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# Introduction

This book deals with a critique of perestroika (the Gorbachev restructuring reforms), written from the vantage point of the world struggle for socialism. It is impossible to analyze such a vast social and political phenomenon as perestroika solely on the basis of the exigencies of the USSR alone. It can only be understood in the context of the contemporary world struggle and more particularly the struggle of the working class and oppressed peoples everywhere against capitalist exploitation and imperialist oppression.

There is no way to properly discuss the situation of the USSR without continual reference to its relations with the capitalist countries. It is no secret that, ever since the victory of the Bolshevik Revolution, the USSR has endured the unmitigated enmity, indeed the morbid hatred, of all the imperialist powers and their reactionary servitors of all stripes. Yet the USSR has been able to maintain itself and to grow strong, notwithstanding the most formidable historical objective conditions standing in its way. At the core of the world struggle lies the fact that we are dealing with two diametrically opposed social systems, each of which rests on a different class base.

Much of the material in this book first began appearing in July 1987 as a series of articles on the Soviet economic reforms.<sup>1</sup> For some time, we proceeded cautiously in our evaluation of the scope and character of the reforms. We didn't want to rush to judgment or present an analysis based on preconceived notions of what would happen.

Can Marxists in the U.S. of all places forget that much of the supposedly constructive criticism of the Soviet Union has in fact been in tune with bourgeois efforts to defame the USSR and socialism itself? A progressive audience in particular is reluctant to listen to criticism of the USSR out of consideration for the enormous objective difficulties it has encountered in its long and arduous struggle against capitalist encirclement and the attempts to hinder the construction of a socialist society through economic and political strangulation.

The objective of the reforms, as it was stated very early in the Gorbachev administration, was to modernize and streamline the Soviet economy through the introduction of new management techniques and technology in use elsewhere in the world, particularly in the highly developed imperialist countries. Through perestroika and the political opening known as glasnost, the new Soviet leadership also promised to tackle social privileges and inequities which had accumulated over the years. But as time went on, it became evident that there was much more to the modernization program than restructuring industry and reequipping the technological infrastructure of the USSR in order to move forward and perfect socialist construction. The enthusiasm evoked in the beginning over the expectation that new techniques would lead to an improvement in working conditions, labor productivity, and the availability of consumer goods has now, four years into the reforms, given way to skepticism and even mass anger. The most forceful evidence of this was given by the Soviet coal miners, who showed what they thought of the Gorbachev administration's performance by striking en masse. (See Articles 22 and 23.) And no wonder there is such widespread anger among the workers. Instead of perestroika's promised increase in the material wellbeing of the masses, we have the familiar phenomenon of austerity, so rampant in capitalist society.

As our later articles show, what has emerged is a wholesale retreat from socialist goals in the area of social and economic relations. This retreat went along with the introduction of private cooperatives, the weakening of central planning, concessions to imperialist investors interested in joint ventures and other openings to the Soviet market, and erratic and ill-disguised steps leading away from collective and state farms and toward the privatization of agriculture.

This is what explains the effusive praise for Gorbachev that has come from the imperialist camp, especially from those well-known as arch-foes of the labor movement and social progress. When Margaret Thatcher pronounced her verdict--"I like him"--after Gorbachev's first visit to London, it might have been taken as a judgment by an individual imperialist politician. But since then the triumphal receptions arranged for him in Washington and Bonn have made it clear that the collective opinion of the imperialist bourgeoisie heartily welcomes the shift in Soviet policies represented by the Gorbachev leadership. This is in striking contrast to the attitude of the countries oppressed by imperialism, which have been able to muster only the most subdued support for Gorbachev, when they haven't been silent altogether.

The reader will find that our analysis of the reforms has required us to examine them not only as legal abstractions, as pronouncements on economic policy by officials and government bodies, but as specific developments, of a social and political as well as economic character, whose details reveal the direction in which they have been moving. Thus, in the series of articles appearing in Part II of this book, we paid a great deal of attention to the national question. An upsurge of severe national conflicts swept through many areas of the USSR soon after the reforms were introduced. At the time of these struggles in Armenia, Azerbaijan and Kazakhstan, as well as the Baltic states (which must be treated separately), we showed how they were inextricably connected to the social consequences of the economic reforms. However, the Gorbachev leadership attributed them to the machinations of local authorities resistant to perestroika, making light of what can only be seen as a most ominous phenomenon fraught with dangers for the future of the Union of Soviet Socialist Republics.

Without repeating here our analysis of these events, which appears later in this book, we do want to draw the reader's attention to comments in the youth paper Komsomolskaya Pravda regarding widespread fighting in Kazakhstan in June 1989 which appears to have caused some loss of life. We feel that this brief extract fully confirms our view of the problem, which is that the consequences of the reforms fall most heavily on those areas of the USSR which were less developed at the time of the Bolshevik Revolution but which--until the reforms--had been advancing due to a broad "affirmative action" program made possible by the revolutionary internationalism of the Bolshevik Revolution and later by nationwide centralized planning. (The attitude of the imperialist bourgeoisie towards these attempts by earlier Soviet governments to raise the level of the less developed republics has been, of course, just as hostile as it is to affirmative action here.)

According to the youth paper, the fighting in the Kazakh city of Novyy Uzen, near the eastern shore of the Caspian Sea, began when young people at a dance, many of them unemployed, began arguing about various economic shortages and then set off through the town, turning over newsstands and setting fire to cars. "The young people were demanding an end to all rationing systems and to close down cooperatives, which, in their view, are the main culprits in the rise in prices and the shortages of foodstuffs," said Komsomolskaya Pravda.<sup>2</sup> "Special discontent was expressed about unequal social positions and salaries," the report said.

The cooperatives are a direct product of the reforms. They are new, privately owned ventures that have netted big profits for a growing number of entrepreneurs at a time when there is increasing resentment from the mass of the population over the ill effects of rising prices and unemployment, both recent phenomena in the USSR.

There is another development which we believe illustrates the direction in which the reforms are moving. That is the way in which these economic changes translate into politics. They have brought about a significant shift in the political weight of the different class groups in Soviet society, most importantly the proletariat.

As we have reiterated throughout this book, glasnost or the new policy of openness is unassailable as against reliance on arbitrary methods and repression. These latter run against the grain of the spirit of Bolshevik debate in the resolution of political issues, which had been the norm during Lenin's lifetime. In those early years, even during the worst days of the Civil War and imperialist intervention, the widest latitude was afforded for political discussion and debate. It was really only when the bourgeoisie resorted to terror that this was modified. The revival of socialist democracy, even on a limited level, has quite exploded the view long popular in the West that the USSR was a hopelessly self-perpetuating totalitarian society.

However, it must be acknowledged that at this time the political opening has favored and been taken advantage of by the more privileged sectors, many of whom lean in a bourgeois direction. The accompanying chart (page xiv) compares the composition of the newly elected Supreme Soviet in 1989 to that of 1984. The most striking change occurred in the percentage of deputies who are workers, collective farmers and office employees. This dropped from 45.9% of the 1984 Supreme Soviet to only 23.1% of the same body in 1989! The chart was published in Izvestia on May 6, 1989, along with an accompanying article which shows that while the workers have been set back, they are not taking it lying down: "There are slightly [!] fewer worker- and peasant-Deputies in the Congress than there were in the 1984 Supreme Soviet. 'The workers have now realized that they were deceived,' a district Party committee secretary said at a meeting of the Bureau of the Odessa Province Party Committee (Sovetskaya kultura, April 18, 1989), and he is far from alone in trying to sharpen the feeling among rank-and-file working people that they have been socially wounded

and to direct this feeling against the intelligentsia, which allegedly took advantage of the 'free play of forces' for its own interests." <sup>3</sup>

At the time of the Russian Revolution, although the proletariat was only a minority of the population, it played the leading dynamic role in reshaping society, in alliance with the peasantry. Its political weight was expressed through the Communist Party and the Soviets, where its influence was enormous. Even later, in the time of the great purges, the growing numerical strength and political weight of the workers was reflected in the composition of the Soviets. Until this recent election, as the Izvestia article acknowledges, the nominations to the Supreme Soviet were "in accordance with a schedule of allocations' that retained the sex, age-group, social, occupational, Party, etc., structure of the entire Supreme Soviet in proportion that the architects of that Supreme Soviet considered the most suitable and that more or less correlated (although, needless to say, did not coincide) with the makeup of the country's active population." <sup>4</sup> Even this was abandoned, however, at Gorbachev's relentless urging. In the elections for the 19th Party Conference of June-July 1988 and in the 1989 Supreme Soviet elections, he vehemently stressed that the quotas should be dropped and only those who supported perestroika should be elected. Thus everyone with any kind of criticism, suggestion, demand or new idea must frame it within the terms of perestroika.

What does the phrase "in accordance with a schedule of allocations" mean? It is a truncated and watered-down version of what was often said hundreds of times in the early Leninist period, i.e., that the class character of the Soviet workers' state had to be reflected in its representative institutions. The weight of the proletariat as the only class consistently socialist to the end, as well as the relative weight of its peasant allies, had to be fully reflected in the representative institutions if it was to exercise its class dictatorship in a world still dominated by imperialism abroad. That's what Lenin meant by a Paris Commune-type state, which he so comprehensively analyzed in his "*The State and Revolution*." <sup>5</sup> The Paris Commune of 1870-71, the most democratic form of the state ever achieved, was to be the model for the Soviet state. Engels, in his introduction to "The Civil War in France," asked rhetorically, "Do you want to know what this dictatorship looks like? Look at the Paris Commune. That was the dictatorship of the proletariat." <sup>6</sup>

Now, however, when the workers have become an absolute majority in the USSR, there is a substantial decline in their political weight and an increase in the number of bourgeois intellectuals and administrators in the Supreme Soviet, as the chart clearly shows. The current orientation is toward a bourgeois parliament, and away from the Paris Commune-type state. Clearly, the expectation that glasnost will open the way for greater socialist democracy in the true sense, that is, the participation of the masses in running the affairs of society, has yet to be realized (but will happen, as we show later).

## **The class character of the Soviet Union**

The Gorbachev reforms rely so much on capitalist market mechanisms to stimulate the economy of the USSR that all this has inevitably raised once again the question of how to understand the social character of the Soviet Union. This is a subject that has preoccupied both friend and foe of the Russian Revolution, and has provoked commentary from the pedantic to the inane both inside and outside the USSR.

There have been at least three schools of thought on this question. Take, for instance, one of the earliest stalwarts, Winston Churchill, the illustrious prime minister of the British empire. No ivory-tower think-tank analyst was he. Churchill's claim to fame as a political analyst rested mainly on his career as a cunning practitioner of the art of imperialist diplomacy. His analyses are given far more weight in bourgeois circles than those of any professor precisely because he seemed to combine both theory and practice. During the Second World War in particular, every word he uttered in public seemed to the bourgeoisie like so many pearls of wisdom. Even before the war, when some imperialists looked askance at his advocacy of "collective security" among the great powers, that is, an anti-fascist coalition against Germany and Italy that included the Soviet Union, his views were generally considered profound.

Bearing all this in mind, what are we to make of Churchill's October 1939 speech in which he described the Soviet Union as "a riddle wrapped in a mystery inside an enigma"? <sup>7</sup> What was he trying to say about the USSR, and what was there in the given historical context that infused it with supreme importance?

An enigma, a riddle, a mystery. *Roget's Thesaurus* tells us that these three terms are used fairly synonymously. Any one would well serve the purpose. What was Churchill trying to do by putting all three together without further explanation? Were this said by anybody else, it would have been regarded as tautological rubbish, lacking any glimmer of a sociological appraisal of the USSR. Indeed, what we have here is a bourgeois statesman squirming and attempting to exude profundity, but offering no clue as to the social character of the USSR.

At the time of his speech, Churchill had accumulated nearly 40 years of experience in imperialist diplomacy, 20 of them in venomous struggle against the Soviet Union. As British secretary of state for war and air (1919-1921), he had organized a coalition of 14 capitalist countries to invade the Soviet Union and try to overthrow the Bolshevik government.

To understand Churchill's statement, one has to remember its historical context. For several years Britain, France and the United States had promoted the concept of collective security with the USSR against the Axis powers. Indeed, the Soviet Union was the leading and original proponent of this strategy. It had so vigorously promoted the concept of collective security against fascism that it would seem the policy was carved in granite. It was beginning to be regarded as a permanent feature of Soviet diplomacy.

Thus, when the Conservative Prime Minister of Britain, Neville Chamberlain, and Prime Minister Edouard Daladier, a bourgeois Radical Socialist representing France, decided to make a pact with Hitler and Mussolini in Munich in late September 1938, it seemed that the USSR had no choice but to accept it. By this diplomatic maneuver, Chamberlain and Daladier hoped to direct the aggressive thrust of Nazi Germany to the East, that is, into an attack on the Soviet Union, thus gaining breathing time for themselves. But the Soviet Union needed the breathing space for itself, and was less solicitous of its erstwhile democratic allies than had been expected. And so on August 22, 1939, the Soviet Union turned around and itself signed a non-aggression pact with Germany in order to gain time--essentially what the imperialist allies had wanted themselves. Ten days later World War II began. All of this is vitally important in understanding Churchill's tautological nonsense in the face of an enormous international development.

But while Churchill's analysis was faulty at best, his class attitude, his class loyalty, and that of all the imperialist politicians was unambiguous. It was mortal hatred of the Soviet Union and all the revolutionary movements, as well as of the working class at home and the hundreds of millions of oppressed who suffered the yoke of colonialism. He and his class unfailingly knew which side they were on. He showed it very clearly when as chancellor of the exchequer (1924-1929) he lowered the workers' standard of living, and then, when the trade unions responded with the first and only great general strike in Britain in 1926, his rabid editorials in the *British Gazette* led the government assault that broke the strike.

While it might have been difficult for Churchill to arrive at a sociological appraisal, that never prevented him from taking a class position on the Soviet Union, on the British general strike, and above all on British colonialism. The bourgeoisie always know where they stand when it comes to the practical, day-to-day struggle. **Their class bias in relationship to the socialist countries is merely an extension in foreign affairs of their position in the domain of domestic politics.**

In the U.S., this can be seen without fail whenever there is a strike. There hasn't been one instance where the capitalist class, as represented by its press, has ever taken the side of the workers against the bosses, or urged the bosses to agree to the demands of the workers. Literally not one. Occasionally they profess a treacherous neutrality, urging moderation on both sides, or they will criticize a particular company at a particular time, but never do they cross class lines, never do they go to the extent of actually supporting the workers against the bosses. The only strikes they have ever supported have been in Poland, and then they did it to weaken socialist construction, not to help the workers.

There is a second school of thought on the character of the Soviet state that goes by various names, but is best known as "bureaucratic collectivism," a term that originated among some adherents to the broad leftist opposition to Stalin, notably Bruno Rizzi and Ciliga, and was eventually taken up in the U.S. by Max Shachtman. According to this view, the political power of the government, Party and managerial bureaucracy completely pervaded all avenues of Soviet society, allowing no movement in the direction of socialist democracy. The bureaucracy as they saw it had become a new ruling class in relation to the means of production. The followers of this view saw in the victories of the Chinese

Revolution and others that followed merely confirmation of the tendency for bureaucratic collectivism to ultimately cover the face of the globe.

This political tendency began to disintegrate when the imperialist Allies adopted a posture of goodwill toward the USSR during World War II. However, once the Cold War began it was revived in the works of the Yugoslav ex-communist, Milovan Djilas, who wrote *The New Class*.

The recent trends in the direction of democratization in the USSR, even though limited as yet and without the independent participation of the working class in the political struggle, certainly invalidate the bureaucratic collectivist view. The prospect for proceeding to genuine proletarian democracy seems far more probable than any backsliding toward what the proponents of bureaucratic collectivism envisioned.

Bureaucratic collectivism saw as fundamental to the Soviet system those elements that in fact are part of the superstructure. Superstructural elements may in a given situation bolster or hamper the structure, as the case may be, but they are strictly derivative in character. Sometimes they serve as palliatives for reviving a decomposing social structure. At other times, they may be encrustations which paralyze a live and growing structure. In a broad and general way, history indicates that ultimately every new social structure which arises out of the needs of development of the productive forces will in time bring into correspondence its superstructure, or, failing that, will overthrow it.

Finally there is the Orwellian school, which contemplated a future in which humanity would be swallowed up by a totalitarian machine from which there can be no exit. George Orwell's first satirical novel on this subject, *Animal Farm*, was written in 1946, the year of Churchill's "Iron Curtain" speech and the beginning of the Cold War. His gloomy outlook projecting a universal totalitarian regime was taken further in *1984*, written in 1948. It was taken up as the portrait of the future by writers, politicians and bourgeois publicists of all sorts, as well as economists and sociologists. Now, 40 years later, when all the capitalist media have been full of the Reagan-Gorbachev summit meetings, followed by the Bush-Gorbachev meetings, and have been showering applause on the new hero of peaceful coexistence, one can clearly see that the Orwellian view was a product of the Cold War and had little to do with the evolution of the USSR or an appraisal of its internal dynamics.

Today these views have generally been replaced by a new bourgeois theory that the USSR will inevitably yield to capitalist restoration. This outlook is a product of the present historical conjuncture just as much as the Orwellian view was a product of the Cold War period. Neither is an independent, dispassionate conclusion based upon a study of the internal dynamics of the Soviet Union as a new historical social formation. The current view of the USSR is being pushed by bourgeois economists and sociologists with a vigor and enthusiasm comparable to the critical acclaim accorded the Orwellian view during the period of the Cold War.

By now there have been scores of bourgeois studies of the Soviet reforms. Some give them high praise. Some may profess to show their shortcomings, but all, without exception, start with the built-in bias that a centralized, planned economy is invalid, economically inefficient and unworkable. Therefore, a return to the capitalist market is not only desirable but inevitable. Without this sacred predisposition, no analysis of the Soviet reforms is acceptable to the capitalist class. There are no studies whatsoever from the bourgeois side to show that a planned socialist economy is ever possible or desirable. Such a viewpoint must first be excluded before beginning any kind of analysis. This is true for all the "Sovietologists"--the Gerry Houghs, the Marshall Goldmans, the Ed Hewetts and other analysts of their ilk in capitalist academia.

The way the capitalist class explains the Gorbachev reforms, they are all but carved in stone. It would seem there's no road open except to move further and faster until the full restoration of capitalism. This we believe to be wholly unfounded, both on the basis of historical evidence as well as on the inherent possibilities for a socialist regeneration which flow from the class structure of the Soviet Union.

The problem with so many bourgeois analysts of the Soviet Union is their utter inability to really and truly come to grips with the social character of the USSR as a brand-new, dynamic social system. Invariably they view it mechanically, often statically, but not dialectically. Lenin explained "the essence of dialectics" as "the splitting of a single whole and the cognition of its contradictory parts."<sup>8</sup> What the bourgeois analysts fail to see in the USSR is

precisely this contradiction, between the revolutionary social structure of the USSR and its superstructure, which is all too frequently at variance with its class basis. There is a continuing struggle between structure and superstructure, now open, now hidden, often violent.

This contradiction has its origin in the fact that the legacy of czarism left the USSR with extremely low productive forces which were incapable of affording the USSR a socialist character immediately after the war. To a large extent, this has persisted for close to 70 years. Now, however, that the Soviet Union has achieved the rank of second only to the United States in its total productive forces, the contradiction which holds back its development is the urgent need to upgrade the social relations, to move forward in communizing the social relations especially in areas of the economy which have not sufficiently advanced from bourgeois forms. This cannot be resolved on the basis of a retreat to anachronistic, capitalist reforms that suit some privileged groupings.

History teaches us that no new society, no new social system ever vanishes without fully exhausting its possibilities. Furthermore, no new social system ever emerges without the ground being fully prepared for it. It is often said that the USSR might not have emerged as a revolutionary new social formation without the conjuncture of the imperialist war. It had always been affirmed that the Russian Revolution occurred as a break in the weakest link in the imperialist chain. But the fact that it has survived for over 70 years and has not been reabsorbed into the imperialist system, and that moreover the Russian Revolution has been followed by socialist revolutions in China, Cuba, Vietnam, Korea, Albania, Ethiopia and elsewhere--all this demonstrates that a new social system has emerged from the old. It thereby proves not only the inevitability of socialism but its viability as well, especially when one considers the continuing unparalleled historic struggle between the two systems.

That each of the succeeding governing groups of the USSR has been unable to achieve the stability, the correspondence between base and superstructure, which capitalism developed after several centuries (and then only among the very richest capitalist powers with immense overseas colonies), attests to the severe birth pangs which a newly emerged society must go through and upon whose body politic the birthmarks of the old society continue to persist.

The Soviet Union is a contradictory social phenomenon. An attempt to unravel it would show that this phenomenon has a revolutionary class structure, in that it overthrew the landlords, bankers and industrialists, but has had a superstructure, for most of the time the USSR has existed, which is relatively at variance with its class structure. The still fragile class structure is vulnerable in the face of the global capitalist economy.

In bourgeois society, the governing groups can change many times, from monarchists to fascists, from democrats to military dictators, but because the capitalist system is based upon the automatic forces of the capitalist market and private property, the system continues with its superprofits and with its poverty. The fact that one clique of administrators is ousted and another takes its place may somewhat retard capitalist development at one time or accelerate it at another, but the system continues under the domination of the same ruling class. For instance, when Donald Regan, a multi-millionaire from Wall Street, was forced to resign his post as Ronald Reagan's White House chief of staff, he did not thereby cease to be a capitalist and owner of millions of dollars in cash, stocks and bonds. He did not lose his membership in the capitalist class, he merely lost his office in the governing group. Needless to say, the same was true of Nelson Rockefeller after his tenure as vice president.

It is otherwise with the Soviet government. From the point of view of administration, the Soviet state is in the hands of a vast bureaucracy. But the ownership of the means of production, meaning the bulk of the wealth of the country including its natural resources, is legally and unambiguously in the hands of the people--the working class, who make up the overwhelming majority of the population. Those in the governing group are merely the administrators of the state and state property. If Politburo members Gorbachev, Ligachev or Yakovlev were to lose their posts, they would not take with them the departments or ministries they headed. They have pensions due and even may have accumulated personal funds, but they do not own a part of the state as such. The ownership of the means of production in the hands of the working class is truly the most significant sociological factor in the appraisal of the USSR as a workers' state, or socialist state as it is called in deference to the aspirations of the people.

Even the Gorbachev reforms, which tend to erode the power of the working class, would have to go a long, long way



in order to invalidate the ownership of the means of production by the working class.

When capitalism established its class dictatorship, it not only assimilated the experiences of previous exploiting societies but also integrated some of the social strata of the previous ruling classes, even at the cost of serious concessions to them. These helped the new ruling bourgeoisie to exercise its class dictatorship over the exploited workers and oppressed peoples. Capitalism was not born full-blown. It took centuries of development to achieve a degree of stability as against the insurgent masses. But finally it could afford to have two or three different governing or warring groups expressed in political parties which managed the affairs of the bourgeois state. That is what bourgeois democracy has meant in the epoch of the bourgeoisie. In Britain, Holland, Belgium, France and also Japan, this democracy and stability, however precarious, was achieved by the super-exploitation of the hundreds of millions of colonial peoples, allowing some of the super-profits to reach the upper echelons of the working class in the metropolitan countries, the so-called labor aristocracy.

The bourgeois scholars of today are incapable of facing up to the real problems of historical appraisal, that is, charting the course of social evolution. Human history shows a universal sequence from communal life to slavery, then feudalism, then capitalism. They won't dare deny that capitalism is the product of social evolution, but they want to stop there. They exclude even the possibility that capitalism is being replaced by a new social system which inevitably brings with it the ownership of the means of production by society, beginning with ownership in the hands of the working class.

The retreat by the Soviet leadership into bourgeois norms and capitalist innovations will unquestionably fail. They will become a danger to the social foundations of the USSR; the base (the workers' state) will rebel against the superstructure (the political and economic bureaucracy) to bring the superstructure into conformity with its needs. We can already see evidence of this forthcoming development in what happened in China, where the reforms went as far as they could. The government in June 1989 had to say bluntly, "Thus far and no further." A forceable solution was the only viable course.

The lesson of China is of tremendous importance. The bourgeoisie can't get over it. Not all their sanctions, all their bulldozing can change what happened. It's the most significant lesson that has come out of the socialist camp in the last 30 years. It is too early to tell how far the new course in China will or can go, given the new effort at economic strangulation by the imperialist bourgeoisie. But it is impossible that this will not have reverberations in the USSR, and it is particularly important in the light of the renewal of normal relations between these two great socialist countries.

