of commodities from their values are the necessary condition in and through which the value of the commodities as such can come into existence. Only through the fluctuations of competition, and consequently of commodity prices, does the law of value of commodity production assert itself and the determination of the value of the commodity by the socially necessary labor time become a reality. That thereby the form of manifestation of value, the price, as a rule looks somewhat different from the value which it manifests, is a fate which value shares with most social relations. A king usually looks quite different from the monarchy which he represents. To desire, in a society of producers who exchange their commodities, to establish the determination of value by labor time, by forbidding competition to establish this determination of value through pressure on prices in the only way it can be established, is therefore merely to prove that, at least in this sphere, one has adopted the usual Utopian disdain of economic laws.*

*Secondly, competition, by bringing into operation the law of value of commodity production in a society of producers who exchange their commodities, precisely thereby brings about the only organization and arrangement of social production which is possible in the circumstances. Only through the undervaluation or overvaluation of products is it forcibly brought home to the individual commodity producers what society requires or does not require and in what amounts. But it is precisely this sole regulator that the Utopia advocated by Rodbertus among others wishes to abolish. And if we then ask what guarantee we have that necessary quantity and not more of each product will be produced, that we shall not go hungry in regard to corn and meat while we are choked in beet sugar and drowned in potato spirit (as a Prussian Junker Rodbertus knew much about beet sugar and potato liquor, so Engels obligingly fell back on these examples, P.U.), that we will not have enough trousers.), that we shall not lack trousers to cover our nakedness while trouser buttons flood us by the million—Rodbertus triumphantly shows us his splendid calculation, according to which the correct certificate has been handed out for every superfluous pound of sugar, for every unsold barrel of spirit, for every unusable trouser button, a calculation which 'works out' exactly, and according to which 'all claims will be satisfied and the liquidation correctly brought about'. And anyone who does not believe this can apply to governmental chief revenue office accountant X in Pomerania, who has checked the calculation and found it correct, and who, as one who has never yet been caught lacking with the accounts, is thoroughly trustworthy.*

*And now consider the naïveté with which Rodbertus would abolish industrial and commercial crises by means of his Utopia. As soon as the production of commodities has assumed world market dimensions, the evening-out between the individual producers who produce for private account*

and the market for which they produce, which in respect of quantity and quality of demand is more or less unknown to them, is established by means of a storm on the world market, by a commercial crisis. If now competition is to be forbidden to make the individual producers aware, by a rise or fall in prices, how the world market stands, then they are completely blindfolded. To institute the production of commodities in such a fashion that the producers can no longer learn anything about the state of the market for which they are producing — that indeed is a cure for the crisis disease which could make Dr. Eisenbart envious of Rodbertus." (Engels, "Preface to Karl Marx: The Poverty of Philosophy," in Marx & Engels *Collected Works*, Vol. 26, pp. 286-288.)

And the latter, of course, applies not only in relation to the world market, but also in relation to the national market.

If Comrade Steigerwald wants to maintain the law of value as the determining regulator of production, he must make a decision: Either prices should be formed on a free market, and through this price formation the producers should learn whether their product is usable or is usable in the quantity produced.

This solution includes: the competition between "socialist" enterprises, their struggle for market shares, devastating crises, the annihilation of the small under the pressure of the big, and so on. We then no longer need to strive for a change in society, for we already have this situation. Or, on the other hand, a "social" authority of the ilk of Rodbertus's governmental chief treasurer-pension calculator is to issue to the producers a bill for the work done and to draw up a total account which "exactly adds up" and in which "all claims are satisfied and liquidation is properly conveyed." In this case, of course, comrade Steigerwald would be stranded in a utopia a la Rodbertus.

We prefer a third solution: Mankind overcomes the situation in which producers are dominated by their product. Society will then have "to arrange its plan of production in accordance with its means of production, which include, in particular, its labor-power. The useful effects of the various articles of consumption, compared with one another and with the quantities of labor required for their production, will in the end determine the plan. People will be able to manage everything very simply, without the intervention of the much-vaunted 'value'." (Engels, *Anti-Dühring*, FLP Peking, 1976, p. 402-3.) There is then already no longer any question of an exchange of equal values, because the individual enterprise units are no longer subjects of economic activity acting on their own account, but only members of society, while society as a whole is the economic agent. In a footnote Engels still points out the self-evident fact that then the "balancing of useful effects and expenditures of labor on making decisions concerning production was all that would be left of the politico-economic concept of value in a communist society...." (ibid., p. 403.)

What place the law of value should have during the process of transition to developed communism, this complicated question must, of course, still be examined as precisely as possible. But this is not what we have to argue about with comrade Steigerwald, for he denies overall the necessity of the transition to a society in which the law of value no longer operates. According to him, the law of value is to be the regulator of production even under developed communism. And who serves him as the chief witness for this absurd view? Marx and Lenin, of all people!

Let us look at this in detail.

Comrade Steigerwald first refers to the *Critique of the Gotha Programme*. Here Marx had declared that in the first stage of communism, that is, under socialism, the means of production were distributed according to the law of value: "In his *Critique of the Gotha Programme* Marx calls attention to the fact that in the first stage of communism, that is, under socialism, the distribution of individual consumer goods is bound to the same principle as in the exchange of commodity equivalents, equal amounts of labor in one form are exchanged for equal amounts of labor in another. Here, therefore, the law of value prevails. (That is correct, P.U.) And how did Marx see the distribution of the means of production at this stage of communism? He also tied the distribution of the means

of reproduction to the law of value. He wrote that here, too, it can only be done according to the norms of 'economic necessity'." As far as the latter sentence is concerned, it is not Marx's problem, but Steigerwald's problem, as Comrade Steigerwald cannot conceive of any economic necessity outside the law of value, and therefore he quite simply equates "economic necessity" with "law of value."

Comrade Steigerwald shares with Kalt the assertion that Marx declared in the *Critique of the Gotha Programme* that in the first stage of communism, that is, under socialism, the means of production would also be distributed according to the law of value. (Kalt, op. cit. p. 84) This, of course, does not make this assertion any more correct. For Marx, the law of value does not come into consideration with regard to this distribution, if only because Marx takes it for granted that no exchange takes place here: "Within the co-operative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labor employed on the products appear here as the **value** of these products, as an objective quality possessed by them, since now, in contrast to capitalist society, individual labor no longer exists in an indirect fashion but directly as a component part of the total labor. The phrase 'proceeds of labor', objectionable also today on account of its ambiguity, thus loses all meaning." And Marx says this, mind you, expressly in reference to the lower form of communist society, "not as it has developed on its own foundations, but, on the contrary, just as it **emerges** from capitalist society, which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges." (*Critique of the Gotha Programme*, pp. 14-15.)

Here, Marx explicitly refers the operation of the law of value **only** to the distribution of the "*individual means of consumption*": "*But, as far as the distribution of the latter among the individual producers is concerned, the same principle prevails as in the exchange of commodity-equivalents: a given amount of labour in one form is exchanged for an equal amount of labor in another form.*" (*ibid.* pp. 15-16) But Marx explicitly calls this bourgeois **law**, a **grievance** that is "unavoidable" "*in the first phase of communist society as it has just emerged from capitalist society after long birth pangs.*"

*And further: In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and with it also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but itself life's prime want; after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly -- only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!"* (*ibid.* p. 17)

Marx's analytical foresight that the transitional society to developed communism would still be forced to use value categories **in the distribution of the means of consumption** was ingenious enough. He could not have foreseen such intricate relationships as the so-called economic accounting, which uses value categories to a limited degree, even with regard to the allocation of means of production. The assertion, however, that he has made the law of value the regulator of the distribution of the means of production to the socialized enterprise is downright absurd.

Comrade Steigerwald further refers to volume 3 of *Capital*, first to Marx & Engels, *Collected Works*, Vol. 37. pp. 628-29. But Marx speaks here of capitalist production. There is no mention here of socialism and communism. Incidentally, we are concerned here with ground rent, that is, with the tribute which society under capitalism has to pay to the landowners. Does comrade Steigerwald also want to perpetuate this tribute for all time, because Marx analyzed the laws of capitalist ground rent?

But Marx & Engels, *Collected Works*, Vol. 37, p. 838! Now comrade Steigerwald has after all delivered to us a Marxist, in which it is expressly stated about the situation "after the abolition of the capitalist mode of production" and in which Marx says that "the determination of value remains predominant". Must we now capitulate? Let us look closer.

Comrade Steigerwald explicitly stated in the discussion at the seminar that here "determination of value" was synonymous with "law of value." But according to Marx, the determination of value remains "predominant" only "in the sense" (!) that "the determination of value continues to prevail in the sense that the regulation of labor time and the distribution of social labor among the various production groups, ultimately the bookkeeping encompassing all this, become more essential than ever." Can this surprise us? It is precisely what – as quoted above – will remain of the concept of value under communism, even according to Engels, namely, "the weighing of the use effect and the expenditure of labor in deciding on production." If one wants to weigh things properly, one must of course know exactly how much labor time it costs society to produce a certain product. Therefore, accounting for this labor time is "*more essential than ever.*" If one knows how much labor-time is required, then one can freely decide whether the thing is "worth" it to someone. Beyond that, there is literally nothing left of the concept of value in developed communism.

Thus, comrade Steigerwald is playing a word game here. We could also give him a quotation from the first volume of *Capital* to continue this game. Since Robinson Crusoe's experiences are a favorite theme with political economists – as Marx scoffs – Marx considers the shipwrecked Robinson on his island. Robinson has different needs and therefore must do different work. He keeps an exact account of his respective hours of work, and Marx says that here is "all that is essential to the determination of value." (Marx & Engels, *Collected Works*, Vol. 26, p. 88.) Wouldn't that be a quote for Comrade Steigerwald? Just think: there is no question of commodity production, let alone capitalism, and yet they "contain all that is essential to the determination of value." Doesn't Marx say here plainly that value is a general category of human labor?

Hardly. Marx is here – just as in the previously cited quotation from volume 3 – obviously speaking of the substance of value, namely of the labor that produces value. Even when value disappears, social labor remains, which must then be distributed among the various branches of production according to a certain plan – just as Robinson distributed his labor-power among his various activities. Why does comrade Steigerwald not refer to this quotation?

Perhaps because it is too obvious that there is no underlying exchange of commodities and thus no law of value, because Robinson by himself is the economically acting subject – as under communism the united society will be the economically acting subject, which will exclude an exchange of commodities between different economic agents and thus the law of value as well.

Finally, Lenin has to be used to "prove" the eternity of the law of value:

In his remarks on Bukharin's writing *Economics of the Transition Period*, Lenin refers to the theories of reproduction in volume 2 of Marx's *Capital*. These theories of reproduction apply not only to capitalism but also to socialism and communism, but Marx – who is here concerned with the analysis of capitalism – refers in form directly to capitalism. That is why, for the sake of simplicity, he speaks of *c*, *v* and *m* (constant capital, variable capital and surplus value), even though these categories will no longer exist under socialism and communism. Even then, however, there will be a part of the social product which serves to replace the means of production used up, a part which serves to replace the means of consumption used up, and a part which is accumulated; *c* and *v* and *m* are therefore to be read correspondingly when one considers the effect of the economic laws in question in socialized production.

Marx now showed that with expanded reproduction I (*v* + *m*) must be greater than II *c*. Extended reproduction means that there is growth, accumulation. Department I is that "department" of social production in which the means of production are produced, Department II that "department" of

social production in which the means of consumption are produced.

Why extended reproduction is only possible if  $I(v + m)$  is larger than  $IIc$  need not interest us here. (Readers who want to know more about this can refer to issue 18/19 of the Grey Series "Understanding and Changing the World", which will appear soon). We are interested here in the following argument of Comrade Steigerwald: *"And when Bukharin, in his 'Economics of the Transformation Period', thought that under socialism the problems of value, price, profit, etc., would disappear, Lenin remarked: 'Wrong. Even under pure communism at least the ratio  $I(v + m)$  to  $IIc$ ? And accumulation?'"*

It must be said that Comrade Steigerwald is quoting here – well, let us say – very "freely". In the original Bukharin says: *"the end of capitalist society is also the end of political economy."* And Lenin remarked on this, *"Wrong. Even under pure communism at least the ratio  $I(v + m)$  to  $IIc$ ? And accumulation?"* (Lenin, *Remarks on Bukharin's Economics of the Transition Period*, VTK-Verlag, Frankfurt/Gelsenkirchen 1981, p. 26 – translated from the German.)

The decisive factor is comrade Steigerwald's falsification of Bukharin's text. Lenin in fact opposed Bukharin's view that with the end of capitalist society there would be no more political economy, and he objected that in full-blown communism, for example, there still exists the economic law according to which expanded reproduction presupposes that  $I(v + m)$  is greater than  $IIc$ . Comrade Steigerwald simply replaces the "end of political economy" claimed by Bukharin with the disappearance of the problems of value, price and profit, and it seems as if Lenin wanted to perpetuate value, price and profit. But for Lenin – clearly in contrast to comrade Steigerwald – political economy was by no means identical with value, price and profit.

Comrade Steigerwald accuses us of an "inaccurate understanding of what Marx and Lenin" said on the question of the law of value and commodity production. After the foregoing, this requires no further comment.

## **In answer to the questions formulated by us by comrade Steigerwald**

We cannot and do not want to give recipes for the cookshop of the future – on that we agree with comrade Steigerwald. However, on the basis of the historical experience now available, it should be possible to formulate the laws of the transitional society somewhat more precisely than was previously possible. This, of course, presupposes the most consistent application of Marx's method (see on this the issue 12/13 of the Grey Series "Understanding and Changing the World" pp. 118-145). It further presupposes that one does not **fall behind** already secured insights; for example, **behind** the insight that human emancipation is not possible without overcoming the sphere of action of the law of value.

Now to Comrade Steigerwald's answers, and first to the question of the state.

Whether one calls social organs for the management of production a state is, in comrade Steigerwald's opinion, "completely indifferent." He makes it seem as if it depends only on the sociological structure of these organs of management, and if this were correct, it would no longer be a state in the full sense of the word – especially in the opinion of the classics. The only thing that is true about this is that the socialist state – according to the classics – is no longer a state in the full sense; otherwise, the classics show something completely different here from comrade Steigerwald:

Lenin refers to Engels, who scoffed at the term "free state", at the combination of the words "freedom" and "state". Lenin says: "So long as the state exists there is no freedom. When there will be freedom, there will be no state." (*The State and Revolution*, FLP Peking, 1970, p. 114) But when will this be the case?



On this, Lenin quotes Marx's *Critique of the Gotha Programme*; we have already cited the quotation above. What, then, are the conditions for the withering away of the state? The "enslaving subordination of the individual to the division of labor" has been eliminated, labor has become "life's prime want", "the all-round development of the individual" has passed from program to reality. To the extent that this process advances, the state withers away along with the class differences, and the governing bodies that will then remain will certainly have a different sociological structure than the state bodies that existed before.

That's the way it turns out. One cannot arbitrarily change the sociological structure of the governing bodies according to one's own will, and at some point happily exclaim that things have now become so splendid that it no longer matters whether these bodies are called the state or not. On the contrary, one must gradually eliminate the outmoded divisions of labor of the old society; then labor will increasingly assume a creative character, will become the prime want of life of the now all-round developed individuals, it will lose all compulsory character, and in the course of this process the sociological structures of the governing bodies will then also change; the state will wither away. (Note that before this process is completed, that is, under socialism, the coercion exercised by the proletarian state power extends "also to the ruling class itself," i.e., to the working class; see Lenin, *Remarks on Bukharin's Economics of the Transition Period*, op. cit. p. 68 – German edition)

With the disappearance of the old divisions of labor, the professional politicians also disappear, and with them the State. *"In short, since the working people themselves are undertaking to administer the state and establish armed forces that support the given state system, the special government apparatus is disappearing, the special apparatus for a certain state coercion is disappearing..."* (Lenin, "Extraordinary Seventh Congress of the R.C.P.(B.)," Section 9, in *Collected Works*, Vol. 27, p. 126.)

