

THE HISTORICAL SIGNIFICANCE OF STALIN'S  
'ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR'

by Bill Bland

PART ONE

INTRODUCTION

BY 1922 THE FORCES OF OPEN COUNTER-REVOLUTION AND FOREIGN INTERVENTION IN THE SOVIET STATE HAD BEEN DECISIVELY DEFEATED.

FROM THEN ON, THOSE WHO WISHED TO END WORKING CLASS POWER, ON WHICH THE CONSTRUCTION AND MAINTENANCE OF SOCIALISM DEPENDS, WERE COMPELLED TO PURSUE THEIR AIMS BY POSING AS 'MARXIST-LENINISTS' WHILE SEEKING TO DIVERT THE POLICIES OF THE RULING COMMUNIST PARTY ALONG LINES WHICH IN FACT WEAKENED SOCIALISM AND PAVED THE WAY FOR THE RESTORATION OF A CAPITALIST SOCIETY.

WE CALL SUCH PEOPLE 'REVISIONISTS', BECAUSE THEY SEEK TO 'REVISE' MARXISM-LENINISM IN SUCH A WAY AS TO SERVE THEIR ANTI-SOCIALIST AIMS.

IN ORDER TO APPRECIATE THE HISTORICAL SIGNIFICANCE OF STALIN'S MONUMENTAL WORK 'ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR', WE MUST SEE IT IN ITS CONTEXT OF THE CONTINUING STRUGGLE BETWEEN MARXIST-LENINISTS AND REVISIONISTS.

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TOWARDS THE END OF, AND IMMEDIATELY FOLLOWING, THE SECOND WORLD WAR, SOME INFLUENTIAL SOVIET ECONOMISTS PUT FORWARD REVISIONIST IDEAS AND TRIED TO SECURE THE ADOPTION OF REVISIONIST POLICIES.

THE 'UNDER THE BANNER OF MARXISM' EDITORIAL (1943)

In 1943 the journal 'Pod znamenem Marksizma' (Under the Banner of Marxism) published an editorial entitled 'Some Questions of Teaching Political Economy'. It was believed to be the work of one of the editors, the economist Lev LEONTIEV:

"This editorial was probably written by L. Leontiev".

(Vsevolod Holubnychy: 'Soviet Debates on Economic Theories: An Introduction', in: Harry G. Shaffer (Ed.): 'The Soviet Economy: A Collection of Western and Soviet Views'; London; 1964; p. 345).

The editorial put forward the revisionist thesis that the

" . . . economic laws of socialism, in their character, content, method of action, are fundamentally different from the economic laws of capitalism".

('Some Questions of Teaching Political Economy', (hereafter listed as 'Some Questions' (1943)), in: 'American Economic Review', Volume 34, No. 3 p. 518).

and that, under socialism, policy decisions of the Soviet state in the economic field constituted 'economic laws'. It denounced as

" . . . quite un-Marxist the view that only those laws can be considered economic laws which manifest themselves independently of man's

will and consciousness".

('Some Questions' (1943): op. cit.; p. 513).

so that

"The industrialisation of the country and the collectivisation of agriculture were laws of the socialist development of society".

('Some Questions' (1943): op. cit.; p. 516).

The revisionist content of the editorial attracted considerable attention among economists outside the Soviet Union — for example, the 'New York Times' on 2 April 1944 summarised the editorial under the headline:

'COMMUNIST DOGMAS BASICALLY REVISED'.

('New York Times', 2 April 1944; p. 7).

but

" . . . Soviet economists . . . were not at all enthusiastic about the editorial of 1943; they ignored it almost unanimously".

(Vsevolod Holubnychy: op. cit.; p. 344).

#### THE DISPUTE OVER REGIONAL ECONOMIC PLANNING (1945)

On 5 July 1945, Nikolai VOZNESENSKY, who had been Chairman of the State Planning Committee (Gosplan) since 1938,

" . . . presented the findings of an investigatory committee to a session of the State Planning Committee. In his report Voznesensky . . . proposed that the USSR be divided for planning purposes into 17 regions, each distinguished by its current specialisation in the output of a particular branch (or branches) of industry".

(Timothy Dunmore: 'The Stalinist Command Economy: The Soviet State Apparatus and Economic Policy: 1945-53'; London; 1980; p. 43).

Marxist-Leninist economists objected to the scheme on the grounds that

" . . . such a regionalisation would have inhibited the planning of development of industries completely new to a particular area. It would therefore have discriminated against the more backward areas of the east, where relatively few branches of industry were well developed at this time. . . .

This regionalisation would also have accorded a very low priority to the nationalities policy".

(Timothy Dunmore: *ibid.*; p. 43).

Voznesensky's scheme was rejected, and

" . . . on 25 July 1945 a new commission was established to work out a regionalisation based on complex development criteria".

(Timothy Dunmore: *ibid.*; p. 43).

#### THE CAMPAIGN TO RELAX PLANNING PRIORITY FOR MEANS OF PRODUCTION (1945-47)

At this time, Voznesensky was closely associated with Mikhail RODIONOV (who had been Premier of the Russian Republic (RSFSR) since 1943). In 1945 the two had

" . . . a common approach to practical economic problems".  
(William O. McCagg, Junior: 'Stalin Embattled: 1943-1948'; Detroit; 1978;  
p. 134).

Other prominent figures associated with this trend were Anastas MIKOYAN (who had been a member of the Politburo of the CC of the CPSU since 1935 and a USSR Deputy Premier since 1937), Aleksey KOSYGIN (who had been a USSR Deputy Premier since 1940 and Premier of the Russian Federation since 1943), and Aleksey KUZNETSOV (who had been 1st Party Secretary in Leningrad in 1945-46 and a secretary of the CPSU since 1946).

The principal feature of this trend was the revisionist proposal that, now that the war was over, the traditional priority accorded in socialist economic planning to the production of means of production could and should be relaxed:

"Voznesenky, Mikoyan, Kosygin and Rodionov came in 1945 explicitly together as a managerial grouping which favoured establishing a place in the peacetime economy of the Soviet Union for light, as well as heavy industries. . . . His (Voznesensky's — Ed.) Five Year Plan speech of March 1946 assigned priority on the immediate level to reconstruction tasks, civilian housing and consumer goods. . . .

After 1945 this group, and particularly Rodionov, was involved in political intrigues. . . . Rodionov . . . was a Russian nationalist".  
(William O. McCagg, Junior: *ibid.*; p. 134, 135).

The group around Voznesensky used their power-base in Leningrad to introduce in the Russian Republic some of the policy changes for which they stood. They introduced

" . . . in the Russian Republic a number of administrative reforms to increase consumer production. . . .

During 1946 and 1947, for example, the Russian Republic blossomed with ministries for technical culture, cinematography, luxury goods, delicatessen products, light industry and the like".

(William O. McCagg, Junior: *ibid.*; p. 135, 363).

#### FRIENDLY RELATIONS WITH THE YUGOSLAV REVISIONISTS (1946-48)

Between 1946 and 1948, leading Leningrad figures established friendly relations with Yugoslav leaders who were, in the latter year, denounced by the Cominform as revisionists. Yugoslav Politburo member Milovan DJILAS describes how Aleksandr VOZNESENSKY, Nikolay's elder brother who was Minister of Education in the Russian Republic, expressed revisionist views to him in 1946:

"I was well acquainted with Voznesensky's elder brother, a university professor who had just been named Minister of Education in the Russian Federation. I had some very interesting discussions with the elder Voznesensky at the time of the Pan-Slavic Congress in Belgrade in the winter of 1946. We had agreed not only about the narrowness and bias of the prevailing theories of 'socialist realism', but also about the appearance of new phenomena in socialism. . . . with the creation of new socialist countries and with changes in capitalism which had not yet been discussed theoretically".

(Milovan Djilas: 'Conversations with Stalin'; Harmondsworth; 1963; p. 117).

Djilas reports that a Yugoslav delegation to the Soviet Union in January 1948 was received in Moscow with 'reserve', but was warmly welcomed in Leningrad. He tells us that since the delegation

" . . . wished to see Leningrad, I approached Zhdanov about this, and he graciously agreed. . . . But I also noticed a certain reserve. . .

Our encounter with Leningrad's officials added human warmth to our admiration. . . . We got along with them, easily and quickly. . . . We observed that these men approached the life of their city and citizens . . . in a simpler and more human way than the officials in Moscow.

It seemed to me that I could very quickly arrive at a common political language with these people simply by employing the language of humanity". (Milovan Djilas: *ibid.*; p. 129, 130-31).

Vladimir DEDIJER, the Yugoslav Director of Information, confirms that the Yugoslav delegation

" . . . expressed a wish to visit Leningrad. They were warmly welcomed there".

(Vladimir DediJer: 'Tito Speaks: His Self-Portrait and Struggle with Stalin'; London; 1953; p. 322).