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## Chapter 1

# THE GLOBAL CONTEXT OF RESTRUCTURING

**Factors in the post-war growth of the capitalist economies. Isolation of the USSR. U.S. efforts to sabotage gas pipeline. Hewett on the "mystery" of Soviet success. Why are imperialists today positive about perestroika? Regressive changes in economic system. Glasnost today and in the Lenin period.**

It is impossible to isolate any single phase of Soviet history without distortion; it must be put in its world historic context. The Soviet reforms today take place in the context of the worldwide restructuring of capitalist industry on the most intensive scale ever undertaken. This is driven at breakneck speed by the scientific-technological revolution, which has been in progress for some ten or more years and has enabled the monopoly capitalists, from Japan to Finland to the U.S., to rationalize their industry.

From the point of view of its growth rate, the USSR was way ahead of the capitalist countries in the 1930s and '40s, and was still growing strongly in the '50s and '60s. However, beginning in the late '70s, it is now admitted (perhaps even overstated, for factional reasons we will explain later), the growth rate in the USSR began falling steadily while at the same time capitalist industrial activity took on a new momentum.

It should be stated at the very outset that the reason the U.S. capitalist class was able to extricate itself from the 1979-82 economic crisis was due most of all to the passive character of the U.S. labor movement, and most importantly to the accommodating and class collaborationist role of the labor leadership which allowed the ruling class full sway. In Britain, the coal miners at least put up a fight, but they lost out. On a world scale, the ruling classes in this period were able to improve their situation and launch a momentous campaign to restructure their industry.

It should also be remembered that in some areas of the capitalist world, the restructuring began much earlier. After the Second World War, the victorious imperialist Allies, particularly the U.S., gave the German and Japanese imperialists an enormous advantage. They helped them to not only rehabilitate their industry but to rationalize it with the deliberate aim, clearly stated, of making their industries competitive in the world market. This was done not out of generosity, humanitarianism or good will. It was done with the avowed aim of strengthening the ruling classes of those countries against their own working classes and with a view towards bringing these erstwhile antagonists of the U.S. into a military alliance against the USSR.

This was doubly true with respect to Japan. After obtaining unconditional surrender from the Japanese imperialists, the U.S. made absolutely certain to reassure the Japanese bourgeoisie that it would open all the markets in the U.S. to them. This was the real quid pro quo for Japanese imperialist acquiescence and extraordinary subservience. Why do the bourgeois historians never bring this up? Why do they always seem perplexed by it? Certainly, from the Japanese imperialist point of view, there was nothing they wanted more than an open door to all markets, which Britain, France and the U.S., as imperialist competitors, had previously closed to them. The U.S. open door enabled the Japanese bourgeoisie as well as the Germans (and also the British, Belgians and French) to modernize their industries after the destructive effect of the war.

The USSR was shut out from all this, and had to make do with whatever it had. During the entire so-called "peaceful" period from 1945 until today, there has been a near-complete blockade of the USSR economically. The USSR is prohibited from membership in the General Agreement on Tariffs and Trade (GATT). It is prohibited from dealing on an equal basis with the European Economic Community (EEC), either as an individual country or as part of the socialist bloc. It is not even allowed observer status at the present time. A trade treaty between the U.S. and the USSR was ready to be signed, sealed and delivered in 1972, but collapsed because of the Jackson-Vanik amendment (which

we discuss in the next chapter). During Reagan's presidency, he boasted that the only way the USSR could do business with the U.S. was if it put up "cash on the barrel head," an exceptional requirement in international trade. Above all, there is an enforced ban on high technology, supposedly to restrict the sale of militarily sensitive items. However, the military aspect is vastly exaggerated.

The Gorbachev administration, while embarking on a vast restructuring effort, characterizes the Brezhnev period in particular as one of stagnation and decline in the economy, and its political methods as guided by administrative and command strategy. But to paint the whole era as one of decline because of this is just not true.

To the extent that the Gorbachev administration is attempting to democratize the organs of the state and afford the mass of the people greater freedom to criticize and present an independent point of view, that of course is unassailable. However, the struggle against the previous administrations, not to speak of the Stalin period, is conducted in the spirit of a vendetta rather than an attempt to objectively analyze a period in history. Widely publicizing corruption cases, removing statues of Brezhnev and renaming streets, casting him into purgatory, so to speak, are done without taking into account some of the very important struggles against imperialism in that period, particularly against U.S. efforts to sabotage the economy of the USSR and its relations with the West European countries.

For example, in the early 1980s the Reagan administration thought they had hit on a spectacular idea that would deal a body blow to the Soviet economy when they imposed sanctions and prohibited U.S. companies from selling gas turbines and blades to the USSR. These were important for the huge gas pipeline project that was projected to bring natural gas from Siberia all the way to Russia proper and even to Western Europe.

Such European capitalist governments as France, West Germany and others had already made significant agreements to purchase the gas from the USSR. It was not anticipated by the USSR that after these deals had gone through, the U.S. would suddenly prohibit sales of some of the compressors and turbines needed. Reagan thought the whole project would collapse without U.S. technology, and that European objections would be overcome by general U.S. dominance of the Western alliance.

This development posed a technical, economic and above all political problem for the Brezhnev government. It first tried to influence the Europeans to assert their independence, but this failed in view of the intransigence of the Reagan administration. Faced with this problem, the Brezhnev administration began to mobilize all its political, technical and industrial possibilities. It set in motion a mighty effort to overcome this imperialist attempt to sabotage the economic plans of the USSR and to raise the Cold War to a new pitch. This effort was described in *Reforming the Soviet Economy* by Ed Hewett, a specialist in Soviet energy policy:

The Soviet response to this action was to mobilize local party and government organizations in an all-out effort to meet the goals of the pipeline expansion program by relying almost exclusively--contrary to the original strategy of the ambitious plans--on Soviet turbines and compressors. That is precisely what happened, and more. The entire pipeline expansion program was completed ahead of schedule, and without further imports of Western turbines and compressors beyond those few purchased before the Reagan embargo.

This was no mean feat, and how the Soviets managed it is still somewhat of a mystery. What is clear is that the Soviet leadership responded to the Reagan threat by mobilizing the entire system through the party, signaling to all levels that the gas pipeline program was a first priority. . . . Local party officials all along the route of the lines were mobilized to see that construction moved on schedule, ministries were mobilized to see that they contributed their part in the supply of necessary equipment and where possible Eastern European technology was substituted for what were to have been imports from the West. This is but one example of an important source of strength in the system. . . .<sup>1</sup>

Why doesn't the Gorbachev administration ever allude to this example of a real victory over imperialism by means of mobilizing the progressive masses of workers, the state apparatus and the technical intelligentsia? We're not denying that there have been undemocratic practices throughout most of Soviet history, but what about such victories just a few years ago in the face of an ultra-reactionary U.S. administration? Hewett admits in a footnote that earlier, when he

wrote *Energy, Economics, and Foreign Policy in the Soviet Union*,<sup>2</sup> he had "concluded from an analysis of Soviet capabilities in turbine and compressor technology [which the Reagan administration had undoubtedly relied on--S.M.] that the Soviet Union would not be able to bring the new lines up to full pressure as quickly as it did. . . . They clearly have done it, but there are many unknowns on how and at what cost."<sup>3</sup> This is a "mystery" to Hewett, a phrase that is endlessly repeated, as when Churchill described the Soviet Union as a "riddle wrapped in a mystery inside an enigma." This has never stopped the Churchills and the Hewetts from recognizing their own class interests and combating the Soviet Union.

So there is an international dimension to the restructuring which cannot be overlooked. The USSR is the most self-sufficient country in the world in many ways, but as late as the 1970s it had to in effect surrender some of its sovereignty in order to effectuate a series of grain agreements with the U.S. The U.S. renunciation of the grain deal in 1979 again proved the need for the USSR to rely on itself.

The other international aspect, of course, is armaments. The Reagan administration, supported for the eight years it was in office by both houses of Congress, went all out and spent more than \$2 trillion to overwhelm the USSR. Previous agreements on nuclear treaties, which seemed to have stabilized the situation, were undermined by the Reagan administration. This forced the USSR into a race which to this day may not have ended.

The USSR can retool and overhaul its entire infrastructure by its own efforts. But it could do it much more easily by enlisting the support and cooperation, or at least the non-obstruction, of the imperialist powers. They control most of the world's technology, not to speak of the world markets. The ruling group in the USSR is keenly aware of the problem.

Inasmuch as the objective is to overhaul the industrial-technological infrastructure, that can only meet with the greatest approval from all groups and tendencies in the world movement which look forward to the USSR successfully rebuilding its material base for the development of socialism. On the other hand, however, if that were all that were involved, it is hard to imagine that the capitalist world would react with anything but fear and scorn, coupled with destructive boycotts and restrictions. They would not only continue but intensify past and present policies. Why would they be interested in the USSR successfully increasing its growth rate and modernizing its plant? Why should they help build socialism?

Of course, they may not always be able to help themselves when it comes to trade and commerce. For instance, the North Sea oil is being depleted. The imperialists may need Soviet oil and gas, notwithstanding what is available in the Mideast and elsewhere. They also may need to trade in some industrial and technological products and even sell consumer goods as a matter of dire necessity. But they have a committee, the Coordinating Committee on Export Controls, as important as any military committee of NATO, that carefully sifts what to sell and how to buy. This is not to say there aren't times when even the strictest agreement among the imperialists is broken, as when Toshiba of Japan clandestinely sold some of the most forbidden technology to the USSR.

The "free trade" that is repeated so monotonously in the bourgeois texts is at least in part a fraud. What is the very existence of such an agreement as GATT but a form of restricting the freedom of trade? It's a way to include some countries and exclude others from a particular arrangement among the monopolistic groupings in the imperialist world. How much free trade can there be if they are bound by such agreements, not to speak of the secret understandings among the leading imperialist countries directed against the oppressed peoples?

It suffices only to mention the trading axis among Britain, the U.S. and Canada directed against the European Economic Community, as well as the growing collaboration, both secret and open, between the Japanese imperialists and the European community, particularly the German imperialists--a revival of an old friendship.

Needless to say, there is no free trade, to say the least, between the USSR or the socialist alliance and the imperialist countries.

From the point of view of the revolutionary working class movement, any effort of the Soviet Union to solve the problem brought about by the restructuring of world industry and the boycott of the USSR is legitimate. They should

do whatever they can. However, what the Gorbachev administration has embarked on is not only the overhauling of the technological infrastructure of the USSR. They are also attempting to fundamentally transform the entire economic system, not only in industry but in agriculture as well, to bring in what they call economic accountability, self-financing, the decentralization of some aspects of industry, and the virtual dismantling of the foreign trade monopoly, breaking it up into what appear to be autonomous units that would deal with foreign governments on a profit-and-loss basis. This is bound to have a deleterious effect on developing countries, particularly socialist countries like Cuba, and seems ominous.

In order to change the economic system, the Gorbachev regime says it is necessary to first overhaul the political system. This is done under the sign of glasnost. If glasnost means reopening the democracy which existed and flourished during the period when Lenin was alive, when the Bolshevik Party continually engaged in open discussion on even the most critical issues, that of course is most welcome. Yet it is extremely instructive to note that when an unlimited, free press existed in the short period between the overthrow of the Kerensky regime and the onslaught of the full-scale civil war by the imperialist-aided counterrevolution, the bourgeois press as a whole never seemed to take notice of this or credit it as a demonstration of democracy and freedom. Their hostility to the revolutionary government was unmitigated.

To the extent that there is now a revival of democratic procedures, that of course is very welcome. But along with it are other aspects and problems which may very well bring the Soviet Union into an era of both economic and political regression. The deeper question is, are there other causes, besides external ones, for the loss of momentum in the USSR? What the world ruling class is hoping for and praising are precisely those developments which, from a working class point of view, would be altogether counterproductive.

## References

1. Ed Hewett, *Reforming the Soviet Economy* (Washington: The Brookings Institution, 1988), pp. 169-70.
2. Ed Hewett, *Energy, Economics, and Foreign Policy in the Soviet Union* (Washington: The Brookings Institute, 1984).
3. Hewett, p. 169.

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## Chapter 2

# HOW THE IMPERIALISTS

## SEE DETENTE

**"Hit 'em while they're down." Imperialists want detente--without real disarmament. Is a broader rapprochement possible? Effect on working class and oppressed people. Concessions and the class struggle. Lenin's attitude toward Brest-Litovsk. Conducting state relations with hostile governments. Separate role of communist parties. Blurring the distinction between party and state. U.S.-Soviet relations in the Bush administration. Return of Kissinger's influence. Arms treaties in the 1980s. The fate of detente in the Nixon administration. Playing the "China card." What happened to the 1972 trade agreement? The Jackson-Vanik amendment and the most favored nation clause. Behind the opposition of the "Israeli lobby." The Stevenson amendment restricting loans. Watergate and the abandonment of detente.**

In the bourgeois view, the Gorbachev leadership has been making concessions of a military character--such as cuts in nuclear weapons, in the size of its military establishment, withdrawing from Afghanistan--as well as political changes such as glasnost, the freeing of Sakharov and so on, because the economic problems and the technological lag are so great as to have created a crisis for the leadership. Thus, they are making all these concessions in order to be able to get trade, loans and also technology to help them out of the crisis. Some in the bourgeoisie go further and say that the economic reforms are made with a view towards a broader rapprochement with the West.

There are varying views on this. None of them involves the least bit of sympathy for the USSR as a social system. They all see the reforms in the context of a struggle with the USSR in which the West has gotten the upper hand. One Wall Street firm, Kidder Peabody, put out an enthusiastic analysis to its customers early in 1989 summing it all up as a victory for the U.S. in the most expensive war ever fought--the Cold War. This was also the theme of a New York Times editorial of April 2, 1989, entitled "End of the Cold War."

Behind the flattery for Gorbachev, the imperialist attitude is no different than that expressed by Admiral Stansfield Turner, former head of the CIA, toward Iran. In the days following the downing of an Iranian plane with the loss of several hundred passengers, while peace overtures were being made by Iran toward Iraq as the last phase in their struggle, Turner was asked what the U.S. should do now in view of the conciliatory attitude taken by Iran. He put it bluntly, as a militarist would: "Hit 'em while they're down."

This is also the view of the U.S. military and the hardcore of the civilian bourgeoisie toward the USSR. But they may not be able to carry it off. They have gone as far as they can in nuclear brinkmanship. They've come dangerously close to creating a financial panic as a result of the huge military expenditures of recent years. This is haunting them day by day, notwithstanding the glowing economic forecasts. And the view of most bourgeois economists is that down the line, a capitalist downturn is inevitable.

Under these circumstances, the capitalist establishment, almost uniformly, from the most liberal to the extreme right, is for developing a second version of detente (while of course maintaining and strengthening the military establishment). In fact, Washington and Wall Street have never been so isolated in the international community. This was demonstrated by the vote in the UN that condemned Washington for failing to allow PLO chairman Yassir Arafat to come to New York to address the UN General Assembly, and moved the UN session to Geneva. The vote was a staggering 152 to 2, an all-time low for the U.S. The State Department was unable to line up even its closest allies.

The Gorbachev leadership saw as early as 1985 that the Reagan administration had reached the limits in its military preparedness for the period, and that a further deterioration in U.S. relations with the USSR was no longer profitable. It took the opportunity to open a new strategic outlook in relations with the U.S. Insofar as the initiative by the

Gorbachev administration was involved with arms control and other foreign policy issues, it was a perfectly correct tactic to pursue. The Soviet government began by unilaterally ending some nuclear tests, and made a series of proposals which they realized would be in some measure acceptable to the Reagan administration. The summit meetings which followed, from Geneva to Reykjavik to Washington to Moscow and then the UN, dealt with the customary foreign policy issues which concern the U.S. and the USSR but naturally exert a significant influence on the rest of the world. This was all within the framework of legitimate state-to-state, and for that matter socialist, diplomacy on the part of the USSR.

Is it now possible for the USSR to take the initiative and embark on a period of detente, making a rapprochement with the U.S. which would have significant advantages for the USSR economically and politically while also tending to stabilize the nuclear relationship between the two? Certainly this would be desirable from the point of view of the world working class and the oppressed as well as the USSR. The problem, however, is how it is presented and how it would work out in practice.

Lenin said there would be periods of peaceful coexistence between the imperialist powers and the USSR. Among the imperialists themselves there are intervals of peace which, in Lenin's words, are more or less preparatory periods for the next war, given the congenital character of imperialist militarism.

So if the USSR were to embark on such a relatively long-range strategy, the question then is how it would affect the class interests of the Soviet Union and its socialist allies, as well as the interests of the working class of the world and the oppressed peoples, especially the national liberation movements. If this in turn means concessions with social and political significance from the viewpoint of the class interests of the workers and oppressed, as well as from the viewpoint of the USSR, then the first rule of Soviet diplomacy should be to call them by their right name: concessions.

As in the class struggle generally, concessions to the class enemy are on occasion necessary. There are both advances and retreats in the long, protracted struggle of the working class against the capitalist class. But it is fatal to the course of working class consciousness, the promotion of the class struggle, and the building of socialism to pass off a retreat as an advance, or a concession made by the workers as a victory.

Here is the nub of the issue. The USSR has made any number of agreements with the imperialists. But the Leninist conduct in this matter has always been to make clear the objective situation and not try to motivate the agreement in such a way as to pass off a defeat as a victory, or cover up an ideological surrender of the very tenets of revolutionary Marxism. How did Lenin explain the most onerous agreement, the treaty between the Soviet Union and Germany signed at Brest-Litovsk, under which the new workers' government was forced to surrender so much territory in order to get out of the First World War? In his "Letter to American Workers," and also in *Left-Wing Communism*, Lenin condemned the treaty as harsh and annexationist. His scorn was also leveled at the British, French and American bourgeoisie, who attacked the USSR for making a separate peace with Germany, but who had earlier refused to support Lenin's proposal for a general peace without annexations or indemnities.

A compromise is admissible or inadmissible, said Lenin, depending on whether it is truthfully explained to the workers. He did not paint up the imperialists because they had agreed to the Brest-Litovsk Treaty but called them imperialist robbers, as they have always been and will so remain. This was necessary in the interests of not deceiving the workers and the mass of the people everywhere about the intentions of the USSR or of the imperialists.

Lenin also made it a point to show that the USSR, as a socialist state, exists in a system of states and as such it is forced to conduct orderly, conventional relations with other states, whether they be bourgeois, feudal, or whatever; in other words, it must be able to conduct ordinary business, even though it is faced with a hostile imperialist environment. But just as important, the USSR must continue to promote revolutionary communist propaganda, to be able to assist national liberation movements and support workers' struggles everywhere. That was the main purpose for setting up the Communist International. In so far as foreign relations went, the Soviet Union would conduct its state-to-state relations in a businesslike manner. If it was selling oil or buying grain, if it had reached a limited agreement with the imperialist powers on military affairs, such as the Rapallo Treaty in the 1920s or the 1989 agreement on chemical weapons, that was proper and appropriate as long as it was kept strictly on the level of state-to-state business.

If there were political implications, these would be expressed by the Party as separate from the government. The



communist view of these negotiations, the propriety of the socialist approach to these matters, whether they conflicted with Marxist or working class principles, this was to be made clear by the Party and the international communist movement. The whole point was to clarify the relationship between the broad socialist interests of the working class and the oppressed masses, and the episodic, temporary, state-to-state relations of a socialist country with the imperialist world. At a disarmament conference, for example, or in any diplomatic endeavor, the Soviet representatives were there to conduct business. In the give and take of arriving at agreements, this did not imply ideological or political concessions involving the tenets of revolutionary Marxism, the nature of the working class, the promotion of the revolutionary aspirations of the masses--that was not part of state-to-state relationships.

When the USSR made an agreement with England in the early 1920s, Soviet support for the Chinese Communist movement was very correctly not a topic of discussion. The relations of the Soviet Communist Party to the Chinese Revolution were a matter between the parties and not an object of negotiation or even discussion between the British imperialist government and the revolutionary government of workers and peasants in the Soviet Union.

Certainly, the Soviet Union was interested in having peaceful relations with the imperialist world. However, this did not entail any equivocation, any subordination or surrender of the ideological or political premises of revolutionary internationalism, which was one of the objective characteristics of the Soviet state in its early years and was carried out by the Party. What the Party leadership was bound to do as a communist party was one thing; what the Soviet state was obligated to do, particularly in its period of isolation in the early days, might be something different. But there was never to be any blurring of the roles. Even Stalin for a long time was secretary of the Party without formally taking on the title of premier or president. It was only during wartime that he took on the title of marshal of the armed forces.

Unquestionably, then, the international interests of the Party as a working class organization, as a detachment of the worldwide proletariat sharing the same interests as and in harmony with the whole socialist movement, was, as far as possible, kept separate from the interests of the Soviet Union as a state within a system of states, as Lenin put it, from which it could extricate itself only by stages, depending upon the successful victories of socialism in other countries.

Of course, after many decades of deterioration in both the Party and the state, it became impossible to strictly adhere to this relationship and the two overlapped both in domestic and international affairs. Nevertheless, a certain distance was kept between them which, in the present era of negotiation between the USSR and the U.S., seems to have been entirely blurred if not altogether forgotten. Indeed, this has opened up an altogether new chapter in the relations between the USSR and the imperialist countries, in particular the U.S., and has called into question what the tenets of the Party stand for.

In the United States, the inauguration of President George Bush appears to have ushered in a new period of peaceful relations bearing a strong resemblance to the period of detente of the 1970s. And indeed, the new administration has two top foreign policy people recruited from among the associates of former Secretary of State Henry Kissinger: National Security Adviser Brent Scowcroft and Deputy Secretary of State Lawrence S. Eagleburger. Even before the confirmation of Secretary of State James Baker, Kissinger himself, with little press notice in the U.S., was dispatched to Moscow to brief Gorbachev and his aides on U.S.-USSR relations as seen by the Bush administration.

Certain conclusions can be drawn from this. Kissinger is not just an individual. He has been a representative of the Rockefeller empire in foreign relations. So many of its leading lights move in and out of government that the Rockefeller-dominated Council on Foreign Relations has been regarded as an alternate State Department.

For many decades, particularly during the election campaigns of Nixon and Reagan, there was no end of attacks on the Eastern or Rockefeller establishment. But once the elections were over, all the attacks stopped. During the Reagan administration, there was rarely any mention of domination by the Rockefeller group, or the Wall Streeters. In fact, many of them had offices in the White House, including investment banker Donald Regan himself.

This is something that should be taken into account, whether the change in administrations signals a change in policy or whether Bush merely continues the same foreign policy of more cooperative relations with the USSR which has prevailed since the mid-1980s. During both the Nixon and Reagan administrations, the U.S. and USSR were able to effectuate nuclear treaties. Besides the Strategic Arms Limitation Treaty (which became known as SALT I), ratified by

the Senate on August 3, 1972, there was also the Anti-Ballistic Missile (ABM) treaty under Nixon and the Intermediate Nuclear Force (INF) treaty under Reagan.

Then, as now at the outset of the Bush administration, the question of reaching an accord on trade relations between the two countries to complement these arms agreements loomed very large, especially as it related to credit and loans. It is instructive to examine the period of detente during the Nixon administration in order to better understand these developments.

The fall of 1972 seemed particularly auspicious for achieving a significant step toward a full-scale accommodation with the USSR. For one thing, on October 3 Nixon and Soviet Foreign Minister Andrei Gromyko signed the final documents of the SALT I treaty. This seemed to set the stage for a complementary economic accord to round out relations between the two countries in a way that could properly be called a full-scale detente. This popular term, which had originated in France, passed into world literature as a synonym for easing tensions and normalizing diplomatic relations, if not widespread accommodation and cooperation.

For Nixon in particular the time was ripe. His prestige in the ruling class had soared, especially after his spectacular success in resuming relations with the People's Republic of China. The irony, as everyone knew, was that he had been among the most vociferous leaders in the anti-communist hysteria of the earlier decade. Now, however, Nixon had made a turnaround with his coup in China. The ruling capitalist establishment was ecstatic with his achievement. Even the most extreme rightwingers in the Republican Party applauded his diplomatic tour de force. The extreme rightwing opposition to diplomatic recognition of the People's Republic of China seemed to disintegrate overnight.

Nixon's diplomatic coup with China was all the more welcome in many circles of the capitalist establishment because it was widely perceived as an element in the struggle against the USSR. Playing the "China card," as it was called, was regarded by many as merely an anti-Soviet ploy and not as a positive step to bring about full recognition and reciprocity for People's China on the basis of equality, sovereignty and territorial integrity. It was seen this way especially because the question of Taiwan was left wide open to ambiguous interpretation, so that to this day Taiwan remains a separate entity, economically and politically dominated by the U.S.

However, it should also be noted that in his 1968 acceptance speech at the Republican Party convention, Nixon had said that if elected president he would "replace confrontation with negotiation" in regard to the USSR. This phrase was regarded as a mere election ploy and was viewed with skepticism and scorn, especially in the progressive and anti-war movements. Nevertheless, in October 1972 Nixon was in Moscow, together with Kissinger, putting the final touches on a trade agreement with the USSR which had been reached in principle in May of that year.