That is why the proletarian state is no longer a state in the old sense, because this development is already **laid out** in the kernel of socialism. But in so far as it is for the time being only in the kernel, it still has the character of a state in a certain sense, it is a "half-state".

Of course, such a development will not appear under socialism unexpectedly some fine day, but socialism – if it really is socialism – is this **development**. But a development can only be consciously pushed forward if one knows where one wants to go. In this connection it is then important, among other things, to know how the proletarian state must be established, that it carries within itself from the outset the kernel of withering away. On the other hand, we know from history that this tendency is not absolute, that even the proletarian state – once brought forth – produces tendencies towards its perpetuation which must be **overcome** if society is to develop in a communist direction.

It is therefore **no** solution to the problem when Comrade Steigerwald says: The Soviet state was simply the wrong "**type of state**". It is true that everything speaks for the fact that in a socialist **Germany** we will have a different, more advanced "type of state" insofar as we will take over more developed productive forces and therefore the process of eliminating the traditional divisions of labor can take place much more quickly than in the Soviet Union. But the problems that the state of the proletariat will also produce **class-enemy** tendencies directed against communism, these problems will always be present even in the most advanced proletarian state.

Now what about Comrade Steigerwald's answer to the question of what is the actual communist kernel of a socialist social order?

Under **point 1**, comrade Steigerwald says: "*social property!*"

But social property is still an **abstraction** under socialism! That is precisely what historical experience shows. Certainly, it is a necessary, scientifically correct abstraction, for only this abstraction

conveys the view of the tremendously important truth that with socialist nationalization the immediate, communist socialization has really begun. But this **pleasure** is clouded by the fact that society here is still represented to a great extent by the state, and that special interests often prevail in state action, which masquerade as the general interest, but in reality are in conflict with the general interest. This **pleasure** is further marred by the fact that special interests are more or less openly expressed in the form of "economic accounting." One must not, therefore, be content with this necessary abstraction, but must ascend from the abstract to the concrete in order to approach reality. (On the method of ascending from the abstract to the concrete, see "Understanding and Changing the World", issue 12/13, pp. 132 -143).

What is the communist kernel in the first place? The aspiration of the revolutionary proletariat, the class for itself, which wants to eliminate all class differences. This aspiration is expressed in the sphere of planning and management of the economy above all in this way: this class, under the leadership of its party, fights so that all wealth created by society is also used in the interest of society, that special interests – which in part still have to be tolerated – are pushed back.

To this end, the proletariat uses its state and struggles within the state against **class-enemy** aspirations that this state produces. Within the limits of its possibilities, it struggles for the development of non-state forms of planning and management of social affairs. All this presupposes in particular – and this is the material basis of all communist aspirations – that this class fights for the dismantling of the traditional divisions of labor to the extent possible in each case, that it qualifies and develops itself in every respect, in order to gradually take the ground away from specialism with special interests.

(Mind you: the specialism with special interests, not just the individual such specialists. It is not a question of exchanging persons within the existing form of the division of labor, but of eliminating the existing form of the division of labor as such).

How does the communist kernel develop? As "the coincidence of the changing of circumstances and of human activity can be conceived and rationally understood only as revolutionizing practice", as Marx ingeniously formulated in his Third Thesis on Feuerbach. What initiatives and measures the conscious communist forces can take in order to promote this transforming process to the maximum must be thought about intensively on the basis of the historical material at hand. This question has many aspects, among them the aspect of the maximum economic, political, social, cultural advancement of the workers in order to raise as large a section of the class as possible to the level of historical tasks. It concerns the question of the transmission of knowledge, in order to counteract the hierarchy of knowledge: both knowledge concerning production within each given branch, concerning administration within each given sphere, and also overarching knowledge, the study of Marxism-Leninism, but not in a formalistic way, as happened in the GDR, for example, as the transmission of dead doctrines, but as the transmission of the scientific outlook and method for understanding and changing the world. It concerns the question of legal norms, which must be established in such a way that they promote communist transformation as much as possible and hinder it as little as possible. It also concerns, in particular, the communist party, including its structures, methods of work and statutes, which must change in the course of the struggle, while always ensuring that they promote the communist kernel to the maximum and do not restrict and stifle it. This question already arises with regard to the communist party under capitalism.

**On point 2:** The stipulation "he who does not work shall not eat" is precisely **not** a communist norm. In developed communism, where creative work is an elementary necessity of life, anyone who proclaimed such a norm would be ridiculed as a crank. If the transitional society still needs such a norm, it is mainly because the coercive character of labor has not yet been fully eliminated. This, in turn, is ultimately due to the divisions of labor of the old society, which have not yet been overcome.

**On point 3:** *"the struggle to enforce solidarity-based behavior among members of society"*. Yes, but how? Through propaganda, through morality? Certainly, but if that is the main form of such **wrestling**, then the **wrestlers** have already lost. In the first place, by fighting for the communist transformation of the relations of production! To the extent that this struggle is successful, people will take solidarity as a matter of course and there will be no need to struggle for it.

For precisely this reason we are also skeptical when Comrade Steigerwald speaks of the necessity of "awakening, strengthening the consciousness of work as the first life activity of man". This consciousness arises primarily through work becoming a real need, not primarily through propaganda, and certainly not through propaganda on the part of objectivist ideologues who know no **subjects** and subjective interests and who want to "carry out the purposes of history".

**On point 4:** "the successive replacement of state activities by the direct self-regulation of socialist collectives – examples may include organs of self-management in the **neighborhood** sphere, forms of regulation of **minor** violations of the law by non-state bodies, such as labor or housing collectives."

Here we agree, but the basis is the self-activity of the members of society within production – a self-activity in the **social sense**. This largely coincides with the elimination of traditional forms of division of labor.

**On point 5:** "the efforts to *remove* an ever-increasing part of *economic and social activity from the sphere of action of the law of value.*"

We very much welcome that, but it is in stark contradiction to Comrade Steigerwald's previous remarks.

**On point 6:** "special measures which lead to a reduction in the differences between mental and manual labor, between town and country, etc., for example, as a result of the elimination of educational privilege, the organization of the educational and vocational training system, and also by means of material incentives to make use of such opportunities for one's own qualifications". Here we agree.

## **Not to abolish the individual, but truly emancipate it!**

A communist movement is inconceivable in a country with highly developed productive forces if it does not take the emancipation of the individual as its slogan – this applies both to a communist movement within a socialist society and to a communist movement as a forward-looking component of the workers movement in a developed capitalist country. Here it is necessary to adhere without qualification to the proposition of the Communist Manifesto that *"the free development of each is the condition for the free development of all."* (FLP Peking, 1970, p. 59)

It is true that even in a country with developed productive forces this communist program cannot be realized overnight after the proletariat has seized power, but already in the transitional society called socialism there can and must be far more elements of the "free development of each" than is possible in a backward country. We have no reason whatsoever to look down with bourgeois conceit on the heroic efforts to build socialism in underdeveloped countries where, because of the backwardness of the productive forces, "the free development of each" had to fall largely by the wayside. But we also have no reason to copy forms and conditions that were due to backwardness there and were therefore unavoidable.

Within a certain framework, bourgeois society has brought about the emancipation of the individual, insofar as personal relations of dependence have been replaced to a certain degree by objective ones. Socialism must not take back anything from the emancipation of the individual once it has been achieved, but it must certainly break with its bourgeois narrow-mindedness. Communists acting under socialism must be aware of the problems arising from the fact that

temporarily personal relations of dependence must be used as a means of breaking through the objective ones, and they must find means of preventing these problems from becoming overwhelming.

The problem of the rights of freedom regarding the socialist state, already mentioned above, also belongs here as a partial problem, albeit a quite significant one.

This also includes the problem that the working and leadership methods of the communist party in a developed country must be more strongly directed toward the development of the self-activity of the members and the development of their positive individual qualities, abilities and inclinations than is possible in a country with less developed productive forces. Thus, we have already written in the theoretical organ of the KPD "Weg der Partei" 2/1993 (p. 55 f.):

"Of course, the workers' movement in particular must take account of these changes (in the productive forces, P.U.). More than ever its organizations must correspond in their external and internal activity to the striving of the individual to attain, through communist incorporation into the collective, 'free individuality founded on the universal development of individuals.' More than ever, the organizations of the workers' movement must embody the communist kernel inherent in the modern productive forces. These organizations must be such that the individual, according to the given conditions, has maximum opportunities to develop his creative power and to develop relations of solidarity with other individuals, and that on this basis the individuals are united into a powerful collective which fights for a new social order. This applies also and especially to the Communist Party, the highest form of proletarian class organization. Not for nothing are all attempts to build communist organizations primary. On the basis of a formal discipline, relations of subordination and **superordination** have failed in the past. They will fail in the future as well. To regard and treat the party as a **maneuvering mass** of leaders and the workers' movement as a **maneuvering mass** of the party is virtually to deprive the party of its communist character."

At the same time, we have pointed out that one must not succumb to the illusion that the organizations of the workers' movement can exclusively embody the communist kernel; we have pointed out that the communist party is also forced to make use of driving forces and forms "which correspond to the old conditions that have not yet been overcome", that, for example, it is not possible to get along without a certain measure of formal discipline.

All this presupposes, among other things, that – as rightly demanded by comrade Steigerwald – strict adherence to the norms of the party statute is observed. " This includes regular and not only formal accountability and control, the possibility to vote functionaries out of office who have done something wrong, who do not behave in a party-like manner, who do not show solidarity, who behave in a high-handed manner. It is absolutely necessary that collectivity be observed in the formulation of policy, in decision-making and leadership, and – of course – in the fidelity to decisions. Without honest criticism and self-criticism – not **stuffy** petty-bourgeois criticism and self-criticism – it is impossible to think of a correct way of dealing with mistakes." We fully agree with this.

Unfortunately, however, comrade Steigerwald is so impressed by the well-known shortcomings of attempts to overcome actual dependence that he tends to perpetuate the law of value as the regulator of production (even though his statements on this question are contradictory). This would amount to the **perpetuation** of commodity production, to the **perpetuation** of the fact that producers are governed by their product. But commodity production is only narrow-minded, historically long-outdated freedom. It is a matter of overcoming this narrow-mindedness in order to go over to a higher form of freedom than the bourgeois one.

Bourgeois society offers even this narrow-minded form of freedom less and less, for imperialism is the striving for domination instead of freedom. The developed productive forces put the end of

objective dependencies on the agenda, and within the framework of the bourgeois order this takes place in the perverted form of monopolistic exercise of power. This can also be seen in the form of the joint-stock company, today by far the most predominant form of capitalist enterprise.

The joint-stock company is "the abolition of capital as private property within the framework of the capitalist mode of production itself". (Marx, Capital Volume III, Marx & Engels *Collected Works*, Vol. 37, p. 434)

The abolition of private property by the joint-stock company heralds the end of the capitalist mode of production in general. Competition is replaced by social cooperation – but of course only in the narrow, narrow-minded, puny form that the capitalist mode of production makes possible. This process implies that, to a certain extent, personal relations of dependence arise which did not exist before under capitalism: the chair of the board of the Deutsche Bank or of the Allianz does not exercise his power on the basis of his shareholding, but on the basis of his function. Of course, these gentlemen not only belong to the monopoly bourgeoisie, but they are at the top of the financial oligarchy.

Comrade Steigerwald misjudges this social development when he reproaches us under point 2 of his remarks with confusing "class theory with managerial theory".

As far as the chair of the Deutsche Bank and the Allianz are concerned, however, they exercise their personal power only as representatives in the flesh of the capital they represent. Ultimately, the so-called actual constraints is the actual violence of the necessities of capital valorization, which is still predominant, the personal relations of domination only serve to enforce these actual necessities even more smoothly. It is a different matter under socialism, where functionaries can use their personal position to a certain extent to enforce special interests, but personal special interests that are not dictated by the objective force of the logic of capital exploitation. If one applies a class concept here that is oriented exclusively to private property, then one can grasp such a social condition even less than under advanced capitalism, in which the share has already displaced private property to a certain degree. Nor can one then grasp the social condition of a degenerated former socialism, which has not yet reintroduced private property and the market as dominant instruments of regulation, but in which the special interests in question have become the socially dominant ones.

But the most precise possible conceptual comprehension of such social conditions is necessary in order to head consciously and purposefully, against all resistance and obstacles, to the third great stage in the development of human society, which will follow after the stages of personal relations of dependence and actual relations of dependence:

*" Free individuality, based on the universal development of the individuals and the subordination of their communal, social productivity, which is their social possession [Vermögen], is the third stage." (Marx, "Outlines of the Critique of Political Economy (Grundrisse)," Marx & Engels, Collected Works, Volume 28, p. 95.)*

## Presentation by A. Schröder

In the following I will comment on three points:

1. Why, in my opinion, is it insufficient to answer the question posed by your series of publications (Does Socialism Have a Future?) merely by examining Soviet history.
2. Why, in my opinion, the explanations of the decline of the Soviet Union in your book are unsatisfactory and wrong.
3. What was the real problem of the Soviet transitional society of the 1950s?

### **1. We must find an explanation for the defeats of the workers' movement in Western Europe**

The theory and politics of the communists in the 20th century had their origin in the Russian October Revolution. The victorious revolution of 1917 was the de facto birth of the communist movement. Until August 1914, German Social Democracy had determined the political and theoretical **face** of the Marxist movement in Europe. With its approval of war credits and its support for junkerdom and the bourgeoisie in World War I, German Social Democracy had **played out** its role as the leader of this movement. With the October Revolution of 1917, a wing of Russian social democracy, the Bolsheviks, assumed the role of theoretical and political leadership of the revolutionary proletariat.

If we want to understand today – eighty years later – the victories and the even more significant defeats of the workers' movement in this period, we must – at least in my view – deal with the shaping of Marxist theory that took political form in Russian October. With the Russian October, Leninism, Russian Bolshevism, became a theory and policy of the revolutionary wing of the workers' movement effective throughout Europe; the Russian October upheaval became the catalyst for the founding of communist parties in Western Europe. All these parties looked to the East, to the first victorious proletarian revolution in the 20th century. With the founding of the Third International, this theoretical-political hegemony of the Russian communists over the European workers' movement, based on the victorious October Revolution, took organizational form.

The end of 1997 marked the 80th anniversary of the October Revolution. The journalistic response this time was considerably less than at the celebrations of the previous decade. The marked decline in journalistic interest only reflects the extent to which political and theoretical interest in the October Revolution has waned. Dietrich Geyer appropriately proclaimed in the FAZ [Frankfurter Allgemeine Zeitung] "that the Great October Socialist Revolution... has almost disappeared from history."<sup>1</sup> What is expressed here is not primarily the disregard for the historical significance of the victorious revolution of 1917 for the history of the 20th century, but the fact that a product of this revolution, Marxism-Leninism and the communist groupings in their present theoretical and political form no longer form a point of reference for the working class of the industrially developed countries and the revolutionary movements of the Third World. How could such a development come about?