Naturally, these developments did not go unnoticed in Moscow. The Central Committee of the Communist Party of the Soviet Union noted in its letter to the Central Committee of the Communist Party of Yugoslavia of 4 May 1948 that the last Yugoslav Party delegation to the Soviet Union had preferred to obtain 'data' from officials of the Party Leningrad organisation rather than from officials in Moscow:

"At the occasion of his last visit to the USSR, Comrade Djilas, while sojourning in Moscow, went for a couple of days to Leningrad, where he talked with Soviet comrades. . . . Comrade Djilas has abstained from collecting data from . . . officials of the USSR, but he did so from local officials in Leningrad organisation.

What did Comrade Djilas do there, what data did he collect? We have not considered it necessary to busy ourselves with such queries. We suppose he has not collected data there for the Anglo-American or the French Intelligence Services".

(Central Committee, Communist Party of the Soviet Union: Letter to CC, CPY (4 May 1948), in: 'Correspondence of the Central Committee of the Communist Party of Yugoslavia and the Central Committee of the All-Union Communist Party (Bolsheviks)'; Belgrade; 1948; p. 42).

In this connection, Robert Conquest points out:

"Thus the Leningraders are said to have given Djilas material which would have been harmful to that State if handed over to imperialist secret services. But within a year it was said that the Yugoslavs were agents of the secret services".

(Robert Conquest: 'Power and Policy in the USSR: The Study of Soviet Dynasties'; London; 1961; p. 102).

#### VARGA'S BOOK ON THE WAR ECONOMY (1946)

In September 1946 a book was published in Moscow by the Hungarian-born economist Evgeny VARGA, Director of the Institute of World Economy and World

Politics. It was entitled 'Changes in the Economy of Capitalism as a Result of the Second World War'.

The book incorporated a number of revisionist theses:

Firstly, it failed to deal with economic and political questions as inter-related;

Secondly, it declared that 'state capitalism' prevailed in the People's Democracies established in Eastern Europe after the Second World War, and that these states were of 'relatively small significance in world economy';

Thirdly, it presented the state in monopoly capitalist countries as the machinery of rule of monopoly capital only 'in normal times', while in times of national emergency, such as war, it was 'the machinery of rule of the capitalist class as a whole';

Fourthly, it fostered the view that nationalisation measures in modern capitalist countries were analogous to the socialist measures carried out in the People's Democracies of Eastern Europe;

Fifthly, it fostered the view that, in modern capitalist countries, the working class 'could gradually increase its influence in the state apparatus until it had secured the dominant position within it';

Sixthly, it painted a picture of relations between modern imperialist countries and colonial-type countries which implied that the former relations of exploitation of the latter by the former had been 'reversed';

Seventhly, it expressed the view that wartime changes in modern capitalist countries made 'state economic planning' possible in those countries;

Eighthly, it did not base itself on the deepening general crisis of capitalism;

Ninthly, it expressed the view that in the post-war world the contradictions between imperialism and the Soviet Union would be 'greatly reduced', so that Lenin's proposition that war was inevitable under imperialism was no longer valid.

#### THE CRITICISM OF VARGA'S BOOK (1947-49)

Varga's book was naturally heavily criticised by economists loyal to Marxism-Leninism on these questions. For example, in May 1947, Varga's book

" . . . was subject to extensive criticism in a series of specially convened meetings of the Economics Institute of the Academy of Sciences and the Economics Department of Moscow University".  
(R. S.: 'The Discussions on E. Varga's Book on Capitalist War Economy', in: 'Soviet Studies', Volume 1, No. 1 (June 1949); p. 33).

Although

" . . . the May Discussion . . . was conducted in good spirit and in a dignified manner",  
(Evsey D. Domar: 'The Varga Controversy', in: 'American Economic Review',

Volume 49, No. 1 (March 1950); p. 149).

at this time Varga was willing to make only one minor admission of error -- on the character of the People's Democracies:

"If you were to ask me whether I consider it necessary to change any theoretical proposition . . . (except the treatment of the question concerning the character of people's democracy) I would have to reply. comrades -- "No". And those reviews that I have seen also have not convinced me in the slightest that any of my fundamnebtal theoretical propositions need changing",  
(Evgeny S. Varga: Statement at May 1947 Discussion Meeting, in: 'Soviet Views on the Post-War World Economy: An Official Critique of Evgeny Varga's "Changes in the Economy of Capitalism resulting from the Second World War"'; Washington; 1948; p. 2-3).

Five months later, in October 1947,

" . . . Varga's Institute of World Economy was liquidated".  
( 'A Soviet Economist falls from Grace', in: 'Fortune', Volume 37 (March 1948); p. 5).

In October 1948,

" . . . an augmented session of the Learned Council of the Academy of Sciences, with the participation of scholars, educators and representatives of government ministers, convened".  
(Philip J. Jaffe: 'The Rise and Fall of American Communism'; New York; 1975; p. 111-12).

The main item on the agenda was a further critical discussion on Varga's book.

Konstantin OSTROVITIANOV, the Director of the Economics Institute of the USSR Academy of Sciences, denounced the work as 'un-Marxist':

"The series of works published in recent years on questions of the economics and politics of capitalist countries contain gross anti-Marxist errors and distortions. . . .

These books were severely and justly criticised in the pages of the Soviet press. The criticism revealed systematic errors of a reformist nature in these books. . . .

Mistakes of a reformist nature also found reflection in the magazine 'World Economy and World Politics', of which Varga was editor.

Comrade Varga, who headed this un-Marxist trend, and some of his fellow-travellers, have not yet made admissions of their mistakes. . . . Such a non-Party attitude towards criticism leads to new theoretical and political errors".

(Konstantin Ostrovitianov: 'Concerning Shortcomings and Tasks of Research Work in the Field of Economics', in: 'Current Digest of the Soviet Press', Volume 1, No. 6 (8 March 1949); p. 5-6).

Varga, however, still refused to admit more than two errors in his work:

"The separation of economics from politics was erroneous. . . .  
I erred when I said that state capitalism prevailed in the economy of the people's democracies. . . .

I cannot follow the advice and admit all the criticism of my work to

be correct. . . . There are things I cannot admit".  
(Evgeny Varga: Contribution to October 1948 Discussion, in: 'Current Digest of the Soviet Press', Volume 1, No. 11 (12 April 1949); p. 17, 18).

In closing the discussion, Ostrovitianov commented:

"Comrade Varga continues stubbornly to deny his gross errors of principle which were characterised in our Party press as mistakes of a reformist nature. . . .

You are asked to abandon the part of an injured dignitary of science and to try conscientiously to analyse your errors and, most important, to correct them, creating new works corresponding to the requirements of Marxist-Leninist science. From the history of our Party, you should know to what sad consequences stubborn insistence on one's errors leads".  
(Konstantin Ostrovitianov: Closing Statement at October 1948 Discussion, in: 'Current Digest of the Soviet Press', Volume 1, No. 12 (19 April 1949); p. 5-6).

#### VOZNESENSKY'S BOOK ON THE WAR ECONOMY (1947)

In 1947 Voznesensky published a book entitled 'War Economy of the USSR in the Period of the Patriotic War' which, like Varga's book, put forward some revisionist theses -- including that put forward in the 1943 'Under the Banner of Marxism' editorial.

Firstly, it asserted that a socialist economic plan was equivalent to an economic law:

"It is essential to note the . . . specific features of the state economic plan . . . that convert it into the law of the economic development of the USSR. . . .

The state plan has the force of a law of economic development. . . . Socialist planning . . . is in itself a social law of development".

(Nikolai A. Voznesensky: 'War Economy of the USSR in the Period of the Patriotic War'; Moscow; 1948; p. 115, 120).

As the New Zealand-born economist Ronald MEEK states, this thesis

" . . . comes very close indeed to a virtual identification of 'economic law' under socialism with government economic policy".

(Ronald L. Meek: 'Studies in the Labour Theory of Value'; London; 1956; p. 273).

Secondly, it favoured the concept that the state planning authorities should base the distribution of production resources in the economy on the law of value:

"The state plan in the Soviet economic system makes use of the law of value to set the necessary proportions in the production and distribution of social labour and the social product. . . .

The law of value operates . . . in the distribution of labour among the various branches of the Soviet Union's national economy. . . . The state plan makes use of the law of value to ensure the proper apportionment of social labour among the various branches of the economy".

(Nikolai A. Voznesensky: op. cit.; p. 117, 118).

Thirdly, it favoured a relaxation of the principle that socialist economic planning should give priority to the production of means of production. The chapter headed 'Post-War Socialist Economy' proposes

" . . . the increase of the portion of the social product earmarked for consumption".  
(Nikolai A. Voznesensky: *ibid.*; p. 147).

In spite of these revisionist deviations the book was, in general, favourably reviewed and, in 1948, was awarded a Stalin Prize.

The Australian economist Bruce McFARLANE points out that Vosnesensky's economic theories were put into effect by the revisionists in the 'economic reforms' which followed Stalin's death:

" . . . his (Voznesensky's -- Ed.) theories . . . anticipated by a decade the actual changes in the structure of the Soviet economy that were introduced during 1957-60".  
(Bruce J. McFarlane: 'The Soviet Rehabilitation of N. A. Voznesensky -- Economist and Planner', in: 'Australian Outlook', Volume 16, No. 2 (August 1964); p. 151).