If the terms of this agreement had been executed between the U.S. and another capitalist country, it would scarcely merit more than a footnote in the economic history of the countries concerned. But there in Moscow, at a summit meeting between General Secretary Brezhnev and President Nixon, it signaled a far-reaching turn in relations. Some viewed it as a turning point in the Cold War. Others even saw it as ushering in giant economic deals between the two governments which would dwarf everything previously regarded as possible between them.

Thus, when the trade agreement was signed on October 18, 1972, there seemed no apparent reason why it should not soon become effective and operational. True, it would still need legislative acquiescence. However, not only did Nixon have the full support of his own administration, but there was eagerness on the part of the Chamber of Commerce and other elements of the capitalist establishment to move along in the field of trade and commerce with the USSR. It would seem there was no single significant constituency in the ruling class which could obstruct the execution of the treaty. Traditionally, the Democrats who were then in control of both houses of Congress were regarded as more liberal on the Soviet issue than the Republicans. Ordinarily that should make it easier to facilitate the passage of any necessary legislation.

However, while Kissinger and Nixon were in Moscow a significant obstacle was emerging. Both men seem to have taken it for granted that Congressional approval would be a certainty. They knew that the trade agreement would be opposed by a so-called Jewish lobby, which was concerned with the progress of Jewish emigration from the USSR, but it must have appeared to them that this was manageable and could easily be overcome.

The opposition took the form of a piece of legislation which had been introduced in both houses of Congress simultaneously, both versions containing virtually the same language. In the House it was sponsored by Charles A. Vanik (D-Ohio), and in the Senate by Henry Jackson (D-Wash.). Subsequently this legislation became an amendment to Title IV of the Trade Reform Act of 1974, known as the Jackson-Vanik amendment.

Representative Vanik was an altogether unknown congressman outside his own district in Ohio and wasn't known for playing a role in any significant legislation. It was otherwise with Senator Jackson. He had acquired a nationwide reputation as the most fervent supporter of the Israeli cause in relation to the Middle East and was one of the most prominent operators in the so-called Israeli lobby. "Senator Jackson," the Washington Post of June 7, 1974, was to say of him, "has shown himself to be in this matter [Jewish emigration] a man of great humanity as well as a political manager and legislative operator of rare skills. It is hard to recall another occasion when a single senator played such a sure and ample role in the shaping of an important aspect of the nation's foreign policy." Other capitalist newspapers were likewise laudatory of his role as a spokesman for the Israeli lobby and its interest in Jewish emigration from the USSR.

However, that was only one side of the senator. Jackson was also a chief sponsor of the B-1 bomber, the Trident submarine and virtually every other nuclear weapon system which the Pentagon was interested in. He was the moving force behind the effort to build a fleet of nuclear-powered submarines for launching anti-ballistic missiles. He was also a friend of the oil and aerospace industries, particularly Amerada Hess and Gulf Oil. Most of all, he was known as "the Senator from Boeing."

What was the essence of the legislation which Vanik and Jackson had teamed up to push through Congress? It would prohibit the U.S. from granting "most favored nation" status to "any non-market economy" country that limited the right of emigration. The phrase "most favored nation" is a technical term used in trade legislation. What it really means is equal treatment in such matters as tariffs or the imposition of taxes on imported products. There could be no mistaking what "non-market economy" meant. The USSR was regarded as a non-market, that is, socialist, centralized economy. And it had prohibited the emigration of those who held "high academic degrees."

The amendment thus attached certain political conditions to the economic issue of trade with the USSR. The authors of the amendment could not but know in advance that it would be regarded by Nixon and Kissinger as an attempt to torpedo the trade agreement. Under the Nixon-Brezhnev trade agreement, the U.S. was required to annul any discriminatory trade restrictions against the USSR. This would mean a real breakthrough in Soviet-U.S. economic relations. It meant that the USSR would be treated equally, that is, on a par with all other countries trading with the U.S. No tariffs could be imposed on Soviet imports unless they were also imposed on other trading partners. If, for instance, the USSR were to sell agricultural tractors to the U.S., any tax or tariff imposed on the Soviet tractors would also have to be levied on tractors imported from West Germany, Japan or any other country selling tractors to the U.S.

Such an equal treatment clause, known as a most favored nation clause, is contained in dozens of trade agreements arrived at between capitalist countries in the normal course of business. Making this condition part of an economic agreement with the USSR, however, was quite exceptional, because U.S. imperialism had imposed a virtual ban on trade with the socialist countries, most of all with the USSR, ever since the outbreak of the Cold War. Lifting the ban made it completely plausible that a whole series of commercial deals between the U.S. and the USSR would follow.

This was reinforced by the fact that another agreement having to do with loans and the extension of credit was signed between the U.S. and the USSR in Moscow at the same time. In this second agreement, the USSR pledged, in consideration of the nullifying of the trade ban against it, to resume payment on the lend-lease loans extended by the U.S. during World War II. These payments had been suspended once the Cold War began. However, if the discriminatory clauses were not removed, the agreement would not enter into force and the Soviet Union would not have to repay the balance of the World War II lend-lease debt of \$722 million. The Soviet Union agreed to repay \$48 million by July 1975, but the remaining debt would be deferred until the discriminatory clauses were removed. Also, the USSR could exercise its option to cancel either or both of the agreements if the U.S. found itself unable to guarantee the equal treatment clause in the U.S.-USSR trade agreement.

At first, everything went well. Both an arms agreement and two trade agreements had been signed, sealed and

delivered. For all intents and purposes, a giant step had been taken in the direction of detente. However, while Kissinger and Nixon were in Moscow effectuating the trade agreements, the forces of obstruction had taken on a menacing momentum in both houses of Congress. Contrary to the expectations of the Nixon administration and clearly against its wishes, the Jackson-Vanik forces had set themselves the goal of completely frustrating the trade negotiations. Indeed, such was the momentum that they seemed virtually unstoppable.

Before they even went to Moscow, both Kissinger and Nixon had asserted that attaching any such condition to the forthcoming trade agreement would be an "unwarranted interference in the internal affairs of the USSR." Nixon had said, "We would not welcome the intervention of other countries in our domestic affairs and we cannot expect them to be cooperative when we seek to intervene directly in theirs." Apparently the administration forces had assumed that the opposition in Congress to the Soviet trade agreement would be confined to the so-called Jewish or Israeli lobby, and that it could be easily placated by some indirect assurances from the USSR on Jewish emigration, leaving the agreement free to sail through both houses of Congress.

However, what was also overlooked or deliberately not paid attention to was that phrase in the Jackson-Vanik amendment directed against "non-market economies," a veiled allusion to the socialist character of the USSR. This phrase was intended to sharpen the antagonism over the sociological difference between capitalism and the socialist countries. Nevertheless, in order to gain broader support, the focus of the legislation and its public relations steamroller was on the aspect of Soviet emigration.

If anyone in the Nixon administration should have known the extent of the Israeli lobby, it was Kissinger. He had spent most of the period before going to Moscow with Nixon on his "shuttle diplomacy." All Washington was said to be taken with his supposed achievements in stabilizing the Middle East. Among his most vociferous cheerleaders were the Israeli lobby. How could there be such a turnaround?

Vanik introduced his resolution to the House (HR 10710) on December 11, 1972, and it passed by a staggering majority of 319 to 80. He could not have put together such a powerful coalition unless he had a great deal of undercover support. When Jackson attached his amendment onto the Senate's version of the trade bill, he claimed that he had over 70 co-sponsors. This was enough to override a veto, should Nixon embark upon that course.

How could such huge legislative majorities have coalesced since May 18, when the trade agreement was first agreed to in principle? Could the so-called Israeli lobby have marshaled such a powerful force without one of its most important supporters, Kissinger, being aware of it? Or was the so-called Israeli lobby merely the front-runner for a huge undercover effort which quickly jelled while the two sponsors of detente were negotiating in Moscow?

Not long after the Jackson amendment was passed, another even more crippling blow was struck at the U.S.-USSR trade treaty. Adlai Stevenson III introduced an amendment in the Senate restricting the U.S. Export-Import Bank from granting the Soviet Union loans greater than \$300 million over a four-year period. On the surface and to the uninitiated in trade matters, this limitation might not seem that significant. However, while \$300 million may be very useful for a small, undeveloped country, when dealing with the USSR such a sum was "peanuts," as it was properly characterized by Kissinger. Soviet trade is normally reckoned in tens of billions, not in millions.

Moreover, there's a difference between loans made to the USSR by the giant commercial banks or other nongovernmental institutions and those made by the U.S. government. Not only do loans made by the Export-Import Bank carry a lower interest rate, but it signifies that the loans are made in compliance with the "objectives of U.S. foreign policy." The granting of these loans to the USSR would, for congressional purposes, mean that they were in accord with broad U.S. foreign policy objectives. For Congress to put a limit on them would mean legislative disapproval of detente. That was the nub of the issue.

Stevenson's avowed interest in tacking on this destructive amendment was of course explained as "humanitarian concerns about Jewish emigration." But again, was Jewish emigration the real issue? Or was it detente?

On December 10, 1973, the Wall Street Journal, which, like the Washington Post, the New York Times and others, had at that time taken a more or less benevolent attitude toward detente, carried a significant editorial entitled, "The Trade Bill and Detente."

"While we have our own suspicions about the Soviets," it read, "we do not think that the U.S. ought to take the initiative in torpedoing detente with this sort of unlimited demand [concerning emigration]. If a break must come, let it come over SALT or the Middle East or something that bears on the security of the U.S. . . . The world risks stumbling even more, though, if the slim thread that holds together U.S.-Soviet detente is snapped by a gratuitous act of the American Congress."

The Journal in this editorial let the cat out of the bag. The real issue was detente, not Jewish emigration. The latter was merely a cover for far more formidable currents which had been driven beneath the surface during the stormy 1960s and early 1970s but were still just as powerful--if not more so.

What then killed detente? Was it the new setback in the Middle East as a result of the October 1973 war? Or the continuing Vietnam war? Was there a reconsideration in the upper circles of the military? Or was it fear of the "non-market economies" that was the underlying motor force in scuttling trade negotiations and along with them detente?

Detente did not just disintegrate. It was not killed merely by a "gratuitous" act of Congress, as the Wall Street Journal put it. It was the target of an organized and coordinated attack by the basic elements of capitalist industry, finance and the military-industrial infrastructure.

With the scuttling by Congress of the Soviet-U.S. trade treaty of 1972 came the realization that detente as a current phase of U.S. diplomatic and economic collaboration was at an end. The capitalist press, which on the whole had been surprisingly in favor of the trade treaty as a component element of detente, seemed jarred by the huge legislative opposition which the treaty had provoked.

How could Kissinger and Nixon, the two principal architects of detente, have gone so far in their pursuit of it as to have consummated both the SALT I treaty and the complementary trade treaty, only to be suddenly humiliated by a legislative juggernaut? Either of them with their political experience and insider information in Washington should have detected it long before setting out for Moscow. Only one explanation is plausible under these circumstances. There was a reconsideration in the higher circles of the capitalist establishment of how valuable to the fortunes of imperialism was the entire edifice of detente.

The trade treaty in particular, it can be said with absolute certainty, did not provoke opposition from any of the so-called economic interest groups in the bourgeoisie. No hidden, narrow grouping was pulling the whole bourgeoisie behind it in defense of a special economic advantage to be gained by the torpedoing of detente. Quite the contrary. At first most of the big business groups were all for it, and the rest were inarticulate or disinterested. The trade treaty succumbed not to any particular economic interest but to a politically motivated attack on detente.

Nor can it be said that the so-called Jewish or Israeli lobby was really the motor force behind it. Not at all. The lobby was merely the front runner, the front face for the gathering momentum of opposition in the bourgeoisie to detente.

A last-ditch effort was made by Kissinger and Nixon to save the treaty when they invited Senators Jacob Javits (R-NY) and Abraham Ribicoff (D-Conn.) to the White House along with Henry Jackson--the three considered most concerned with Jewish emigration. Kissinger had a scheme to get the USSR to agree to the so-called free emigration clause in the Jackson-Vanik amendment. Kissinger would send a series of letters to Jackson affirming that the USSR had agreed to the free emigration clause, as long as it was not put in legislative form. A return letter by Jackson would restate the terms of the emigration clause in detail and another letter by Kissinger and Nixon would confirm the content of the letters. The idea was that the letters would not be published and that the correspondence itself would guarantee what was called for in the legislation. Of course, all this was to be kept absolutely secret. But the correspondence was leaked to the press. Shortly thereafter the USSR, which might not have agreed to this convoluted formula of diplomacy, angrily denied that it had agreed to anything of the sort.

The truth of the matter was that there had been a reconsideration of the basic issue involved. Was an accommodation with the USSR, especially one that involved the resumption of large-scale trade and commerce, really what the capitalist establishment wanted? Was it really in the interest of expanding monopoly capitalism to promote such a course of development? Would not such a course really be more beneficial to the growth and development of the

socialist economy? That was the rock-bottom issue being reconsidered. The legislative opposition was really an expression of the overriding class issue, that was manifesting itself in this peculiar political sleight-of-hand. In effect, it was a reflection of the inherent class incompatibility of the two systems.

One need only be reminded that the high prestige which Kissinger had attained in the summits of the bourgeois establishment with his 1971-72 shuttle diplomacy in the Middle East now lay in ruins since the mass Arab resistance had forced an unprecedented oil embargo. And in the Far East a military catastrophe of unprecedented proportions was looming as a result of the U.S. debacle in Vietnam.

It was not Watergate that undermined detente, as is sometimes assumed. That would be putting the cart before the horse. Watergate was the effect of the abandonment of detente, not the cause of it, and played an immense role in the resignation of Nixon. There were of course other significant domestic issues involved, such as the internal spy grouping that Nixon organized that was a near-fascist cabal. But this and Watergate are really piddling, especially compared to the recent Iran-contra affair, where Reagan got off scot-free on an issue which involved truly significant foreign policy differences within the ruling class.

There was little outcry and no press offensive over the shooting down of the treaty. It was as though there had been a fairly unanimous understanding to let detente die. Only much later, on January 27, 1975, Time magazine tried to discuss it in a serious way and hold out some hope, not for the treaty, but for detente as a whole. It was "a serious but not fatal blow to detente," remarked a lead editorial in the magazine. Finally, Gerald Ford, early in the 1976 election campaign, gave the coup de grace with his blunt campaign pledge that he would "no longer use the term detente."

How little this was understood by Soviet dissident proponents of detente was demonstrated by an article in the *Encyclopedia Britannica Book of the Year* of 1983 by Zhores A. and Roy A. Medvedev. The failure of detente, according to these authors, "was more the result of errors and miscalculations by the administrations of U.S. Presidents Richard Nixon, Gerald Ford and Jimmy Carter. Just when Soviet international policy was predictable and consistent, U.S. policy was unstable." <sup>1</sup>

This is precisely the kind of bourgeois historiography that confuses rather than sheds light on the problem. Marxism does not underestimate the role of the individual leader or his or her impact on political policies. What Marxism does is to explain the underlying material forces which dictate these policies. It unravels the deeper motivating factors and objective dynamics from which these policies flow.

Neither the errors nor incorrect policies of Ford, Carter, Nixon or other individual leaders adequately explain why the entire epoch that followed the jettisoning of the 1972 trade treaty was characterized by the abandonment of detente. What the Medvedevs ignore is imperialism's reaction to such world historic objective developments as the victories in Southeast Asia and the Arab struggle in the Middle East, the stabilizing of the Cuban revolution and Cuba's ability to extend support to the struggle in southern Africa, the Tupamaros in Uruguay, the Brazilian peasant struggles, the overthrow of Portuguese fascism, the liberation of its African colonies and many other uprisings around the world.

Following the emerging revolutionary struggles among the oppressed peoples, and seeing its own impending defeat in Vietnam, U.S. imperialism dug in its heels and began a period of the most stupendous, utterly unprecedented military expenditures and aggressiveness. This precluded any kind of detente with the USSR, in spite of the fact, as the Medvedevs say, that Soviet international policy was predictable and consistent and indeed the Brezhnev administration went out of its way to promote its peace policy with energy and vigor.

The SALT II treaty that was signed in June 1979 in Vienna was never ratified by the U.S. Congress. Although it had a strong majority, it failed to get the two-thirds necessary in the Senate. The forces of unbridled militarism and blatant reaction demonstrated that, even when they had a small minority in the legislature, they could obstruct and indeed bulldoze the majority into abandoning a significant nuclear treaty, in the same way that they obstructed the U.S.-Soviet trade treaty of 1972.

## References

1. Zhores A. Medvedev and Roy A. Medvedev, "The Russian Giant: 60 Years after Formation of the Soviet Union," *Encyclopedia Britannica, 1983 Book of the Year* (Chicago: Encyclopedia Britannica, Inc., 1983), p. 19.

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## Chapter 3

# GORBACHEV'S WORLD VIEW

**Gorbachev speech to UN discovers "universal human values." Does scientific-technological revolution invalidate or confirm Marxist view of class struggle? The theory that socialism and capitalism are "converging." Sakharov's influence on Gorbachev's thinking. How only one side is doing the converging. Gorbachev on the "world economy." Engels on world market of the late 15th century. Global interdependence and capitalist exploitation. Need for a socialist commonwealth of nations. Capitalist anarchy of production can't be controlled, it can only be abolished.**

On December 7, 1988, Mikhail Gorbachev delivered a speech to the United Nations General Assembly in New York which demonstrated that perestroika was central to his world view.

Of course, it would have been more in line with how a communist should conduct himself if he had had someone else present his views on that particular occasion--the Plenary Meeting of the 43rd Session of the UN General Assembly--since the U.S. government had just refused a visa to Yassir Arafat and had also made it impossible for beleaguered Nicaragua to send its delegation. Nevertheless, Gorbachev took the occasion to make a speech that raised many international issues and a number of important proposals dealing with armaments and weapons systems. On the points he raised concerning state-to-state matters, the world bourgeoisie will either agree or disagree depending on concrete matters of substance to them. We don't think it necessary to address these issues, which can be broadly construed as within the sphere of diplomacy.

However, Gorbachev did not confine himself to such matters. He threw in a virtual renunciation of the world class struggle, of Marxism's principal tenets and world conceptions. He took it on himself to present a sociological thesis on world history and social developments that proposed to answer the question, "What will mankind be like when it enters the 21st century?" His answer projected a fantastic new world order which would have been fitting for a bourgeois liberal from one of the capitalist countries, but was altogether out of place and contrary to what a communist leader ought to say in such a situation. Nor had this new world historic view been approved first by any conference or congress of the Soviet Communist Party.

We cannot repeat his whole speech here, but will quote especially from those sections dealing with "universal human values":

Today, we have entered an era when progress will be shaped by universal human interests.

The awareness of this dictates that world politics, too, should be guided by the primacy of universal human values.

The history of past centuries and millennia was a history of wars that raged almost everywhere, of frequent desperate battles to the point of mutual annihilation.

They grew out of clashes of social and political interests, national enmity, ideological or religious incompatibility. All this did happen.

And even today many would want these vestiges of the past to be accepted as immutable law.

But concurrently with wars, animosities and divisions among peoples and countries, another trend, with equally objective causes, was gaining momentum--the process of the emergence of a mutually interrelated and integral world.

Today, further world progress is only possible through a search for universal human consensus as we



move forward to a new world order. . . .

We are, of course, far from claiming to be in possession of the ultimate truth. But, on the basis of a thorough analysis of the past and newly emerging realities, we have concluded that it is on those lines that we should jointly seek the way leading to the **supremacy of the universal human idea** over the endless multitude of centrifugal forces, the way to preserve the vitality of this civilization, possibly the only one in the entire Universe.<sup>2</sup>[Emphasis in original.]

Where is it true that we are entering an era in which world politics are shaped by universal human interests? Can this be seen in the attitude of the U.S. toward Nicaragua, Cuba, Haiti, Afghanistan, South Africa, the Philippines, the Middle East? Of course, the extreme right in the bourgeois camp interpret this view as nothing more than a communist trick. The more moderate among the bourgeoisie, while they welcome Gorbachev's renunciation of the class struggle, as they would say "at least on paper," are nevertheless giving up not one inch in the struggle, except insofar as some military reductions may be mutually advantageous. Nor have Reagan, Bush, Thatcher, Mitterrand, or other imperialist leaders responded to this speech with any concessions on bourgeois ideology and their world view.

There is not today and never has been any consensus on what universal human interests are. Each class and each social grouping evaluates human interests from its own point of view. If Gorbachev knows of classes and groups which have surrendered their interests in deference to universal human values, it would be very illuminating to learn of them.

Any bourgeois historian will tell you that "The history of past centuries and millennia was a history of wars that raged almost everywhere, of frequent desperate battles to the point of mutual annihilation." It is the most superficial of generalizations. It is difficult to find a historical summary anywhere, even in bourgeois texts, which so completely disregards the opening sentence of Part I of the *Communist Manifesto*: "The history of all hitherto existing society is the history of class struggles."<sup>3</sup>

What Marx did was to show the motive force behind these struggles. The springboard for them all was class antagonism, the class struggle of the exploiters and oppressors on one side and the oppressed on the other. Nobody has put it better than did Marx and Engels in the *Communist Manifesto*: "Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes."<sup>4</sup>

According to Gorbachev, these struggles are not class struggles at all. If they are, he didn't mention it. He said they "grew out of clashes of social and political interests, national enmity, ideological or religious incompatibility." But all of Marxism teaches that national enmity, ideological and religious incompatibility are merely manifestations of class interest, and not the other way around. All these clashes, including imperialist wars, grow out of contradictory class interests, out of the division of society into antagonistic classes and into oppressing imperialist nations versus oppressed peoples. Perhaps the UN is not the forum to express all this. But then it was Gorbachev's choice to present a sociological thesis to the UN. Having done so, it was necessary to put it in the Marxist context.

Had all of this been said by a representative of some other state, let us say the prime minister of New Zealand, Indonesia or Brazil, it would not merit one iota of attention because it is so much bourgeois liberal dogma that has been smashed to smithereens hundreds of times by Marxists and Leninists over a period of decades. But it must be dealt with now, if only because the views represented in this thesis come from the head of the Soviet Union, where Marxism is a state doctrine and hence what he says is regarded as a representation of Marxism. It would be altogether different if one could say, well, this is just a diplomatic maneuver to conciliate the imperialist bourgeoisie. However, they show no inclination whatever to be conciliated by any kind of political document. Indeed, virtually at the same time that Gorbachev was in New York for this speech, the U.S. government unveiled the Stealth bomber. Shortly thereafter Reagan dispatched a naval armada to the Mediterranean, opened an offensive naval action against Libya and shot down two of its reconnaissance planes.

Gorbachev spoke of "the emergence of a mutually interrelated and integral world." This is a bourgeois cliché which has been repeated over and over but does more to confuse than to enlighten about trends in the contemporary world.

There is no question that spectacular advances in electronics, aerospace and countless other developments have demonstrated that the scientific and technological revolution is of a global character. All this is particularly evident in mass communication. People can now speak to and see each other around the globe, can send messages back and forth with a speed unheard of only a decade ago. Indeed, it was Marshall McLuhan who quite a number of years ago expressively described the contemporary world as a global village. However, this has not alleviated or diminished the class character of the village, the existence of rich and poor, of boss and worker, landlord and peasant, exploiter and exploited.

Does the scientific-technological revolution soften and moderate the class struggle? Or does it in reality aggravate it? Does it not in fact accentuate the limitless, predatory search for higher and higher profits?

Hasn't the scientific-technological revolution, this so-called new interdependence of an integral world, resulted in impoverishing the greater portion of humanity while enriching the most powerful, predatory multinational corporations? Haven't the last two decades proven conclusively that the entire technological and scientific apparatus is mostly at the service of the military-industrial complex, that whatever integration, whatever interdependence has occurred has made the poorer countries not less but more dependent upon the rich imperialist ones?

Gorbachev confuses sociology with technology, making it appear that one invalidates the other. This has been a favorite theme of liberal bourgeois theoreticians over the years, that technological progress on a world scale and the mutually interrelated processes in both systems make for their integration into a world system, a system where world socialism is happily liquidated into the bourgeois system!

Where does all this come from? It has its origin in the idea of the convergence of the two social systems. That idea is as old, perhaps, as the Soviet Union itself.

It especially came into currency in the period of the mid-1930s, when the USSR was making advances, some of them of an extraordinary character, while the capitalist world was undergoing a severe economic crisis. Under the pressure of revolutionary threats from the working class, some of the capitalist countries adopted significant economic reforms. There was the New Deal in the U.S. In France, there was the struggle against the Forty Families as well as the nationalizations forced on the Popular Front government. After the war, the Labor Party in Britain carried out nationalizations and introduced broad reforms in health and other social services.