For Europe, the answer is obvious: in the political practice of the communist parties in Western Europe, Marxism-Leninism became a theory of the defeats of the workers' movement in Western Europe. All the revolutions of the European proletariat in this century failed – except the Russian – and with them necessarily failed the political movements (the communists) and theoretical justifications (the Marxism-Leninism of the Comintern and East European socialism). The collapse

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<sup>1</sup> FAZ of November 8, 1997. Geyer refers his statement specifically to the **face** of Russia today. The headline chosen in the FAZ did not generalize this statement unintentionally. Regardless of this generalization, this statement is also false for today's Russia, as evidenced, for example, by the non-existence of a "bourgeois society" despite steadily developing capitalist relations of production or the difficulties of establishing private property in land.

of the Soviet Union and the end of the GDR closed this chapter politically, but it has not yet been dealt with theoretically.

If we are to learn lessons from the defeats of the workers' movement today, we cannot be content to review the defeat of socialism in the Soviet Union. Rather, we must also arrive at a scientifically tenable explanation of the defeats of the West European proletariat in its struggle against capital and fascism. In this respect, it is not enough for us in Western Europe and especially in Germany to explain the failure of socialism in the East without at the same time working on an explanation of the failure of our "own" communist parties in the past almost 80 years.<sup>2</sup>

Those who today, after the complete decline and disintegration of East European socialism and the transformation of the various "people's republics" of Asia toward capitalist **polities**, are still content with the references to traitors and renegades in the workers movement that have been common in the communist movement for decades, still have not realized the scope and gravity of the defeat. If we follow the "Marxist" historiography that has prevailed for decades, we are dealing with an endless chain of "betrayals."

Starting with the "betrayal" of the social-democratic leadership in August 1914, through its "betrayal" in the November Revolution of 1918, its culpability in the Nazi seizure of power in 1933, to the staging of June 17, 1953 [the date the reactionary demonstrations in Berlin, GDR – *translator's note*] and the policy of détente of the 1970s and 1980s, which prepared the ground for the end of the GDR. To explain the failure of revolutionary Marxism on an international scale, we encounter the same theory, only given a different name. Here Khrushchev's "betrays" the further construction of socialism in the Soviet Union, Deng Tsiao Ping lures the People's Republic of China onto the capitalist road, and Gorbachev sells the socialist GDR to the imperialist FRG. Thus, at the end of an entire century filled with devastating defeats of the workers' movement, all we find to explain these defeats is a pathetic list of traitors who, disguised in Marxist garb, have continually had only one desire: to assassinate the revolutionary workers' movement in the interests of capital.

Such a "theory" tells us nothing at all about the social forces and political struggles of the 20th century, but a great deal about the state of Marxist theory and about the character of the organizations that espouse such a theory. Those who are satisfied with such "answers", here a list of revisionists and renegades – there the unsullied and eternally victorious theory of Marxism-Leninism, have not only failed to understand Marxism; they have, what is much worse, made a dead dogma akin to religion out of a theory which is supposed to be a guide to the overthrow of existing conditions. Without a scientific explanation of the defeats of the past, both Soviet and West European, there can be no victories in the future.

## **2. The seizure of power by the "new class" as an explanation for the decline of the SU**

The book presented by the publishing house "Roter Morgen" attempts a break with this practice of "Marxist" historiography. The authors set themselves the task of explaining the decline of the SU in terms of social conditions. For them, the rise to power of Malenkov and Khrushchev is the rise to power of a class of bureaucrats that had already developed in the party and state apparatus

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<sup>2</sup> On the part played by communist policy in the defeats of the European workers' movement, see *Kommunistische Presse* (Communist Press) No. 28, pp. 2-7, as well as No. 29, pp. 3-21, on the connection with a misinterpretation of the October Revolution of 1917.

A brochure on the same subject will be published in March 1998. All publications can be ordered from the following address: *Kommunistische Zeitung*, Postfach 10 02 29,45802 Gelsenkirchen.

in the Soviet Union in the 1930s. The emergence of this class had its specific cause in the backwardness of Russia's social conditions, and here especially in the concrete form of the Russian proletariat, which had emerged from the peasantry in the 1930s in the course of Stalin's industrialization. This explains, on the one hand, the strong role of the party and the state apparatus and, on the other, the laws, some of them quite drastic, which were intended to ensure the labor discipline and productivity of the newly created proletariat.

The communists had to use this "crutch," as the comrades call the strong position of the party and the state apparatus with regard to the working class and the toiling peasantry, just as they had to use a second "crutch," the authorization of commodity production, in order to build socialism under Russian conditions. On the basis of this view of history, Stalin appears as the guarantor of proletarian power with regard to a bureaucracy that was steadily gaining influence, and which then, after his death, seized power and fundamentally changed the class character of the Soviet state. I am dissatisfied with this interpretation of Soviet history in several respects.

On the one hand, it does not adequately explain why Stalin did not organize the struggle against the bureaucracy pushing towards political rule, whose leading heads all came from his closest political circle and had in many cases also been personally promoted by him (for example, Malenkov). Mind you, we are not talking here about the struggle against individual bureaucrats, not about the struggle against a growing "bureaucratization", but about the struggle against the emerging "new class".

If we take a look at Stalin's publications from the beginning of the 1950s, especially in "Marxism and Problems of Linguistics" and in the "Economic Problems of Socialism", we find nothing there about the dangers that would emanate from the state apparatus and the party for the future of socialism; we find nothing there that would warn against a seizure of power by the "new" class.

On the contrary, precisely in "Marxism and Problems of Linguistics" Stalin refers to the revolutionary role of the state apparatus in the Soviet Union; he points out that it was this state apparatus and the party which, in a "revolution from above", as he puts it, "effected a transition... from the bourgeois, individual-peasant system to the socialist, collective -farm system". For Stalin, the Soviet state apparatus was in the main a "reserve of the proletarian revolution" (Questions of Leninism) and not the real stronghold of counterrevolution as it appears among the RM comrades.

A second reason why I am dissatisfied with the theory of the seizure of power by the bureaucracy as a "new class" is the inadequate definition of this "new class". How does this "new class" define itself in relation to the means of production? In what does its material and in what does its political interest in the seizure of state power consist? On what social forces can this new class base itself? To all these questions your answers are unsatisfactory. You cannot determine this "new class" from its position in relation to the instruments of production. Neither Malenkov nor Khrushchev nor Brezhnev reintroduced private ownership of the instruments of production.

The material interest in a higher standard of living than that of the workers and peasants also insufficiently justifies a bureaucratic counterrevolution, as you imply. At the beginning of the 1950s, party and state functionaries had already had a significantly higher income and a better standard of living than the mass of the Soviet population for some time. In your book you yourself cite a wealth of evidence for this. Both income and position in society, however, were dependent on the continued existence and viability of the Soviet social order. The "bureaucracy" in the state and economic administration, in the police and army, had the most to lose with the end of this order and also – in their great mass – "lost" the most with the disintegration of the Soviet Union.

If we consider the policies of Malenkov and Khrushchev in this context, their content does not consist precisely in an intensified plundering of the workers and peasants. On the contrary, both Malenkov and Khrushchev pursue a policy of lowering the economic pressure on the masses, a



policy of increasing the income of workers and peasants while liberalizing labor laws and lowering performance standards. For example, after they come to power, by 1958, for the peasantry, "the prices of acquisition for wheat increased more than 6 times and for cattle almost 12 times." (History of the USSR Vol. 3, p. 101) And bourgeois sources on Khrushchev's social policy testify to the same thing when they write: "Without a doubt, under Khrushchev the standard of living increased. New minimum wages were introduced, direct taxes were reduced, and social benefits improved." (Torke, Introduction to the History of Russia, p. 231) There can be no question of an intensified plundering of the workers and peasants for the benefit of the new class. On the contrary, the coming to power of the Malenkovs and Khrushchevs meant an improvement in their material living situation and a reduction, in some cases marked, in the economic pressure on the workers and peasants to perform which the state exerted on them in the Stalin era.

As a third reason why I cannot share your assessment of the counterrevolutionary seizure of power by the bureaucracy, I would like to point to the different interests of the bureaucracy, which for this reason could not be capable of uniform "class action" at all. The "party bureaucrat" had an interest in the domination of the party over the economy and the state. The "state bureaucrat" from the Ministry of Mechanical Engineering had an interest in the supremacy of the state control of the production apparatus, while the directors of the respective machine factories strove for the greatest possible degree of independence. If we add to this the army, the regional and the Union Soviets with all their institutions, how was it possible for a unified "class interest" and a halfway coordinated, politically purposeful action of the "new class" to emerge here?

As surely as there was a socially privileged bureaucracy in the Soviet Union, so surely it had no common economic or political program, so little was it capable of coordinated political action, so little could it "rule" without satisfying the material interests of the workers and peasants.

### 3. The real problem of the Soviet transitional society

As far as the emergence of this bureaucracy is concerned, you refer in your book to the undeveloped Russian conditions and the great importance that the state and its organs had in the establishment of the socialist economy. There lies the cause of the emergence of this new stratum and of its importance in the Party and the State. You point out that the Russian proletariat could not play its proper role in socialist construction because it was in fact formed from the peasantry in the 1930s. Here we approach the real problem. Lenin wrote at the end of the Russian Civil War and at the beginning of the NEP: "The capitalists will gain from our policy and will create an industrial proletariat, which in our country, owing to the war and to the desperate poverty and ruin, has become declassed, i.e., dislodged from its class groove, and has **ceased to exist as a proletariat. The proletariat is the class which is engaged in the production of material values in large-scale capitalist industry.** Since large-scale capitalist industry has been destroyed, since the factories are at a standstill, the proletariat has disappeared. It has sometimes figured in statistics, but it has not been held together economically." (Lenin, *Collected Works*, Vol. 33, pp. 65-66. October 1921. My emphasis, A.S.)

In Russia, with the end of the civil war, the proletariat ceased to exist as a proletariat, the "proletariat has", according to Lenin, largely "disappeared." Lenin's hope was that the proletariat would re-emerge through the development of capital in the NEP.

This also happened, but it happened largely without capital and instead through the state. The new Russian proletariat thus arose not only from the peasantry, but it also without its natural counterpart, capital: the new Russian proletariat arose in the state enterprises built during the Stalinist period of industrialization. It was not a proletariat shaped by capitalism, created in class struggle against capital, but a proletariat created on the part of the state, and threatened by the state – and not by capital – with punishments and sanctions if it performed its work inadequately.

This was the real problem of Soviet socialism: it had no revolutionary proletariat that wanted to transform society in its own image. But this meant that the further development of society and the state, the further development from socialism to communism, was tied to the party and the state apparatus. Consequently, Stalin defined the socialist revolution in the countryside, collectivization, as a "revolution from above". Consequently, therefore, Stalin advocated further strengthening of the party and the state apparatus, even though he no longer saw any antagonistic classes within society. For him, therefore, the party and the state apparatus led by it were necessary instruments for advancing the further construction of socialism.

Let us bring this to the conclusion once again in the point. The proletariat and the toiling peasantry in the Soviet Union undoubtedly had different socio-economic interests. (For example, the level of the price of grain.) However, no antagonistic class antagonisms existed between them.

Their common interest was in the further building and expansion of socialist society. In general, as Stalin pointed out, "Socialist society... does not include the obsolescent classes that might organize resistance." But, Stalin went on to say, "even under socialism there will be backward, inert forces that do not realize the necessity for changing the relations of production." (Economic Problems, FLP Peking, 1972, p. 52).

You quote this passage from Stalin in order to criticize it. For you there are these "surviving forces" in the bureaucracy, which matured into a "new class". In my opinion, Stalin described the conditions more correctly in the above quote. There were no classes in the Soviet Union hostile to socialism. But there were, and en masse, "backward, inert forces ". In the 1950s, these included both the great mass of the Soviet proletariat and, even more so, the toiling peasantry. Both classes, marked and exhausted by the tremendous efforts of industrialization and collectivization on the one hand, and the crushing of Nazi fascism on the other, were neither able nor willing of themselves to organize a new rush toward communism. Both classes wanted to reap the fruits of their labor and suffering in the 1950s, and not invest huge efforts again in a "permanent revolutionization of society". As little as they were hostile to socialism, so little were they among the driving forces that wanted to push the revolution forward. That is why Stalin assigned this task to the party and the state apparatus it led.

The non-existence of a revolutionary class, the special existence of the Russian proletariat as a "state proletariat", as a proletariat artificially created by a revolutionary state power, employed, paid and disciplined by it, was the real problem of the Soviet transitional society. Thus, this society took on a completely different face from that outlined by Karl Marx in his few statements about the future society. And so it became possible that a series of economic and political blunders at the top of the state and the party – quite without subjective counter-revolutionary intentions – caused the further construction of socialist society to fail. How this happened in concrete terms and with what intentions the political actors developed their respective programs will be explained by Comrade Karuscheit in his presentation.

Below we document a written response by Peter Urban to the above presentation by A. Schröder

**Peter Urban:**

## **Response to the comments of A. Schröder**

We, too, are by no means of the opinion that the question posed by our publication series "Does Socialism Have a Future?" can be answered solely by an examination of Soviet history. That is why the book in question was published as volume 1 of such a series.

In part, Schröder misrepresents our views. For example, we did not argue that a class of bureaucrats emerged in the Soviet Union in the 1930s. On the contrary, we have argued that certain strata which already existed before then became significantly stronger. By no means only strata of "bureaucrats," that is, of functionaries in the state and party apparatus, but also of economic managers. We have further argued that an exploiting class developed out of these quite different strata only in the 1950s, and we ourselves have pointed out that this class could by no means be homogeneous because of the quite different interests of these strata. We have shown that partly right-wing fierce struggles took place within this forming class; at the same time, we showed what their common class interest consisted of. Schröder does not deal with all this. He only claims that this cannot be.

Schröder's presentation that in our view the emergence of the strata in question (when he speaks of the 1930s, class is precisely not our view!) had its "special cause in the backwardness of Russian social conditions" is at least inaccurate. The particularities of the process in question in the Soviet Union have their cause, of course, in the special Soviet conditions, but the fact that a socialist order must make use of forms of division of labor borrowed from the old society, that it needs professional politicians, professional managers, etc., is universal to every socialist society. We have set this out in the Soviet Union book and refer, moreover, to the corresponding remarks in Peter Urban's opening presentation and in the reply to Comrade Steigerwald. What is the value of a theory that is not able to work out universally valid laws of **movement** by abstracting from the particularities?

It is also wrong for Schröder to present the matter as if the Soviet state apparatus was for us merely a "stronghold of counterrevolution" and not a "reserve of the proletarian revolution". In our view, as we have explained in various places, it was **both**.

In our opinion, Schröder's objection that Khrushchev and Malenkov pursued a policy of lowering the pressure on the masses is beside the point. We have pointed this out ourselves (see Soviet Union Book, p. 135), but Schröder makes it appear as if their policy could not have been directed against the proletarian and peasant masses. But it was in fact directed towards making it possible for the representatives of the privileged strata to represent their specific interests without restraint and thus to emancipate themselves into a class, as we have shown.

The developed productive forces would have made it possible and necessary to make changes in the relations of production, in the planning and management apparatus, which would have amounted to a greater participation of the proletarian masses in the planning and management of production and all social affairs. While the new class definitively barred this road, it granted a temporary weakening of the immediate pressure in order to reassure the masses. When Schröder reassures himself that "there can be no question of an intensified plundering" in favor of the new class at this time, he shows at best that he has not grasped what was at stake.