#### THE 'CULT' OF LENINGRAD (1947-48)

In 1947,

" . . . M. I. Rodionov, the young Russian nationalist leader, . . . publicly linked his campaign for reform in the Russian Republic with the cult of Leningrad".  
(William O. McCagg, Junior: *op. cit.*; p. 275).

As a part of this campaign, in 1948 the group around Voznesensky proposed

" . . . that the capital of the Russian Republic be transferred from Moscow to Leningrad, and that the republic's Party headquarters be moved to the northern city as well. The advocates of that move were Rodionov and VLASOV, respectively chairmen of the Council of Ministers (Prime Minister -- Ed.) and of the Presidium of the Supreme Soviet (President -- Ed.) of the RSFSR".  
(Peter Deriabin: 'Watchdogs of Terror: Russian Bodyguards from the Tsars to the Commissars'; Bethesda (USA); 1984; p. 312).

In 1948 Pyotr POPKOV, First Secretary of both the Leningrad Regional and City Committees of the Party, proposed to Nikolay Voznesensky

" . . . that he should 'patronise' (i.e., pay special attention to satisfying the needs of -- Ed.) Leningrad".  
(*'Political Archives of the Soviet Union'*, Volume 1, No. 2 (1990) (hereafter listed as *'Political Archives'* (1990); p. 154).

Voznesensky did not inform the Central Committee of Popkov's approach.

The Soviet Marxist-Leninists saw these proposals as a move to make the Communist Party in the Russian Republic the centre of an anti-Party, anti-socialist conspiracy.



### THE COUNTRY-WIDE ECONOMIC REFORM (1949)

In January 1949, the group around Voznesensky felt in a strong enough position to introduce on a country-wide scale the 'economic reforms' proposed by Voznesensky -- in particular, the close relation of the wholesale prices of commodities to their value -- which would prepare the ground for making profit the regulator of production:

"On January 12 1949, wholesale prices were raised very considerably".  
(Peter J. D. Wiles: 'The Political Economy of Communism'; Oxford; 1962; p. 119).

The 'reform' was described as Voznesensky's

" . . . swingeing reduction of subsidies".  
(Archie Brown (Ed.): 'The Soviet Union: A Biographical Dictionary'; London; 1990; p. 43).

It must be noted that

" . . . in 1950, after Voznesensky's fall, this policy was reversed".  
(Robert Conquest: op. cit.; p. 105).

### THE ALL-RUSSIA WHOLESALE FAIR (1949)

In 1948,

" . . . Voznesensky suggested that an international fair be staged in Leningrad".  
(Peter Deriabin: op. cit.; p. 313).

As a result, on 10-20 January 1949 an All-Russia Wholesale Fair was held in Leningrad.

On 13 January 1949, after the fair had opened, the Prime Minister of the Russian Federation, Mikhail Rodionov,

" . . . sent MALENKOV, Secretary of the Central Committee, a message saying that an All-Russia Wholesale Fair had opened in Leningrad and that trading organisations from other Soviet republics were participating".  
(Mikhail Rodionov: Message to Georgi Malenkov, 13 January 1949, in: 'Political Archives' (1990): op. cit.; p. 153).

Georgi Malenkov circulated Rodionov's message to Lavrenti BERIA, Nikolai Voznesensky and Anastas Mikoyan, writing on it:

"Please take a look at Comrade Rodionov's message. I consider projects of this kind must be carried out with permission from the Council of Ministers (i.e., the USSR government -- Ed.)"  
( 'Political Archives' (1990): ibid.; p. 153).

### THE POLITBURO ACTION AGAINST THE LENINGRAD CONSPIRATORS (1949)

By now the Marxist-Leninist members of the Politburo of the Central Committee of the CPSU were satisfied that leading Party members in Leningrad were involved in a conspiracy aimed at diverting the Party's policy away from Marxist-Leninist principles and at driving a wedge between the Leningrad Party

and the Central Committee.

On 15 February 1949, the Politburo adopted a resolution "On the Anti-Party Actions of Comrades Aleksey A. Kuznetsov, Mikail I. Rodionov and Pyotr S. Popkov". The resolution strongly criticised the named Party members for 'anti-state activities'

The accusation was made in the resolution that

" . . . the All-Russia Wholesale Fair in Leningrad, organised by Kuznetsov, Rodionov and Popkov, had resulted in a squandering of state commodity stocks and in unjustifiable expenditures of resources". ('Political Archives' (1990): *ibid.*; p. 153).

The resolution further stated:

"The Politburo of the A-UCP (b) Central Committee considers that the aforesaid anti-Party actions are a consequence of an unhealthy and non-Bolshevik deviation of Comrades Kuznetsov, Rodionov and Popkov, reflected in their demagogic flirting with the Leningrad organisation, their disparaging of the Central Committee, which allegedly does not assist the Leningrad organisation, and in their trying to put themselves forward as some special champions of Leningrad's interests, erect a wall between the Central Committee and the Leningrad organisation, and thereby distance the Leningrad organisation from the Party's Central Committee.

. . . .  
In this context, it should be noted that Comrade Popkov, as First Secretary of the Leningrad Regional and City Committees of the Party, . . . is embarking on the road of circumventing the Party's Central Committee. . . .

It is in the same light that we should consider the proposal, of which the Central Committee has just learned from Comrade Voznesensky, that he should 'patronise' Leningrad. . . .

The Politburo of the Central Committee considers that such non-Party methods must be nipped in the bud, for they express anti-Party group tactics, breed mistrust in relations between the Leningrad Regional Committee and the Central Committee, and could result in the Leningrad organisation breaking away from the Party. . . .

The Central Committee points out that when he tried to turn the Leningrad organisation into a bastion of his anti-Leninist faction, ZINOVIEV resorted to the same anti-Party methods of playing up to the Leningrad organisation, disparaging the Central Committee, which allegedly did not care about the needs of Leningrad, detaching the Leningrad organisation from the Party".

('Political Archives' (1990): *ibid.*; p. 153-54).

The Politburo

" . . . decided to dismiss Rodionov, Kuznetsov and Popkov from their jobs, and handed down Party reprimands to them" ('Political Archives' (1990): *op. cit.*; p. 153).

Voznesensky was also reprimanded:

"The Politburo decision said:

'Although he turned down Comrade Popkov's invitation to 'patronise' Leningrad, . . . Comrade Voznesensky, a member of the

Politburo of the Central Committee, was wrong in not telling the Central Committee".  
(*'Political Archives'* (1990): op. cit.; p. 154).

MALENKOV'S VISIT TO LENINGRAD (1949)

On 21 February 1949,

" . . . Malenkov was briefed by Stalin and despatched to Leningrad. . . Malenkov was to 'go there and take a good look at what's going on . . .'. Malenkov left by train that very night.

The 'signals' coming from Leningrad alleged that, with the connivance of Central Committee Secretary A. A. Kuznetsov, the local Party boss (Popkov -- Ed.) was not taking notice of the central party authorities".  
(Dmitri Volkogonov: *"Stalin: Triumph and Tragedy"*; London; 1991; p. 520).

On 22 February 1949,

" . . . Malenkov told a joint plenary meeting of the Leningrad Regional and City Party committees about the Central Committee's decision of February 15, 1949 concerning Kuznetsov, Rodionov and Popkov. He declared that an anti-Party group existed in Leningrad. . . . Only Popkov and KAPUSTIN admitted that their activities had been of an anti-Party nature. After them, other speakers began begging for indulgence. . . .

The resolution of the joint plenary meeting accused Kuznetsov, Rodionov, Popkov and Kapustin of belonging to an anti-Party group".  
(*'Political Archives'* (1990): op. cit.; p. 154).

THE DISMISSAL OF VOZNESENSKY (1949)

On 5 March 1949,

" . . . the Bureau of the USSR Council of Ministers adopted a draft decision 'On the State Planning Committee', which included Stalin's phrase to the effect that 'an attempt to doctor figures to fit this or that prejudiced opinion is a criminal offence'.  
(*'Political Archives'* (1990): op. cit.; p. 155).

By decision of the USSR Council of Ministers on the same date,

" . . . Voznesensky was dismissed as Chairman of the USSR State Planning Committee".  
(*'Political Archives'* (1990): op. cit.; p. 155).

VARGA'S DISCLAIMER (1949)

In March 1949, Varga felt compelled to write a letter to the Party newspaper 'Pravda' (Truth) denying foreign press reports that he was 'of Western orientation':

"I wish to protest most strongly against the dark hints of the war instigators to the effect that I am a man 'of Western orientation'. Today, in the present historical circumstances, that would mean being a counter-revolutionary, an anti-Soviet traitor to the working class".  
(Evgeny S. Varga: Letter to the Editor, 'Pravda' (15 March 1949), in: 'Current Digest of the Soviet Press', Volume 1, No. 10 (5 April 1949); p.

45).