All this lent credence to the idea that capitalism was reforming itself. New progressive social legislation and the takeover of bankrupt capitalist enterprises by the state in order to revive them seemed like socialist measures. To many it seemed that "democratic capitalism" was undergoing an inherent change in its driving forces. They couldn't explain, however, why Hitler and Mussolini had taken almost identical measures, only to enforce corporate, fascist control.

In the Soviet Union, after the death of Stalin in 1953, there arose a like-minded school of thought led by the physicist Andrei Sakharov, who saw a similar trend, but in reverse fashion, occurring in the Soviet Union. He developed the theory of convergence. Much later his thesis was published in the West.<sup>5</sup> Sakharov urged a rapprochement with the capitalist world that would rest "not only on a socialist, but on a popular, democratic foundation," which would imply not only "wide social reforms in the capitalist countries" but in the socialist ones as well.<sup>6</sup>

There are no grounds for asserting, as is often done in the dogmatic vein, that the capitalist mode of production leads the economy into a blind alley or that it is inferior to the socialist mode in labor productivity, and there are certainly no grounds for asserting that capitalism always leads to absolute impoverishment of the working class. . . .<sup>7</sup>

But the facts suggest that there is real economic progress in the United States and other capitalist countries, that the capitalists are actually using the social principles of socialism, and that there has been real improvement in the position of the working people. More important, the facts suggest that on any other course except ever-increasing coexistence and collaboration between the two systems and the two superpowers, with a smoothing of contradictions and with mutual assistance, on any other course annihilation awaits mankind. There is no other way out. . . .<sup>8</sup>

The development of modern society in both the Soviet Union and the United States is now following the same course of increasing complexity of structure and of industrial management, giving rise in both countries to managerial groups that are similar in social character.

We must therefore acknowledge that there is no qualitative difference in the structure of society of the two countries in terms of distribution of consumption.<sup>9</sup>

Hence, convergence of the two systems is the proper and inevitable course.

A careful reading of this shows that today Gorbachev is following precisely this line--the line of Sakharov, the leader of the bourgeois opposition in the USSR. Gorbachev is openly collaborating with Sakharov, sending him on missions to Armenia and the U.S.

Of course, the publication of Sakharov's thesis in 1968 came on the heels of a tremendous general strike in France, a virtual revolution which won basic economic concessions similar to those won earlier in the 1930s by mass popular uprisings. Similar gains were made in Britain and other European countries. The 1960s were also a period of tremendous upsurge in the United States, characterized by the great demonstrations of Black and Latino people, the student, women's, and lesbian and gay movements. Although saddled with a conservative leadership, the unions were able to chalk up significant economic gains while the ruling class was overwhelmed with the Vietnam war.

Sakharov attributes all these gains won in struggle by the masses to the generosity, the innately progressive character of the ruling class!

Since Sakharov wrote his profound thesis, which system has converged on which? Once the Vietnam war began to wind down, the U.S. capitalist economy experienced first a contraction in 1973-74, then a really big crisis in 1979-82. Many of the gains that had been made were taken back. The decline in workers' incomes has been devastating throughout the capitalist world. The Reagans, Thatchers, Mitterrands and Chiracs led the assault. Many of the nationalized industries that had been called "socialist" all these years were privatized, sold off to individual capitalists or groups after the sweat and blood of the workers had made these bankrupt companies solvent. Today the ruling class in the U.S. is richer than ever. There are more millionaires and billionaires at the expense of staggering homelessness and a poverty rate higher than the 1960s. Does Sakharov think the USSR should be converging in this direction?

Nine-tenths of his thesis is calculated to frighten the working class with the spectre of nuclear war. But it hasn't at all frightened the imperialist bourgeoisie, who have used this period to rearm and modernize their industry, especially the military-industrial complex. For all the tremendous anti-nuclear conferences with their prestigious scientific personnel, they never seem to frighten the military-industrial complex. Whatever their subjective aim, their result is to frighten the working class and oppressed people into making concessions, while the bourgeoisie make none.

Gorbachev's UN speech included his view on the world economy:

. . . the scientific and technological revolution has turned many economic, food, energy, environmental, information and population problems, which only recently we treated as national or regional ones, into global problems.

Thanks to the advances in mass media and means of transportation, the world seems to have become more visible and tangible. International communication has become easier than ever before.

Today, the preservation of any kind of "closed" societies is hardly possible. This calls for a radical review of approaches to the totality of the problems of international cooperation as a major element of universal security.

The world economy is becoming a single organism, and no state, whatever its social system or economic status, can normally develop outside it.<sup>10</sup>

Since he acknowledges that there are both capitalist and socialist systems, how can the world economy be defined as a single organism? In Marxism, as opposed to bourgeois economics, the analysis of a social phenomenon always begins with its class definition. The world economy is a phenomenon, to be sure, but what is its class definition, or doesn't it have any? It is a capitalist economy. If, as he says, the world economy is a single organism, it must, like every other organism, have a function. Neither nature nor society knows of any organism which is bereft of a function. The function of the world capitalist economy is capitalist profit and super-profit in the epoch of imperialism. Can this be denied? Gorbachev says no state can develop outside it. What does this mean? That the socialist countries had better get in it and be absorbed by it or face extinction?

It should be made clear that when Stalin propounded his unfortunate theory of socialism in one country, he demonstrated that he was not bound by it in practice. The truth of the matter is that after a short period of isolation, the Soviet Union tried to break out economically. But the bourgeoisie then, as now, were united on that score and refused to cooperate with the USSR except on the basis that it surrender its economic sovereignty, either piecemeal or whole. Isn't that what imperialist policy is now? So while Stalin was wrong in his theoretical formulation, that's no justification for now opening wide the gates of the socialist countries, particularly the smaller ones, to be absorbed by the imperialists in the fond hope that there will be a convergence of interests.

Do we see any convergence of General Electric in the U.S. with its counterpart in Britain, where they are about to consolidate a giant multinational corporation? Rather, a fierce, cutthroat struggle is raging in the European Economic Community. Why, when they are carrying out an economic war among themselves, would they generously open the door to another possible competitor, especially one which still maintains a centralized, socialist, planned economy? Or must it first be surrendered before the USSR can enter the temples of capital?

So much has been written of late about interdependence that it has become a banality in the economic literature of the bourgeoisie--as though the world market had arrived on the scene just in time for the Gorbachev "new thinkers" to eagerly join it. Yet nearly a century ago, Frederick Engels, in a letter to Karl Kautsky, then the leading European socialist theoretician after Marx and Engels, criticized Kautsky for his failure to recognize the existence of the world market at the end of the 15th century!<sup>11</sup>

Even that long ago, the economies of a number of countries were interdependent. Soon this world market had widened to virtually encircle the globe, and particularly involved trade among Europe, Africa and the Western Hemisphere. What was a vital function of that world market? The capture and sale of slaves as a form of capitalist investment.

It was the slave trade that developed the world capitalist market, that made Britain and the Southern colonies dependent upon each other while the North was becoming dependent upon capitalist finance from Britain and Holland. The tremendous development of technology (about which Gorbachev speaks so well) did not abolish or diminish the search for capitalist super-profits. No, it heightened and aggravated the class struggle and made the search for super-profits all the more imperious. To confuse the spectacular development of technology with a softening of the class struggle sends a false message to the working class and the billions of oppressed people throughout the world.

As early as 1825, the first universal capitalist crisis proved the existence of interdependence and integration in the capitalist economy. Every capitalist crisis since then has re-emphasized it.

What is the scientific-technological revolution? In Marxist terms, it's the growth of the productive forces. The invention of the wheel was a technological feat. It was a tremendous leap forward in the growth of the productive forces. So are the development of electronics, space technology, biotechnology and so on. As Gorbachev himself says, the productive forces have grown so large that they transcend national borders and have become global. True enough! But what remains to be said is that the bulk of the productive forces, with the exception of those in the USSR, China and the other socialist countries, are privately owned. This growth of the productive forces is in conflict, not only with national borders, but with the social relations of production.

The contradiction between the private ownership of the productive forces and their organization on a vast social scale, involving hundreds of millions of people, is the fundamental contradiction in capitalist society. The forces of production have grown so enormous they threaten the environment, as he himself says. They also make impossible the

existence of a closed society. That's for sure. There's no reason why a socialist country should have a closed society. It is correct to call for a review. But what kind of a review? It calls for a revolutionary reconstitution of the ownership of the giant productive forces. Of course, it's important to have international cooperation, but in the struggle to change the existing social relations, not to strengthen them.

Because the productive forces have grown so large, and exist in a multitude of states, the answer is a socialist commonwealth on a global scale. That's what modern technology dictates. But national barriers, maintained in the interest of capitalist private property, run counter to this and are a fundamental cause of imperialist wars. The bourgeois states at best form alliances among themselves only in order to combat their economic adversaries. The capitalist market subjugates even some of the most advanced countries. Look what has happened to Canada. The "free trade" agreement caused the main bourgeois opposition leader to explain that Canada has become a political colony of the U.S. because of its economic subjugation. The U.S. also wants to foster a common market with Mexico, which the Mexican government has properly rejected, as it would only strengthen Yankee economic domination.

The stupendous growth and development of the scientific-technological revolution has a frightening effect on humanity, and bourgeois politicians try to exploit this for their own ends. It's the duty of revolutionary Marxists to explain that the high-tech growth of the productive forces is injurious to all life on the planet only because it comes in the form of capital, whose origin dates back to the development of commodity production, when the exchange value of objects first became differentiated from their use value.

Explaining why there must be a new world order, Gorbachev says, "We have come to a point when the disorderly play of elemental forces leads into an impasse." <sup>12</sup>

What are these disorderly elemental forces? They are the anarchy and chaos of capitalist production, which brings unemployment, poverty, crisis and war. They are beyond the control of the capitalist system and can only be eliminated on the basis of a socialist community of nations. It's the capitalist class that has come to an impasse. We Marxists have no way of organizing the uncontrolled forces of capitalist anarchy. It's not our job to join in any kind of effort to control or direct capitalist anarchy into other channels. Our aim is to abolish the anarchy of capitalist production by replacing it with a rational, socialist economy controlled by the working class and the oppressed peoples.

No really progressive elements in capitalist society, certainly no class-conscious workers or genuine socialists or communists, would ever object to the USSR or any other socialist country consummating an agreement with a capitalist government for the purpose of arms limitation or reduction, or for trade and commerce in the normal course of conducting state-to-state business. But is it necessary to throw in an antiquated, bourgeois liberal sociological thesis which does violence to the most elementary truths concerning the class nature of capitalism and the scientific discoveries of Marxism? Is this supposed to be a trading chip in order to break into the capitalist market in a big way? And are these ideological concessions really going to make any headway with the case-hardened, multinational chief executives and leaders of the military-industrial complex in the U.S.? Is this not to tread the beaten path of old social-democratic reformism?

Will this really and truly influence negotiations with the U.S. to lift the ban on trade? Will they be willing to extend credit on a normal basis, the way they do with bourgeois states? Will they remove the most favored nation ban and accord the USSR tariff equality? Early in 1989, the USSR revealed a 40-million-ton deficiency in its 1988 grain harvest. Will the new thesis soften the U.S. up in trade negotiations? Or will the bourgeoisie make the most of the difficulties in the USSR?

A workers' state may be a complex of many economic and social institutions, but its class basis is similar to that of an ordinary workers' organization like a union. The experience of working class organizations throughout the history of capitalism has been that, no matter what concessions they make, the capitalists gladly take them and are only hungry for more.

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2. Ibid., p. 8.

3. *Karl Marx and Frederick Engels, Selected Works* (Moscow: Progress Publishers, 1973), Vol. 1, p. 108.

4. Ibid., pp. 108-09.

5. *Progress, Coexistence and Intellectual Freedom* (New York: W.W. Norton & Co., 1968).

6. Ibid., p. 79.

7. Ibid., p. 73.

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10. Gorbachev, p. 2.

11. "You have not fully grasped Germany's place in the world market, her international economic position, in so far as it is possible to speak of it at the end of the fifteenth century. This position **alone** explains why the bourgeois-plebeian movement, which assumed a religious form, succumbed in England, the Netherlands and Bohemia, and succeeded to a **certain** extent in Germany in the sixteenth century. . . ." From Frederick Engels, *The Peasant War in Germany* (Moscow: Progress Publishers, 1969), p. 177. (Emphasis in original.)

12. Gorbachev, p. 5.

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## Chapter 4

# TWO REVOLUTIONS AND THEIR THINKERS

**Gorbachev on French and Russian revolutions. How Marxists view the French philosophers. Was their great contribution "universal human values"? Ruthless ideological struggle against the *ancien régime*. The socialist Utopians and Robert Owen. Early communist experiments and the intransigence of the bourgeoisie. The absorption of politics by economics (the "withering away of the state"): Saint-Simon vs. the Soviet reforms. The French revolution and Lafayette. Use of terror. Jacobins, Girondists and monarchists. Gorbachev's omission of Chinese, Cuban and other great revolutions.**

It was only natural that Gorbachev, once he had established in his UN speech that the goal must be "universal human consensus," then turned to the philosophers of the Enlightenment period and the early Utopian socialists who followed on their heels.

The greatest philosophers sought to grasp the laws of social development and find an answer to the main question: How to make man's life happy, just and safe. Two great revolutions, the French revolution of 1789 and the Russian revolution of 1917, exerted a powerful impact on the very nature of history and radically changed the course of world developments.

Both of them, each in its own way, gave a tremendous impetus to mankind's progress. To a large extent, those two revolutions shaped the way of thinking that is still prevalent in social consciousness. It is a most precious spiritual heritage.<sup>1</sup>

Gorbachev must have been aware that he was raising the subject of the French revolution and its philosophers at a time when the French government was making extensive preparations to celebrate the 200th anniversary of this great event. It had already been announced that a number of books were scheduled for publication in time for the anniversary--July 14, 1989. Articles by historians and politicians were in preparation in many Western capitalist countries. The anniversary itself would be the occasion for a massive outpouring of all kinds of historical and theoretical treatises on the meaning of the French revolution. The bourgeoisie would be extremely partisan in how they presented it and would be sure to link it up with their contemporary class interests.

Gorbachev's problem in the midst of this tide of bourgeois ideology was how to present a Marxist, communist appreciation of the French revolution and its philosophers. Marxists don't hold the same view of the French revolution as do the bourgeoisie. And the bourgeoisie don't hold the same view of the Bolshevik revolution as do communists. Both revolutions are important, of course. But is it correct to refer to mere "social consciousness" and "precious spiritual heritage"?

The French revolution ushered in the dictatorship of the bourgeoisie, which, the stronger it became, the more widespread was its exploitation of the working class. The Bolshevik revolution brought in the dictatorship of the proletariat and peasantry. Each class draws different lessons from these revolutions.

Marxists understand that the great contribution of the French revolution was to cut down feudalism root and branch, to use Engels' words, and bring the bourgeoisie to power. The slogans of the bourgeoisie--liberty, equality and fraternity--turned out to be a sham and a fraud. By equality they meant not social equality, but equality before the law--rich and poor are punished equally for stealing a loaf of bread!<sup>2</sup>By freedom they meant free trade.

The spark that set off the French revolution came when the king called in the Estates General, the legislative assembly composed of the clergy (first estate), the land-owning nobility (second estate), and the burghers and plebeian elements

allied with them (third estate), for the purpose of consulting them to raise taxes. Instead of handing the king more taxes, the third estate demanded control and set up a virtual bourgeois parliament, the National Assembly. The landed aristocracy were cut down and their land distributed to the peasants. The further steps of the revolution are rich in historic examples--how the bourgeoisie tried to separate itself from the masses, the rural poor and the budding proletariat; how thereafter sharp class antagonisms were revealed between the bourgeoisie, which was concerned with securing, promoting and safeguarding its properties and its form of exploitation, and the rural and plebeian masses.

This in turn necessitated a further stage in the development of the revolution--the establishment of the Commune of Paris (1793) by the Jacobins, which proposed to safeguard the masses against the greed and avarice of the bourgeoisie, especially the merchants and the speculators. The history of how it attempted by revolutionary means to establish its own dictatorship but was defeated by reaction is rich in political lessons. As Marx and Engels showed, the French revolution had the historic task of catapulting the bourgeoisie to power. Despite the revolutionary intransigence of the Jacobins and the plebeian detachments, particularly in Paris, their struggle proved premature. The plebeians, the poor of the cities, villages and countryside, had not yet attained working-class consciousness because the class itself was still in embryo. They had only a vaguely populist, anti-royalist, anti-landlord ideological outlook. The objective factor of large-scale industry had not yet arrived, and the poor were far from having attained any class consciousness of their role in the historical process.

To safeguard the establishment of the bourgeois order, the French revolution had to go much further in the struggle against the old regime than the bourgeoisie wanted to go. The French revolution is such a significant chapter in world history precisely because it offers rich lessons in the class struggle, showing how each and every class reacted under the impetus of a tremendous social and political upheaval.

Irving Kristol, a one-time campus radical and later a rabid anti-communist writer for the Wall Street Journal and Commentary magazine, tried to compare the French and American revolutions on the occasion of the bicentennial in 1976. Our revolution, he said, is not celebrated all over the world like the French revolution. Why? Because it was really a conservative revolution. We fought for our independence. It had nothing of the violence and bloodshed that accompanied the French revolution. That is why, he went on, communists the world over always look to the French rather than the American revolution, which is steeped in democratic tradition (like the maintenance of chattel slavery?).

However, it is not bloodshed and violence as such that attract revolutionaries the world over to the study of the French revolution. It is the element of the class struggle, which was to emerge again and again in French history, especially in the celebrated Paris Commune of 1871.

To speak of all this as a "most precious spiritual heritage," as Gorbachev does, is to cloud the issue with bourgeois platitudes. Each class draws inspiration from the French revolution in order to serve its own needs.

Gorbachev referred to the great philosophers of that period. They were divided roughly into two groups. Preceding the revolution were Montesquieu, Voltaire, Rousseau and Diderot. After the revolution came Saint-Simon, Fourier and the British reformer, Owen.<sup>3</sup> To merely say of these philosophers, as Gorbachev does, that they tried to grasp the laws of social development and find an answer to the question "how to make mankind's life happy, just and safe" is to pick out the most innocuous generalities in the ideas of the great Enlightenment thinkers for the sake of finding a common ground with the bourgeoisie today.

To seek a just and happy life for humankind--that is not their great contribution to history. That is not what they are known for. They are known and still read worldwide on five continents because, in the words of Engels, they were "extreme revolutionists."<sup>4</sup> It was their withering, incisive, penetrating exposure of the old social order, of the *ancien r, gime*, that made them famous. Their brilliant intellectual writings became the ideological weapons that laid the theoretical and political basis for the overthrow of the oppressive rule of the nobility, the landlords, the clergy and the monarchy. Their devastating polemics cleared the minds of the people of feudal ideological rubbish and prepared them for the great revolutionary struggles that followed. As far as the search for human happiness, safety and so on, that was characteristic of philosophers two thousand years earlier, if not before.



There is, of course, their thesis of "universal human values"--their search for a society based upon reason. For that they were called rationalists. They had all sorts of panaceas for the forthcoming society which would replace the corrosive feudal order. One may well put them in the framework of universal human values and the triumph of the rights of man, of liberty, equality and fraternity. But this is where a Marxist explanation differs from that of the bourgeoisie, which is as factional and as biased as only an exploitative propertied class, possessing all the means of production, can be. Those great men writing at that time indulged in these generalities because the economic conditions which gave rise to the bourgeoisie were still so ill-developed that their outline could barely be seen, even by men of such keen intellectual capacities as Rousseau, Diderot, Voltaire and others. They could not foretell that their vision of the future would be shipwrecked with the emergence of the capitalist system. Their generalizations are understandable in the light of the fact that capitalist society had not matured.

But for a representative of the USSR, where Marxism is the state doctrine, to speak in terms of universal human values and universal consensus, and even attribute to these vague generalizations a primacy above everything else--that is absolutely incompatible with the doctrines on which the Soviet state was founded! To try to find a common denominator in this war-torn class society cannot but have the effect of putting a veil over the raging class struggle on a world scale between the oppressors and the oppressed, the exploiters and the exploited.

Of course, it is easy enough to obtain a consensus, and an overwhelming one at that, to sign a declaration on universal human rights. The bourgeoisie are famous for that. They have never let two imperialist world wars, dozens of interventions and counterrevolutionary forays, stop them. They are always ready and willing to go along with any universal generalization, any shallow, empty document. But put just one concrete word in there, like prohibition against genocide, or recognition of who is struggling against racism and apartheid, and there the consensus begins to wither and finally collapses altogether.

The first group of philosophers was persevering and indeed ruthless in the ideological struggle against every social, political and religious manifestation of the old order. Their vision of the future, however, could not but be blurred. It was much clearer to the second group of great philosophers, the socialist Utopians.

One who should be familiar to English-speaking readers throughout the world was Robert Owen. Here was a very rich man, a millionaire, who put his money where his mouth was. He was not only a philosopher who had absorbed the teachings of the early materialists, not only a philanthropist, but a man of great vision who saw the evils of the new capitalist system as it emerged in England in the early 19th century. It's interesting, as Engels pointed out, that "as long as he was simply a philanthropist, he was rewarded with nothing but wealth, applause, honor and glory. He was the most popular man in Europe. Not only men of his own class, but statesmen and princes listened to him approvingly. But when he came out with his communist theories, that was quite another thing." <sup>5</sup> Then he faced a conspiracy of silence. He was outlawed and excommunicated from official society and lost his whole social position.

But what did he do that should be of so much interest to the present-day reformers in the Soviet Union? Owen was the founder of a communist colony at New Lanark in Scotland in 1800. This was no petit-bourgeois radical scheme for a few individuals to escape the horrors of the capitalist system, to insulate themselves from its devastating effects, like some communes today. It was an attempt to demonstrate to the world the feasibility of a just and humane social order on the basis of the abolition of private ownership of the means of production and its replacement by a planned socialist order.

But his great expectations, like those of the other Utopians, fell afoul of the hostility of the capitalist class. The New Lanark colony was forced to exist in the midst of a world capitalist environment and this doomed it from the start, for the ruling class was irreconcilably against any socialist solution to the problem.

Owen's New Lanark did prove, however, in its short-lived existence that you could take a small population of several hundred people and turn it into a model colony of 2,500 workers in which, according to Engels, "drunkenness, police, magistrates, lawsuits, poor laws, charity were unknown. And all this, simply by placing people in the conditions worthy of human beings." <sup>6</sup>

Two hundred years ago the class divisions arising out of capitalist society had not yet made themselves manifest. It

was not yet proven that the abolition of feudalism led to a more intense and widespread form of exploitation under the capitalist mode of production. Two hundred years ago the call for universal human values was understandable and had highly progressive, even revolutionary, significance. Merely recognizing the existence of the class struggle and espousing socialism, as did Robert Owen, was a great contribution.

Marx, in one of his famous letters,<sup>7</sup> stated that it was not he who had discovered the existence of the class struggle; historians and philosophers had discovered it much earlier. What he did was to demonstrate that the class struggle was the result of a struggle over material interests, and that this class struggle necessarily and inevitably would be ended only through the dictatorship of the proletariat. That, said Marx, was what differentiated his doctrine from all forms of reformism and utopianism.

Is there just one among the thousands of officials, administrators and enterprise directors in the Gorbachev administration, one of the experimenters, innovators and new thinkers today, who dares to think that a communist establishment is possible, even if only on an experimental basis? Are they even thinking along the lines of the abolition of classes? Or is the new thinking and experimenting wholly on another track?

Owen was unable to convince the other capitalists of that consensus, of that universal human idea which would include workers and bosses. Despite his great skills in planning, which were shared with the members of the colony, his experiment finally came to grief. He ultimately turned away from trying to get a universal consensus and helped organize the very first trade union (the Grand National Consolidated Trades Union of Great Britain and Ireland), whose aim was to take over the management of production and effect a complete transformation of the community by peaceful means. That it too failed was entirely due to resistance from the bourgeois state and bourgeois society in general.

Especially illuminating for the new Soviet reformers should be the vision of Saint-Simon, the first to recognize that the French revolution was not just a political struggle between groupings but a class war. Certainly, Saint-Simon was for seeking universal human values, but he first of all recognized and foresaw the emerging class struggle. Only because of the undeveloped state of capitalist relations at that time did he become a Utopian. What interested him most was the lot of the class that is the most numerous and the poorest ("la classe la plus nombreuse et la plus pauvre"). But what ought to interest our Soviet reformers is his extraordinarily keen insight into the relationship between politics and economics.