Schröder replies that we have not adequately explained "*why Stalin did not organize the struggle against the bureaucracy pushing for political domination.*"

Let it be said again that we do not at all state that it was **only the bureaucracy** that pushed for political power at that time. On the contrary, we have shown that at that time other privileged

strata (factory managers, etc.) played the more active counterrevolutionary role. We have also shown that Stalin fought their aspirations and that at the same time he took up a certain frontline position against bureaucratic forces. We have further shown that he did not theoretically grasp the counterrevolutionary process in its entirety because he assumed that there were "no obsolescent classes" who could "organize resistance" but only "inert forces" who "do not realize" things but apparently had no class interest in standing in the way of progress.

We have shown why, in our opinion, this evaluation was wrong. The view should not be directed solely at the "obsolescent classes," which were in fact shattered and existed only as remnants. It had to be directed above all to the **forms of division of labor taken from the old society**, which had to be overcome to advance towards communism and which – if they were not gradually overcome – had to lead, and in fact did lead, to the strengthening of the class-based interests of certain strata. Schröder does not go into these positions of ours. He merely asserts that Stalin was right in his evaluation in this respect.

It is **one** thing if Stalin, in the midst of the **entangled** struggle, **could** not fully recognize the class character of the socio-economic driving forces of revisionism. It is **quite another thing** to close one's eyes today, when the process of decay in the revisionist countries has been completed and is open to analysis as a whole, to what the social content and driving forces of the development to and of revisionism were.

This inevitably leads to an apology for revisionism, as in the case of Karuscheit and Schröder, according to whom Khrushchev and company wanted to lead the country to communism, but unfortunately failed because of their errors.

**Paper by Heiner Karuscheit:**

## **The key Soviet crisis of the 1950s**

This paper is based on the book by Karuscheit/Schröder "From the October Revolution to Peasant Socialism," but it goes beyond it in a number of respects and corrects some theses. Because of the unsatisfactory state of the research, the conclusions drawn here are still subject to reservations and many questions must be left completely open.

### **The classes**

By the end of the 1940s, considerably earlier than in the capitalist states of Western Europe, the phase of reconstruction after World War II had ended in the Soviet Union. In order to understand the developing "key crisis", the relations of production are outlined first, beginning with the peasantry – not mainly because it still comprised the majority of the population, but mainly because the basic problem of socialist construction arose in relation to it.

**The peasantry** produced in the form of the kolkhoz, which had emerged in the 1930s from the obscina, the old Russian commune of redivision without private ownership of land, through the liquidation of the kulaks. The kolkhoz was not a state farm, but a peasant production cooperative owned by the members of the cooperative. Only the machine-tractor stations (MTS), with their agricultural machinery and employees, were state-owned. They carried out the mechanical field work for the cooperatives and represented "bases of the proletariat" in the countryside. In addition, each kolkhoz family owned its own piece of farmland, on which it privately raised livestock and grew fruits and vegetables, partly for personal consumption and partly for free sale in the urban markets.

Taken together, the kolkhoz represented a variety of simple, non-capitalist commodity production combined with socialist elements (MTS, plan). In its existing form, it was unable to supply more grain. Since the late 1940s, harvests had stagnated. However, an increasing agricultural surplus was necessary to feed the growing urban population.

**Industry** was not just about new factories. Above all, it was about the further development of human **labor power**, for the most important productive force is man himself. The Soviet workers, however, did not represent a developed working population which, shaped by the capitalist mode of production through generations, had made the rhythm of industry its own. The proletariat was peasant-based and had to be kept on the job by coercive measures. Since the 1930s the struggle had been waged against the inertia and egalitarianism resulting from the obscina tradition. Piece-wages – instead of time-wages were introduced and piecework was forced, especially by the Stakhanov movement, which was unpopular with the workers.

To spur performance and interest in skills training, the rate/wage differentials between unskilled and skilled workers rose as high as 1:4.

If the lowest groups of unskilled workers (messengers, cleaners, etc.) are included, the difference in effective wages (with the inclusion of bonuses) even rose to 1:12. The basic socio-political problem was that this working class had not grown up as a revolutionary class in contradiction to capital, but with industrialization as a state proletariat. Because it did not have a revolutionary character, the continuation of the revolution had to take place again as a "revolution from above", through the strengthening of the state.

The intelligentsia represented a dependent intermediate stratum and will not be dealt with here. Its role must be examined in connection with the development of the two main classes.

## Three lines

In the struggle over the future orientation, three lines developed, centered, as in 1917, 1920 to 21 and 1929, on the agrarian question. In addition, the international revolutionary strategy and Soviet foreign policy were at stake. The treatment of these points is indispensable for a comprehensive understanding of the disputes, but it is not included here for reasons of concentration.

The right wing of the party took up the New Economic Policy that Bukharin had championed until the end. In the 1920s, exchange with the countryside had collapsed because the cities could not supply enough cheap industrial products. Meanwhile, extensive heavy industry was in place and the kulaks had perished. On this soil the "Rightists" wanted once again to develop both agricultural production and the economy as a whole through exchange with the countryside. Consequently, they advocated the primacy of light industry, as the NEP had done.

Objectively – that is, independently of their own self-concept – they defended the interests of the collective-farm peasantry. They were especially strong in the central state economic administration. Their representative was Malenkov, who in 1953 succeeded Stalin as prime minister, that is, as head of government.

In the opposite wing were the "leftists". After the experience of industrialization and victory in the World War, they believed that the socialist economic plan, coupled with willpower, could do anything. They denied the existence of objective economic laws and assumed that communism was imminent. With promises of (goulash) communism and a wage policy of egalitarianism, they championed, under Khrushchev's leadership, the spontaneous interests of the undeveloped mass of the proletariat. As far as can be judged, they had the majority behind them not only in the party but also in the CC. Their strength, however, was hardly effective because no party congress was held from 1939 to 1952 (against the statute), the CC did not meet for years while Stalin was alive, and the balance of power in the Politburo was different.

In relation to the peasantry, the "left" wing of the party advocated the nationalization of the collective farms as quickly as possible as a precondition for communism. In 1951 Khrushchev demanded in *Pravda* that the former collective villages be replaced by the construction of a large number of agro-towns.

The "party center" formed the third line. Stalin, as its representative, commented on the key crisis in *Economic Problems of Socialism*, published in 1952. The document left many things open and had some shortcomings, but it was the only one that developed a basic program for the further construction of socialism.

Basically, Stalin warned against the subjectivist belief in the omnipotence of the Soviet order and pointed to the validity of objective economic laws. He noted that commodity production took place in the kolkhoz, and on this ground demanded recognition of the law of value regarding the peasantry. What this meant in detail he did not explain. What is clear, however, is that submission to the laws of commodity production would have put greater pressure on the peasantry to develop productivity without nationalizing the collective farms. Moreover, Stalin demanded the continued primacy of heavy industry. It was to supply a new generation of agricultural machinery for the MTS to drive forward mechanization. This simultaneously strengthened the role of the state towards the peasantry. Through higher taxes, Stalin wanted to skim off a greater agricultural surplus product.

On the other hand, he advocated the gradual replacement of commodity exchange with the peasantry by product exchange and the fusion of peasant collective farm ownership with state industrial ownership in a new form yet to be discussed. He declared communism to be realistic only for a more distant future.

First of all, the productive forces would have to grow enormously and the exchange of products would have to replace the exchange of commodities. The working day would have to be shortened to a maximum of six hours, the real wage would have to be at least doubled, and housing conditions would have to be fundamentally improved. All members of society would have to have sufficient free time for all-round education and be comprehensively polytechnically trained, so that no one would be tied to a single occupation for life. Only "after all these preliminary conditions are satisfied in their entirety" can one hope (!) that labor has been transformed from a burden into the "prime necessity of life," and only on this basis could one proceed to the communist distribution of goods according to need.

## The victory of the "left"

Stalin's policies represented only an advanced minority of the working class, perhaps best understood as the "Stakhanov workers" and the MTS workers. While he was both head of government and general secretary of the CP, he had no majority behind him for his policies and had to maneuver between the wings. He advocated the continuation of the revolution "from above," but justified the necessary strengthening of the state only in terms of the threat to the Soviet Union from outside. When he died in March 1953, the party center effectively went under. Right and "left" made a compromise on the distribution of power, which gave Malenkov the power to govern and Khrushchev the party chair. Third in the alliance was initially Beria, who as Minister of the Interior also took over the State Security Service. When he tried to seize sole power, the Left and the Right temporarily reaffirmed their alliance in order to beat him back together, which is what happened in connection with June 17, 1953 in East Berlin.

As the new head of government, Malenkov announced the so-called "New Course" immediately after Stalin's death. The purchase prices for agricultural products were increased, the tax debts of the kolkhoz were eliminated, and future tax rates were halved. In addition, the government decided on the future priority of light industry over heavy industry – in contrast to the five-year plan just adopted (1952).

With the help of their majority in the CC, which met regularly again after Stalin's death, the "leftists" were able at the same time to push through the "new land **action**" to open up vast tracts of land in Siberia and above all Asia (Kazakhstan). In the 1930s, the previous generation for socialism had **broken up**.

Now, in the 1950s, a new generation **set out** for communism, with hundreds of thousands of youths enthusiastically heading for the steppes of Kazakhstan to build gigantic state farms (sovkhozes) as the bases for the communist future. In one fell swoop they were to solve both the grain problem and eliminate dependence on the kolkhoz (on the "old land"). And just as 25 years earlier simultaneous industrialization and collectivization had been carried out against the advice of the experts and the opposition of the "rightists," so now the new land **action** seemed to usher in the breakthrough to communism against the same doubters. In Asia, a new grain center emerged whose harvests within a few years outstripped those of the Ukraine and seemed to solve the food question once and for all.

On the basis of these successes, the "left" wing of the party was able to gradually push back the right in the coming years until Khrushchev took over the government in 1958.

His first measure as head of the government was the dissolution of the MTS stations and the sale of their inventory to the collective farms. They thus received the machine means of production. Apart from the peaceful road to socialism, this was the main reason why all the "left" critics – **this speaker** included – regarded Khrushchev as a "rightist". On closer examination, however, the background to this step turns out to be completely different.

## A failed policy of communism

In the 1930s, the sovkhoses that already existed at that time had been dissolved because they were uneconomical and transformed into collective farms against the resistance of the Left. With the dissolution of the MTS stations, the collective farms were now once again given the opportunity to become sovkhoses. This was in the interests of the "poor", unproductive cooperatives in particular. Their members, as state workers, received a fixed wage including old-age pension, did not have to go into debt to buy the MTS inventory, and were also allowed to keep their private **useful** land (on a smaller scale). After 2 years more than ¼ of the collective farms were nationalized. Khrushchev wanted to bring the rest to their knees through the state monopoly of production and trade in agricultural machinery, by raising the prices of equipment for the kolkhozes and preferentially supplying the state farms. With debts of over 2 billion rubles, the remaining majority of collective farms also appeared to be trapped in debt in 1961.

Khrushchev also cracked down on private farmland production. Livestock, the heart of parcel farming, was restricted or banned. It seemed only a matter of time before the cooperative farmers disappeared.

At the same time, the compulsory labor regime was abolished in industry, the Stakhanov movement was discontinued and bonuses were no longer awarded individually but as group bonuses.

Incomes were equalized by raising the lower and middle wage brackets, so that wage differentials were reduced to a ratio of no more than 1:2. What seemed to be the appearance of communism meant in reality that the old peasant egalitarianism was replaced by a new proletarian egalitarianism, long before the development of labor **assets** would have allowed it. With the de facto end of the incentive wage, the incentive to make one's own labor skilled labor also **fell asleep**.

In 1958, when the success of Sputnik seemed to prove the superiority of socialism in the field of science and technology, it was decided to draw up a new party program for the stage of the building of communism. Adopted by the 22nd Party Congress in 1961, it proclaimed that in 10 years the USA would be caught up and in 20 years communism would be achieved. It was understood as a program of victory in the "economic competition of systems" and formed the background for the strategy of the peaceful road to socialism.

In the same year, 1961, however, an agrarian upheaval took place that marked the beginning of the end of the "left". If all costs were added up, the new sovkhoses were considerably less productive than the existing cooperatives. They became **cost losers** for the state. On the other hand, the better-off collective farms were not so quick to give up their independent position. They either had enough savings or took on higher debts or postponed the purchase of new agricultural machinery – with the result that up to half as much agricultural equipment such as combine harvesters, trucks, etc. was produced. The practical result of the Left's action was thus a crisis of production in industry, which at the same time meant a decline in the development of productive power in agriculture.

The burdens on the state budget became so great in a very short time that even before the 22nd Party Congress a new majority was formed in the party leadership against the continuation of this agrarian policy. Thus, while the general part of the new program proclaimed the imminent triumph of communism, the agrarian part still called the kolkhoz the sovkhos and described it as an inalienable part of the socialist order. Thus, in essence, the "left" policy had already failed on the agrarian question in 1961, although Khrushchev remained in office for three more years.

In 1963 the country suffered a bad harvest, partly due to erosion caused by the hasty reclamation of new land. For the first time in its history, the USSR had to import large quantities of grain to prevent famine. Khrushchev still tried to free up new money for agriculture at the expense of the army and heavy industry, but no longer found support for this. In October 1964 he was forced to resign; he was replaced by Brezhnev as party chairman and Kosygin as government chair.



## The agricultural policy of the new "right"

The new "right" made a fundamental change of course in agricultural policy. The nationalization policy in relation to the collective farms was ended and state investment was redirected from industry to agriculture. In the next three plan quarters, about 370 billion rubles were spent on agriculture, more than four times the amount of the previous period. The tax debts of the kolkhoz were cancelled, and new debts accruing later were also cancelled. The working day norm was abolished, a minimum wage guaranteed by the state and a state pension for all cooperative members were introduced. State purchase prices for agricultural products were raised several times, private farmland production was extensively encouraged, and its protection was even included in the constitution. In 1966 the collective farmers were allowed to unite nationwide. From now on it could bring its strength to bear in an organized form – something Stalin had always warned against.

The new agrarian policy **realized** the worst of all conceivable alternatives for society. The peasants retained their position as independent producers, now even linked to the possession of their own means of production, without being subjected to the laws of commodity production. For the **independents**, these were ideal conditions: the state guaranteed the sale of their products, provided them with a comprehensive supply and protected them from the effects of the law of value.

At the same time, extensive land improvement works were carried out and the production of fertilizers multiplied. Per hectare yields also increased, but did not permanently keep pace with the growth of the population and its needs. According to (Soviet) figures, peasant productivity did not get beyond 20-25% of US levels. As a result, grain imports from capitalist countries continued to grow.

Meanwhile, all attempts to return to an incentive wage policy in industry through economic reforms under the slogan of "material interest" came to nothing. They were obviously not feasible against the workers and the majority in the party.

The example of foodstuffs, where their interests clashed directly, is a classic illustration of the relationship between workers and peasants. With the exception of the Khrushchev period, state purchase prices for agricultural products had risen continuously since Stalin's death. Meanwhile, the retail prices in the state food stores remained unchanged. In this way, a gap opened that grew wider and wider. As early as 1966, beef that sold in the store for 100 rubles cost the state more than 150 rubles. The same development took place with bread and grain, and the differences grew wider and wider after further increases in the purchase prices. Everyone was aware of the irrationality of this state of affairs, but no one could change it. A reduction in purchase prices would have provoked an uprising of the peasantry and an increase in sale prices would have provoked an uprising of the working classes; Poland showed this in 1970 and 1976. The state power was helpless in relation to both classes; it was as compliant as it was powerless in the face of the proletariat and the peasantry.

In 1981, the solution of the grain problem had to be declared once again to be the main task of the economic plans for the coming decade, and in 1985 Gorbachev became party leader for this reason. The market-economy reforms that he was compelled to undertake by the accelerating decline accompanied the disintegration of the Soviet Union.