VARGA'S SELF-CRITICISM (1949)

In April 1949, Varga published in 'Voprosy ekonomiki' (Problems of Economics) a long article admitting the justice of most of the criticisms made of his book:

"My book 'Changes in the Economy of Capitalism as a Result of the Second World War' was severely criticised, as is well known, in the Party press and in scholarly discussions. A large number of other works of the former Institute of World Economy and World Politics, published after the war, likewise were severely criticised. As director of that institute, I was responsible for these works. This criticism was necessary and correct. My mistake was that I did not recognise at once the correctness of this criticism. But better late than never. . . .

My prolonged delay in admitting the mistakes disclosed by the criticism undoubtedly was harmful. . . .

Honourably to admit mistakes made; to analyse their causes thoroughly in order to avoid them in the future -- this is precisely what Lenin considered the only correct approach, both for Communist parties and for individual comrades. . . .

There is no doubt that in this respect I did not act with wisdom".  
(Evgeny S. Varga: 'Against the Reformist Tendency in Works on Imperialism', in: 'Current Digest of the Soviet Press', Volume 1, No. 19 (7 June 1949) (hereafter listed as 'Evgeny Varga (1949)'; p. 3, 9).

Varga admitted that these errors were particularly dangerous because they were reformist departures from Marxism-Leninism

"These errors constitute a whole chain of errors of a reformist tendency, in toto signifying a departure from a Leninist-Stalinist evaluation of modern imperialism.

It goes without saying that mistakes of a reformist tendency also signify mistakes of a cosmopolitan tendency, because they paint capitalism in rosy colours.

Every reformist mistake, every infringement of the purity of Marxist-Leninist teachings, is especially dangerous in present historical circumstances".

(Evgeny S. Varga (1949): *ibid.*; p. 3).

and because they related to the evaluation of the nature of the bourgeois state:

"All mistakes of a reformist tendency in respect of the bourgeois state . . . lend support to the counter-revolutionary, reformist deception of the working class. . . .

The mistakes in my book, disclosed by the criticism, have all the greater significance in that they principally concern questions on the evaluation of the role and character of the bourgeois state".

(Evgeny S. Varga (1949): *ibid.*; p. 3, 4).

Varga agreed with his critics that the fundamental reason for his chain of reformist errors was his incorrect attempt to separate economics from politics:

"The fundamental reason for this (chain of errors -- Ed.), as my

critics correctly established, was the methodologically erroneous separation of economics from politics. . . .

Mistakes of a reformist tendency inevitably proceed from a departure from the Marxist-Leninist dialectical method, which demands a many-sided study of all phenomena under analysis and their mutual relationships. .

When an attempt is made (as in my case and that of a number of other authors of the former Institute of World Economy and World Politics) to analyse the economy of capitalism 'outside of politics', this departure from the Marxist-Leninist method leads inevitably, unintentionally, to mistakes of a reformist tendency. . . .

My book is methodologically incorrect in divorcing the analysis of economics from politics".

(Evgeny S. Varga (1949): *ibid.*; p. 4, 8).

In particular, admitted Varga. this incorrect methodology led to his incorrect characterisation of the state under monopoly capitalism as, in 'normal' times, the machinery of rule of the capitalist class as a whole, and not as the machinery of rule of monopoly capital:

"There is no doubt that I was in error in characterising the modern state as 'an organisation of the bourgeoisie as a whole' rather than, as it should be characterised, as a state of the financial oligarchy".

(Evgeny S. Varga (1949): *ibid.*; p. 4-5).

It was this failure to make clear

". . . the consolidation of the union of the state apparatus with the financial oligarchy during the war",

(Evgeny S. Varga (1949): *ibid.*; p. 5).

declared Varga, which had led him to suggest that the proletariat could gradually increase its influence in the state apparatus until the point was reached where it had the decisive role in the state. Quoting from his book, Varga admitted:

"These lines would win the applause of any reformist. . . .

The question of state power is a question of the correlation of class forces, and can be resolved only in class struggle".

(Evgeny S. Varga (1949): *ibid.*; p. 5).

Varga also now accepted that the characterisation he gave in his book of the nature of nationalisation in modern capitalist countries was erroneous:

"The incorrect characterisation which I gave of nationalisation in England follows these same lines. It goes without saying nationalisation of the important branches of the economy represents further consolidation of state capitalism. . . .

In view of the class character of the state, nationalisation in England does not signify progress in the direction of democracy of a new type".

(Evgeny S. Varga (1949): *ibid.*; p. 6, 7).

A similar fundamental error, admitted Varga, led to

". . . the incorrect evaluation of the changes in relations between England and India. . . .

Was England really transformed into the creditor of India? . . . In amount of capital, India is England's creditor, but in income from capital England is even now the exploiter of India". (Evgeny S. Varga (1949): *ibid.*; p. 7).

Varga confirmed his earlier admission of error in characterising the People's Democracies of Eastern Europe both as 'state capitalist' and now also as of 'relatively small' significance:

"The break off of these countries (the People's Democracies -- Ed.) from the imperialist system was undoubtedly one of the most important social-economic results of the second world war and signifies a deepening of the general crisis of capitalism. . . .

It was incorrect to assert . . . that state capitalism predominates in these countries. It was especially incorrect to evaluate their significance as 'relatively small'". (Evgeny S. Varga (1949): *ibid.*; p. 8, 9).

He also now accepted that he had been in error in asserting that genuine state economic planning could occur in modern capitalist countries:

"I made these mistakes worse by the assertion that since the war 'something in the way of a unique "state plan" had appeared in certain capitalist countries'. I must admit that all my assertions concerning the question of 'planning under capitalism' are a great retreat from my correct position in 1935. . . .

A still more resolute struggle must be carried on against the mendacious propaganda conducted by the reformists for a planned economy under capitalism". (Evgeny S. Varga (1949): *ibid.*; p. 8).

Finally, Varga agreed that he had been seriously wrong in paying little attention to the intensification of the general crisis of capitalism:

"The fact that the book did not take up the question of the deepening of the general crisis of capitalism has tremendous importance. This inevitably caused the reader to imagine that the world war did not reflect the deepening of the crisis. . . . The absence of problems concerning the general crisis of capitalism is a serious mistake".

(Evgeny S. Varga (1949): *ibid.*; p. 9).

Thus, Varga had now admitted that all the theses for which he had been criticised were incorrect, except for his thesis that wars were no longer inevitable under imperialism.

#### THE CC RESOLUTION ON VOZNESENSKY'S BOOK (1949)

On 14 July 1949, the Central Committee of the CPSU adopted a resolution declaring that

" . . . the editors of 'Bolshevik' made a serious mistake in offering the pages of the magazine for servile glorification of N. Voznesensky's book 'The War Economy of the USSR in the Period of the Patriotic War'". (Resolution of CC, CPSU (14 July 1949), in: 'Current Digest of the Soviet Press', Volume 4, No. 50 (24 January 1952); p 15).

and took the decision

" . . . to remove Comrade F. N. FEDOSEYEV from the post of editor-in-chief of the magazine 'Bolshevik'".  
(Resolution of CC, CPSU (14 July 1949), in: 'Current Digest of the Soviet Press', Volume 4, No. 50 (24 January 1952); p 15).

Although unable to prevent the dismissal (and later trial) of Voznesensky, the concealed revisionists in leading positions in the CPSU were strong enough to prevent publication of this resolution. Indeed,

" . . . it was not until December 1952 that any reference whatever was again made to Voznesensky".  
(Robert Conquest: op. cit.; p. 155).

This was a few days before (on 13 January 1952) the Marxist-Leninists launched their public exposure of the revisionist plot to murder Andrei ZHDANOV and Aleksandr SHCHERBAKOV by criminally incorrect medical treatment.

#### THE MISSING DOCUMENTS (1949)

In July 1949,

" . . . E. E. ANDREYEV who was appointed to the USSR Planning Committee as an authorised representative of the Central Committee responsible for personnel, submitted a memo . . . alleging that the Planning Committee had lost some of its documents between 1944 and 1949".  
( 'Political Archives (1990): op. cit.; p. 155).

The matter was referred to the Party Central Committee, which

" . . . prepared a memorandum 'On Voznesensky's Un-Party Behaviour', alleging that the Planning Committee had reduced industrial plans, that departmental tendencies had been exposed and wrong personnel employed at the Planning Committee, and that Voznesensky . . . had maintained ties with the anti-Party group in Leningrad".  
( 'Political Archives (1990): op. cit.; p. 155).

On 9 September 1949, the Party Control Commission submitted to Malenkov its recommendation

" . . . that Voznesensky be expelled from the Central Committee and charged with the loss of Planning Committee documents. . . . On September 12 and 13 1949, the proposal was approved by a Plenary Meeting of the Central Committee".  
( 'Political Archives' (1990): op. cit.; p. 155).

#### VOZNESENSKY'S 'THE POLITICAL ECONOMY OF COMMUNISM' (1949)

In the autumn of 1949,

" . . . removed from all his posts, Nikolay Alekseyevich (Voznesensky -- Ed.) sat at home and continued to work on 'The Political Economy of Communism'".  
(G. Petrovichev: 'He Kept His Vow', in: 'Current Digest of the Soviet Press', Volume 15, No. 47 (18 December 1963); p. 12).