Our reformers in the USSR cannot or do not want to see or even write about the social process whereby politics is ultimately dissolved or absorbed by economics. That means the disappearance of bureaucracy. The ultimate objective of communism is the dissolution of politics, in other words, the organization of economic and social affairs without the intermediary of the state--the police, the military, the judiciary and the bureaucratic state apparatus. They gradually become superfluous and are dissolved the more the economic functions are developed under the influence of the growth of science and technology. When scarcity is replaced by abundance, the objective need for a distributor of the national income in the form of state officials becomes superfluous and indeed parasitic.

As soon as socialism begins to develop, it is economics that dominates politics and not the other way around. The more that economics becomes primary in the social order, the more politics withers away and becomes redundant. Politics is the organized expression of class antagonisms. As class antagonisms disintegrate and are abolished, politics thereby vanishes.

The reformers in the Soviet Union are for deepening and strengthening the political process. Yet in 1816, Saint-Simon could already see a socialist society in which there would be the gradual absorption of politics by economics. He saw, in the words of Engels, "the future conversion of political rule over men into an administration of things."<sup>8</sup> These thoughts of Saint-Simon, avowedly Utopian for their age, nevertheless were the embryonic form of the Marxist scientific doctrine of the withering away of the state, which Lenin took such great pains to explain in *The State and Revolution*. When, as Lenin put it, every cook could become an administrator, a participant in the management of production, this would completely obviate and make obsolete the political rule of a bureaucracy over people. Instead, there would only be the administration of things as a process in the development of production and in all phases of social life.

Are the Soviet reformers turning their thinking in that direction? What we hear are constant exhortations against administrative and command bureaucrats coming from those who stand on the same social ground from which bureaucracy is nourished: sharply increasing social and economic inequality and the retention of privilege.

Gorbachev is on even more hazardous ground when he begins to invoke the French revolution and attempts to place it side by side with the Russian revolution. Even leaving aside the fact that the former is a bourgeois revolution and the latter a proletarian revolution, it is particularly awkward for a communist to treat them as though they have equal significance for the 20th, let alone the 21st, century.

Certain periods and figures of the French revolution are today, when we are witnessing its bicentennial celebration, more than ever highly charged with the most venomous partisanship and bourgeois prejudice. Take, for example, the role of General Lafayette. He is virtually a folk hero of bourgeois historians, particularly in the United States, where he is regarded as a liberator who, out of humanitarian ideals of independence and freedom, came to aid the beleaguered colonies against an oppressive monarchy. But nothing is further from the truth. Lafayette was in fact a staunch monarchist who saw great advantage in helping the colonies weaken British rule, for that would strengthen French imperial ambitions in North America.

The Reign of Terror was a struggle between the core leaders of the revolution--Robespierre, Danton, Marat and others--and the more moderate compromisers, those who were inclined and indeed conspired to retain the monarchy, notwithstanding that to do so was contrary not only to the will of the people but in fact to the interests of the whole bourgeoisie. In bourgeois history books, Danton and Robespierre are considered terrorists.

What was the role of Lafayette? As vice president of the National Assembly, a leader of the Girondists, a sympathizer of the royalist bourgeoisie and commander of the royalist militia, he opened fire on July 17, 1791, on a huge peaceful demonstration of republicans in the Champs de Mars, killing and wounding many--for no other reason than that they had brought a petition to the very National Assembly of which he was vice president calling for the dethronement of the king. That was the use of terror, but is Lafayette known in bourgeois texts as a terrorist?

It is now more than 100 years since Engels and Marx analyzed the significance of the French revolution and tore apart the old, encrusted historiography that hid the class essence of the events behind glittering phrases like liberty, equality and fraternity. Great admirers of the French revolution, Marx and Engels showed that these phrases were merely the ideological cover for the victory of the bourgeoisie over its feudal opposition.<sup>9</sup> The French bourgeoisie, once having conquered the feudal lords, was concerned not with liberty, equality and fraternity but with establishing its social, economic and political domination over the masses. For the weak and emerging proletariat, it meant the replacement of exploitation by the feudal lords with exploitation by the bourgeoisie.

One of the chief lessons of the French revolution was that the bourgeoisie, after a series of struggles among its various compromising factions, did "cut down root and branch" the feudal order of French society. But as Marx and Engels, and later Lenin, showed, this took several stages of the revolution. Each stage, down to and including what has been called the Reign of Terror and the establishment of the Committees for Public Safety, was precipitated by the need to counter royalist attempts at restoration.

The Girondists and the Jacobins represented different class groupings within the framework of a generally anti-feudal, anti-royalist coalition. The Girondists were moderates who tried to conciliate with the royalists and carry out modest reforms. The revolutionary Jacobin party was for cutting down the whole feudal order. Its most revolutionary and determined elements eventually failed. Marx and Engels, as well as Lenin, pointed out the basis for their failure: in French society in that particular epoch, the level of the productive forces could not go much further than sustain the establishment of the political power of the bourgeoisie. Marx and Engels also explained the significance of the reactionary period known as Thermidor and the lessons which working class parties could learn from it.

The different phases of the revolution finally reached full circle with the Napoleonic wars and the banishment of Napoleon himself. Each of these phases can be seen in historical perspective as the political consolidation of the power of the bourgeoisie.

In destroying feudalism, the French revolution had worldwide revolutionary significance. It awoke other strata in Germany as well as eastern Europe in the struggle against the feudal landlords and the monarchies. Nevertheless, while it was the greatest political revolution of its time and awoke millions of oppressed people, it was not the liberator of the oppressed when it came to retaining Haiti as a colony or extending France's influence in North America.

Unquestionably there is a vast and virtually unlimited area of social and political experience that is the common heritage of humanity. However, it is wholly inadequate, inappropriate and to a large extent downright misleading to, in the year 1988, put the French and Russian revolutions side by side as two great historic events and let it go at that. There's a vast difference--a class difference. One revolution represents the victory and the ideals of the bourgeoisie. The other was the first great successful socialist revolution. To sort of erase the differences between the two is misleading, all the more so since French history is studied throughout the whole world precisely because of its brilliant revolutionary class struggles.

For instance, the establishment of the short-lived Paris Commune in 1871 was the embryo of the future socialist revolution in Russia. The Communards of 1871 had assimilated the lessons of the Commune of Paris of 1793. It is interesting that the proletariat which was in mortal combat with the French bourgeoisie in 1870-71 drew on an organizational form which had originated in the last stages of the French bourgeois revolution.

It is also inadequate in the present historical context for a communist leader to refer only to the French and Russian revolutions. That would have been appropriate before 1949, but then came the Chinese revolution which was an event of great historical proportions. It withdrew half a billion people from the virtually total domination of imperialism. It also influenced the revolutions in Korea, Southeast Asia and other parts of the world. China rightfully regards its revolution as a great event which changed the face of the earth and whose leaders learned, as did the Russians, from the French revolution.

There is also the enormous significance of the Cuban revolution, a revolution as young and vigorous as one could possibly expect under very difficult conditions. What other revolution in recent years has been able to dispatch a formidable and heroic corps of internationalist volunteers to support the anti-imperialist struggles in Angola, Ethiopia and Namibia?

One wonders how Gorbachev's foray into history strikes the leadership in both China and Cuba. It was precisely such omissions in the early 1950s which caused so many problems between China and the USSR.

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2. Of course, even then there is seldom equality. A rich person who steals bread is considered a "kleptomaniac" and treated as ill rather than criminal.
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6. *Ibid.*, pp. 123-24.
7. Marx to J. Weydemeyer in New York, March 5, 1852, in *Karl Marx and Frederick Engels, Selected Works* (New York: International Publishers, 1969), p. 679.

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## Chapter 5

# CRIME AND THE REFORMS

**Crime rate in USSR rises. Symptom of decay and social tension. A decline in "white collar" crimes? No, just a failure to report them. Private cooperatives and trade a haven for criminals. Lenin's view of accounting and control done by masses. Gorbachev's "democratization" leads to fewer inspectors. The Soviet state and "bourgeois right." Laws on white collar crime are softened. Marxism on crime as an outgrowth of class society.**

Muhammed Ali, the popular and world-famous champion prizefighter, and one of those who resisted the military draft during the Vietnam war, made an extensive tour of the USSR in the middle 1970s at the invitation of the Soviet government. Many features impressed Ali, but none so much as the contrast between the large metropolitan cities of the USSR and those in the U.S.

Ali liked to take long walks, sometimes very late at night. He was struck by the fact that there was so little fear and anxiety concerning crime in the streets, a remarkable phenomenon which had been taken note of by many U.S. visitors but was rarely made much of in the U.S. press.

How are things now, in the fourth year of the Gorbachev administration? The overall crime rate in the USSR has risen, according to an article in Pravda of March 23, 1989. The article quoted USSR Deputy Prosecutor General A. Katusev as revealing that "the number of murders increased by 14% for the year, instances of open stealing and assault with intent to rob by more than over 40%, and cases of secret stealing by 33%. Behind all this is an increase in criminal professionalism and organization. . . . Underground millionaires and policemen, thieves and prosecutors, judges and speculators, Party workers and 'godfathers' frequently wind up on the same side of the fence." Thus we have the disappointing return of a very old phenomenon.

It has been widely hoped that the economic reforms would improve and indeed revolutionize social relations. The last thing one would have expected was a remarkable increase in crime, which was a characteristic feature of the old Russia--bourgeois, czarist Russia--and still flourishes in all the capitalist countries today. Its recurrence now in the USSR is an invariable symptom of decay and social tension between a privileged stratum and the broad masses of the people and reveals the existence of misery and poverty. These are the relics, continuing and now even expanding, of the social antagonisms of an earlier period.

There are many categories of crime. What most concerns us with respect to the restructuring are **economic** crimes, or what are known as "white collar" crimes. They are a very significant indicator of the general evolution of Gorbachev's schemes. What is happening in this sphere?

The Pravda report at first makes it seem that there has been a decline in this type of crime. "Last year the number of identified thefts of state and public property committed through misappropriation, embezzlement and abuse of office decreased by 10%--in certain provinces and republics, by almost 50%," it says.

Wouldn't you think an announcement like this would receive wide publicity, perhaps a TV press conference by Gorbachev himself? Doesn't it show that Gorbachev's innovation in sponsoring the private cooperatives and relaxing the restrictions on trade and commerce has resulted in a diminution of crime as it relates to socialist property? <sup>1</sup>

Why is it that these crime statistics, which seem to cast a favorable light on the reforms, are not receiving wide publicity but instead were almost lost in this long interview with the state prosecutor?

Because, instead of a decrease in thefts of socialist property, what has happened is that there have been reductions in the staffs assigned to investigate economic crimes. For this and other reasons, there has been a failure to **report** many of these crimes, which in fact appear to be **increasing**, as the Pravda article goes on to reveal. Says the article, ". . .

studies conducted by the Research Institute of the USSR Prosecutor's Office and the USSR Ministry of Internal Affairs show that it is these types of crime that have become especially widespread recently, that it is here that organized crime and corruption are becoming consolidated and mercenary economic crime and run-of-the-mill crime are fusing."

The Pravda article adds, "In many cases, staff reductions in ministries and departments are being carried out by cutting the control-and-inspection apparatus, which could even lead to its complete elimination. For example, only 1,800 of 3,700 inspectors are now left in the system of the USSR Ministry of Trade--although we know very well how bad the situation is in that branch. After all, the embezzlement that is found out and traced to guilty parties in state and cooperative trade alone comes to at least 200 million rubles each year. Output and commodities worth over 1.2 billion rubles are written off as natural losses. . . ."

We thus see that in precisely those two areas of restructuring which tend in the direction of bourgeois property, the private cooperatives and trade, they are inescapably becoming infiltrated not only by thoroughly bourgeois, self-seeking, anti-socialist elements, but by outright criminals, and on a mass scale. The success of "self-financing," a Gorbachev innovation, is shown in the increase of embezzlement, misappropriation, bribery, etc.

Further confirmation of this trend was reported in a New York Times article from Moscow of June 14, 1989, headlined "Soviets Find Organized Crime Gaining Hold." It described a press conference held by specialists of the Ministry of Internal Affairs who urged the creation of a special state anti-crime commission and said "increasingly sophisticated gangs had begun to penetrate one of the primary parts of President Mikhail S. Gorbachev's economic program, joint business ventures with foreign nations."

When economic crimes, crimes against socialist property, are on the increase, this tends to erode the entire social system, the very fabric of socialist society. How does all this relate to Lenin's conceptions on the role of the state in the period of transition from capitalism to communism?

The question of criminality was not taken lightly by Lenin and the Bolsheviks. Rather, the need to deal with it, in view of the growth of bureaucracy and the infiltration of anti-socialist and criminal elements into the state apparatus, was one of the fundamental pillars of his conception of the state. One of Lenin's last struggles before he died was precisely over how to make more effective his conception of accounting and control. This was centered on implementing the Workers' and Peasants' Inspection, which, unlike what in the U.S. are called watchdog committees, had a broad mass base. They were to supervise the functioning of the state in the first phase of communism.

As a result of the watering down of this idea over the decades, however, what was once a way for the masses to oversee that socialist property is used honestly and properly has been reduced to having inspectors attached to the various departments.

In "How to Organize Competition," written in December 1917 shortly after the Revolution, Lenin used the most pungent language to describe the problem:

Accounting and control--this is the **main** economic task of every Soviet of Workers', Soldiers' and Peasants' Deputies, of every consumers' society, of every union or committee of supplies, of every factory committee or organ of workers' control in general. . . . Accounting and control . . . is the **essence** of socialist transformation, once the political rule of the proletariat has been established and secured. . . . The accounting and control essential for the transition to socialism can be exercised only by the people. Only the voluntary and conscientious cooperation of the **mass** of the workers and peasants in accounting and controlling **the rich, the rogues, the idlers and the rowdies**, a cooperation marked by revolutionary enthusiasm, can conquer these survivals of accursed capitalist society, these dregs of humanity, these hopelessly decayed and atrophied limbs, this contagion, this plague, this ulcer that socialism has inherited from capitalism.<sup>2</sup>[Emphases in original.]

In Lenin's writings of this period, especially in the years 1920-21, there are many references to the tasks of the Workers' and Peasants' Inspection, the Workers' Food Inspection, mobile groups of inspectors to oversee the nationalization of the banks, committees of supplies, and other popular organs of accounting and control. Lenin called

on the population to "ensure the strictest control over the production and accounting of products." All this was seen within the framework of **the struggle for communism and the ultimate disappearance of the state.**

And what about today? One would think that stimulating greater democratization of the economic institutions would mean giving the **masses** more authority to inspect and scrutinize what was going on, which is what Lenin wanted. This would entail not reducing but **increasing** the number of inspectors. All this becomes especially relevant at a time when the development of so-called entrepreneurial initiatives, the establishment of private cooperatives and of joint ventures with the capitalist world, give wider opportunities for greed, personal enrichment at the expense of the state, and downright crime. But Gorbachev, instead of widening the participation of the workers in the areas of accounting and control, is actually cutting down the number of inspectors and giving freer rein to bourgeois enterprise, in the name of democratization.

The way in which the Gorbachev group approaches the problem of inspection shows that they view the state within a bourgeois theoretical framework. They don't see the state as a social category on the way out, dissolving, withering away, as something that will be eliminated as its functions are taken up by the mass of the people. Rather they see it as a permanent social feature that is growing stronger.

Lenin specifically warned about this in *The State and Revolution*, when he wrote that "Until the `higher' phase of communism arrives, the socialists demand the **strictest** control by society **and by the state** over the measure of labor and the measure of consumption; but this control must **start** with the expropriation of the capitalists, with the establishment of workers' control over the capitalists, and must be exercised not by a state of bureaucrats, but by a state of **armed workers.**" <sup>3</sup>(Emphases in original.)

But later in the same section he explained, "In its first phase, or first stage, communism **cannot** as yet be fully mature economically and entirely free from traditions or vestiges of capitalism. Hence the interesting phenomenon that communism in its first phase retains `the narrow horizon of **bourgeois** right.' [Here Lenin quotes from Marx's *Critique of the Gotha Program*.] Of course, bourgeois right in regard to the distribution of **consumer** goods inevitably presupposes the existence of the **bourgeois state**, for right is nothing without an apparatus capable of **enforcing** the observance of the standards of right.

"It follows that under communism there remains for a time not only bourgeois right, but even the bourgeois state, without the bourgeoisie!" <sup>4</sup>(Emphases in original.)

A bourgeois state without the bourgeoisie--what did Lenin mean by that, and what does it mean today? He means it in two ways. After the revolution, the proletariat had to bring back into the state apparatus many technicians, experts and so on because of their skills and experience. For example, if the head of a sanitation department had abandoned his post because of opposition to the revolution, the Soviet government might have called him back since they needed his expertise. This was true in many areas of life.

Lenin also meant "a bourgeois state" in another sense, however. The workers' government had to carry out many bourgeois functions because the state was the distributor of the national income, and in the first phase of communism, as he said, that had to be done according to the bourgeois norm of "From each according to his ability, to each according to his work" instead of according to **need**. So, in that sense also, the state was bourgeois.

Now, however, it is 70 years later. That the general secretary of the Party and leader of the Soviets should promote widening and deepening bourgeois norms, rather than restricting them and promoting socialist norms, is indeed to make a caricature of Marxism!

What Lenin wanted most of all was to get honest, dedicated, conscientious people who could investigate the operations of the bureaucracy and of the economy so as to make it conform to his conception of accounting and control. He explained this in *The State and Revolution* in the section where he elaborated on Marx's view on the two stages of communism.

Accounting and control--that is **mainly** what is needed for the "smooth working," for the proper



functioning, of the **first phase** of communist society. **All** citizens are transformed into hired employees of the state, which consists of the armed workers. **All** citizens become employees and workers of a **single** country-wide state "syndicate." All that is required is that they should work equally, do their proper share of work, and get equal pay. The accounting and control necessary for this have been **simplified** by capitalism to the utmost and reduced to the extraordinarily simple operations--which any literate person can perform--of supervising and recording, knowledge of the four rules of arithmetic, and issuing appropriate receipts.<sup>5</sup> [Emphases in original.]

Shouldn't this be even more true today? Shouldn't the use of computers for accounting, inventory control, spreadsheets and projections further simplify accounting and control?

Today the Soviet law enforcement agencies, rather than the masses, are entrusted with the authority to watch over the simple operations of control and accounting. What is left of Lenin's approach--having mass inspection, mass accounting and control? It has been reduced to an inspection apparatus under the jurisdiction of the criminal division of the state. And now even this is being whittled down. This would be fine, of course, if these inspectors were to be replaced by mass supervision and control, but such is not the case.

Moreover, according to the Pravda article, the courts show the greatest leniency toward economic crime, that is, crime involving white-collar, bourgeois elements who are engaged in trade and cooperatives and carry out forms of activity which undermine the socialist economy.<sup>6</sup>

The claim that there has been a drop in the statistics for economic crime is a deception, one which even lacks originality, as this is what goes on in most of the capitalist governments with respect to criminal investigation. Furthermore, as the prosecutor cited in the Pravda article states, there are new legal definitions of such economic crimes as embezzlement, misappropriation, bribery and so on which have confused the situation. There has been a wholesale statutory softening toward the very crimes that have supposedly diminished--but have in reality ballooned.

What does all this show from the viewpoint of Marxist, socialist theory? Even before Marx wrote the *Communist Manifesto*, he explained in *The Poverty of Philosophy* that laws can never rise above the social structure, that they merely reflect what is. The economic changes, the bourgeois reforms extended by the Gorbachev administration, no longer fit the old laws, which were more severe in cases of large property theft, that is, so-called white-collar crime by the privileged ruling group. Now all this is being changed, so that the laws themselves have to be changed in the direction of softening the penalties. In some cases the new legislation being rushed in is so vague that criminal prosecution becomes impossible, making it inevitable that the judges remand the cases back for more investigation without prosecution.

All this is part of the so-called democratization process, and the well-off, the rich, the self-seekers, the avaricious profiteers are the first to take advantage of it. Certainly, a democratization process that increased popular rights, especially workers' rights, would be welcome. But look at the reality. Look at the economics of it, which in turn decides the politics. One gets an entirely different picture of the reforms and which social groupings can take advantage of them.

The answer of the prosecutor in this case to the growth in the crime rate differs in no fundamental respect from any bourgeois prosecutor. His answer on how to fight crime amounts to the need for "additional labor and material resources and prompt changes in legislation. . . . It is impossible to get along without up-to-date equipment. . . ." Precisely what the repressive apparatus in bourgeois countries keeps demanding! This is as far from Marxism as heaven is from earth.

Marxism teaches that crime arose as a social phenomenon with the development of class antagonisms, that it was thoroughly unknown on a vast scale in pre-class society. There were no special bodies of armed men for purposes of repression in these ancient societies. There were no prisons, no permanent police forces. Those who violated the norms of social conduct were ostracized or exiled and, in unusual cases, were punished by death. It is the growth of private property and the development of the class struggle of the bourgeoisie against the proletariat which has brought about poverty, hunger and all the other social ills which prevail in capitalist society. This was ABC for Marxists, and

especially for Leninists in the early period of the Soviet republic. Force alone, repression, does not solve the social problems.

The existence of crime on a vast scale is an ulcerous condition on the body politic. It is enhanced by the growth of social inequality. And nothing does more to widen and deepen social inequality than the Gorbachev economic reforms. True, the opening up of the political system gives the proletariat, the revolutionary forces, an opportunity to come out on a revolutionary, working class basis. But this has not yet happened, and in the meantime the bourgeois elements are utilizing the new democratic process to strengthen their own position.

Democracy is only a form of state. Under bourgeois rule, democracy thrived as the economic strength of the bourgeoisie grew. It never opened up the democratic process to the workers, except under extreme pressure and in times of revolutionary struggle.

Engels remarked in his *The Origin of the Family, Private Property and the State* that bourgeois democracy was best suited for the bourgeoisie in its exploitation of the proletariat.<sup>7</sup> The Gorbachev administration, as evidenced particularly in this dark corner of the economy, is promoting "democracy" in the establishment of private cooperatives, the entrepreneurial bourgeois elements and in trade, where commodity circulation begets speculation and wholesale robbery along with it.

However, the proletariat is beginning to catch on to this. It is recognizing the reactionary significance of these innovations.

Now the time is ripening for the proletariat to assert its democracy, which is in harmony with the class foundations of Soviet society, and to get rid of the corroding superstructural elements which are a brake on socialist development and which tend to move ever faster toward the reconstitution of bourgeois relations.

## References

1. At a public appearance in Krasnoyarsk on September 16, 1988, it was called to Gorbachev's attention that the private cooperatives were becoming veritable nests for embezzlement, misappropriation of funds and bribery. "We are watching it," he said at that time. Quoted in *Pravda*, September 18, 1988.
2. V.I. Lenin, *Collected Works* (Moscow: Progress Publishers, 1964), Vol. 26, p. 410.
3. "The State and Revolution," *Collected Works*, Vol. 25, p. 470.
4. *Ibid.*, p. 471.
5. *Ibid.*, p. 473.
6. In Article 20 of this book, we take up Lenin's view of cooperatives and show that, at a time when everything aside from the basic industries was still in private hands, he proposed taking a step forward by stimulating a cooperative movement, carried out under socialist state control. But it really didn't materialize because the hostile, anti-working class elements were opposed to it.
7. In *Karl Marx and Frederick Engels, Selected Works* (Moscow: Progress Publishers, 1970), Vol. 3, p. 329.

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Article 1  
July 30, 1987

# SOVIET ECONOMIC RESTRUCTURING AND THE CAPITALIST MARKET

**How capitalist press presents the reforms. Market mechanisms vs. state intervention and planned economies. A "free market" in Africa? Pinochet's denationalizations. Bourgeois state intervention in France and Britain. Reagan and Continental Illinois. Centralized planning in the U.S. What makes socialist planning different. Soviet reforms and public ownership. The monopoly of foreign trade.**

The projected Soviet economic reforms have aroused worldwide interest and been the subject of discussion in the working-class and progressive movement for a considerable period. Nothing would serve the workers in the U.S. better than to have a clear understanding of what they are and what the Soviet government hopes to do with them. The crucial question they raise is will this radical restructuring follow the pattern of China, or perhaps of Hungary and Yugoslavia? Is it an expedient, a temporary retreat into the use of bourgeois economic policies and market mechanisms in order to take two steps forward? Is it an attempt at a temporary revival of the New Economic Policy so as to be able to intensify the building of socialism? Those are some of the crucial issues which are generating so much interest in the working-class movement.