### Incorrect declarations

All theories of "revisionism" or "modern revisionism" that seek to explain the downfall of the Soviet Union through commodity production, capitalism or a "bourgeois counterrevolution" are misguided. Bourgeois relations of production could not develop under Soviet conditions. Labor power did not become a commodity at any time, and even simple commodity production in the

countryside was inhibited because state agricultural policy consisted in protecting the peasants from the effects of the law of value. The existing relations of production were decomposed without new ones emerging. Rather, the decline is explained by the particular character of the proletariat and the peasantry and their relationship to each other, which emerged in the wake of the key crisis of the 1950s.

Stalin pursued the interests of the movement as a whole, beyond the day-to-day interests of the masses. He could base his policies within the proletariat only on an advanced minority. That is why the party center he led was isolated and why "de-Stalinization" could take place so smoothly after his death.

Khrushchev, on the other hand, championed the spontaneous interests of the undeveloped mass of the proletariat and from this base pursued the alliance with the "poor" section of the collective farm peasantry in order to divide it.

Disregarding the objective conditions, the policy of the "Left" amounted to a *distributive communism which was* not based on developed social productive forces, but on the contrary eliminated the preconditions for their further development. When Khrushchev resigned, the state had also forfeited its independence. Thus, the continuation of the "revolution from above" was cut off and the only chance to advance the construction of socialism was lost. Without intending it, the position of the peasantry had become unassailable and the agrarian question insoluble. Where the advance to communism beyond ideological avowals and egalitarianism was real, namely, in the new-land action, it was based not on the working class but on the youth. And with their departure, the historical first attempt at socialism also failed, even though it still took decades until the end of the Soviet Union.

(A detailed account of the key crisis of the 1950s is forthcoming).

In the following we document a written answer of Peter Urban to the above presentation by Heiner Karuscheit

**Peter Urban:**

## **Response to Heiner Karuscheit's comments**

*" The intelligentsia represented a dependent intermediate stratum and will not be dealt with here."* With this **skimpy** sentence Karuscheit skirts around a significant part of the problems to be dealt with. All that remains is the relationship between the working class and the peasantry.

It was already not an adequate treatment of the class structure of Soviet society when Soviet theorists (including Stalin) reduced class analysis to the "working class, peasantry, and intelligentsia," since the term "Soviet intelligentsia" also encompassed all the leading personnel in the party, state, and economy, strata, in other words, that **each had a very specific position in relation to the means of production**. The complex and contradictory class position of these strata would have to be examined:

1) in order to work out how this position should have gradually changed in order to advance towards communism, to what extent it was a question of divisions of labor taken from the old society and how these should have been gradually changed and abolished in the process of the dying away of all class distinctions;

2) in order to work out how – as the aforementioned process failed – a new exploiting class could develop from these strata, which ousted the working class from power.

This analysis is impossible if all these people, together with others who have learned special scientific skills, are subsumed under the category of "intelligentsia" without differentiation. This, by the way, also implies that this "intelligentsia" had no choice but to serve the ruling class, the proletariat. In this sense Karuscheit assumes, without any analysis, that it was a "dependent intermediate class", on the one hand obviously a uniform class and on the other hand a class that could not have played an independent role under any circumstances, that is, it did not play one until the fall of the Soviet Union. This **happily** presupposes what Karuscheit would have to prove, namely that everything is only about determining the relationship between the proletariat and the peasantry. The differences between the **leading forces** and **those who carried out directions** are blurred by the poor abstraction of "intelligentsia" and reduced to the difference between mental and manual labor (which in reality is far from being the same thing, but Karuscheit does not even examine the latter difference), the hierarchies within the state management apparatus as well as the position of the factory managers are **happily** removed from view.

Karuscheit is then left with the task of constructing how the struggles within the party leadership reflected the opposition between the working class and the peasantry. This construction is easy for him, since he cares little for those facts that do not suit him, or where he does, he bends them to suit him. Khrushchev's liquidation of the state Machine and Tractor Stations was in reality "radical leftism," since he thereby – listen and be amazed! – that ruined the collective farm economy and created the preconditions for the nationalization of agriculture, which, however, did not correspond to the objective conditions. The fact that the state machines and tractors were largely **sold off** to the collective farms at scrap metal prices, and that the collective farms were thus able to enrich themselves enormously at the expense of the state, is of no concern to Karuscheit and he does not need to mention them.

What about, for example, the fact that as early as 1953 the Soviet Ministry of Trade was divided into a Ministry of Internal Trade and a Ministry of Foreign Trade in order to express the fact that in the future greater importance was to be attached to the circulation of commodities? Does this suggest that the **"hot-shot"** Khrushchev could not wait for the transition to communism?

Karuscheit might object that this was the work of the right-wing Malenkov. But how did it come about that Khrushchev's closest party comrade Mikoyan took over the new Ministry of Internal Trade? Did he do this in order to ruin domestic trade as quickly as possible, so that, as a result of the decline of commodity circulation, one could quickly achieve direct product exchange and thus communism?

How is it that Mikoyan proposed importing food and consumer goods from abroad, which meant weakening economic planning and increasing dependence on the forces of the world capitalist market? Does this indicate a burning desire to achieve communism as soon as possible?

How is it that in the spring of 1954 Khrushchev – citing real deficiencies – advocated a dismantling of centralism, which, without at the same time strengthening the position of the working class in the management of production, had to strengthen the position of the factory managers? Would not an ultra-leftist have been more inclined to further strengthen the centralist structures? And Khrushchev's rapprochement with Tito in this period, which was probably based less on personal sympathy than on sympathy for so-called self-management: was this ultra-left? What interests did Khrushchev represent in all this? Did these actions stem from a desire, justified in itself, to represent the interests of the proletariat towards the peasantry, in which Khrushchev unfortunately failed to take into account the real balance of power?

According to Karuscheit's logic it should be so, but the absurdity of such an assumption is obvious.

According to Karuscheit, Khrushchev championed "the spontaneous interests of the undeveloped mass of the proletariat." Is that why he had 13 new luxurious residences built for him, including a palace in the Crimea, for whose fortification on the seashore alone 8 million rubles were spent? Is that why a regime was established under his aegis, whose leaders were ridiculed as already living under communism: each according to his needs? Is that why, under Khrushchev, conditions were established under which leading "communists" could do anything they wanted without being called to account? But Karuscheit is not interested in all this, because it has nothing to do with the peasantry.

"Stalin," Karuscheit said, "pursued the interests of the movement as a whole, beyond the day-to-day interests of the masses." **With respect**, Stalin was a Marxist-Leninist, and as such he strove to connect the day-to-day interests of the toiling masses with the long-term interests of the movement as a whole. If one does not strive for such a connection, one must inevitably fail, because the interests of the movement as a whole, beyond any day-to-day interests, are an anemic abstraction that represents no material force whatsoever. According to Karuscheit, however, Stalin did after all rely on "an advanced minority." Unfortunately, he does not say what the connection was between their interests and the "interest of the movement as a whole." Were the day-to-day interests of this advanced minority readily identical with the interest of the movement as a whole, or was this minority so "advanced" that its members were no longer subjects and had no day-to-day interests of their own, but only wanted to **enforce** history"?

One arrives at such absurdities if one ignores the fact that communist development can only take place within a socialist society if subjects take appropriate action on the basis of their real interests. Unlike Karuscheit, Stalin knew this. Thus, in *Economic Problems*, Stalin pointed out the need to "ensure such a cultural advancement of society as will secure for all members of society the all-round development of their physical and mental abilities, so that the members of society may be in a position to receive an education sufficient to enable them to be active agents of social development...." He thus advocated a transformation of conditions that ensured that all had the opportunity to participate in **leadership**. This does not look like advocacy for a small minority.

And Stalin was also aware that very tangible material changes were the minimum prerequisite for such a development: "For this, it is necessary, first of all, to shorten the working day at least to

six, and subsequently to five hours. This is needed in order that the members of society might have the necessary free time to receive an all-round education. It is necessary, further, to introduce universal compulsory polytechnical education, which is required in order that the members of society might be able freely to choose their occupations and not be tied to some one occupation all their lives. It is likewise necessary that housing conditions should be radically improved and that real wages of workers and employees should be at least doubled, if not more, both by means of direct increases of wages and salaries, and, more especially, by further systematic reductions of prices for consumer goods." (FLP Peking, 1972, pp. 70-71.)

Is this representation of the interests of a small minority? Beyond the day-to-day interests of the masses?

If one constructs an abstract overall interest that no longer has anything to do with materially given interests, then it is obvious that one must look for a force outside of society that is supposed to drive social development. For Karuscheit, this force is the state. Karuscheit regrets that from a certain point on the Soviet state no longer played this role that was actually its due: "The state power was helpless in relation to both classes; it was as compliant as it was powerless in the face of the proletariat and the peasantry."

According to Karuscheit, the state should have played an independent role towards the only two relevant class forces (Karuscheit does not know of any others). The class forces that actually exist appear to Karuscheit as dull, persistent forces that put the brakes on development, and the state should have imposed its will on them and driven history forward. For Karuscheit, the whole misery lies in the fact that the state did not do this.

And why didn't it? Before the seminar, Karuscheit sent us a draft of his new paper, "On the Failure of Communism in the Soviet Union," which stated, "When Khrushchev resigned, the state was brought back into society." Before that, according to Karuscheit, the state was apparently a power elevated above society, able to drive society forward from the outside. It forfeited this character with Khrushchev's fall, and Khrushchev's radical leftist mistakes are to blame for this, according to Karuscheit, which caused Khrushchev to make improper use of this power hovering above society.

Back to Hegel? The State as the Reality of the Moral Idea?

Below we document excerpts from two of Peter Urban's speeches at the seminar.

From a speech by Peter Urban:

## **On the relation between the law of value and the law of the economy of time**

The law of value is the law of commodity production. Commodity production is social production, since the producer does not produce for his own needs, but it is not directly social production, but private labor. Only later, only on the market, one sees whether society recognizes the production. This is the case when the producer receives in exchange a value that corresponds to the labor time he has spent on his production.

The law of value causes that no products are permanently produced for which there is no effective demand. The law of value also has the effect that no work is permanently performed whose productivity is lower than the social average. This has, of course, positive aspects. But how does it happen? It happens by means of the ruination of producers, by means of the destruction of the means of production and consumption. The law of value works behind the backs of the producers and by means of terrible crises and catastrophes. Especially today the law of value often works in such a way that first enormous capacities are built up, which are then destroyed.

Under communism and – though still with limitations, only to a certain degree – under socialism, the law of value is replaced by the law of the economy of time. How does the law of the economy of time work?

Society has an interest in ensuring that no labor is wasted. Therefore, society compares the labor time expended on a particular product on the individual enterprise with the social average labor time. It is known, for example, that on the social average so many hours of labor are required to produce so many tons of wheat. One then determines how many hours of labor are required in a particular individual farm. Here society does consciously what happens spontaneously, elementarily, when the law of value operates. When the law of value operates, the consequence is that less productive production is liquidated without ifs and buts. But the consciously acting society proceeds differently. It will first ascertain the cause of the lower productivity. Under communism this is possible because no class-based interests are directed to concealing these causes. The causes of lower productivity can lie, for example, in the fact that more backward production techniques are used than the social average. The consequence will then be to replace these techniques by more advanced ones. But the cause can also lie, for example, in poorer natural production conditions. If we stay with the example of wheat, the cause can be for example worse soil. Society then has a conscious choice when the law of the economy of time takes effect. It can decide to stop this production at this point. Or it can decide to continue production and accept the lower productivity because only in this way can the quantity of the product in question desired by society be produced. Society may even decide to use the techniques of the less productive enterprise in other enterprises and thus lower productivity, for example, because these techniques are more convenient for the producers or because natural resources are conserved, for example, because the soil is thus permanently preserved. This is then only possible because the law of value no longer operates, because it has been replaced by the effect of the law of the economy of time.

In the Stalinist Soviet Union, heavy industry enterprises often operated at a loss, that is, they were subsidized by society. But the overall social benefit of these enterprises outweighed these losses. The subsidization of these enterprises was a deliberate breaking of the law of value.

Socialism already knows a higher profitability than the short-term profitability of the individual enterprise. On the scale of society as a whole, these enterprises, which were operating at a loss,

were profitable. Of course, enterprises cannot be subsidized without limit. It is clear that society is harmed when too many enterprises operate at a loss.

Under socialism, special interests still exist which are opposed to the social interest. Class-based interests still exist which are directed towards covering up the causes of lower productivity, for example, presenting unnecessary losses of an individual enterprise as being in the social interest. For this reason, the law of the economy of time cannot yet operate without restrictions. For this reason, the law of value can not yet be completely dispensed with.

Stalin did some pioneering theoretical work on the effect of the law of value, but I don't think he settled the question conclusively. The law of value does not work just because there is a cooperative sector in addition to the state sector; it must also work within the state sector. Let us take, for example, the following phenomenon: factories manufacture products which are unsaleable because they do not suit the taste of the producers; the state trading organization buys these products, which then lie on the shelves as slow-moving goods; the state bank covers the trading organization's losses with loans. This is a perversion of economic accounting. It ought to be the case that the lack of use-value is passed on from the consumer via the commercial organization to the manufacturing enterprise, that the manufacturing enterprise feels the lack of use-value as a category of exchange-value, that it therefore receives less money. This presupposes a mechanism of commodity-money relations and a certain freedom of decision on the part of the enterprise over production – within the limits drawn up by the plan, of course. Thus, there would then be a limited area within which the law of value does have a regulating effect on production, for the manufacturing enterprise is induced by exchange-value categories to change its production.

Of course, these are only tactical means to set limits to the waste of social resources within the still existing class society. The strategic conception must be directed towards the fact that all producers consciously act in the social interest, that the interests of individuals and collectives largely coincide with the interest of society as a whole, that in any case there is no discrepancy between these class-based differences, between these interests, that the producers act as collective owners.

Ownership consciousness, however, only arises through ownership; it arises through the fact that more and more producers are directly involved in the social planning and management processes.

In developed communism it will no longer be necessary to let the manufacturing enterprise feel such deficiencies in exchange-value categories, for there will then be other and better means of remedying such deficiencies. The idea of depriving enterprises of investment funds in such cases (which, after all, also harms society) will then be regarded as a barbaric means from the grey past. In the transitional society to communism, however, such means cannot yet be completely dispensed with.

From a speech by Peter Urban:

## **On the question of the actual communist kernel within socialist society**

The transition to communism is the transition to a social order in which, for the first time in history, men are not governed by blindly acting laws, but consciously apply the objective laws in order to pursue their subjective ends. A social state in which a few "great men" are no longer subject to blindly acting laws, while the mass of the population continues to be ruled by circumstances over which they themselves have no influence, such a social state is not permanently possible.

The central-state administration of the most important means of production is therefore not progressive in itself. If this in itself were to be regarded as the kernel of communism, then the Asian mode of production would also be the kernel of communism. In the Asiatic mode of production, because of natural conditions, agriculture was only possible on the basis of large-scale irrigation systems, which could only be operated by the state. They were administered by a hierarchically structured body of officials. Of course, this corresponded to the character of the productive forces and was therefore inherently stable. With today's highly developed productive forces, central-state administration without the participation of producers in planning and management is only reactionary, more reactionary than the bourgeois order. Central-state administration of the means of production contains the kernel of communism only when it is used as a means of drawing more and more workers into planning and management.