The work developed Voznesensky's ideas about

" . . . harnessing the 'socialist profit' motive".  
(Bruce J. McFarlane: op. cit.; p. 162).

#### THE ARRESTS (1949)

On 13 August 1949,

"Kuznetsov, Popkov, Rodionov, Lazutin\* . . . were arrested in Malenkov's study in Moscow".  
(*'Political Archives'* (1990): op. cit.; p. 155).

and on 27 October 1949,

" . . . Voznesensky was arrested".  
(*'Political Archives'* (1990): op. cit.; p. 155).

#### THE RESTORATION OF THE DEATH PENALTY (1950)

On 13 January 1950 the Presidium of the Supreme Soviet issued

" . . . a decree reinstating the death penalty -- abolished in the USSR in May 1947 -- for treason, espionage and sabotage".  
(*'Keesing's Contemporary Archives'*, Volume 7; p. 10,462).

#### THE INVESTIGATION (1949-50)

Malenkov

" . . . personally supervised the investigation and took part in the interrogations".  
(*'Political Archives'* (1990): op. cit.; p. 155).

A movement

" . . . was launched in Leningrad to replace officials at all levels.  
. . .  
More than 2,000 leading officials . . . were dismissed from their jobs in Leningrad and the region in 1949-52".  
(*'Political Archives'* (1990): op. cit.; p. 156).

#### THE INDICTMENT (1950)

On 26 September 1950, the indictment was published in what came to be known as 'the Leningrad Affair'. The defendants were Voznesensky, Kusnetsov, Rodionov, Popkov, Kapustin, and four others.  
(*'Political Archives'* (1990): op. cit. p. 151).

They

" . . . were all charged with having set up an anti-Party group to conduct sabotage and subversion aimed at detaching the Leningrad Party organisation and setting it against the Party's Central Committee and turning it into a bastion to fight the Party and its Central Committee".  
(*'Political Archives'* (1990): op. cit.; p. 152).



THE TRIAL (1950)

The trial of the defendants in the 'Leningrad Affair'

" . . . took place in September 1950 at Officers' House on Liteiny Boulevard in Leningrad".

(Dmitri Volkogonov: op. cit.; p. 522 (citing 'Central State Archives of the October Revolution', f. 7,523, op. 107, d. 261, l. 12).

According to the official record of the trial, as quoted by the Supreme Court of the USSR in April 1957:

"The accused pleaded guilty to having formed an anti-Soviet group in 1938, carrying out diversionary activity in the Party aimed at undermining the Central Committee organisation in Leningrad and turning it into a base for operations against the Party and its Central Committee. . . . To this end, . . . they spread slanderous allegations and uttered traitorous plots. . . . They also sold off state property. . . . As the documents show, all the accused fully confessed to these charges at the preliminary investigation and in court".

(Dmitri Volkogonov: *ibid.*; p. 522, citing 'Central State Archives of the October Revolution', f. 7,523, op. 107, d. 261, l. 13-15).

All the accused were found guilty.

Voznosensky, Kuznetsov, Rodionov, Popkov, Kapustin and one other were sentenced to death. The other defendants were sentenced to terms of imprisonment of from 10 to 15 years.

The death sentences were carried out on 1 October 1950.

THE HISTORICAL SIGNIFICANCE OF STALIN'S  
'ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR'

by Bill Bland

PART TWO

THE PREPARATION OF A NEW TEXTBOOK ON POLITICAL ECONOMY (1940-52)

As long ago as 1940 or 1941, Stalin had proposed the preparation of a new textbook of political economy to cover the political economy of socialism:

"In 1940 or 1941 . . . in an unpublished statement, Stalin urged economic theorists to work out a textbook on Soviet economics".  
(Vsevolod Holubnychy: 'Soviet Debates on Economic Theories: An Introduction', in: Harry G. Shaffer (Ed.): op. cit.; p. 344).

However, the German attack upon the Soviet Union in June 1941 held up serious work on the preparation of the new textbook, and

" . . . it was not until 1951 that a group of senior economists was finally directed to write the first draft of a textbook on Soviet economics".  
(Vsevolod Holubnychy: 'Soviet Debates on Economic Theories: An Introduction', in: Harry G. Shaffer (Ed.): ibid.; p. 344).

and a conference

" . . . of those concerned with the new textbook was convened in November 1951".  
(Timothy Dunmore: op. cit.; p. 111).

The materials of the conference were sent to Stalin, who wrote on the issues raised some 'Remarks', which were circulated -- privately at first -- among economists, some of whom, in turn, wrote and circulated criticisms of Stalin's 'Remarks':

"The materials of the (1951 -- Ed.) conference, including a 'Memorandum on Disputed Issues', were apparently sent to Stalin, who wrote a series of 'Remarks' on these issues, These remarks seem to have been widely circulated among those concerned".  
(Ronald L. Meek: op. cit.; p. 274).

THE REDUCTION IN THE INFLUENCE OF THE MARXIST-LENINISTS (1925-52)

Over the years, the Marxist-Leninists in the leadership of the CPSU, headed by Stalin, were engaged in a continuing struggle against spurious Marxism-Leninism -- revisionism. Stalin referred to this struggle many times, admitting that the revisionist forces had not been entirely unsuccessful in the field of ideology:

"The source of this 'frame of mind', the soil on which it has arisen in the Party, is the growth of bourgeois influence on the Party, in the conditions of . . . the desperate struggle between the capitalist and socialist elements in our national economy. The capitalist elements are fighting not only in the economic sphere; they are trying to carry

the fight into the sphere of proletarian ideology, . . . and it cannot be said that their efforts have been entirely fruitless".  
(Josef V. Stalin: 'Questions and Answers' (June 1925), in: 'Works', Volume 7; Moscow; 1954; p. 166-67).

Over the years, the still concealed revisionists in leading positions in the Soviet Party and state were able, slowly but steadily, to increase their own influence and reduce that of the Marxist-Leninists.

Until 1927, Stalin made numerous contributions to the decisions and work of the Communist International. After 1927, the concealed revisionists succeeded in stopping these contributions. In order to try to accommodate this fact to the revisionist myth that Stalin exerted dictatorial powers both in the CPSU and the Comintern, the false story was spread that

" . . . Stalin did not share Lenin's commitment to the idea of the Communist International".  
(Robert H. McNeal: 'Stalin: "Man and Ruler"; Basingstoke; 1988; p. 218).

Although the Central Committee of the CPSU had announced in 1946 the publication of Stalin's 'Works' in 16 volumes, in 1949 publication in the Soviet Union was halted at Volume 13, covering the period only to 1934.  
(Preface to: Josef V. Stalin: 'Works', Volume 1; Moscow; 1952; p. xi-xiv).

In October 1952, the revisionists succeeded in demoting Stalin from the position of General Secretary of the Central Committee of the CPSU to that of one of several Secretaries:

"On April 3 1922 the Plenum of the Central Committee, on V. I. Lenin's motion, elected Stalin as General Secretary of the Party; Stalin served in this post until October 1952, and from then until the end of his life he was Secretary of the Central Committee".  
( 'Entsiklopedichesky slovar' (Encyclopaedic Dictionary), Volume 3; Moscow; 1955; p. 310).

"Stalin ceased to be General Secretary of the Central Committee. He had lost all those special powers which . . . set him apart from the other members of the Central Committee Secretariat".  
(Boris Nikolaevky: 'Power and the Soviet Elite'; New York; 1965; p. 92).

This limitation of Stalin's influence was concealed to some extent by the 'cult of personality' which the concealed revisionist conspirators had built up around Stalin. Nevertheless, it was noted by the more astute analysts:

"In 1950 and 1951 Stalin's power was limited".  
(William O. McCagg, Junior: op. cit.; p. 307).

and continued until Stalin became virtually what the American William McCAGG, Junior calls 'the Prisoner in the Kremlin':

"The reports from the (US-- Ed.) Moscow Embassy strongly fostered the 'prisoner' image of Stalin at this time".  
(William O. McCagg, Junior: ibid.; p. 382).

THESE WERE THE CIRCUMSTANCES IN WHICH THE CONCEALED REVISIONISTS WERE ABLE TO FORCE THROUGH THE DECISION THAT THE LEADING ROLE AT THE FORTHCOMING 19th CONGRESS OF THE CPSU, FIXED TO OPEN ON 3 OCTOBER 1952, SHOULD BE PLAYED

NOT BY THE FIRM MARXIST-LENINIST STALIN, BUT BY SECRETARY GEORGI MALENKOV -- NOT A REVISIONIST CONSPIRATOR BUT A FIGURE WHOM THEY CALCULATED, CORRECTLY, THAT THEY COULD USE AS AN UNWITTING TOOL IN THE NEXT STAGE OF THEIR CONSPIRACY TO TURN THE PARTY FROM THE PATH OF THE CONSTRUCTION AND DEFENCE OF SOCIALISM:

"In a break with a long tradition going back to the twenties, it was not Stalin who presented the Central Committee report, nor did he take part in the deliberations".