Of course, modernizing the USSR's plant and equipment, putting it on a higher scientific and technological basis, renovating old plants, discarding some, erecting others, with the use of the most modern, up-to-date high-tech equipment--none of this could scarcely be objectionable from a socialist point of view. The real issue is the social effects of the restructuring process. Certainly, no one in our movement hopes it will have any of the effects of the capitalist restructuring process, which is causing so much havoc in the capitalist world, most conspicuously in the U.S. In later articles we hope to make an independent analysis of these problems.

It is, however, quite impossible to proceed in the U.S. to an independent examination of the reforms without first taking into account how they are presented to the public by the capitalist press. Take, for instance, an article that appeared in the Business section of the July 19, 1987, issue of the New York Times. It encompasses close to three pages and presents the Soviet reforms in the light of what it calls a "global march to the free market economy."

As the world economy becomes more competitive, capitalist and communist countries alike are turning to Adam Smith. . . . It seems that no matter where you look, governments have been turning to market mechanisms . . . to pep up their economies. . . . Economists say there is unusual agreement among capitalist and communist countries about the importance of giving full rein to the market. . . .

Capitalist and communist countries alike have been looking for ways to reinvigorate their economies and to avoid the kind of painful stagnation that marked much of the 1970s. They are straining as well to increase efficiency in reaction to greater worldwide competitive pressures and they are also recognizing that central planning does not work as well once countries have achieved a basic level of industrial development. . . .

In the view of many economists, market-oriented moves like these could slow the growth of the developmental gap between the communist world and the industrialized West and perhaps even close the gap a bit.

Citing U.S. economist Robert Heilbroner as an authority, the Times reiterates what has been said for many decades about the socialist countries:

Complex industrial societies can't be run by central planners.

Economists cite other reasons for the push to market mechanisms. State planning often worked well in the early stages of developing industry or rebuilding from war, but now economies and technologies have grown so complex that central planners just cannot master them. When a country is underdeveloped or decimated by war, for example, it is not hard for central planners to conclude that steel mills are needed and to determine which technology is best, but when that country wants to make computers, say, decision making becomes more complicated. Myriad manufacturing processes are involved and technologies and market conditions change rapidly. Central planners may not be up to the task of managing such projects.

The capitalist market is going great guns, according to this article, in Austria, Britain, China, France, Hungary, Japan, the Soviet Union, the U.S., Vietnam and a great part of the Third World. They say it is all part and parcel of a worldwide trend in which a reinvigorated capitalist market is proving itself to be far superior not only to planning in the socialist countries but to all kinds of state intervention in the capitalist countries. The tendency to give free and unbridled rein to the capitalist market, so it seems from this article and many, many others in the capitalist press, is having a rebirth and is vanquishing any and all tendencies toward state intervention, regulation of industry and above all nationalization or centralization by the state.

This is how the ruling class propagandizes when it discusses the Soviet reforms. This article in particular puts under one umbrella: a) the economies of the USSR and other socialist countries, b) the nationalizations in France, Britain and other imperialist countries (including some in the U.S., of course, that go by the name of regulation), and c) the limited nationalizations in some of the oppressed countries of the world which until recently were either colonies of imperialism or had barely arrived at independence but have tried with the limited resources available to them to chart out an independent economic course. It's an attempt by the bourgeois press to obscure the vast differences that separate them, to put them all under one canopy and hide the inner springs of their growth. This does violence to the dynamics of economic development and tries to erase the class contradictions which divide the capitalist world from the socialist countries.

Take the case of some of the oppressed countries of Africa, where there have been varying degrees of nationalizing and centralizing the economy. Revolutionary Angola and Mozambique, as well as countries like Ghana, Zambia and Tanzania, are all said to be going back in one form or another to embrace elements of the free enterprise system and to be stretching out their hands to the capitalist market. What truth is there in any of this?

First of all, it is necessary to understand that the ravages of the 1981-82 capitalist crisis have not ended for the underdeveloped countries, particularly those most dependent on the sale of raw materials. Furthermore, it was the havoc created by the world capitalist market that made it necessary for these governments to take over the development of many industries in the first place. But they could not thereby free themselves from the market, which brought on devastating results in the production and sale of raw materials, especially in monocultural countries (those reduced under imperialist rule to producing one or two commodities).

What is the truth about Angola and Mozambique, for instance? Are they permitted to have free choice in relation to the capitalist market? Are the anarchic, automatic processes of the capitalist market the principal factor determining their decisions? Or are they left little choice by the merciless, ruthless, piratical military pressures of Washington and Pretoria, which are trying to undermine if not destroy their economic, political and military structure? How easily the propagandists for the capitalist free market overlook this! The fact that such countries may have to resort to maintaining elements of the capitalist market is more a reflection of the cruel military pressure of imperialism as a political system than the virtues of the capitalist market.

The bourgeois thesis that there is a worldwide stampede toward free market economies does the greatest violence to the truth when dealing with the oppressed countries. For instance, an article in the New York Times of July 20, 1987, gives a glowing report of how Chile has developed a new stockholders' culture and how the abandonment of

nationalization is doing wonders for this most brutal of fascist dictatorships.

As is well known, the Popular Unity government of Salvador Allende, in an effort to overthrow the yoke of U.S. imperialism, took over many of the imperialist enterprises in Chile, including some of the holdings of ITT. These nationalizations, which were very cautiously approached by the Allende government precisely because it feared reprisals from the U.S., constituted an economic cornerstone to begin an independent development free of the U.S. monopolies. They were not expropriations, but nationalizations with compensation. The violent counter-revolutionary takeover by the Pinochet regime in 1973 signaled the end of these nationalizations. However, they weren't able to do it all in one swoop but had to make it a gradual process, in the meantime utilizing the income from these nationalized enterprises to prop up the fascist regime.

While it is now plain that the days of the Pinochet dictatorship are numbered, they have begun to sell off and by various means and methods divest the government of the industries nationalized during the Allende period. Denationalization is proceeding rapidly in steel and iron ore, electricity generation, telephone service, coal, sugar, medicine and chemicals, airlines and nitrate deposits. In iron ore and electricity distribution, 100 percent of the state enterprises have already been sold. Does this show the magic of the capitalist market, as Reagan would phrase it? Is it an example of the superiority of capitalist free enterprise over centralized planning? What sophistry! What this illustrates is the lengths to which imperialism will go in pursuit of profit. It is not the free market but the iron heel of a U.S.-sponsored dictatorship which has prevailed in Chile and which has frustrated the Chilean people's attempt to retake the vast wealth stolen from them by the imperialist exploiters.

However, it will be said that matters are different when it comes to the rejection of the planning principle and nationalizations in Britain, France and Spain. The example of these countries is cited again and again. What the bourgeois economists call socialist planning in these countries has been rejected as either unworkable or uneconomic. This is said to be merely a variation of what is happening in the Soviet Union. Here again, the bourgeois economists lump together the socialist planned economy in the USSR with nationalizations in capitalist countries. But the expropriations without compensation carried out after socialist revolutions are very different from bourgeois nationalizations. What kind of nationalizations were carried out in France, for instance, under the Mitterrand regime?

Nowhere in the West European arena were there expropriations--that is, the takeover of private property by the state without compensation. All the former owners of nationalized enterprises received compensation, without exception. The element of compensation reveals that these nationalizations were for the most part a capitalist technique aimed at reviving a sagging industry; in some circumstances the government acted under the pressure of the masses, who hoped to get limited gains as a result of dealing with a central government rather than with individual capitalist entrepreneurs. For brief periods in Western Europe, the working-class movement was strong enough to exercise considerable control over the industries, but not ownership. The nationalizations carried out after the election of the Socialist Party government of Mitterrand were actually the third wave of takeovers in France. The first wave of nationalizations with compensation took place back in 1936 during the Popular Front. A second wave occurred shortly after the Second World War. In all three cases, the industries were taken over in times of economic crisis and were returned from the custody of the capitalist government to individual owners as soon as possible.

In Britain as well as in France, nationalizations after World War II helped to prop up the capitalist government and enable the ruling class to get out of its economic crisis. When an enterprise was taken over by the government, the compensated owners took that money and invested it in other, more thriving enterprises. In that way capitalist expansion and accumulation continued. This has been a practice for as long as capitalism has been in existence. For instance, the 1981 French law on nationalizations clearly states in Article 17: "Property being an inviolable and sacred right, no one may be deprived thereof except where a public necessity, lawfully established, clearly requires it and on condition of just and prior indemnity." It's the condition of "just and prior indemnity" which differentiates nationalizations from expropriations, such as have occurred in the socialist countries.

Nationalization has also been practiced for many years in the U.S. For example, the government has taken over bankrupt railroads, rationalized and modernized them, and then sold them off. One of the biggest projects of the capitalist government in the early 1950s was to develop atomic energy and then turn it over to private interests. Most of the nuclear plants are now privately owned, but all are the product of capitalist state intervention. This is a common

capitalist practice and the fact that a once-nationalized industry is returned to private ownership has little to do with proving the superiority of the capitalist market over socialist planning, since true socialist planning never existed in the first place.

It is also false to say that the capitalist economy is going into a prolonged phase of so-called deregulation, that is, complete divestment by the government of its state enterprises. Right in the midst of the Reaganite propaganda about the free market and the phony slogan about "getting the government off the backs of the people," it intervened to prevent the collapse of the Continental Illinois Bank, the seventh largest in the country. The capitalist government didn't just sit on its hands and let this giant banking conglomerate fail. The Federal Reserve Board, together with the comptroller of the currency and other high government officials, decided to bail the bank out and take it over. This is but a repeat of what happened with the Franklin National Bank in the 1970s.<sup>1</sup>

This was a giant step of statism, of government intervention, of the government controlling what was supposed to be private, entrepreneurial banking. Earlier, it bailed out both Lockheed, at the time the second largest military manufacturer in the country, and the Chrysler Corporation.

The clearest example of the relationship between capitalist government control and so-called private enterprise is the airline industry. Its fares and operations had been regulated by the government in order to develop the aviation industry in general and to establish U.S. airline supremacy on a world scale. The Carter administration started the so-called deregulation of the airlines in 1978, which Reagan then used to open up one of the biggest union-busting drives ever. This was supposed to be for the benefit of the consumers, who allegedly would reap lower fares out of it. Everyone in the business, however, understood that the lower fares were merely a temporary expedient and that the proliferation of small airlines was merely another way for the aircraft corporations to increase their sales of planes. They knew the so-called long-term competition in the airlines would come to an end in another wave of capitalist monopoly--as it has, with a vengeance. Thus the Wall Street Journal of July 20, 1987, carried a front-page story entitled "Growing Giants" which tells us that an "unexpected result of airline decontrol is the return to monopolies." The big carriers are once again "dominating the nation's hub airports" and "higher fares and less service" are on the rise.

The bourgeois press continually contrasts centralized planning to the free market, as though this were the only test of the two opposing economic and social systems. On examination, however, this turns out to be 99 percent fraud and 1 percent confusion.

Is there centralized planning in the U.S.? Of course there is. Take, for instance, the military establishment in war as well as in peace. It is centrally planned by the capitalist government; all the production facilities, all the industrial plant and apparatus of the military-industrial complex, have to conform to the national plan. At the present time, the Pentagon has about 36,000 primary contractors and two or three times as many subcontractors. Aside from the fact that the Pentagon is a major customer of manufacturing in the high-technology industries, there is planning on a variety of scales. The U.S. space program as well as the earlier atomic energy program have all been centrally planned. There is of course also a constant, unending process where the military contractors rip off the government, but this has little to do with the issue.

Each and every industrial unit has to plan to some extent, even if only because of seasonal considerations, as in agriculture and other industries. Planning also exists on a municipal, city, county, state and federal basis by the various governments. Roads and bridges have to be built and maintained, for example. Attempts are being made to set the stage for a Superconducting Super Collider which could cost billions of dollars and take many years to develop. Constant planning by the government exists on a more or less centralized basis, depending on circumstances and the degree of industrial and technological development. The money supply of the U.S. and its foreign exchange relations are all centrally planned. While the U.S. cannot plan in the same way as the Soviet Union, nevertheless there is some central control. The Federal Reserve Board with its 12 regional banks tries to fine-tune the economy by central planning.

Many more examples could be given. In fact, all economic life would cease if planning stopped in the U.S. And most of it is connected to the capitalist government. This type of planning by the capitalist government, however, is an integral part of the anarchy and chaos of capitalist production.

What's the fundamental difference between this centralized planning and what exists in the Soviet Union or any really socialist country? It's that socialist planning is based on the **public ownership of the means of production after the expropriation of the bourgeoisie by the working class**. The means of production, that is, the basic industries, are in the hands of a government that previously overthrew the ruling class. But in the U.S. the means of production are solidly in the hands of the bourgeoisie, which owns them as a private preserve, even though some sectors are subject to government regulation now and then. The private ownership of the productive forces means that there is in existence a capitalist ruling class, the driving force of which is super profits extracted from the backs of the working class and the oppressed people.

At this stage, the discussions in the Soviet Union about economic reform are not about abandoning overall socialist planning or the state ownership of the means of production. The issue now is whether all the planning, some of it down to minute details, should be done by the central government or whether authority should be delegated among the regions and also whether the heads of industrial units and managers should be given more authority in the planning and execution of their tasks.

If we understand it properly from this perspective, such radical reforms have nothing in common with what the bourgeoisie is boasting about. If production and distribution are to be carried out in accordance with a plan to increase production, to ease distribution problems, to increase consumer goods, if it is all done from the viewpoint of socialist planning in general, then there is nothing in it that the capitalist class can look forward to with optimism.

Also, in relation to what are called capitalist market relations, it should be remembered that, except for the period right after the Russian Revolution called War Communism in Soviet literature, there has always been a degree of so-called free market or commodity production in the USSR. (We deal with this in a later article.) It has never been fully abolished and to some extent it has been helpful. But this is not to be confused with the orientation of a full-scale capitalist market where everything is produced, sold and distributed with regard to its sale or purchase on an individual basis.

The projected reforms have to be analyzed in detail upon the presentation of more data and **experience** in order to see whether they will accomplish the aims outlined in Gorbachev's political report on behalf of the Central Committee to the 27th Party Congress (February 1986). Certain aspects of the reforms have special attraction for the West. For instance, in late September of 1986 the Ministry of Foreign Trade authorized about 20 individual and 70 industrial enterprises to negotiate their own export and import arrangements directly with foreign buyers and sellers as of January 1987.<sup>2</sup> Some bourgeois analysts hope that such a reform will have far-reaching significance from the viewpoint of breaking down the monopoly of foreign trade that is one of the pillars of a socialist government such as the USSR.<sup>3</sup>

This reform went into effect in January. Since then, there hasn't been much in the English-language press except for an article in the Wall Street Journal of July 17, 1987, which takes a dim view of it, notwithstanding their eagerness for the opening up of a lucrative market to the West. The attitude of the imperialists on trade with the USSR has never been the same as toward the capitalist countries, even the less developed ones. Indeed, ever since the Soviet Union was born, it has faced a virtual blockade of trade, economically if not militarily. Rather than looking on the USSR as a lucrative market, the capitalist governments for the most part have feared that trade with the USSR would strengthen socialism rather than weaken it.

It helps to remember that the Western imperialists maintain what is called the Coordinating Committee on Export Controls (the Paris Committee or COCOM), a 16-nation coordinating committee of NATO which aims to control what they call sensitive exports to the socialist countries. In fact, on July 16, 1987, they ended a two-day session aimed at developing tighter control over exports to the Soviet Union and other socialist countries which they regard as having military use. However, the real purpose of this coordinating committee, which is under the tutelage of the U.S. and in particular the Pentagon, has been not only to ban exports with military use but to limit all trade with the USSR as a means of continuing economic warfare.

Thus a move by the USSR which could be regarded as a breach of the centralized monopoly of trade may not turn out to be what the bourgeois economists think at all, but merely a means for enhancing trade with the rest of the world. It

may now be possible, unlike the days when the monopoly of foreign trade was first discussed, to do this without impairing the integrity of the socialist planning principle. The amount of experience, the necessary know-how in dealing with foreign trade is a lot different today than it was in the 1920s, when the Soviet industrial base was very narrow and little of its industry was capable of competing with the capitalist countries, making it possible for them to inundate the Soviet Union with cheap products. The imperialists do this now in the oppressed countries, where they also create offshore industrial facilities to exploit labor and cheap raw materials and export the products elsewhere in order to garner super profits.

It is necessary to continue the discussion on the reforms in the USSR, but we must first dissolve the lies of the capitalist media. Their aim is not to strengthen socialism, but to bring back capitalism.

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2. *New York Times*, September 25, 1986.
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Article 2  
August 6, 1987

# THE DEBATE OVER FOREIGN TRADE

**Loosening of Soviet monopoly of foreign trade. Senator Mathias on U.S.-USSR joint ventures. Centralized control over foreign trade in Lenin period. Main elements of New Economic Policy. Success and new problems. Growth of bourgeois elements in twenties. Kulaks and "scissors" crisis. Collectivization of agriculture. Today's high-tech revolution and capitalist expansion. Is another 1929 coming?**

The crucial issue we are considering in these articles is not the scope and magnitude of the proposed technological restructuring of Soviet industry. Among socialists and communists it is a given that, consistent with its ability, the USSR must develop or, where it can, import the highest forms of technology in order to advance socialist construction and avoid falling far behind the capitalist countries in such a critical area.

The question is, what is the economic content in the evolution of some of these reforms and what are their social consequences? Let's examine some of the peripheral issues that loom large as far as the Western capitalist countries are concerned, for example, some of the reforms that pertain to the monopoly of foreign trade.

As we have observed, Professor Marshall Goldman, one of the many bourgeois analysts who study the Soviet Union, has already flatly asserted that the "monopoly of foreign trade is broken and selected enterprises and industries can now arrange their own export and import."<sup>1</sup> Undoubtedly there has been a breach of the monopoly of foreign trade. Whether this represents the beginning of a long-term process of development cannot at the present time be determined. Suffice it to say that as of January 1987, as many as 20 individual and 70 industrial enterprises were authorized to negotiate export and import arrangements on their own with foreign buyers and sellers.<sup>2</sup> By no means, however, can one say that the USSR has opened the flood gates to capitalist penetration.

In fact, the bourgeoisie as a whole takes a far more cautious, more cunning view of it than does the professor. Take the approach of former Republican Senator Charles McC. Mathias of Maryland, who visited Moscow in February 1987 and wrote an Op-Ed piece on the Soviet trade reforms for the New York Times of July 20, 1987. Mathias was one of a high-level delegation from the Council on Foreign Relations that included former U.S. Secretaries of State Henry Kissinger and Cyrus Vance as well as other senators and representatives. They met with Soviet authorities, including General Secretary Gorbachev. Mathias offers no judgment on whether the reforms will bring about "enduring relationships" between the U.S. and the USSR or are "simply a revisiting of Lenin's 'necessary retreat' to capitalism" (a reference to the New Economic Policy inaugurated in 1921). He finds "promising for American business" the Soviet Union's "developing interest in joint ventures with the West. . . . A typical joint venture will be structured with a 51 percent Soviet share and 49 percent foreign participation. Foreign capital contributions may include know-how, equipment, technology and similar assets. The Soviet capital contribution may include real estate, buildings and the labor force."

Of course, joint ventures have been a typical technique used by the imperialist multinational corporations in the oppressed countries to the great advantage of themselves and to the great detriment of the workers. These joint ventures or partnerships, as they are called here, are an instrumentality by which the imperialists gain control over the economy of a country. We reserve for later articles an analysis of how this may operate in the USSR. Nevertheless, suffice it to say that in the purely formal sense these joint ventures or partnerships subject Soviet workers, just like workers everywhere in the capitalist countries, to the process of capitalist exploitation in that the profit derived from

such a joint undertaking represents the subjugation of wage labor to capital. It is the unpaid labor of the workers that constitutes the profit for the capitalists. This is so despite the fact that the venture may have an overall beneficial effect on the Soviet economy.

Mathias confines himself to the conclusion that the reform program "may not be a guarantee of quick profits but it justifies cranking up the corporate jet for a flight to Moscow to assess the potential for doing business in a new environment." That in substance is the view of the bourgeoisie. They see themselves as embarking on a new era of testing out the significance of the reforms, particularly as they refer to the delicate matter of foreign trade and, in a broader sense, to the whole scope of the relations between socialism and capitalism.

Just what is the monopoly of foreign trade, and how significant is it in a socialist republic? In particular, what did it mean in the 1920s for the young workers' and peasants' government in the USSR?

The monopoly of trade has always meant the centralized control by the Soviet government of trade relations, especially with the advanced capitalist countries. It has been intimately connected to the socialist planning principle and, together with the public ownership of the means of production, was indispensable to building socialism. It was designed to protect the USSR from the ravages of penetration by the capitalist countries. It was necessary to guard against attempts to weaken the sovereignty and independence of the USSR and to make sure that the unbridled forces of the capitalist world market did not overwhelm the country, particularly at a time when it was weakest and was just barely emerging from the cruelty and destructiveness of civil war and imperialist invasions.

How it was regarded by the Bolsheviks and by Lenin in particular is shown by the fact that while the New Economic Policy (NEP) restored the capitalist market on an internal basis and denationalized many small enterprises, at the same time it made sure to preserve state ownership of the basic means of production and retained complete control and sovereignty over foreign trade. Only the central government was permitted to engage in export and import. The Soviet government from its very beginning was of course interested in continuing commerce and trade with the capitalist world as an urgent economic necessity. But while the New Economic Policy is widely regarded, and correctly so, as a partial restoration of capitalism and especially of the free market, it nevertheless made sure to maintain centralized control over foreign trade along with the state ownership of the basic means of production.

Here it is necessary, in the interest of seeing the recent developments in the USSR in historical perspective, to briefly review the main elements of the New Economic Policy. This will give us a better understanding of the real meaning of the monopoly of foreign trade, so as to be able to discuss whether it is still necessary or whether the new regulations concerning trade are not really that important.

The clearest, most lucid exposition of Lenin's view on the NEP was given in his report to the Second All-Russian Congress of Political Education Departments on October 17, 1921.<sup>3</sup> This was several months after he had first proposed the New Economic Policy and had had plenty of time to listen to many debates and discussions on it. Lenin was very frank about the disastrous economic situation facing the Soviet state. He made no attempt to minimize or evade the problems. He spoke about the urgent need for state capitalism without in any way trying to embellish or prettify it.

Partly owing to the war problems that overwhelmed us and partly owing to the desperate position in which the Republic found itself when the imperialist war ended . . . we made the mistake of deciding to go over directly to communist production and distribution. We thought that under the surplus-food appropriation system the peasants would provide us with the required quantity of grain, which we could distribute among the factories and thus achieve communist production and distribution.<sup>4</sup>

Feeding the people after so much havoc and ruin was thus the top priority. Food for the workers and the mass of the population came to be the overriding problem as hunger and even famine took their toll. Hence, the requisition from the peasants of the surplus food. But this turned out to be disastrous. Lenin continues:

In attempting to go over straight to communism we, in the spring of 1921, sustained a more serious defeat on the economic front than any defeat inflicted upon us by Kolchak, Denikin or Pilsudski.<sup>5</sup>

The surplus-food appropriation system in the rural districts, this direct communist approach to the problem of urban development, hindered the growth of the productive forces and proved to be the main cause of the profound economic and political crisis that we experienced. . . . That was why we had to take a step which from the point of view of our line, of our policy, cannot be called anything else than a very severe defeat and retreat.<sup>6</sup>

What was this retreat?

The New Economic Policy means substituting a tax for the requisitioning of food; it means reverting to capitalism to a considerable extent--to what extent we do not know. Concessions to foreign capitalists (true, only very few have been accepted, especially when compared with the number we have offered) and leasing enterprises to private capitalists definitely mean restoring capitalism, and this is part and parcel of the New Economic Policy. . . .

The issue in the present war is, who will win, who will first take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us), or proletarian state power?<sup>7</sup>

The whole question, says Lenin, is the survival of the Revolution. It is "who will take the lead." The lead in what? In restoring the capitalist market.

We must face this issue squarely--who will come out on top? Either the capitalists succeed in organizing first--in which case they will drive out the Communists and that will be the end of it. Or the proletarian state power, with the support of the peasantry, will prove capable of keeping a proper rein on these gentlemen, the capitalists, so as to direct capitalism along state channels and to create a capitalism that will be subordinate to the state and serve the state.<sup>8</sup>

But Lenin is not for prettifying this move to the masses.

Our Party must make the masses realize that the enemy in our midst is anarchic capitalism and anarchic commodity exchange. We ourselves must see clearly that the issue in this struggle is: Who will win? Who will gain the upper hand? and we must make the broadest masses of workers and peasants see it clearly.<sup>9</sup>

Despite the many factions and groupings in the Party, they all went along with this fundamental change in policy--not only because of the prestige of Lenin but because they felt it was correct.