This is a process within socialist society. The extent to which progress can be made depends on the situation. In a certain situation Lenin demanded dictatorial powers of the factory managers. Such situations can always arise. Strategically, communist conditions must be sought, but nothing is gained by making experiments in which the economy and society collapse. On the other hand, communists must always strive to exhaust every possibility of undermining as far as possible the outmoded divisions of labor of the old society. The ideal communist leader, then, by all means directs – as far as necessary – in brusque and administrative forms, but on the other hand always works to undermine his or her own decision-making powers by involving others in the leading functions. The goal is communism, in which there are no differences between leaders and led, in which there are no longer professional politicians, in which there are still centralized and decentralized functions, but no one performs centralized functions for the rest of his or her life, and in which society gives everyone an equal opportunity to influence social decisions.

This requires a protracted transition, within which the leaders in particular are exposed to considerable tests of **endurance**. It is not at all easy, on the one hand, to exercise decision-making authority to the necessary extent and, on the other hand, to strategically undermine it. It is easy to lie **to oneself**, claiming that one can still do it best oneself and therefore cannot let others do it. This may even be true in many cases, because others have not yet had the opportunity to gain the relevant experience. People develop their skills in practice, they change in practice, and they cannot do that if they do not get the opportunity to do so because the experienced cadres insist that they can do the activities in question best (which may even be true in the given circumstances, because others have not had the chance to learn yet!), and thus perpetuate their decision-making competencies. If this happens on a society-wide scale, the communist movement for the abolition of all class differences is eliminated, and with its communist kernel socialism is also eliminated, because socialism is the transitional society to communism.

Bourgeois private property, the laws of commodity production and capital valorization are then not yet restored, but production is then no longer social production in the socialist sense. For the state form alone is – as already said – not yet socialization. It is only the beginning of socialization when it serves as a means to smash the commodity-producing relations in order to include more



and more producers in the social decision-making processes.

But in the revisionist countries, the rulers used the power to keep the working class out of the decision-making processes, to monopolize all decision-making powers forever in their hands or in the hands of their successors. But such hierarchical command over society does not correspond to the developed productive forces, so this social order was swept away. The rulers of such an order may imagine for a time that they themselves are no longer governed by blindly acting laws, but in fact they too become more and more the plaything of circumstances.

The subjective force that can prevent such a development and pave the way to communism is, under socialism, above all the working class. But here, too, development does not take place spontaneously; here, too, the working class needs its vanguard party for this purpose. But this vanguard party does not stand outside the totality of conditions; it too is subject to the positive and negative effects of this totality.

Already under capitalism, the different socio-economic driving forces of a socialist society are revealed in the microcosm of the communist party.

Liberalism and bureaucratism are familiar concepts of the communist movement, but here we find the socio-economic roots of the phenomena in question. Every individual in a commodity-producing society is forced to **mind his own business**, and thus strong individual interests arise which do not fall **under the table** even within a communist party by virtue of communist consciousness – one does not live under communism, after all. But they must not become so prominent that they thwart the interests of the overall movement of the proletariat. Communist consciousness, however, is not in itself strong enough to prevent this; it requires for this purpose the crutches of certain formal norms, also a certain formal discipline. But if formal discipline becomes too strong, bureaucratism will result, for example, when the leadership stifles the initiative and self-activity of the rank and file through too many formal decisions and too much administrative intervention. If, however, in blind trust in this self-activity, too little use is made of administrative means, liberalism will result.

**To the extent possible, everything must be done to develop communist self-activity and communist consciousness among the collectives and members.**

To this end, the divisions of labor of the old society – which are admittedly still needed to a certain extent – must be restricted as far as possible. This applies not only to the division of labor between **managerial and executive** functions, but also to special activities which, if possible, should not be carried out by the same specialists alone over and over again.

Dr. Kurt Gossweiler sent us the manuscript of a presentation that he gave at the "Content Conference of the Left", the second event on January 24/25, 1998 in Cologne, with permission to publish it in whole or in part. In the following we document the part in which he argues with the views expressed in the book "When and Why Socialism in the Soviet Union Failed".

Anyone wishing to receive Comrade Gossweiler's entire speech can order the manuscript at a cost of DM 6 per copy plus postage from: Literaturvertrieb, Zeitungsverlag RM, Postfach 1942,61289 Bad Homburg v.d.H.

Dr. Kurt Gossweiler:

**Excerpt from "Revisionism – the 'softener' of imperialism in its struggle against socialism" – presentation at the second event of the "Content Conference of the Left", Cologne, January 24/25, 1998...**

The comrades of the KPD group "Roter Morgen" approach this question differently. Following the views of the Party of Labor of Albania, which, in their view, was the only party to lead a consistent struggle against revisionism in the communist movement from the very beginning, the Soviet Union and the European socialist states – with the exception of Albania – ceased to be socialist states in 1956 as a result of and in the wake of the 20th Party Congress of the CPSU.

In their book: "When and Why Socialism in the Soviet Union Failed" they say that the failure of socialism in the Soviet Union was also the result of the class struggle. So far, so good. However, the further statements are questionable. In the Soviet Union a new exploiting class had grown up, and after Stalin's death with the 20th Party Congress it had seized power and established a new exploiting society. This new exploiting class was composed of two competing groupings – on the one hand, that of the state and party bureaucracy, and on the other, that of the factory directors. The emergence of this class in the bosom of socialist society resulted from the character of socialism as a transitional society, which was still afflicted with birthmarks of the old capitalist society, for example, with the division of labor into managerial and executive functions. The Soviet working class and its party lacked a theory that scientifically analyzed the class differences rooted in the socialist relations of production themselves.

This also explains Stalin's erroneous view that there were no obsolescent classes in the Soviet Union capable of organizing resistance. (*Economic Problems of Socialism in the USSR*, ibid, p. 52)

The reference to a still pending thorough analysis of the contradictions in socialist society – both the submerged and the existing one – is justified and useful.

On the whole, however, the attempt of the comrades of "Roter Morgen" to explain the situation suffers from the fact that it begins with the preconceived scheme of the replacement of socialism by an exploitative society, a scheme into which the facts are pressed as far as they are suitable, while everything that cannot be made suitable does not appear.

The difficulties into which they have evidently fallen even with this scheme of theirs become clearest in their statement that from 1956 onwards an exploiting society existed in the Soviet Union, but that this was not a capitalist society; for they cannot get around the fact that even after 1956 society in the Soviet Union lacked all the essential characteristics of a capitalist society. But since this society was not a feudal or slaveholding society either, it must be a completely new type of exploitative society, the specifics of which, however, the comrades of "Roter Morgen" are unable to describe.

The other difficulty they encounter arises from the fact that before our eyes in 1989/90 a real counterrevolution and a real restoration of an exploitative society took place in the Soviet Union and in the European socialist countries, with all the characteristics and upheavals that are inseparably linked to the liquidation of a socialist society and the return of an exploitative society. And this naturally leads to the question: if what we experienced in 1989/90 is supposed to have already taken place in 1956 – why was everything missing then that now characterizes this overthrow, and why was a second counterrevolution and restoration necessary at all?

Our starting point was the question of why revisionism was able to triumph in the Soviet Union and the European socialist states – Albania excepted.

We saw that the answer of the comrades of "Roter Morgen" leads to a dead end. The comrades of the DKP, on the other hand, do not even ask this question, because they explicitly deny that revisionism had triumphed over Marxism-Leninism in the CPSU....

### Comment by the publishing house Roter Morgen:

In the following, Dr. Gossweiler sets forth his view of the reasons for the victory of revisionism. Although he also takes internal factors into account, he sees the essence of these reasons in the influence of imperialism on the socialist countries, as already indicated by the title of the paper, in which revisionism is described as the "softener" of imperialism. (See on this also "Letter to the Editor from Dr. Kurt Gossweiler, June 10, 1996", documented in "When and Why Socialism in the Soviet Union Failed ", pp. 198-201.)

Peter Urban:

## Response to the contribution by comrade Gossweiler

First of all, to clarify: in our book, we have in no way taken the view that, as a result of the events at the 20th Party Congress, revisionism and thus a new exploiting class seized power. On the contrary, we wrote: "The 20th Party Congress was not the change of power; the change of power had already taken place immediately after Stalin's death. The 20th Party Congress was merely the declaration of the victors, of the new class that had seized power" (p. 132).

Comrade Gossweiler takes the view that we are right in our thesis of the victory of revisionism under Khrushchev regarding the DKP – which denies this – but that the victory of revisionism did not yet lead to the destruction of socialism; this was only destroyed in 1989/90. Comrade Gossweiler thus arrives at the peculiar construction of socialism without the dictatorship of the proletariat and without leadership by a Marxist-Leninist party, a construction which should actually be unacceptable to him as well. We have already commented on this in our reply to a letter from Comrade Gossweiler, which is printed in our Soviet Union book on pp. 202 ff. and do not wish to repeat it.

Comrade Gossweiler, for his part, is of the opinion that our position would entangle us in two insoluble difficulties:

The first difficulty relates to the fact that we call Soviet society under the rule of the revisionists an exploitative society, but it is neither a slaveholding society nor feudal nor capitalist. However, we can describe the specifics of this society very well:

Slaveholding society, feudal society and capitalism are socio-economic formations. This means that within these social formations all the members of the totality of social relations mutually support and reproduce each other (which, of course, does not exclude contradictions, but these contradictions in no way prevent a certain stability of these social orders and their existence for a long historical period).

Communism is also a socio-economic formation, but socialism is not; it is the transitional society from capitalism to communism. It contains elements of both the old society and the developing communism, which are in struggle with each other, but in appearance are often interwoven in complex ways. It is not stable in the sense that it could exist indefinitely as socialism, but sooner or later it must evolve **to one side** or the other. (This short-livedness is, of course, due to historical standards; measured by the age of people, this can still be relatively long).

The loss of power of the proletariat eliminates the communist perspective, but does not immediately lead to the restoration of capitalist society. Why not? Because socialism smashed commodity-producing relations from the bottom up and initially replaced dependencies of things with personal ones. The latter does not immediately change with the **coming to power of the revisionists and the loss of power of the proletariat**, since the now ruling class has an interest in maintaining **personal relations of dependence**. But **this exploitative society** is also not a socio-economic formation, **but a transitional society**, and specifically the transitional society to capitalism:

An exploitative society at the given level of the productive forces is in the long run incompatible with personal relations of dependence as the predominant socio-economic element. It presupposes relations of dependence of things, that is, the return to commodities and capital. (See on all this the theoretical organ of the KPD "Weg der Partei" 1 -2/92, especially pp. 30 – 41. See also the RM article on Bahro's death, printed in this book pp. 94 ff.)

In what respect is the now formed society an exploiting society?

In so far as the product created by the toilers is now not appropriated by society, but a new class disposes of it. (See on this point also the answer to comrade Steigerwald's remarks).

This also solves the second difficulty named by comrade Gossweiler: the upheaval that began in 1989 can be explained very easily from our position, namely as a restoration of capitalism. (Even though this restoration encounters certain difficulties: The rotting process of capitalism has already progressed worldwide to such a degree that to a large extent it can do nothing at all with the conquered new economic territory: In many cases capitalism cannot use its "victory" in any other way than to ruin existing productive forces. But this question no longer concerns the theoretical analysis of socialism and revisionism).

Below we document a letter from Stefan Engel, chair of the MLPD [Marxist-Leninist Party of Germany], in which he explained why he did not take part in the seminar, as well as a reply from Peter Urban. Both documents have already been printed in Roter Morgen.

## **Letter from Stefan Engel, chair of the MLPD, to the publishing house Roter Morgen**

Gelsenkirchen, January 20, 1997

Because of various urgent tasks, I am only now getting around to replying to your invitation of December 18, 1996 to your seminar on the book "When and Why Socialism in the Soviet Union Failed". In our opinion, such a seminar must be measured by whether it makes a contribution to a new upswing in the struggle for socialism. After examining your invitation, I have come to the conclusion that your seminar is not conducive to this, but even opposes it. We will therefore not participate.

I would like to justify this briefly:

**First**, the very question is misleading. **Socialism has not "failed"** – neither in the Soviet Union nor elsewhere in the world. Those who claim this only provide ammunition for the ideologues of modern anti-communism. It is quite another question to draw lessons from its defeat. We have dealt with this in detail in the book "The Struggle for the Way of Thinking in the Labor Movement", published in 1995, and are also in a constant process of discussion with the international Marxist-Leninist and labor movement in order to draw further conclusions. This is urgently necessary – but whoever assumes a "failure of socialism", such a path is blocked from the outset.

**Secondly**, we are of the opinion that a mass discussion on these questions must take place here and now as a matter of priority, which we have organized with several series of events with several hundred participants over the last three years. Your seminar, however, is designed from the outset to be an **abstract theoretical debate**, providing a stage for the representatives of the most diverse varieties of modern revisionism, neo-revisionism, left reformism and Trotskyism.

**Third**, we have well-founded doubts about the seriousness of your invitation to equal discussion. **For some time now, the KPD/Roter Morgen has been publishing public and liquidationist attacks on the MLPD in Roter Morgen.** It has also been slandering me personally as party chair and I have already stated in Rote Fahne (Red Banner) 42/96 that until the withdrawal of these attacks and a public apology we are not prepared to cooperate with the Roter Morgen Group. So far this has not happened!

**Fourthly**, the **development in the Soviet Union has long since ceased to be an open question from the fundamental point of view.** We have already fundamentally examined it in 1971 in the paper "The Restoration of Capitalism in the Soviet Union" and have constantly developed this investigation further. It is striking in this context that this Marxist-Leninist analysis is not mentioned at all in your new publication, whereas numerous bourgeois ideologues have become crown witnesses of your analysis and liquidators are given ample leeway. At the same time, the whole paper is directed in essence against the Marxist-Leninist analysis of the restoration of capitalism and the doctrine of the mode of thought. We do not consider this approach to be a clean and scientific method. We will take a public stand against this latest Roter Morgen writing and do not regard it as a subject for objective debate.

**Fifth**, the book represents an attempt to find a **neo-revisionist answer** for developments in the Soviet Union and shirks an honest self-critique of the *Roter Morgen* Group's previous positions. Already your claim of "the elaboration of the theory of the transitional society to communism" (p. 189) is presumptuous and implies a revision of Marxism-Leninism.

Marx, Engels, Lenin and Stalin already did this in the decisive features, and Mao Zedong developed it further. The assertion that there is no Marxist-Leninist theory of the transition of socialism to communism is only meant to provide the scope for various anti-Marxist theses.

First, you revise the fact, undisputed among Marxist-Leninists, of the seizure of power by a new bourgeoisie at the 20th Party Congress of the CPSU: "The 20th Party Congress was not a change of power; the change of power had already taken place immediately after Stalin's death." it says on p. 132 of your book.

This not only denies the sharp struggle between the proletarian and petty-bourgeois lines after Stalin's death and lumps revolutionaries like Malenkov and Molotov together with Khrushchev. Above all, it seeks to deflect attention from the qualitative leap in the development of the petty-bourgeois bureaucracy into the new-type bourgeoisie, which established its all-sided dictatorship over all of society and restored capitalism.

You claim that "the revisionist social order was not capitalism, but a society in transition to capitalism" (p. 188) and go on to write that a "new exploiting class" ruled there, which was neither capitalist nor imperialist. In form you thereby still distance yourself from the Trotskyist thesis that the Soviet Union was a "bureaucrat state", but in content you already cross over to this line. Class rule without socialist or capitalist class content is a petty-bourgeois illusion and serves in practice to justify bureaucratic capitalism and its imperialist machinations in the struggle for world domination.