(Gábor T. Ritterspoorn: 'Stalinist Simplification and Soviet Complications: Social Tensions and Political Conflicts in the USSR: 1933-1953'; Reading; 1991; p. 219).

"Stalin himself sat at a separate tribune during the proceedings and said nothing, apart from the brief concluding speech".

(Robert H. McNeil: op. cit.; p. 209).

"Stalin sat in total isolation. . . . He appeared at the congress only at the opening and closing sessions".

(Dmitri Volkogonov: op. cit.; p. 568).

#### STALIN'S 'ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR' (1952)

IN THESE DIFFICULT CIRCUMSTANCES, THE SOVIET MARXIST-LENINISTS DECIDED TO STRIKE A BLOW AGAINST REVISIONISM BY PUBLISHING, ON THE VERY EVE OF THE CONGRESS, STALIN'S CONTRIBUTIONS TO THE DISCUSSION ON THE DRAFT TEXTBOOK ON POLITICAL ECONOMY:

Thus, at the Congress, in spite of Stalin's demotion

". . . the star role, and the only important one, was played by Stalin and it was played not at the congress but before it opened. . . .

This Stalin achieved by issuing, a few days before the delegates met in Moscow, a new 'master work'. . . .It completely stole the thunder of the Congress, as it was obviously intended to do".

(Harrison Salisbury: 'Stalin's Russia and After'; London; 1955; p. 148).

"'Economic Problems of Socialism in the USSR' was given to the world on October 3 and 4, filling two entire issues of 'Pravda'. And on October 5 the 19th Congress of the CPSU opened".

(Adam B. Ulam: 'Stalin: The Man and His Era'; London; 1989; p. 731).

This article will not attempt a detailed analysis of 'Economic Problems'. IT WILL MERELY SUMMARISE ITS CENTRAL THEME, IN WHICH STALIN

". . . strongly attacked pro-capitalist tendencies in the USSR".

(Kenneth W. Cameron: 'Stalin: Man of Contradiction'; Toronto' 1987; p. 118).

#### 'Economic Problems' : Part One

The first part of Stalin's 'Economic Problems of Socialism in the USSR', dated 1 February 1952, consisted of Stalin's contribution to the discussion on the draft textbook on political economy.

Its most important points were:

Firstly, in opposition to Leontiev, Voznesensky and others -- see pages

1, 7 -- it affirmed the objective character of economic laws under socialism:

"Some comrades deny the objective character of laws of science, and the laws of political economy particularly, under socialism. They deny that the laws of political economy reflect law-governed processes which operate independently of the will of man. They believe that in view of the specific role assigned to the Soviet state by history, the Soviet state and its leaders can abolish existing laws of political economy and can 'form', 'create', new laws.

These comrades are profoundly mistaken. It is evident that they confuse laws of science, which reflect objective processes in nature or society, processes which take place independently of the will of man, with the laws which are issued by governments, which are made by the will of man. . . . But they must not be confused.

Marxism regards laws of science -- whether they be laws of natural science or laws of political economy -- as the reflection of objective processes which take place independently of the will of man. Man may discover these laws, get to know them, study them, reckon with them in his activities, and utilise them in the interests of society, but he cannot change or abolish them".

(Josef V. Stalin: 'Economic Problems of Socialism in the USSR' (February-September 1952) (hereafter listed as 'Josef V. Stalin (1952)', in: 'Works', Volume 16; London; 1986; p. 289-90).

As the British economist Peter WILES points out:

"This is clearly a blow at Voznesensky".  
(Peter J. D. Wiles: op. cit.; p. 106).

Secondly, in opposition to Voznesensky and others -- see page 7 -- it denied that the law of value should exert a regulating influence on a socialist economy:

"The sphere of operation of the law of value in our country is strictly limited. . . . The law of value cannot under our system function as the regulator of production. . . .

Totally incorrect, too, is the assertion that under our present economic system . . . the law of value regulates the 'proportions' of labour directed among the various branches of production.

If this were true, it would be incomprehensible why our light industries, which are the most profitable, are not being developed to the utmost, and why preference is given to our heavy industries, which are often less profitable and sometimes altogether unprofitable. . . .

If this were true. . . ., we should have to cease to give primacy to the production of means of production in favour of the production of articles of consumption. . . . The effect would be to destroy the possibility of continuous expansion of our national economy. . . .

The law of value can be a regulator of production only under capitalism". . .

(Josef V. Stalin (1952): ibid.; p. 313, 315-16).

Thirdly, in opposition to Varga and others (see page 5), it maintained that since the Second World War the general crisis of world capitalism had deepened:

"The disintegration of the single, all-embracing world market must be regarded as the most important economic sequel of the Second World War

and of its economic consequences. It has had the effect of further deepening the general crisis of the world capitalist system". (Josef V. Stalin (1952): *ibid.*; p. 324).

Fourthly, in opposition to Varga and others (see opage 5, 14), it maintained that war would continue to be inevitable as long as imperialism existed:

"Some comrades hold that, owing to the development of new international conditions since the Second World War, wars between capitalist countries have ceased to be inevitable. . . .

These comrades are mistaken. . . .

The inevitability of wars between capitalist countries remains in force. . . .

To eliminate the inevitability of war, it is necessary to abolish imperialism".

(Josef V. Stalin (1952): *ibid.*; p. 327, 331, 332).

Fifthly, it suggested rough drafts for basic economic laws of modern capitalism and of socialism.

"The main features and requirements of the basic economic law of modern capitalism might be formulated roughly in this way: the securing of the maximum capitalist profit. . . .

The essential features and requirements of the basic law of socialism might be formulaed roughly in this way: the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society through the continuous expansion and perfection of socialist production on the basis of higher techniques".

(Josef V. Stalin (1952): *ibid.*; p. 334, 337).

Sixthly, it criticised

" . . . the inadequate level of Marxist development of the majority of Communist parties abroad".

(Josef V. Stalin (1952): *ibid.*; p. 344).

#### 'Economic Problems': Part Two

The second part of Stalin's 'Economic Problems of Socialism in the USSR', dated 21 April 1952, consisted of Stalin's reply to a critical letter from the economist Aleksandr NOTKIN.

Its most important point was that under socialism means of production are not commodities ;

"Means of production are not 'sold' to any purchaser, they are not 'sold' even to collective farms; they are only allocated by the state to its enterprises. . . . Directors of enterprises who receive means of production from the Soviet state, far from becoming their owners, are deemed to be the agents of the state in the utilisation of the means of production in accordance with the plans established by the state.

Under our system means of production can certainly not be classed in the category of commodities".

(Josef V. Stalin (1952): *ibid.*; p. 350-51).

except in the field of foreign trade:

"In the sphere of foreign trade the means of production produced by our enterprises retain the properties of commodities".  
(Josef V. Stalin (1952): *ibid.*; p. 351).

'Economic Problems' : Part Three

The third part of Stalin's 'Economic Problems of Socialism in the USSR', dated 22 May 1952, consisted of Stalin's response to a criticism from an economist named L. D. Yaroshenko, who complained that the first part of Stalin's 'Economic Problems' contained

" . . . no reflection whatever"  
(Josef V. Stalin (1952): *ibid.*; p. 358).

of his (Yaroshenko's -- Ed.) opinion.

In his reply, Stalin stated bluntly that the reason for this omission was that

" . . . Comrade Yaroshenko's opinion . . . is un-Marxian -- and, hence, profoundly erroneous".  
(Josef V. Stalin (1952): *ibid.*; p. 358).

In this section Stalin makes the following principal points:

Firstly, that the relations of production do not always function as a brake on the development of the productive forces:

"It is not true . . . that the role of the relations of production in the history of society has been confined to that of a brake, a fetter, on the development of the productive forces".  
(Josef V. Stalin (1952): *ibid.*; p. 361).

In fact, the relations of production at some periods function as a brake on the development of the productive forces, and at other periods as mainspring impelling them forward:

"This peculiar development of the relations of production from the role of a brake on the productive forces to that of the principal mainspring impelling them forward, and from the role of principal mainspring to that of a brake on the productive forces, constitutes one of the chief elements of the Marxian materialist dialectic. Every novice in Marxism knows that nowadays. But Comrade Yaroshenko, it appears, does not know it".  
(Josef V. Stalin (1952): *ibid.*; p. 363).

Even under socialism, Stalin points out, there are contradictions arise between the relations of production and the productive forces:

"Comrade Yaroshenko is mistaken when he asserts that there is no contradiction between the relations of production and the productive forces of society under socialism. Of course, our present relations of production are in a period when they fully conform to the growth of the productive forces, and help to advance them at seven-league strides. But . . . there certainly are, and will be, contradictions, seeing that the development of the relations of production lags, and will lag, behind the development of the productive forces. Given a correct policy on the part

of the directing bodies, these contradictions cannot grow into antagonisms. . . . It would be a different matter if we were to conduct a wrong policy, such as that which Comrade Yaroshenko recommends".  
(Josef V. Stalin (1952): *ibid.*; p. 369-70).