In this talk, Lenin spoke in the same vein as always about the proletariat and peasantry. Profound class irreconcilability against the bourgeoisie was in every line. He wasn't afraid that the imperialist bourgeoisie, to whom he was offering enormous concessions, would be antagonized by the way he was presenting his views, because he was supremely aware that whatever they decided to do would be based on their greedy, predatory self-interest and not on any attempt on his part to propitiate them. He was, after all, the supreme tactician and strategist of the proletarian revolution.

So what was the result of the NEP? It was a resounding success. In the first place, the economy was restored to its pre-war level after having virtually collapsed during the intervention and Civil War. Before the NEP the output of large-scale industry had fallen to only 14 percent of what it had been before the war. It rose to 46 percent in 1924 and 75 percent in 1925.<sup>10</sup> Now the Bolsheviks could say to the imperialists, "See, we did it, notwithstanding your hope that we would collapse, and without any assistance from you."

The next phase of the struggle in the Soviet Union concerned itself with how to proceed from the restoration of industry to the construction of socialism. But the very success of the NEP had brought with it acute problems. Some were familiar phenomena that usually accompany the revival of the capitalist market and commodity production. The phenomenon of unemployment, while not enormous, was already making itself felt. More serious was the growing

differentiation between the rich and middle peasants and the poor. It brought into prominence speculators plus a sharp increase in merchants and small-scale industry, which, as Lenin was to say later, develops capitalism daily and hourly. It rekindled the confidence of the surviving members of the bourgeoisie, the bourgeois intelligentsia and the old officialdom. All were for pushing the NEP program further and further in the direction of expanding the bourgeois free market. Either the country had to go forward and open up the era of socialist planning or it would fast develop into a capitalist economy. The question was still, who would prevail?

In a sense, what we see happening today so far as world capitalist development goes was happening then. The world capitalist economy, after a brief recession from about 1921 to 1923, had gone into a phase of relative stability, that is, capitalist expansion. Having broken the back of revolutionary struggles in Germany and Hungary (and later the British general strike in 1926), the bourgeoisie had stabilized its rule and the imperialist economies were headed for what then seemed to them dizzying heights, especially in the United States.

The attraction of the world capitalist market in a period of expansion had its repercussions in the Soviet Union. Completely shelved was the historical experience of the capitalist cycle of development showing that the greater the capitalist expansion, and often the longer it lasted, the greater and more universal would be the collapse that was sure to follow.

In 1924, immediately after Lenin's death, when the Soviet economy had been restored to its pre-war level, the question was how to proceed. Leaving inner-party issues aside for the moment, the struggle outside the Party was between those who were for taking resolute steps to develop the country along socialist lines with a planned economy, and those who wanted to continue with the capitalist market economy.

It should be mentioned that during the entire period of the NEP, government economic plans on one scale or another were drawn up and discussed. The principle of planning had not been abandoned by anyone in the party. The issue was when and at what tempo should it begin, and what time span would be most practical for an overall, comprehensive economic plan. During that whole period, Lenin had vigorously fought for an electrification project as a fundamental element of socialist construction. The way he put it was that electrification plus Soviets would equal socialism.

The outright bourgeois elements were of course opposed to socialist planning. They viciously attacked Gosplan, the data-collecting agency which at that time was the embryonic form of what was later to become the central planning agency. All the bourgeois elements--former landlords, merchants, speculators, former czarist officials, old bureaucrats, bourgeois technical and economic experts--concentrated their attacks on Gosplan and also on the Ministry of Foreign Trade, which had the responsibility for maintaining the monopoly of foreign trade. Inefficiency, bureaucratism, overcentralization, and so forth--these were the labels behind which the attacks were made. This bore strong resemblance to the way big business here attacks federal agencies like the Occupational Safety and Health Administration (OSHA), the Social Security Administration, and the Department of Human Services. In reality, the attacks weren't against inefficiency, bureaucratism and overcentralization. They were attempts to abolish these agencies.

The severest critic of real bureaucratism and inefficiency was Lenin himself, but from a wholly different class point of view--that of strengthening the young Soviet republic. The bourgeois attacks were always from the viewpoint of abolishing the early beginnings of planning and the monopoly of foreign trade. The speculators were all anxious to stretch out on their own to the world capitalist market, but the monopoly of foreign trade stood in their way, as did the beginning of planning. These bourgeois elements never tired of singing about the glories of the capitalist expansion abroad. If only the Bolsheviks would permit them to trade freely, the USSR would once again become an exporter of grain and agricultural products as it had been in czarist times, they said, and would make great headway--forgetting that this was precisely what had made czarist Russia a semi-colony of Western imperialism. In return, they were saying, the imperialist bourgeoisie would be willing to sell industrial equipment, if only the market mechanisms were expanded and allowed to take their course. If Russia returned to its traditional role as an exporter of raw materials, then it would develop spontaneously through the free market, as had happened in the capitalist West. (You see, the remedies of Reagan and Thatcher are just old poison in new bottles!)

The bourgeois elements were fearful, however, of the workers. They didn't dare attack the state ownership of heavy

industry because that would expose their role very clearly, so they made Gosplan and the Ministry of Foreign Trade the butt of their criticism. They couldn't in any case try to dislodge the workers from the ownership and control of metals, oil, mining, etc., where they were firmly in command.

In October 1922, when Lenin was already ill from his first stroke and could not attend many meetings, the Central Committee in his absence unfortunately made a decision that relaxed the monopoly of foreign trade.<sup>11</sup> The Soviet Republic had until then always maintained its exclusive role in the field of foreign trade. When Lenin learned about this decision, he protested. Soon enough, in December, the Central Committee rescinded its decision. All of this showed how great the pressure from outside the party had become with the revival of the capitalist market. It caused severe divisions within the party. The axis of the struggle became how to deal with the enormous problems arising out of the market economy.

In economic terms, it appeared a crisis was developing as a result of a lack of correspondence between agricultural and industrial prices. The peasants now had the right to dispose of their produce. The government no longer requisitioned it as during the period of War Communism, although it did collect a tax in kind. The well-to-do peasants, popularly known as the kulaks, led what amounted to a sitdown strike on a nationwide level in an effort to get higher prices for their products at a time when the government needed to lower them in order to finance industry. The government authorities felt these price demands were utterly unacceptable under the circumstances of the urgent necessity to retool industry and set the stage for socialist construction.

This became known as the scissors crisis, since the prices of industrial goods and agricultural goods were going in opposite directions. The Soviet government had to shift prices in favor of industry. The problem was that the well-to-do peasants who possessed vast marketable surpluses of grain and other commodities refused to sell them on the basis of the Soviet government's proposals. The kulaks therefore tried to sabotage the government's plans and tried to reduce their output, leaving the government unable to utilize the revenue to develop industry. What the kulak attempt amounted to was the wholesale national obstruction of the development of socialist planning. Viewed in historical perspective, the stubbornness of the rich peasants, their determination to hold the Soviet government by the throat, was bound to get a rude reaction. It was not long before the idea of collectivizing the peasantry by means of restricting the capitalist market began to appear on the agenda.

The Soviet government in its earlier days, as well as Marx and Engels, had conceived of the collectivization of the peasantry as a gradual process. Building cooperatives, showing the superiority of socialist industry, offering the collectives the incentives of modern industrial equipment such as tractors, showing the superiority of state farms over both individual and collective farming, would over a period slowly and gradually reduce the domination of the kulak element over the peasantry and their challenge to the Soviet government. But especially after the beginning of comprehensive planning, it became impermissible to let the situation go on or to capitulate to the kulaks. One may differ as to whether the collectivization had to take the road it did, whether the method of rapid, compulsory collectivizing was not altogether excessive, an overkill which also did a great deal of harm and took an enormous toll on the peasantry, creating problems which have their echoes even today. Nevertheless, the collectivization of agriculture, that is, a change in the mode of production from private to collective ownership, was a profoundly revolutionary development.

The very dimensions of the crisis, in which agricultural and industrial prices were moving in opposite directions, showed there was a broader problem: the existence of an enormous private sector in the economy. Agriculture, with its millions upon millions of peasants, stood in contradiction to the sector in the hands of the Soviet state. Such a crisis was bound to have a severe and wrenching effect in the Party and would grow sharper the longer the Party delayed making a firm choice.

Thus began in earnest the choice for the planned socialist economy and the launching at last of the first five-year plan in 1929. It was a watershed, a real turning point for the Soviet economy and for the destiny of the Soviet Union itself, and it constituted a world historic triumph for socialist construction.

Regardless of how developed technology may be in the Soviet Union today, the world capitalist economy still holds attraction in its present phase of relative capitalist expansion. In the field of high technology it seems to be growing by

leaps and bounds, exploiting the whole world in its acquisition of technological knowledge, often robbing even the less-developed countries of their trained experts through the "brain drain," which seems to continue unabated. The USSR, on the other hand, is still faced with a technology blockade imposed by the imperialists, who have set various restrictions on its export.

Those without a historical approach see the Soviet Union at a very great disadvantage, particularly because the rapid scientific-technological revolution in the principal imperialist countries seems to outdistance the USSR, leading to a call for drastic measures within the Soviet Union to overhaul its economy. Often forgotten is the havoc being unloaded in the capitalist countries on the backs of millions and millions of workers, for whom the high-tech revolution has brought nothing but unemployment and a cut in living standards.

But the present capitalist expansion is only part of a phase in world capitalist development. A repetition of capitalist collapse on a more enormous and destructive scale than in 1929 is just as possible if not probable. This in turn would lead to contraction of the capitalist market and a slowdown in the development and acquisition of high technology, enabling the Soviet Union to once more take advantage of the capitalist crisis as it did during the period following the 1929 economic collapse. An enormous drop in the price of raw materials and then industrial goods enabled the Soviet Union to purchase the latter from the West at a time when the capitalists were more hard up for sales than they had been during the previous expansion of the capitalist world market. Overall this helped the Soviet economy which was just starting to operate under a five-year plan, even though it also affected the price of their exports of agricultural products and raw materials.

Today the imperialists can demand and get extortionate prices in some high-tech commodities because of the relative economic expansion. But this growth is by no means even. In industries like agriculture, petroleum and coal, the capitalist market is still depressed. With the development of what's now called the global economy, capitalism is even more vulnerable to collapse; its anarchic forces are bound to manifest themselves independently of the will or desire of the capitalists.

The Soviet reforms, which permit individual ministries and enterprises to trade independently and which promote joint ventures or partnerships with imperialist companies, have their parallels in the early reforms during the period of the New Economic Policy. However, there has been a virtual transformation of the Soviet Union since then. Instead of being on the verge of collapse, the USSR is now the second largest industrial power in the world. Some of its scientific achievements even outdo the bourgeoisie, as in outer space, where the USSR opened the way as long ago as 1957 and has consistently maintained its lead.

As in that earlier period of the NEP, however, the problems with the monopoly of foreign trade and the significance of the world capitalist market are merely manifestations of domestic issues, rather than independent initiatives not related to the internal situation. Sooner or later, when the capitalist crisis breaks out in full force, which it is sure to do with an accompanying contraction of the capitalist market, the firm pillars of Soviet state ownership of the means of production, of the planned economy and of the monopoly of foreign trade will be seen as more formidable levers in dealing with the capitalist world economy than any kind of dangerous opening to the capitalist market can ever be.

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Article 3  
August 13, 1987

# JOINT VENTURES AND SOCIALIST PLANNING

**Impact of capitalist expansion on socialist countries. How 1929 capitalist collapse affected first Five-Year Plan in USSR. Soviet economists who lean toward capitalist market--Popkova, Shmelyov, Abalkin, Aganbegyan. Joint ventures: how they've worked in less developed countries; how they'll operate under Soviet law. View of U.S. banker on joint ventures. Gorbachev on the military-industrial complex.**

It is impossible to fully consider the Soviet reforms without again and again taking into account the global economic situation. The current phase of relative capitalist expansion, which may be nearing its end sooner than most capitalist economists anticipate, has been accompanied by a most intense assault on the principle of socialist planning.

While the planned economies in the USSR and other socialist countries are their real target, the ruling class ideologues also continually focus their efforts on discrediting and disqualifying any attempt at government planning in the capitalist countries. While the masses may derive some limited, peripheral benefits from capitalist planning, it still doesn't have the remotest connection with planning in a socialist country.

However, the assault keeps gathering momentum under the signpost of deregulation and free market mechanisms. One would think that capitalism had entered a new era in its economic evolution and that the unbridled forces of production were once again experiencing a revival of the conditions that existed at the dawn of the capitalist era.

It is not surprising that the sheer volume of this propaganda has also had its effect in the Soviet Union. Developments in China, Hungary, Poland and certainly Yugoslavia have had their impact in the USSR as well.

How different the situation was during the first Soviet Five-Year Plan! The monumental success of the plan begun in 1929 electrified the worldwide working class and oppressed people and everywhere put the capitalist ideologues and propagandists completely on the defensive. The Soviet plan had gone into effect only months before the stock market crash in the U.S., which came in October of 1929. There soon followed a devastating collapse of all the capitalist economies, and this made socialist planning attractive. There ensued various forms of capitalist state intervention, which got a great deal of their inspiration from the success of the Five-Year Plan. Why doesn't the bourgeois press ever seem to remember this?

The then-famous school of bourgeois liberal economists known as the Keynesians, and particularly those early intellectuals in the Roosevelt administration who helped to frame much of the New Deal legislation, including the National Recovery Act (NRA), were the architects of state capitalist intervention. Their enthusiasm for it came in the wake of the capitalist economic collapse and in response to the desperate situation of the economy and the revolutionary and near-revolutionary pressures of the working class, in the U.S. as well as elsewhere. The era of planning in the capitalist West, while of course mostly the result of the unprecedented economic dislocation, nevertheless owed a great deal to the planning in the Soviet Union. The planning principle had indeed become a magnet, a source of creative ideas and inspiration, even to the bourgeoisie! Of course, socialist planning fits on the capitalist system like a saddle on a cow. Nevertheless, that was what happened.

It should not come as a complete surprise, therefore, if today, as a result of a momentary global economic conjuncture, a somewhat reverse situation exists and a current of thought has emerged in the USSR which is influenced by the glories of the capitalist market. We are not at this point discussing the Soviet reforms as they have unfolded since the June 1987 Central Committee meeting. It's too early for that. But it is instructive to take notice of a tendency which has emerged in the Soviet intelligentsia and which reflects pressures from the current expansionist phase of the world capitalist economy.



Take, for instance, a letter in the May 1987 issue of *Novy Mir* (as reported in the *New York Times*, May 9, 1987) from Larisa Popkova, an economist who describes herself as a doctoral candidate of economic science. "Where there is socialism," she writes, "there is no place for markets and liberal spirit. And I repeat, there cannot be. It is my conviction that this is also true about today's [Soviet attempts] to tune the national economy to the frequency of the consumer. You cannot be a little bit pregnant," she says. "It is either plan or market, either directive or competition."

What may surprise most of us here in the U.S. is that this letter was not an attack on the capitalist tendency toward the free market, but the very opposite! She and others like her have been given wide publicity in the capitalist press. Clearly, Popkova and others openly represent a tendency for the restoration of the bourgeois free market as the regulator of the Soviet economy.

Popkova's outlook is not at all the view stated in the Soviet government's plans to radically restructure the economy. To say so is to create a false impression. But her view is representative of a tendency. How deep or widespread it is in the Soviet intelligentsia remains to be seen, but it is not to be confounded with the position of the Soviet government. This has to be stressed, for the capitalist press uses the existence of this bourgeois tendency as the basis for interpreting the Soviet reforms rather than reporting what they actually are. They are building up a tendency which may turn out to be an utterly inane and innocuous group of bourgeois-oriented restorationists in the Soviet economic establishment.

Thus, for instance, the *New York Times* in its editorial of July 1, 1987, entitled, "Revolution 1987, Soviet-style," states: "Yet another communist giant, **the** communist giant, now sets out to undo the Revolution of 1917 with the Revolution of 1987." Similar editorials appeared immediately after the New Economic Policy introduced by Lenin in 1921. They all made dire predictions of a counterrevolutionary overthrow of the Soviet government.

Another critic of the reforms who wants the restructuring to go even further is Nikolai Shmelyov. In the June 1987 issue of *Novy Mir* (reported in the *New York Times* of June 4, 1987), he proposed that central planning be eliminated altogether, along with subsidies and fixed prices, in favor of the capitalist free market. He wants "central planning to be virtually eliminated"; also that "the ruble be devalued to its real price in the world market and that the leaders accept some unemployment as a natural byproduct of the economy."

"Just as we did in 1953 and 1965," complained Shmelyov, "we are again dooming ourselves to half-hearted measures. And half-heartedness, as we all know, is often worse than inactivity." His arrows are directed against the Soviet leadership and its plans.

Of course, these are the views of the bourgeois tendency who call for the restoration, either in whole or in part, of capitalism. But there are also others who are not in the Popkova-Shmelyov camp but who are advisers to the government and who occasionally are held up as spokespersons for the Soviet government on critical economic issues and reforms. They are frequently quoted, but seldom by name, in the capitalist press. This group includes Leonid Abalkin, director of the Institute of Economics of the Academy of Sciences, and A.G. Aganbegyan, academician with the economics department of the Academy of Sciences. They present the most gloomy prognosis of the reforms and certainly evince a tendency towards the capitalist market.

During the Khrushchev period, there were any number of economists like them, including Professor Yevsei Liberman, who also seemed to reflect the views of the Soviet government and the rapidity with which it was going to embrace not only bonuses and incentives but the entire gamut of capitalist free-market mechanisms as well. It turned out later that the Liberman influence was very limited indeed and in the long run proved to be of little significance.

It's important that progressives in this country understand all this because, as Marx said, the prevailing ideas in any society are always the ideas of the ruling class, who are protecting, preserving and trying to expand their influence. Not all in the ruling class, however, share the view of the above-mentioned editorial in the *New York Times*. In an earlier article we discussed the trip to Moscow taken by a high-level delegation from the Council on Foreign Relations and an account of that meeting given by Senator Mathias. We find it of some value to now present the views of another group from the Council that met with General Secretary Gorbachev and other high Soviet officials this spring.

It should be remembered that the Council on Foreign Relations is not just another Rockefeller entity. It is generally

recognized as having the cadres of an alternate U.S. government, the so-called "invisible government," and is frequently the target of attacks by ultrarightists. These attacks, of course, are fraudulent to the core. Ronald Reagan, for instance, was fond of such anti-Rockefeller demagoguery before he became president, but he soon enough made his peace with David Rockefeller and the council.

As we said, these delegations included not only Mathias, Kissinger and Vance but also Jeane Kirkpatrick, Harold Brown, General David Jones and a number of high-ranking officers from the multinational corporations. The delegation this spring also included Peter G. Peterson. Peterson was long involved as an adviser and functionary for the U.S. government in matters of international economic affairs. He served as secretary of commerce under the Nixon administration, attended numerous international conferences on behalf of the U.S. government, and then became chairman of the board of the banking investment firm of Lehman Brothers (which subsequently merged with Shearson-American Express).

In the New York Review of Books, Peterson takes a more sober view of the Soviet reforms.<sup>1</sup> He doesn't hold the apocalyptic view about a counterrevolution in the USSR which the New York Times seems still attached to, but he is nonetheless a conservative representative of big business and the banks who is vitally interested in the Soviet Union's new opening in international economic affairs, of which joint ventures are a key element.

Before we go any further with Peterson's view of the Soviet reforms, we must examine how joint ventures have operated in other countries in the past and what limitations will be put on them under Soviet law.

Joint ventures are a notorious form of imperialist penetration for the less developed and especially the poorest and most oppressed countries. They are one of the most significant instrumentalities of multinational corporations to expand their interests and are the sources of fabulous superprofits. In outer form they are supposed to divide the profits derived from the operations of the joint venture according to some definite proportion, usually 49 percent for the foreign corporation and 51 percent for the home country. But in reality, the multinational corporations extract extortionate profits from the exploitation of the working class, the take being more enormous where neocolonialist elements run the regime. The legal form of the joint venture has little to do with the reality of the actual relationship, which is one of super-exploitation. So the question arises, how will a joint venture between the imperialist countries and the USSR operate? Is it at all compatible with socialist planning?

We recall that Lenin in the 1921 New Economic Policy offered the imperialists a great deal more than a 49 percent interest, but there were few takers. At least one of the important differences between then and now is that during the NEP period, the Soviet Union was not yet a planned economy; it had yet to institute a comprehensive economic plan. Since then there have been many five-year plans, and today the USSR has a strong, centrally planned economy.

There have been all sorts of trade deals and transactions over the years between the USSR and Western Europe, and to a lesser extent with Japan and the U.S. Some involved large construction projects in the USSR. But they have been one-shot deals which ended when the project was completed, and they were based on compensation to the foreign corporation.

A joint ownership project is different, however. Under the Soviet joint venture law, which went into effect on January 1, 1987, the USSR contributes the leasing of land and will make available labor and perhaps some technology. The foreign company contributes technology, know-how and what are referred to as management skills. The profits derived from the joint project will of course be taxed. Whether the products will be wholly destined for the Soviet Union or whether some portion will be for export is not clear.

The venture will have a board of directors on which the foreign corporations may have representation, but it is not clear how much. The chairman of the board of directors, however, and the chief operating officer will be from the Soviet Union. There are other provisions, such as those referring to the currency used and how it can be converted into foreign currency so as to make it easy to transfer it out of the country. And, of course, the operation of the venture will be done under Soviet labor law requiring strict compliance with its provisions. The foreign companies will not be allowed to roam through the land seeking cheap labor, as they would in a country ridden with the vast and intractable unemployment characteristic of the bourgeois system.

Nevertheless, about 100 giant corporations are now discussing joint venture proposals with the USSR. Also, letters of intent have already been signed with about 70 of the giant corporations. Some of them are old-timers in dealing with the USSR, such as Occidental Petroleum, but others, like Monsanto, Dresser Industries and Combustion Engineering, are new.<sup>2</sup> Under the present Soviet law, as we mentioned earlier,<sup>3</sup> these corporations may deal directly with about 70 large state enterprises, which of course is a new element in Soviet foreign economic relations. As we said, this decentralizing of the former foreign trade ministry and permitting as many as 70 enterprises to deal directly with the West does constitute, at least in a formal sense, a breach of the monopoly of foreign trade, which until now has been an indispensable element in the socialist economy. However, this decentralization does not necessarily mean that they have been given complete and unconditional independence free from government control. No government in the world would permit that, least of all the USSR.

The most important part of the law, however, is that the joint venture companies will exist only outside of the planned economy.<sup>4</sup> This is of singular significance, because if they were to operate within the planned economy, the joint ventures would have to be integrated into the Soviet economic system, which is based on planning years in advance.

The capitalist entrepreneurs get no economic advantage out of this. On the contrary, it restricts the political leverage they could exert otherwise if they threatened to pull out, suddenly remove their technicians, advisers, executives and so on. U.S. businesses are arguing that they should be allowed to operate within the framework of the planned economy. How can they get raw materials or other supplies, they say, since most of that is within the planned economy? Nevertheless, this is what the Soviet law on joint ventures stipulates.

To those corporations concerned with joint ventures from a narrow economic point of view, this may not be an obstacle. But from the point of view of the U.S. and their overall political motivation in relation to the USSR, they want the joint ventures to become as fully integrated into the planned economy as possible so as to be able to exert not only an economic but a political influence.

The Soviet stand on this is an attempt to insulate the socialist economy from the free capitalist market. However, it should be noted that this is precisely what the Chinese experiments have tried to do with respect to the special zones they granted to the capitalist countries. The rationale China used is that these special zones are separate and apart and this safeguards socialist construction. A large segment of the masses, however, see it as a return to colonialism, especially since China, unlike the USSR, is still largely an underdeveloped country. Nor should it be forgotten that China has established a virtual military alliance with the U.S.

The joint ventures in the USSR, even though insulated from the planned economy, do introduce free market capitalism so far as the external manifestations are concerned. Overall, the coexistence within the USSR of this incursion or invitation, whichever you call it, of capitalist enterprise points up the basic contradiction between capitalism and socialism. The basic motivation on the capitalist side of the joint venture is maximum profit. There can be no doubt about that, whether it is long-term or short-term.

With the Soviet Union, however, and presumably with China, the motivation is to acquire technology and know-how, and to provide the types of products that are necessary either for consumers or for production. In other words, the long-term goal of the socialist economy is to utilize the capitalist enterprises to produce use values, whereas the capitalist goal is to extract as much profit as possible, which is in stark contradiction to the needs of socialist construction and of socialism in general.

It's important to differentiate between those imperialist corporations which would participate in joint ventures from a narrow economic point of view and those which are more concerned with long-term contracts and expansion and hope to use their economic links in the USSR for political leverage in the broader struggle between socialism and capitalism. This is not an inconsiderable factor in the calculations of the U.S. ruling class as a whole and of the U.S. government in particular. Let us return now to Peterson, who is as representative as an individual can be of the U.S. ruling class as a whole, being a banker, government representative and entrepreneur. He confines himself to saying that the joint ventures are "worth exploring."