Instead of drawing creative conclusions for building and maintaining socialism, the book propagates a metaphysical objectivism. Thus, you claim "The Relations Limited the Possibilities of Understanding" (p. 40) and thus justify Stalin's mistakes.

Certainly, Stalin was a classic of Marxism-Leninism and Stalin could not have foreseen all further developments. But in view of the prevalence of bureaucratism, the petty-bourgeois character of Russia, and on the basis of Lenin's various references, he should have led a decisive ideological struggle against bureaucratism instead of taking a one-sided administrative approach with the bureaucratized state apparatus. In the book "Socialism at the End?" Willi Dickhut summarized the MLPD's criticism of Stalin thus: "The necessary ideological-political struggle against the carriers of the petty-bourgeois mode of thinking was neglected. This was the first main mistake of the CPSU under Stalin's leadership.... The failure to mobilize the broad masses of the people against the degenerate representatives of the bureaucracy was Stalin's second main mistake" (p. 22).

On the other hand, to make Stalin a "prisoner of his circumstances" is uncritical and mechanical.

On the whole, I am left with the impression that the whole purpose of your account of the development of the Soviet Union has much more proximate causes. Instead of recognizing the decisive role of the mode of thought in the building of socialism, in the class struggle and party building, and examining your work self-critically, a metaphysical-objectivist world view is presented in response to the doctrine of the mode of thought.

Revolutionary greetings!  
Stefan Engel



## **On behalf of the authors' collective that produced the Soviet Union book, Peter Urban responded to Stefan Engel's letter:**

Dear Comrade Engel,

We will deal with the points you have raised in turn. For the information of the readers of the Roter Morgen, we point out that the Rote Fahne No. 7/97 of 14.2.1997 has published an article on our book, the contents of which correspond to the letter of comrade Engel. For reasons of space the Roter Morgen cannot print this article. We refer those interested to the possibility of ordering the Rote Fahne in question from the Rote Fahne publishing house. In addition, we will – as far as necessary – also deal with this article in the following.

### **On the first point:**

The title of our book is "When and Why Socialism in the Soviet Union Failed." Socialism failed in the sense that it perished as a social order there, it no longer exists at present. This is, after all, indisputable. You, comrade Engel, deduce from this that we claim that socialism has finally failed. (Your polemic against the title of our book cannot have any other meaning.)

But already the first two sentences in the Preliminary Remark of our book read: "Socialism has finally failed' – this is the conclusion that public opinion has drawn from the collapse of the Soviet Union, the GDR, and the countries allied with it. We see it differently." (Page 11, emphasis by P.U.) A major purpose of the book, as it then goes on to say, is precisely to refute the prejudice of public opinion that socialism has finally failed.

It is, of course, a method that is as cheap as it is convenient to impute to someone else just the opposite of what he has really said, in order to then "refute" it. Of course, such a method does not serve the cause. It only shows the weakness of those who use this method.

### **On the second point:**

Whether the seminar will be an abstract theoretical debate remains to be seen. For our part, we are convinced that the relevant questions have the greatest practical significance for the class struggle, and we argue accordingly.

You, Comrade Engel, claim that the Roter Morgen publishing house offers a stage to various representatives of revisionism and Trotskyism. The Rote Fahne article also claims that the KPD is engaged in "unprincipled conciliation and unificationism." Anyone who reads our book can easily convince himself that a principled and irreconcilable line of demarcation is drawn there with revisionism and Trotskyism. This does not mean, however, that we reject discussion with people who take wrong positions. People can change.

Of course, it is to be expected that revisionist and Trotskyist views will also be expressed at the seminar. If this happens, and if these views are then refuted, this can only benefit the class struggle.

The MLPD sees things differently. The Rote Fahne, for example, is upset that in the Soviet Union book "pages and pages of bourgeois anti-communists, revisionists and Trotskyists" are quoted. We are of the opinion, however, that we have dealt far too little with bourgeois and revisionist views in the past, and that it is a merit of the book that wide space is devoted to this there. Why?

*"Human knowledge is not (or does not follow) a straight line, but a curve, which endlessly approximates a series of circles, a spiral. Any fragment, segment, section of this curve can be transformed (transformed one-sidedly) into an independent, complete, straight line, which then (if one does not see the wood for the trees) leads into the quagmire, into clerical obscurantism (where it is **anchored** by the class interests of the ruling classes). Rectilinearity and one-sidedness,*

*woodenness and petrification, subjectivism and subjective blindness — voilà the epistemological roots of idealism. And clerical obscurantism (= philosophical idealism), of course, has **epistemological** roots, it is not groundless; it is a **sterile flower** undoubtedly, but a sterile flower that grows on the living tree of living, fertile, genuine, powerful, omnipotent, objective, absolute human knowledge."* (Lenin, On the Question of Dialectics, *Collected Works*, Vol. 38, p. 361, Lenin's emphases).

This is true, of course, not only of clericalism, but of all false views and theories. Consequently, a dialectician is obliged to carefully analyze the views of the respective opponents, to uncover where the connections to the "living tree of knowledge" are, where the opponents are right, but at the same time to uncover where the thinking of the opponents, instead of following the spiral movement, becomes a rigid, straight line, where the grain of truth is transformed into nonsense and what class interest causes this transformation. Such a procedure has another invaluable advantage: "dialectics forces the (open and hidden) opponents of Marxism to expose the gaps of the Marxists; they then attribute these gaps in the analysis of the Marxist-Leninists to Marxism-Leninism, claiming that Marxism-Leninism is unsuitable as a method for the knowledge of the world. When the Marxists are at the top of their form, they can turn this around: they take advantage of this circumstance, examine the theories of their opponents to see where they reveal errors and gaps in our own analysis, and then try to eliminate the errors, to fill the gaps. All that the opponents have to offer in terms of correct analysis must be incorporated and processed in our own theory; on this basis the 'rest', the ideological content of our opponents' conclusions, can then be revealed really convincingly, that is, it can be unmasked in terms of content as an apology (justification ideology) for imperialism and revisionism, not just by formally sticking labels on it" (Soviet Union Book p. 213).

As I said, dialecticians must proceed in this way. But such a dialectical way of thinking is obviously not your thing, comrade Engel, and not the thing of the MLPD. Then, however, you should be extremely careful to reproach others with "metaphysics"....

#### **On the third point:**

It is incomprehensible to us how one can doubt the possibility of an **equal** discussion when all panel speakers have the same opportunity to speak.

Since you, Comrade Engel, do not state what you feel personally offended by, we are unfortunately unable to address this point.

#### **On the fourth point:**

If we have not expressly addressed Comrade Dickhut's work "The Restoration of Capitalism in the Soviet Union," first published in 1971, it is for a good reason: the views developed in this work were essentially shared by the KPD at the time. In particular, we too were of the opinion that Khrushchev's and Brezhnev's Soviet Union was capitalist. Today we think that is wrong.

Therefore, it was natural for us to deal in the first place with our own misconceptions of the past (see in particular pp. 168 ff. of the book). But by showing that and why Khrushchev's and Brezhnev's Soviet Union was not capitalist, we also refuted the argumentation in comrade Dickhut's book on the matter. If the MLPD is of the opinion that the Soviet Union was capitalist after all, it should have answered on the merits, it should have responded to our argumentation and refuted it. It has not even attempted to do so.

You, comrade Engel, apparently also consider it perfectly normal to rant instead of argue: The MLPD does not consider our book "an object for a factual debate". Of course, if one has no arguments, one is not capable of a factual debate. And the same people manage to accuse us in the Rote Fahne of a "*lack of argumentation*"!

Let Comrade Engel, let the Rote Fahne explain how capital can exist without economic competition! We have shown compellingly in our book that such a concept of capital is incompatible with the Marxian concept. **Literally no attempt by the MLPD to argue on this either!**

Instead, we are accused of trying to whitewash revisionism. The fact is that our book says: "The revisionist regimes were therefore not capitalist, but they were not progressive in relation to capitalism either. In a certain sense they were even more parasitic than capitalism, they inhibited the productive forces even more than the capitalist relations of production do, and that was also the reason why they went under in most countries and have no prospects in those that remain. However, the victory of capitalism did not at all lead to a liberation of the productive forces in the former revisionist countries; but the pace of decay has increased even more due to the temporary victory of capitalism. Capitalism itself is on a descending path; the process of decay of the revisionist countries has only slightly overtaken that of capitalism" (p. 188). This may be right or wrong, but it hardly looks like a whitewash of revisionism.

But in order to "prove" that we want to whitewash the imperialist Soviet Union, Rote Fahne falsifies our position once again: We would "apply the label 'imperialist' only to different sides of its (the Soviet, P.U.) foreign policy."

If one were to believe Rote Fahne, then, in the style of Kautsky, we would have developed a concept of imperialism limited to the critique of this or that imperialist policy, covering up the deep and insoluble socio-economic contradictions that underlay Soviet imperialism. But one must not believe Rote Fahne.

The Soviet Union book says: "Of course, the imperialist aspirations of the Soviet Union were not based on overproduction; as has already been mentioned, there was a chronic oversupply of money, that is, underproduction. On the contrary, other countries had to be plundered, particularly in order to alleviate the undersupply of consumer goods at home. **This imperialism resulted from the specific parasitism of the revisionist social order, its fundamental contradiction: the management of the economy by state bureaucratic apparatuses, the domination of persons over persons (in contrast to the material power of commodity production), which does not fit the modern, developed productive forces**" (p. 186, emphasis by P.U.). Now this may be right or wrong, and if the MLPD thinks it is wrong, it should argue against it. But what it accuses us of is certainly not: a purely political conception of imperialism that evades the critique of the socio-economic basis of the imperialism in question.

One can see: Rote Fahne applies Comrade Engel's announcement that our book is "not a subject for factual debate" quite creatively.

#### **On the fifth point:**

Comrades Engel, you think it is "presumptuous", to raise the theory of the transitional society to the height of the times. That is your problem. For dialecticians, the task always arises of raising theoretical conceptions to the height of the times, since for dialecticians there can be no such thing as knowledge concluded once and for all. But here, too, comrade Engel, you prefer to make use of metaphysics. You indignantly say: "Thus you assert 'The conditions limited the possibilities of knowledge.'" This "assertion" (!) on our part is, of course, self-evident. For you, comrade Engel, there may be possibilities of knowledge which are not limited by material conditions, but then you are already floating in another world. In the mundane world the possibilities of knowledge are always limited by the circumstances.

To correct a misunderstanding: When we speak of a transitional society, we do not mean the transition from socialism to communism, as you write, Comrade Engel, but the transition from capitalism to communism.

**Socialism itself is the transitional society! It does not represent an independent socio-economic formation!** We will not prove that here. You can find proof of this, Comrade Engel, in Marx, Engels, Lenin and Stalin, to whom you have referred. These, however, could not raise the theory of the transitional society to the **height of the present time**, because they do not live today. Marx explicitly refused to "write receipts... for the cook-shops of the future" (*Capital*, Volume 1, Afterword to the Second German Edition, in Marx & Engels, *Collected Works*, Volume 26, p. 17).

**As an aside, revisionism is also a transitional society and thus not an independent socio-economic formation.** It is, however, a transitional society towards capitalism, whereas socialism can move forward, towards communism, as well as back, towards capitalism. This would then also reveal the "secret" as to why, on the basis of modern, developed productive forces, there can be an exploitative order which is not capitalist: it is precisely not stable, it is not a socio-economic formation, but a state of society which, within a relatively short period of time, must by necessity lead to capitalism, if the working class does not seize power in a renewed revolution. How does this state of affairs come about in the first place? The nationalization of the means of production in the course of the socialist revolution, a rough draft of the new, socialization on a lower level, was necessary in order – on the basis of the still weak communist kernel – to fundamentally smash the relations of commodity production. Once the communist kernel has been liquidated, the nationalization of the essential means of production nevertheless remains for a certain time, but with a changed class content. This process and this class content are analyzed in detail in our book, which you, Comrade Engel, however, do not want to take note of, in order to be able to accuse us of ideological proximity to Trotskyism. But the fact is that on page 206 of the book we explicitly polemicize against the fact that "the concept of bureaucracy is... robbed by the Trotskyists of any class content".

Of course, it is not possible to analyze the issues in question properly unless one is "presumptuous" enough to take up the task of developing the theory of transitional society in accordance with historical experience.

Let us mention one point, albeit a rather significant one, from which alone it is clear that the theory of the transitional society is not **at the height of the times**. The system of so-called economic accounting was established in 1921 with the transition to the New Economic Policy and was maintained when the NEP ended. The relations of production in this respect have not been theoretically investigated by the Marxist-Leninists up to the present time; in most cases they have not even been taken note of. The facts, however, are unambiguous, they are stated unequivocally, for example, in the *Textbook of Political Economy* (Moscow 1954), but also without any attempt at theoretical analysis: there was real money flowing when one state enterprise supplies another, there were contracts between state enterprises which were based on the principle of the material liability of the individual enterprise. A part of the profit of the enterprise remained with the enterprise and could be used by it – within certain limits – as it saw fit, and also – within certain limits – for investments. There were thus still significant remnants of commodity-money relations even within the state sector, and there was a relative economic independence of the individual enterprise. These facts are usually not even taken note of. Comrade Dickhut, for example, claimed in his book that enterprise profit was "a mere accounting figure" before Khrushchev. (1974 edition, pp. 86 and 96 [German edition]).

This is what we used to say, but it is patently false, patently inconsistent with the facts. If the capitalist character of the Soviet Union is to be "proved" by the fact that individual enterprise profit had real economic significance, then the Soviet Union would always have been capitalist.

If you, comrade Engel, think that Marx, Engels, Lenin, Stalin and Mao Tse-tung have said all that is necessary today concerning the theory of the transitional society, then you are already at the end of your tether when it comes to "economic accounting".

Marx ingeniously foresaw bourgeois law in terms of distribution, but not commodity-money relations in terms of production. This is not surprising, for Marx was in the habit of orienting himself to the facts, and with regard to the transitional society, apart from the Paris Commune, which existed only very briefly, there were no facts at that time. Lenin imagined as a transitional form that "The whole of society will have become a single office and a single factory, with equality of labour and equality of pay" (The State and Revolution, FLP Peking, 1970, p. 121). History, however, took a different course. Stalin, in his Economic Problems of Socialism in the USSR, did examine the sphere of action of the law of value, but in fact took no notice of the commodity-money relations still existing within the state sector. Mao Tse-tung, on the other hand, probably saw no theoretical problem here, since his "socialism" expressly envisaged a "bright future" for the bourgeoisie (see, for example, Peking Review 52, 1977, p. 11), which is admittedly completely incompatible with Marxism-Leninism.

So, what should be done with "economic accounting"? Should we go on pretending that such a thing never existed? But facts are a stubborn thing, and if history has produced such things in the attempt at transition to communism, there were probably reasons for it. Some others have noticed these commodity-money relations, but as far as we can see, they have only concluded that the Soviet Union was never socialist.

Our work contains, to our knowledge, the only attempt to date to analyze the socio-economic content of "economic accounting" while maintaining that Stalin's Soviet Union was socialist.

Very succinctly, the book assumes that socialism must use two crutches borrowed from the old society to manage the economy: Commodity-money relations and nationalization (hierarchical relations of superordination and subordination). But the communist element of socialist society is the overall social initiative of the revolutionary working class, which in turn springs from the character of the productive forces. This communist element varies in strength in different situations. As long as communism has not been achieved, it is not sufficient in itself to control the economy.