Secondly, that under socialism the relations of production are not a component part of the productive forces:

"It is not true . . . that the production . . . relations lose their independent role under socialism, that they are absorbed by the productive forces".  
(Josef V. Stalin (1952): *ibid.*; p. 363).

If this were so, Stalin points out, we should have

" . . . a socialist system without an economic foundation. A rather funny situation . . ."  
(Josef V. Stalin (1952): *ibid.*; p. 366).

Thirdly, that the political economy of socialism cannot be reduced to the rational organisation of the productive forces:

"Comrade Yaroshenko . . . reduces the problem of the Political Economy of Socialism to the rational organisation of the productive forces, discarding the production . . . relations and severing the productive forces from them.

If we followed Comrade Yaroshenko, therefore, what we would get is, instead of a Marxian Political Economy, something in the nature of Bogdanov's 'Universal Organising Science'.  
(Josef V. Stalin (1952): *ibid.*; p. 364-65).

Fourthly, that the transition from socialism to communism requires more than a rational organisation of the productive forces:

"Comrade Yaroshenko thinks that we have only to ensure a rational organisation of the productive forces, and we shall be able to obtain an abundance of products and to pass to communism, to pass from the formula 'to each according to his work' to the formula 'to each according to his needs'. That is a profound error. . . .

The rational organisation of the productive forces, economic planning, etc., are not problems of political economy, but problems of the economic policy of the directing bodies. They are two different provinces, which must not be confused. . . . Political economy investigates the laws of development of man's relations of production. Economic policy draws practical conclusions from this, gives them concrete shape and builds its day to day work on them".

(Josef V. Stalin (1952): *ibid.*; p. 367-68).

In fact,

" . . . to pave the way for a real, and not declaratory transition to communism, at least three main preliminary conditions have to be satisfied".

(Josef V. Stalin (1952): *ibid.*; p. 368).

These conditions are:





"1. . . . Not a mythical 'rational organisation' of the productive forces, but a continuous expansion of all social production, with a relatively higher rate of expansion of the production of means of production. . . .

2. . . . By means of gradual transitions . . . to raise collective farm property to the level of public property and, also by means of gradual transitions, to replace commodity circulation by a system of products exchange, under which the central government, or some other social-economic centre, might control the whole product of social production in the interests of society. . . .

3. . . . 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".

(Josef V. Stalin (1952): *ibid.*; p. 368, 369, 371).

Yaroshenko objected to Stalin's proposed basic economic law of socialism on the grounds that

" . . . it is based not on the primacy of production, but on the primacy of consumption".

(L. D. Yaroshenko: Letter to Politburo, CC, CPSU (20 March 1952), in: Josef V. Stalin (1952): *ibid.*; p. 380).

To which Stalin replied:

"It would be wrong to speak of the primacy of consumption over production, or of production over consumption, because production and consumption are two entirely different spheres. . . . Comrade Yaroshenko obviously fails to realise that what we are speaking of here is not the primacy of consumption or of production, but of what aim society sets social production . . . under socialism. Comrade Yaroshenko forgets that men produce not for production's sake, but in order to satisfy their needs. . . .

With the disappearance of man as the aim of socialist production, every vestige of Marxism disappears from Comrade Yaroshenko's 'conception'".

(Josef V. Stalin (1952): *ibid.*; p. 380-81, 383-84).

Stalin drew the following conclusions at the end of Part Three of 'Economic Problems':

"1. The complaint Comrade Yaroshenko levels at the managers of the discussion is untenable, since they, being Marxists, could not in their summarising documents, reflect his un-Marxist 'opinion';

2. Comrade Yaroshenko's request to be entrusted with the writing of the 'Political Economy of Socialism' 'cannot be taken seriously'".

(Josef V. Stalin (1952): *ibid.*; p. 389-90).

#### 'Economic Problems' : Part Four

The fourth and final part of Stalin's 'Economic Problems of Socialism in the USSR', dated 28 September 1952, consisted of Stalin's response to a criticism from economists A. V. SANINA and Vladimir G. VENZHER.

Firstly, in opposition to Sanina and Venzher, Stalin repeated the point already made in Part One -- see page 21 -- affirming the objective character of economic laws under socialism:

"Marxism holds that the laws of political economy of socialism are a reflection in the minds of men of objective laws existing outside of us". (Josef V. Stalin (1952): *ibid.*; p. 391).

Secondly, also in opposition to Sanina and Venzher, Stalin rejected the concept that collective farm property should be raised to the level of public property by selling the basic means of production to them:

"The effect of selling the MTS's (Machine and Tractor Stations -- Ed.) to the collective farms . . . would be to involve the collective farms in heavy loss and to ruin them. . . .

The collective farms would become the owners of the basic instruments of production; that is, their status would be an exceptional one . . . for . . . even the nationalised enterprises do not own their own instruments of production. . . . Such a status could only dig a deeper gulf between collective farm property and public property, and would not bring us nearer to communism, but, on the contrary, remove us farther from it".

(Josef V. Stalin (1952): *ibid.*; p. 399, 400).

In contrast, Stalin repeated the proposal made earlier (see page 25) that collective farm property should gradually be raised to the level of public property by bringing about a direct exchange of products between the collective farms and state industry:

"In order to raise collective farm property to the level of public property, the surplus collective farm output must be excluded from the system of commodity circulation and included in the system of products-exchange between state industry and the collective farms. . . .

Such a system, by contracting the sphere of commodity circulation, will facilitate the transition from socialism to communism".

(Josef V. Stalin (1952): *ibid.*; p. 402, 403).

#### THE 19th CONGRESS OF THE CPSU (1952)

As has been said, the 19th Congress of the CPSU opened on 3 October 1952 -- the day after publication Stalin's 'Economic Problems of Socialism in the USSR' had been completed.

Stalin's work dominated the proceedings and decisions of the congress:

"In October 1952, the pro-heavy industry stance of Stalin's 'Economic Problems of Socialism' . . . was once again enshrined as official policy. The 'A' sector was to expand at 13% per annum over the fifth Five-Year Plan period and the 'B' sector at 11%.

(Timothy Dunmore: *op. cit.*; p. 114).

and in his report to the Congress, Secretary of the CC Georgi Malenkov endorsed Stalin's criticism of Voznesensky's revisionist views -- still without mentioning the latter's name:

"Of vast fundamental importance is Comrade Stalin's substantiation of the objective character of economic laws. . . .

Profoundly mistaken is view that laws of economic development may be created or abolished. . . . Denial of the objective character of economic laws is the ideological basis of adventurism in economic policy,

of complete arbitrariness in economic leadership".

(Georgi M. Malenkov: 'Report to the 19th Party Congress on the Work of the Central Committee of the CPSU (b)'; Moscow; 1952; p. 139, 140).

#### THE PUBLIC CRITICISM OF VOZNESENSKY'S ECONOMIC VIEWS (1952)

In the political situation following the publication of Stalin's 'Economic Problems of Socialism in the USSR' and its endorsement at the 19th Congress of the CPSU, the Soviet Marxist-Leninists were able to break through the curtain of silence which the concealed revisionists had been able to draw around the criticism of Voznesensky's economic views, and around his treasonable conduct and trial.

On 12 and 21 December 1952, two articles were published in 'Izvestia'; (News) by the philosopher Petr FEDOSEYEV extolling Stalin's last work. On 24 December 1952 a further article was published in 'Pravda' (Truth) by the chief editor of the newspaper, Mikhail SUSLOV. The article agreed with Fedoseyev's conclusions, and (for the first time since 1949) mentioned Voznesensky by name:

"This (Voznesensky's — Ed.) view is in essence a revival of the idealistic theory of DUHRING".

(Mikhail Suslov: 'Concerning the Articles by P. Fedoseyev in 'Izvestia', Dec, 12 and 21', in: 'Current Digest of the Soviet Press', Volume 6, No. 50 (24 January 1953); p. 14).

Suslov went on to express strong criticism of Fedoseyev for failing to make a self-criticism of his (Fedoseyev's — Ed.) endorsement of Voznesensky's revisionist views in the 1940s:

"The question inevitably arises why he (Fedoseyev — Ed.), who once diligently disseminated this same idealistic viewpoint and subjectivism on the nature of the economic laws of socialism, deemed it necessary to maintain silence about his mistakes. . . .

'Bolshevik' passed off N. Voznesensky's anti-Marxist book 'The War Economy of the USSR in the Period of the Patriotic War' as 'the latest contribution to Soviet economic science'. . . .

Comrade Fedoseyev's action can only be construed as a glossing over by him of his own errors, which is impermissible for a Communist".

(Mikhail Suslov: *ibid.*; p. 14, 15).

Suslov's article contained the text of the previously unpublished Central Committee resolution of July 1949 (see pages 14-15) criticising Voznesensky's book and its endorsement by 'Bolshevik'.

In January 1953, a letter from Fedoseyev dated 31 December 1952 was published in 'Pravda', in which he said:

"I unconditionally regard as correct the criticism of my mistakes in Comrade M. Suslov's article".

(Petr Fedoseyev: Letter to the Editor of 'Pravda' (31 December 1952), in: 'Current Digest of the Soviet Press', Volume 4. No. 50 (24 January 1953); p. 15).

#### THE 'REHABILITATION' OF VOZNESENSKY (1954)

After the death of Stalin in 1953, the new revisionist leaders hastened

to rehabilitate their executed fellow-conspirators:

On 30 April 1954,

" . . . the USSR Supreme Court rehabilitated the persons who had been tried and convicted . . ." ('Political Archives' (1990): op. cit.; p. 157).

in the 'Leningrad Affair'. And on 3 May 1954,

" . . . the Presidium of the CC, CPSU, adopted a decision to this effect, obliging Nikita S. Khrushchev, First Secretary of the Central Committee, and R. A. RUDENKO, USSR Procurator-General, to notify the Leningrad Party activists of the decisions adopted. This was done. ('Political Archives' (1990): ibid.; p. 157).

#### THE ABAKUMOV CASE (1954)

The 'rehabilitation' of the conspirators made it necessary to find scapegoats to blame for the alleged 'miscarriage of justice' in the 'Leningrad Affair' and for the 'torture' which would account for their 'false' confessions.

Thus, in December 1954 the former USSR Minister of State Security, Viktor ABAKUMOV, was put on trial, together with five of his assistants, charged with having

" . . . fabricated the so-called 'Leningrad case' . . . in which many Party and Soviet officials were arrested without grounds and falsely accused of very many state crimes. . . .

The persons falsely accused by Abakumov and his accomplices have now been completely rehabilitated". (Communiqué, in: 'Pravda' (24 December 1954), in: 'Current Digest of the Soviet Press', Volume 6, No.49 (19 January 1955); p. 12).

All the accused were found guilty, and four of them (including Abakumov) were sentenced to death and executed, (Communiqué, ibid. p. 12)

#### THE 'REHABILITATION' OF VARGA (1954)

After the death of Stalin in 1953 and the accession to power of the new revisionist leadership of the CPSU headed by Nikita KHRUSHCHEV, Varga

" . . . was not only rehabilitated, but received the Order of Lenin in 1954". (Philip J. Jaffe: op. cit.; p. 123).

And in 1963, Varga was awarded

" . . . the Lenin Prize for distinguished contributions to the development of Marxist-Leninist science". ('Great Soviet Encyclopedia', Volume 4; New York; 1974; p. 509).

#### THE 20th CONGRESS OF THE CPSU (1956)

It was not until the infamous 20th Congress of the CPSU in February 1956

that the 'rehabilitation' of the conspirators in the 'Leningrad Affair' was made more widely known -- and even then only in the 'secret speech'. The 'blame' for the alleged 'miscarriage of justice' was now placed upon Stalin:

"The Party's Central Committee has examined this so-called 'Leningrad Affair'; persons who innocently suffered are now rehabilitated. . . .

Stalin personally supervised the 'Leningrad Affair'".

(Nikita S. Khrushchev: Secret Speech to the 20th Congress, CPSU, in: 'The Dethronement of Stalin'; Manchester; 1952; p. 24).

#### THE INVOLVEMENT OF MALENKOV (1955-57)

Before 1957, the name of Georgi Malenkov was not mentioned in connection with the 'Leningrad Affair':

"In his (Khrushchev's -- Ed.) secret speech of 1956, he did not mention Malenkov in this connection".

(Wolfgang Leonhard: 'The Kremlin since Stalin'; London; 1962; p. 177).

But after Malenkov came to realise the true character of the revisionist conspirators and began to oppose them, secret internal Party documents began to accuse him of involvement in the 'Leningrad Affair'. In February 1955,

" . . . Malenkov had to resign as Prime Minister, and shortly afterwards an internal Party circular openly accused Malenkov of sharing responsibility for the 'Leningrad Affair'".

(Wolfgang Leonhard: op. cit.; p. 176-77).

However,

" . . . it was not until July 1957, after the showdown with the 'Anti-Party Group' (Vyacheslav MOLOTOV, Lazar KAGANOVICH, Malenkov, etc. -- Ed.) that Khrushchev asserted flatly: 'Malenkov . . . was one of the chief organisers of the so-called 'Leningrad Case'".

(Robert Conquest: op. cit.; p. 101).

Thus, 'blame' attributed by the revisionists for the 'miscarriage of justice' in the 'Leningrad Affair' was not based on any historical facts. It was shifted from one scapegoat to another according to the changing tactical needs of the revisionist conspirators,

#### VARGA'S 'POLITICO-ECONOMIC PROBLEMS OF CAPITALISM' (1964)

In 1964 Varga published a new book entitled 'Ocherki po problemam politekonomy kapitalizma' (Essays on Politico-Economic Problems of Capitalism).

In the new ideological climate, Varga presented his work as a polemic against 'the distortion of economic science in the time of Stalin', saying:

"The book, written polemically, is directed against thoughtless dogmatism, which until recently was widespread in works on the economy and politics of capitalism".

(Evgeny S. Varga: 'Politico-Economic Problems of Capitalism'; Moscow; 1968 (hereafter listed as 'Evgeny S. Varga (1968)'; p. 11).

He admitted that his earlier 'self-criticism' had not been made as a

result of pressure from within the Soviet Union:

"At the time of the debate, I was compelled to put an end to the discussion by admitting that there were mistakes in my book. This was not because pressure was exerted on me in the Soviet Union, but because the capitalist press, especially the American papers, . . . used it for violent anti-Soviet propaganda, asserting that I was pro-West, was opposing the Communist Party, etc. It therefore became a matter of little importance to me whether my critics or I were right".  
(Evgeny S. Varga (1968): op. cit.; p. 50).

but he now reaffirmed virtually all the points he had previously withdrawn, He even denounced as 'entirely unfounded' the basic economic law of modern capitalism put forward by Stalin, which he had endorsed in 1952:

"Stalin's assertion that 'it is not the average profit but the maximum profit that modern monopoly capitalism needs', . . . is entirely unfounded".  
(Evgeny S. Varga (1968): op. cit.; p. 162).

VARGA'S 'TESTAMENT' (1964)

Shortly before his death, Varga wrote

" . . . a political statement titled 'The Russian Way and Its Results', . . . known since as Varga's 'Testament'"  
(Philip J. Jaffe: op. cit.; p. 130).

The document was

" . . . circulated in typewritten copies by the underground press in the Soviet Union (Samizdat), but never officially published".  
(Philip J. Jaffe: *ibid.*; p. 130).

According to Varga's 'Testament', under Stalin's leadership the dictatorship of the proletariat degenerated into the 'dictatorship of the top group of the Party bureaucracy':

"The dictatorship of the proletariat, whose theoretical foundations were laid by Marx and Lenin, rapidly became a dictatorship of the top group of the Party bureaucracy. . . .  
This produced a total degeneration of the power of the Soviets"/  
(Evgeny S. Varga: 'Political Testament'(1964), in: 'New Left Review', No. 62 (July/August 1970) (hereafter listed as 'Evgeny S. Varga (1970)'; p. 36, 37).

until the Soviet Union became virtually 'a fascist state':

"Although there were fewer torturers and sadists in the prisons and concentration camps of Stalin than in those of Hitler, one can say that there was no difference in principle between them".  
(Evgeny S. Varga (1970): *ibid.*; p. 39).

What, no doubt, made Varga's anti-Stalin diatribe unacceptable to the new Soviet revisionist leadership was his assertion that under the 'reforms' nothing had fundamentally changed, and that real change required a new top leadership:

"After Stalin's death in 1953, it seemed that remarkable changes were taking place in Soviet society. . . .

But . . . was the structure of society really changed? This question must be answered in the negative. . . .

To change the existing situation in the country, a radical change in the top leadership is necessary".

(Evgeny S. Varga (1970): *ibid.*; p. 42, 43).

#### THE REVISIONISTS' OBITUARY OF VARGA (1964)

Varga died on 8 October 1964. His glowing obituary, published in 'Pravda' on 9 October, was signed by Nikita Khrushchev, Anastas Mikoyan and other revisionist leaders. It described him as

" . . . an outstanding representative of Marxist-Leninist economic science. . . .

The works of E. S. Varga are imbued with Party spirit, and irreconcilability with any manifestation of the dogmatism or revisionism, vulgarisation or doctrinairism which called themselves science in the years of the cult of personality".

(Obituary of Evgeny S. Varga, in: 'Pravda', 9 October 1964, in: Evgeny S. Varga (1970) *ibid.*; p. 30).

#### CONCLUSION

THE PUBLICATION IN OCTOBER 1952 OF STALIN'S 'ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR' MUST BE SEEN AS A POWERFUL BLOW BY THE SOVIET MARXIST-LENINISTS AGAINST THE GROWING INFLUENCE OF REVISIONIST IDEAS IN THE COMMUNIST PARTY OF THE SOVIET UNION.

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