The commodity-crutch, the commodity-money relations are necessary to counteract the decay emanating from nationalization, but the commodity-crutch in turn produces decay. In the best case, the negative effects of the two crutches can be balanced each other out; in the worst case, these negative effects are multiplied. **The strategically decisive factor for advancing in the communist direction is always to "fortify the working class as the ruling class in all pores of economic life." But how is the working class to develop consciousness of ownership, namely, the consciousness of being the collective owner of the means of production? Mainly not by propagandistically conveying to the working class that it is the owner and should therefore act as such, but mainly by revolutionizing the relations of production in such a way that the working class becomes the real owner to an ever-greater extent.**

You, Comrade Engel, may think this is wrong. Let us assume that it is indeed wrong. But this would still not clarify why history in the socialist Soviet Union produced commodity-money relations within the state sector.

The MLPD claims that it has learned the lessons of history. Let it prove this by explaining, in contrast to what we have said, which socio-economic driving forces produced the conditions of "economic accounting", why the relations of production in question were necessary, what positive and what negative effects they had in relation to the communist goal. We look forward to the MLPD's answer to these questions.

If one does not answer these questions scientifically, one **abets**, among other things, the fashionable trend that offers a "socialist market economy" as a panacea (see, for example, the socialism theses of the DKP). If one wants to counter this with arguments, then one must, for example, be clear about why there were commodity-money relations in the socialist Soviet Union, which was

not a market economy, and how such commodity-money relations must be restricted so that it does not become a market economy. One can, of course, do it differently. One can still rattle off the dogma that in Stalin's Soviet Union, enterprise profit was a "mere accounting variable." But then one runs the risk of meeting people who know the facts and simply laugh at the monotonous preachers of the false dogma.

Of course, comrade Engel, you are not afraid of such a danger. You determine what the facts are. On such a basis, of course, you can be completely satisfied with yourself and sleep the sleep of the righteous, which nothing can shake.

In order to find a conciliatory conclusion, let us refer in this connection to a curiosity which is in itself insignificant. You, Comrade Engel, accuse us of slandering "revolutionaries like Malenkov". However, since 1993 we have had the minutes of the CC plenum of the CPSU, which took place in July 1953, four months after Stalin's death. Already then, Malenkov attacked Stalin for wanting to further restrict commodity-money relations. Instead, Malenkov called for the "transition to commodity exchange" and declared the "all-round development of commodity exchange" to be "the most important task for many years to come".

Thus, four months after Stalin's death, Malenkov actually propagated the transition to capitalism. We have documented this in the Soviet Union Book, and we have also shown why Malenkov did not get away with it. But all this does not concern you, Comrade Engel. For almost 30 years, the MLPD or its predecessor organizations have regarded Malenkov as a revolutionary who opposed Khrushchev, and now all this is supposed to be different? It can't be different! What do you care, comrade Engel, about facts!

You determine what the facts are, and you have the right way of thinking.

However, we think it unlikely that the facts will be based on what your way of thinking thinks is right. We assume the existence of an objective world, which exists independent of the way of thinking. Therefore, we also have to reject your accusation, that we would "revise"(!) a "fact". ("First of all, you are revising a fact which is indisputable among Marxist-Leninists" ....)

Neither we nor anyone else is in a position to revise facts. At least not in the mundane world. Maybe you can do it in the spheres you are floating in, where the possibilities of knowledge are not limited by material conditions....

But we already know your answer: We now have a "metaphysical-objectivistic view of the world", as you have decreed without any attempt of proof. We can only smile about this. Objectivism is an essential feature of the falsification of Marxist philosophy by modern revisionism. But who has uncovered this? Certainly not the MLPD. As far as we know, this was first revealed in a coherent way in issues 6/7/8 and 10/11 of the series Understanding and Changing the World, published by Roter Morgen, the party publishing house of the KPD.

With revolutionary greetings

Peter Urban

Below we document an article from *Roter Morgen* 1/98 which deals with the social character of the GDR.

## **On the death of Rudolf Bahro: Was the GDR a "Secularized God-State"?**

Rudolf Bahro died in December 1997.

Is it worth writing anything at all about the death of Rudolf Bahro? One could say it is not worth it, because people like him existed en masse. Scheme: Fanatical supporter of the revisionist regime in the GDR turns into an advocate of the bourgeois order in the West, but retains his missionary zeal by wanting to "improve" the latter. So why is Bahro interesting at all?

On the one hand, perhaps because he went through the scheme outlined above in particularly striking ways. His book "The Alternative. A Critique of Real Existing Socialism," led to his arrest and eventual sentencing to eight years in prison. In 1979 he was amnestied and went to the West. He was one of the founders of the Green Party, turned to "the transcendental", that is, the belief in ghosts of a modern variety, and became a disciple of the cult guru Bhagwan. If he had once sought his **psychic** support in a party that supposedly "gave man everything," including the "sun and wind," as it was called in a song in which the SED celebrated itself, he now – disappointed in this party – lived out his religious mind more openly. This did not prevent him from trying to persuade Gysi to found a "new communist party" after the collapse of the GDR. That would have been quite a party! Of course, he failed in this attempt, because Gysi and his ilk certainly sought their kingdom in this world, and there only the religion of the market and profit rules.

But the more important reason Bahro is interesting is the following:

Although Bahro's book "The Alternative" is a collection of **curly** and half-baked ideas that do not stand up to Marxist criticism, it does contain some terms that aptly describe certain phenomena on the surface of GDR society at the time: "subalternity" (that is, relationships of superiority and subordination within the framework of hierarchical structures), "inquisition", "secularized God-state" (secularized: secular). Did this society not appear in the form of an all-encompassing hierarchy, in which Instructions were "put through" from the very top to the very bottom, as it was called in the jargon? Wasn't the Stasi an inquisition that tried to spy out and break down any resistance with secret police means? And wasn't all this sanctioned by a quasi-religious ideology (masquerading as Marxist-Leninist) whose priests pretended to be in possession of the sole-sanctifying truth that consecrated every single act of state power to higher historical purposes? Undoubtedly.

And Bahro said that there were **interests at work** here. That hit like a bomb, because that was exactly what the state religion resolutely denied. According to it, the whole of society – apart from a few "counter-revolutionaries" and "mentally deranged" people – was interested in carrying out the objective course of history. In this way, the state religion concealed the different interests – some identical, some working against each other – of the various members of the hierarchical apparatus that exercised power.

He, however, neither really understood the existing state of society, nor explained how it had come to this situation, and Bahro did not even attempt to explain it. Instead, he said that "the concept of the apparatus" (namely, the power apparatus of the rulers) was "precise enough for strategic purposes", and thus the way was blocked for any further analysis.

Capital had been eliminated, but a domination (and not that of the working class!) was present – Bahro was right about that. But he declared this domination to be the "general essence of all class domination" and thus did not explain it, for truth is always concrete. A general essence which exists separately and independently of concrete things does not exist in this world and must

indeed be sought in the spirit realm of the "transcendental."

But let us be self-critical: at that time, we too did not understand the essence of the social conditions in the GDR. We declared the GDR to be capitalist, which had nothing to do with reality. Only later did we understand what had really happened in the Soviet Union and other countries. Roughly sketched out schematically, it is the following:

The working class needs socialist nationalization to smash commodity-producing relations from the bottom up. But this only creates a crude draft of communism. These first measures of the victorious working class appear "economically insufficient and untenable", but "in the course of the movement (namely, in the course of the transition to communism, RM) [they] outstrip themselves...". (Marx/Engels, Manifesto of the Communist Party, *ibid.*, p. 57)

This transition is **seen historically** as instantaneous: "The first act in which the state really comes forward as the representative of the whole of society – the taking possession of the means of production in the name of society – is at the same time its last independent act as a state" (Engels, *Anti-Dühring*, *ibid.*, p. 363).

For the individuals who pass through it, however, this "instantaneous" historical period constitutes a longer period in which the state, on the one hand, is the midwife of the new, of the society of freely associated (connected) producers, but at the same time inhibits the development of the new, because on the basis of nationalization, of hierarchical apparatuses, **special** interests develop at the same time, which, however, must disguise themselves as general ones. Under socialism the working class uses its state, but at the same time is forced to struggle with interests inimical to its class, which develop on the basis of this nationalization. But if the movement towards a classless and state-free society is stopped, the movement of these special interests becomes the determining form of movement of society and the state. The leaders of the economy and of the political power apparatus – with all the continuing contradictions among themselves – form a common class interest directed against the working class. But the bourgeois, commodity-producing order is not restored at first.

Thus, a socio-economic element appeared which was already believed to have been historically overcome: personal relations instead of relations of things **become dominant**. The commodity-producing "individual possesses social power in the form of a thing. Take away this social power from the thing, and you must give it to persons over persons." (Marx, *Outlines of the Critique of Political Economy (Grundrisse)*, *ibid.*, p. 95)

The establishment of personal power structures is necessary for the fundamental dismantling of the commodity-producing order, is a crutch of the old society which the working class must use. **But it is anything but an end in itself**. History has not replaced the stage of development of personal dependencies by the stage of dependencies on things, in order to restore the former afterwards; rather, the transition to a third, higher one is pending historically:

"Free individuality, based on the universal development of the individuals and the subordination of their communal, social productivity, which is their social possession, is the third stage." (*ibid.*). Personal relations of dependence have a progressive content only as a temporarily necessary crutch to enable the transition to this third stage.

If, however, the orientation towards communism is lost, these personal power relations become even more reactionary than the bourgeois order itself, for at the given stage of development of the productive forces, personal power rather than the power of things is no longer possible as an independent socio-economic formation. The ruling revisionists were therefore increasingly forced to expand commodity-money categories, but it was all to no avail: either the working class would have had to seize power again in a renewed revolution and restore the orientation towards communism, or the existing order would have to give way to capitalism. Since the former did not



happen, the latter took place.

So Bahro sensed quite correctly that the personal structures of domination had no prospects. He sensed quite correctly that they were in a certain sense pre-bourgeois forms of rule. These forms of rule actually had certain similarities in appearance with feudalism, and the ideological disguises that the rulers were forced to adopt actually made the regime appear as a secularized God-state.

But it was not feudalism, and since Bahro did not start from the interests of the working class, he could not eliminate the defects of his views. His practical consequence was rather to eliminate personal relations of domination by restoring the relations of things, that is, the market, but please without exploitation and alienation. Alternative agriculture on a cooperative basis – that is what he tried to do. But exploitation and alienation cannot disappear without the elimination of the market. Bahro then sought to resolve the contradiction, which in reality could not be resolved, "transcendentally", by means of religion.

Once a functionary of a party that was "always right" because it supposedly enforced history, he was now also looking for something higher than the egoistic striving of the individual for narrow-minded personal advantage that is characteristic of bourgeois society. He found this "higher" one in Bhagwan. The critic of the "secularized God-state" ended up with the non-secularized God-state of a religious sect.

In the following we document an article from the Roter Morgen 2/98 which deals with the workings of the law of value in connection with a current issue.

## **How the law of value works:**

**In West Germany, far more than 250 million Marks annually are damaged by chemicals in the fields**

According to a study by the Bonn Ministry of Agriculture, the use of pesticides in agriculture leads to considerable consequential damage. The study, which was carried out at the University of Hanover over a period of six years, states: "In the old federal states alone, about 30,000 tons of pesticides are sprayed each year; this causes damage to society amounting to at least 252 to 312 million marks. (Frankfurter Rundschau 26.1.)

The largest negative item, according to the study, is the control and treatment of pesticide-contaminated drinking water (128 to 186 million DM). Added to this are the costs of acute damage to people's health, for example by poisoning (23 million marks), the decline in biodiversity due to the use of herbicides (ten million marks) or poisonous damage to honey bees (two to four million marks). The scientists explicitly point out that important negative areas have not yet been included due to the current lack of data, including the costs of chronic health damage and "long-term effects on the sustainability of agricultural production and the soil". This could still significantly increase the total.

In fact: Clearly, for example, the study has only taken into account the most severe health damage where it is indisputable, that is, where cannot be disputed even by the chemical monopolies that it is due to pesticides. The actual damage is certainly far greater. And the damage to future generations caused by the long-term ruination of the soil cannot even be estimated.

Mind you, the fact that people have to suffer illnesses, that many die earlier, etc., is not included in the calculations from the outset as damage. Only what can be expressed in marks and pennies is taken into account. In this approach, illnesses only appear as damage insofar as, for example, costs of treatment are incurred. The damage caused by the fact that labor is idle as a result of illness could be expressed in marks and pennies, but this is presumably not taken into account by this study either. For this reason, too, the losses are likely to be significantly higher than those assumed in the study. So even from this point of view, in which the human being as such counts for nothing insofar as his activity is not expressed in marks and pennies, the use of pesticides is not economic.

And yet, there is no cure for it. Why? Because in bourgeois society it is not the profitability of society as a whole that counts, but the short-term profitability of individual private individuals, even if these private individuals are huge monopoly companies. The private person tries to achieve the greatest possible advantage and to appropriate it privately, but to burden society with the associated disadvantages and costs, to "externalize" them. The agricultural monopolies lower their production costs and increase their profits by reducing crop losses through the use of pesticides and by using less labor. The chemical monopolies make money from the sale of pesticides. What do the agricultural and chemical monopolies care if millions of people fall ill? The chemical monopolies even benefit directly. Not only do they not have to pay for the drugs. They earn again because they sell the medicines and make a profit from them.

This cannot be otherwise in a society in which the law of value is the principal regulator of production. The profit appears as the difference between the selling price and the costs spent by the individual enterprise; **consequential** costs that arise outside the enterprise, that burden society but not the private producer, do not enter into the calculation of the private individuals and cannot play any role there. However great the damage, however many people agonize and die sooner –

the logic of the law of value compels the private producer to attach no importance to all this, for all this plays no part in his private cost-benefit calculation. He would act against his own interest and ultimately perish under the pressure of competition if he were to take these things into account.

The logic of the study, as I said, is not a logic that is oriented towards human beings themselves.

This, too, is oriented towards value, but its cost-benefit calculation is based on society as a whole and therefore goes beyond the limits of the law of value. The authors of the study recommend "reconsidering" the use of pesticides, levying a "targeted tax" on particularly harmful pesticides in order to limit their use. In view of the results of the study, these were extremely modest proposals, but the authors were well aware of the powerful interests against which their study was directed. And despite this restraint, the mere publication of the study apparently had to be fought for: According to information from the Frankfurter Rundschau, it was delayed because "its results were hotly disputed internally." In other words: Because what cannot be, must not be, because it runs counter to the interests of powerful monopolies.

It is possible in principle to enact legal laws that break through the law of value in individual points. The production of certain products can simply be forbidden, and it is also quite reasonable and necessary to make demands in this regard and to fight for them. But in a commodity-producing and profit-oriented social order, only very modest partial successes will ever be possible, which will always be endangered by the workings of the law of value, by the interests of the private sector and especially of the monopolies. Incidentally, there is already a legal basis for banning pesticides. One of the co-authors of the study, for example, pointed to the current Plant Protection Products Act, according to which dangers are to be averted which are "caused by the use of plant protection products ... in particular to human and animal health and for the natural balance".

But legal rules are nothing if there is no force to enforce them. That force can only come from the working class and all progressive people, and it takes a considerable effort to achieve even modest success in this regard.

This will only be different when the relations of commodity-producing society are smashed from the bottom up, when the law of value is no longer the main regulator of production.

It is only the political power of the working class that offers the possibility of orienting production to a great extent to the interests of society. Since socialism is only the transitional society to the classless communist society, there will, however, still be special interests under socialism which run counter to the social interest, but the political power of the working class and the economic laws of socialism make it possible to set narrow limits to the action of these special interests. Thus, it will already be possible under socialism to prevent production throughout the country which runs so blatantly counter to the social interest.