"Fundamentally," he says, "the Soviets are trying to reconcile market forces with a planned economy. They are

seeking a modernized two-sector economy of the kind that was tried in the 1920s. There is no question that the market is going to start driving them one way in resource allocation while central planning and their concept of `social values' [socialism--S.M.] will drive them in the opposite direction. . . . They now wonder how to reconcile market-drive enterprise centers and joint ventures with the central planning."<sup>5</sup>

Within the context of understanding that Peterson represents the enemy and is an inveterate opponent of socialism, he is putting it plainly. The joint ventures are an attempt to find ground on which the two systems can coexist. This is what the NEP was. But as Lenin warned in his October 1921 speech which we quoted extensively in an earlier article: "Our Party must make the masses realize that the enemy in our midst is anarchic capitalism and anarchic commodity exchange. We ourselves must see clearly that the issue in this struggle is: Who will win? Who will gain the upper hand?"<sup>6</sup>

Now, nearly 70 years later, and even though the Soviet Union has become well-nigh invincible as a fortress of socialist planning, this is still the issue. But in a certain sense, the danger was less in Lenin's time, precisely because they didn't have a planned economy that the joint ventures could disrupt.

It's worth mentioning that immediately after the November 1985 Geneva summit between President Reagan and General Secretary Gorbachev, there was a meeting in the Kremlin with close to 400 U.S. businessmen who came to investigate what the new possibilities were for trade. The gathering was addressed by Secretary Gorbachev on December 10, 1985.<sup>7</sup> What surprised Secretary Gorbachev was that instead of all the executives being from corporations mainly interested in trade and commerce, he found that "there are among you senior executives of companies that are prominent in American military business. Let me say this frankly," Gorbachev told the group. "We believe that military business exerts a dangerous influence on politics. In fact, we are not alone in thinking so. The very concept of the military-industrial complex was not formulated by Marxists but by a conservative Republican, President Dwight D. Eisenhower of the United States, who warned the American people of the negative role that can be played by that complex. I'm not saying this to reproach those of our guests who have contracts with the Pentagon."<sup>8</sup> What Gorbachev was interested in was the extension of peaceful commercial and trade relations.<sup>9</sup>

In examining joint ventures, which seem to be such a narrow economic field, it is important to view them against the overall relationship of the U.S. and USSR and not for a moment to forget the military-industrial complex that is everywhere. Secretary Gorbachev must have been mindful of this.

Not long ago, it was none other than Richard Perle, one of the most right-wing opponents of U.S.-USSR arms negotiations, who said in testimony before the Senate Foreign Relations Committee, "I asked them [meaning the U.S. team at Geneva] how much information did you extract from them? That much!" he said, derisively holding up a piece of paper. Extracting information is one of the underlying U.S. motivations in all negotiations with the USSR.

From whichever angle one discusses relations between the U.S. and the USSR or between the USSR and the West in general, the underlying fundamental problem is still this: that the social system of the USSR is diametrically opposed to the capitalist system and that any meeting ground can under the present circumstances be only peripheral. The USSR will not allow imperialist monopolies to become so embroiled in its economic structure as to give the imperialists the kind of foothold they last enjoyed in czarist days.

Nevertheless, it is a development that has to be carefully assessed and its evolution watched to see where the process leads. It has thus far not been a plunge, at least as far as foreign relations go, into the free capitalist market come-what-may, as the Times editorial obituary for the October Revolution declared.

Lenin, as we showed earlier, was firmly convinced of the need for the New Economic Policy that partially restored capitalism. But at the same time, and this was the important point which we believe is still relevant almost 70 years later, Lenin clearly said that the enemy is commodity production.

And it still is today. If it has to be accommodated, it should be in the same spirit of profound class irreconcilability, of delineating and clearly stating that which is progressive and necessary and that which is regressive and dangerous, of explaining that it must be done as a matter of necessity rather than embellishing or disguising it.

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Article 4  
August 20, 1987

# GORBACHEV'S JUNE 1987 REPORT ON THE REFORMS

**Gorbachev's summary of reforms: radical restructuring of economic management; moving from administrative to economic methods; giving enterprises more independence; moving from over-centralization to democracy; no abandonment of socialist planning; need to overcome stagnation and command methods. Difference between management and ownership. Decentralization in the 1950s. Meaning of sales, profits in a socialist system. Three pillars of socialism. Collectivization and urban growth. Will there be unemployment?**

The most detailed and comprehensive exposition to date of the Soviet economic reforms is the report of General Secretary Mikhail Gorbachev on June 25, 1987, to a plenum of the Central Committee.<sup>1</sup> He explained that:

The restructuring was started on the initiative of the Party and is being carried out under its guidance. The Party has roused the country, its ideas have captivated millions of people, it has generated tremendous hopes.<sup>2</sup>

The reforms will enable the USSR to renew all spheres of life in Soviet society, the report says. Nothing less than the virtual transformation of all Soviet society is envisioned by the restructuring. The plenum produced a document on economic restructuring which summarized the tasks as follows:

The CPSU Central Committee believes the main political task of the Party in the economic field is to carry out a radical reform and create a streamlined, effective, and flexible system of management, making it possible to make maximum use of the advantages of socialism.

The radical reform of managing the country's economy is directed at: . . .

- Turning scientific and technological progress into the main factor of economic growth;
- Ensuring balance, overcoming shortages of material resources, consumer goods and services that obstruct efficient management and intensification of production;
- Giving the consumer priority in economic relations, rights and possibilities of economic choice;
- Creating a reliably operating cost-restricting mechanism for the functioning of the national economy. . . .

The essence of the radical restructuring . . . is the transition from predominantly administrative to economic methods of management at all levels . . . [and] an extensive democratization of management. . . .

<sup>3</sup>

What is the difference between administrative and economic methods? Generally, the former refers to the arbitrary setting of prices in disregard of economic costs. In bourgeois economics it is said that prices are dictated exclusively by the market and that anything else is arbitrary, inefficient and the product of wanton willfulness. They conveniently forget the many rigged prices of monopoly capitalist corporations.

One of the aims of the new Soviet reform is to create a balance between the unit costs of labor, that is, socially

necessary labor, and its reflection in socialist planning.

Gorbachev says that changing the economy involves first "a drastic extension in the margins of independence" of state enterprises (referred to as amalgamations). This means a transition to "full-scale profit-and-loss accounting and self-financing." In the course of his talk, he goes into some general details on how this is to be done, but more concrete guidelines are to be published later.

The second step is "radically restructuring centralized economic management" while at the same time relieving the center of "interference in the day-to-day activities of subordinate economic bodies." The bourgeois press refers to this as the first step in abandoning socialized planning. A great deal has been written by the bourgeois press on this, especially in the U.S., and we intend to go over it.

The third step is "a cardinal reform in planning, pricing, financing and crediting." The aim here is to create a "transition to wholesale trade in productive goods." Also projected is a reorganization of the "management over scientific and technological progress."

The fourth is to deepen specialization and "the direct involvement of science in production." It is on this basis that the USSR will achieve "a breakthrough to world-standard quality." Quality of production, of course, was an aim in past decades, one which has eluded Soviet planning to this day, but here again, not to the extent that the bourgeois press would have us believe. Witness the monumental achievements of the USSR in space and other industrial and scientific endeavors. The great drawback has been in the field of consumer goods.

The fifth aspect of the reforms is the transition from "an excessively centralized, command system of management to a democratic one." <sup>4</sup>

Notwithstanding what seems to be a wholesale decentralization of the economy, it is important to note that no evidence exists of an intent to altogether abandon centralized, socialized planning. On the contrary, the plenum document reaffirms: "The Central Committee of the CPSU points out that the planned management of the economy **as a single national economic complex is the major gain and advantage of the socialist economic system and the main instrument of the realization of the Party's economic policy.**" <sup>5</sup>(Emphasis added.) The reforms, therefore, are merely against over-centralization and to spread out much of the authority to subordinate organs and groups. But by no means is it contemplated that the socialist planning principle should be abandoned; the idea is to merely restructure it.

Gorbachev's report says that the key to achieving the projected result lies in the pursuit of democratizing all organs of the government. "Our experience demonstrates that success is achieved where Party, government and economic bodies make full use of the growing political and social activity of the working people. Let me say frankly--we will not be able to cope with the tasks of restructuring if we fail to pursue the policy of democratization firmly and consistently." <sup>6</sup> The reforms are "directed at the attainment of a new, qualitative state of socialist society. . . . The understanding that the restructuring was necessitated by the mounting contradictions in the development of society is deepening. These contradictions, gradually accumulating and not being solved in time, were actually acquiring pre-crisis forms." <sup>7</sup>

What are the fundamental causes of this developing "pre-crisis"? They are "stagnation and conservatism." <sup>8</sup>Therefore, "An offensive is in progress against bureaucratism. Bossy, pressure management is gradually being overcome." These methods are often referred to as "command-and-administrative forms" of managing Soviet society. The aim is to do away with the rigid, inflexible command methods in the organization of the planned economy, because they have become an obstruction to the further growth of socialist construction. Indeed, according to the report, they have become a brake on the economy which has resulted in stagnation.

From this is drawn the conclusion that the large amalgamations, that is, industrial complexes and factories, should get a wide margin of independence. Full profit-and-loss methods of accounting are to be introduced and the amalgamations should be able to finance themselves on the basis of their resources while taking greater responsibility for achieving the highest economic results. In this way the management of the economy will go from an administrative method of management to economic methods at every level. This can be done only by the broadest democratization of the planning apparatus, Gorbachev says.

"What is the main drawback of the factory's economic management mechanism today?" he asks. It is the "weakness of internal stimuli for self-development." <sup>9</sup> Here is an example, according to the report: A factory is given a certain production quota and resources, but it is done through a system which uses "obligatory indices" and the marketing of the product is guaranteed. So the stimulus for self-development becomes eroded. Then what is the overall aim of the restructuring process? It is to achieve a fundamental breakthrough in the development of the economy. In other words, to create a genuine qualitative change, as the report calls it.

Let's leave the report for a moment and ask, what have been the real qualitative changes, great leaps forward and breakthroughs in Soviet society since the Bolshevik Revolution?

The first, of course, was the victory of the Civil War and the consolidation of Soviet power. The second was successfully overcoming the drawbacks of the New Economic Policy while taking advantage of the partial capitalist restoration in order to move forward. In the post-Lenin era we have the collectivization and industrialization, which came as a result of instituting the first five-year plan, a world historic turning point.

In what way are the Soviet reforms related to the collectivization and industrialization of the first five-year plan? In the first place the collectivization of the peasantry was not merely a change in the form of management of agriculture. To put it in Marxist terms, it was a change in the mode of production, or, more precisely, a fundamental change in property relations. Collectivization was a drastic overhauling of agriculture that changed the form of ownership from private to collective property.

The present Soviet reforms hope to achieve a change in the form of the management of the economy. A common error, both consciously and unconsciously cultivated by bourgeois elements, is to confuse ownership and management. They also try to confuse decentralization with democracy so as to give both of these concepts a bourgeois content. Such confusion serves the interests of the bourgeoisie. They hope that the new management concepts--the transfer of some functions and authority from the center to subordinate bodies, especially to the managers, by democratic means, by which they mean bourgeois democratic means--will ultimately force the USSR to abandon socialized property in favor of bourgeois property. That's a long, long stretch. But that is the orientation of the bourgeois publicists and the champions of the "free capitalist market," some of whom are in the USSR.

So as to avoid any confusion between management and ownership it is best to bear in mind the contrast between a change in management and a change in ownership. When the Chinese agricultural communes were dismantled by the People's Republic in the latter part of the 1970s, that constituted a change in the form of property from what were socialized, certainly state-directed, forms to what has now become private property among the peasants. The overwhelming bulk of agriculture in China is now privately owned and run. Only a small portion of some state and cooperative farms remains. Likewise, after the 1956 rebellions in Poland, what had been cooperatively-owned or state-controlled farms were dismantled in favor of private property forms of agricultural production.

The Soviet reforms concern themselves with the management of socialist industry. Restructuring the management of the economy is not an altogether new departure in Soviet society. On the contrary, some of these reforms and even some of the terminology are remarkably akin to the earlier reforms of May 1957 in the Khrushchev era and those in December 1965 under Kosygin.

Gorbachev himself refers to them in his report. "Over the past few decades there have also been repeated practical attempts to change the existing system of management. They were made in the 1950s, the second half of the 1960s and the late 1970s. But those attempts were not all-out or consistent. They only had what was at best a short-lived effect and did not lead to the desired breakthrough," he said.

Attempts were made to get prices to reflect economic costs on the basis of profit and loss in the various enterprises. Large industrial enterprises were brought together in associations as a means of furthering advances in the economy. Demands were made to set up a form of competition among the enterprises in an effort to get prices to reflect economic costs more accurately. Both the 1957 and 1965 reforms were characterized by emphasizing the stimulus of material incentives in production. The bonus system, which had its origins in the earlier Stalin period, became more



widespread. None of this was significantly changed in the Brezhnev-Andropov-Chernenko era.

The 1957 reform abolished the industrial ministries of the government which were controlled centrally from the very top. It aimed to spread out their authority among territorial economic councils (Sovnarkhozy). In other words, their responsibility was transferred to various republics and regions. The abolished ministries were derisively referred to during the Khrushchev era as "empires." The overall goal was to strengthen national and industrial coordination, but by developing planning authorities in the regions and republics as well as on a national basis. Gosplan, the supreme planning agency until 1987, was to coordinate the councils. The 1957 reform dismantled about 20 ministries and created more than a hundred regional councils.

Diffusing the economic administration by creating such a large number of separate entities came into conflict with centralized planning. Some of the regional councils were concerned mainly with their own region and, where buying and selling were involved, this could add up to substantial disorder. It also brought about an increase of corruption and profiteering. The councils were soon dismantled, however, because the growth and multiplication of these separate bodies made the planning process more complicated rather than simpler. Nevertheless, there was a considerable spreading out ("decentralization") in the sense of relieving the center of some elements of the planned economy.

It was more or less inevitable that a consolidation would take place during both the Kosygin and Brezhnev eras. But what must not be lost sight of in discussing these organizational changes in industry, or what in the Gorbachev era would be called restructuring, is the broader economic aim of the Khrushchev and Kosygin reforms. They were an attempt (and that's all they amounted to in the end) to at long last give some degree of priority to the production of consumer goods. Of course, the great emphasis was always on the development of heavy industry, without which the country would have forever remained backward, without the elements necessary for socialist construction or its own defense.

Unlike Khrushchev, Kosygin considerably widened the concept of profitability; less emphasis was put on a quantitative increase in total productive output as the fundamental lever for Soviet planning. Enterprises were given more freedom to decide what to manufacture. Managers were given a wider latitude and greater freedom to decide how and what to produce. The number of ministries was cut from about 50 to around ten.

It is necessary to explain the appearance of such categories as sales, profits, return on investment, interest, rent and so on which have long existed in the USSR but were widened during the Kosygin era. Concepts such as profitability, a return on investment, sales and so on are familiar phenomena under capitalism. Do they have the same social and economic significance in the planned Soviet economy as they do in a capitalist country? Bourgeois analysts of the USSR have studied these categories for decades hoping to detect an avenue conducive to the restoration of capitalism.

Marxism proceeds from a wholly different methodological plane. Marxism first analyzes the specific mode of production, the specific social system, such as ancient slavery, feudalism or capitalism. Marxism searches out the driving force, the motor force, behind each of these specific social systems or modes of production and **then** analyzes the function that categories such as rent, profit and so on play in each system.

These categories do not make their first appearance with the capitalist mode of production. They have a considerable history. In modes of production prior to capitalism they existed but were incidental, as production was generally for immediate consumption. But under capitalism the driving force is profit, not immediate consumption as in earlier societies. The bourgeois analysts are trying to confuse the function that these categories play in other social systems with the way they function in the USSR.

As Marx says, "The direct purpose of capitalist production is not the production of commodities [as in a socialist society--S.M.] but of surplus-value or profit (in its developed form); the aim is not the product, but the surplus product. Labor itself, from this standpoint, is productive only insofar as it creates profit or surplus product for capital. If the worker does not create profit, his labor is unproductive."<sup>10</sup>

And, says Marx, "The whole aim of capitalist production is appropriation of the greatest possible amount of surplus-labor, in other words, the realization of the greatest possible amount of immediate labor-time with the given capital."

In the USSR, no matter how big the bonus of a manager, worker or administrator, no manager, plant director or government official, no matter how high-ranking, has the power to alienate state property. He or she cannot utilize accumulated savings or bonuses to either sell or buy government property. No property can be transferred away from the state and used in a personal way for profit. The ownership of the means of production is strictly controlled by the state.

Under capitalism, any entrepreneur can utilize income or profit from a giant mining concern, or transportation, utilities, communications or other kinds of corporations, and buy whatever, be it a racetrack, gambling casino or brothel. That is a bourgeois right under capitalism. But it cannot be done under a socialist system and cannot be done under present Soviet law. This is the big difference between capitalist profit and "profitability" in the USSR.

Commodity exchange between enterprises, especially on a wholesale level; profitability; return on investment (that is, capital)--all this appearing in the Soviet economy may turn out to be an embryonic tendency in the direction of capitalism. But that is very, very far removed today and is mere conjecture in light of the existence of the three firm pillars of socialism--public ownership of the means of production, the existence of a planned economy (notwithstanding so-called decentralization), and a monopoly of foreign trade (notwithstanding the recent breach of it by legalizing projected joint ventures with imperialist countries, as we discussed in the last article, and which have yet to prove to be of any real significance).

One of the important disputes that arose in the last days of the Stalin period was a controversy between Khrushchev and Stalin over the projected transfer of machine and tractor stations to the collective farms. It never took place while Stalin was alive. But later, in 1957, Khrushchev did transfer the machine and tractor stations to the collective farms. It raised an important political and theoretical question. The machine and tractor stations were part of the industrial, not the agricultural sector. The former is socialized state property; the latter is collective property. The farms are owned by the collectives and at least in theory the profit, except for taxes, goes to the collective.

Theoretically, it would seem that the transfer of the machine and tractor stations would weaken socialized industry in favor of a lower form of ownership--collective ownership--and lead away from the further development of socialism and in the direction of private property. But viewed in a historical perspective this did not happen. For one thing, Soviet industry is so vast and powerful that the sale or the donation of the machine and tractor stations to the collective farms could only encourage rather than discourage socialist development of agriculture.

We saw earlier that the collectivization of agriculture caused a profound revolution in property relations from private to collectivized forms of ownership. But it did more. It released millions of peasants from the land, from the villages and from all the rural areas into industry. The numerical growth of the working class was staggering by capitalist standards. Underemployment was not a problem. Each succeeding five-year plan brought out this characteristic feature of the Soviet economy--no unemployment. Referring to that period, Gorbachev says that ". . . the number of workplaces grew rapidly . . . in conditions of predominantly extensive production development. Filling vacancies was the main problem." <sup>12</sup>

In other words, industrial production was extending and growing on the basis of accumulating labor power (extensive growth of production as differentiated from intensive, meaning the greater use of technology). The situation, says Gorbachev, is radically changing now. "The scale on which the excessive workforce will be trimmed will increase considerably with the speedup of scientific and technological progress." <sup>13</sup> There lies a crucial issue and a great deal depends on how it is resolved.

We all know what an "excessive workforce" means under capitalism, especially in the conditions of the on-going scientific-technological revolution in the capitalist West, most of all in the U.S. It has wreaked havoc on the working class and brought the familiar reappearance of unemployment on a massive scale.

When one takes into account the size and scale on which the Soviet reforms are to take place, that is, the technological modernization aspect in which they hope to introduce sophisticated high technology on the scale of the Western capitalist countries, the question arises of how the social problem, that is, unemployment, will be solved. In the earlier

period, excess workers resulting from technological changes in the workforce were absorbed in Soviet industry or retrained for jobs in other areas. This was not on the scale posed by the scientific-technological revolution, however, which multiplies the problem many times.

The Soviet constitution guarantees a job for every worker. This right is affirmed in Gorbachev's report. "We must ensure social guarantees for employment of the working people, for their constitutional right to work," he says. "The socialist system has such opportunities." <sup>14</sup>But the real problem, he says, is how the "excessive workforce" will be "trimmed" in light of the speeding up of the scientific and technological revolution. Will the new "economic mechanism" give an orderly and painless transition to a new phase in the development of the socialist economy? This is the real question. One of the fundamental problems of the new reforms is how to combine the breath-taking speed of the scientific-technological revolution with the tardiness of social progress, which historically lags behind material conditions in society.

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Article 5  
August 27, 1987

# THE PROBLEM OF CONSUMER GOODS: AN HISTORICAL REVIEW

**Consumer products vs. the development of heavy industry. Soviet losses in WWII. The Marshall Plan and European capitalist recovery. Hiroshima and the opening of the Cold War. Emphasis on heavy industry in USSR to counter NATO. The Korean War. Post-war attempts to boost agriculture and light industry. Khrushchev's virgin lands program. State farms vs. collectives. Khrushchev's analysis of agriculture compared to Gorbachev's.**

In bourgeois accounts, the period in Soviet history from the end of World War II until the death of Stalin is made to appear as just one long night of repression and terror. There is no denying, of course, the use of repression. But this view excludes any consideration of social and economic development during that period.

In comparing the two antagonistic social systems, particularly the U.S. versus the Soviet Union, the bourgeois ideologists and economists almost always define the fundamental issue as the level of consumer goods. They inevitably refer to capitalism as being based on consumer demand. The consumer is king and decides everything. They contrast this very sharply with the Soviet system, which they say is almost exclusively based not on consumer demand but on heavy industry, to the great detriment of the consumer. While Soviet society continues to have a shortage of consumer goods both in quality and quantity, this is precisely what the capitalist countries excel in, they say. (Never mentioned, of course, is that over the last three decades the imperialist countries, particularly the U.S., have enjoyed an abundance of cheap consumer goods which in part or in whole are produced in some of the most oppressed countries.)

They then equate the abundance of consumer goods in the capitalist countries with democracy, freedom of the individual and so on. On the other hand, they contend, the emphasis on heavy industry in the USSR makes it anti-consumer and explains why the USSR supposedly is aggressive and tends toward militarism. In one way or another, that is the theme of the bourgeois economists, ideologists and apologists. They have a convenient loss of memory with regard to capitalist abundance, forgetting that it is the result of capitalist overproduction, which leads to capitalist crisis, poverty and unemployment. This bourgeois explanation creates a sort of Chinese wall between the means of production and consumption. There is not the slightest hint that light industry in the production of consumer goods is the product of the prior development of heavy industry. Look at the British coal industry. It was first developed in the 1500s, but it took centuries for workers to be able to get the benefits of it in home furnaces.

It should not be denied that there has been an historic disparity in the production of consumer goods between the Soviet Union and the capitalist West, especially the most developed countries like the U.S., Japan and Germany. This disparity was considerably narrowed, however, after the first five-year plan in 1929 and all the way up to June 21, 1941, when the Nazis began their assault upon the USSR.

Of course, it's now too well known to be denied that the USSR lost about 20 million people during the war. But this is generally referred to in the category of the human costs of the war. What is left to footnotes is the economic effect that these vast human casualties had in the USSR in contrast to what happened in the capitalist West. This is very important, not only so far as Soviet production in general is concerned, but most particularly in the production of consumer goods, for it helps us to understand the economic development of the USSR, including the present economic

restructuring plans.

Take, for instance, the demobilization plans of the various armed forces at the end of the war. The problem in the U.S. and the European capitalist countries was how to absorb the millions of veterans and reintegrate them into the workforce. From the point of view of the conversion to a so-called peacetime economy, the problem once again was unemployment, even for veterans--except those protected by union contracts and some semblance of law.

But what was it like in the USSR immediately after the war? Instead of having millions of excess worker-veterans returning, **a whole layer of society, 20 million workers and peasants, had been torn away**. A mighty economic force had thus been wiped out. These included men and women, both skilled and unskilled. Those who were killed were generally younger, which left an older population to tend to industry and agriculture. The USSR was deprived of a tremendous source of labor power, most particularly among the young on whom future generations generally rely. This set the USSR far behind the U.S., which had suffered no destruction at home and had lost 400,000 troops, or about one-fiftieth of the Soviet war dead. As soon as the war ended, the U.S. was able to begin the production of consumer goods. These had been scarce during the war, but not nearly as scarce as in the USSR, which suffered the full-scale invasion of the Nazi armies.

The problem in the USSR was therefore first, judged again from an economic view, to return the economy to the pre-war level of 1941, which was not a problem in the U.S. Even the European capitalist countries, although they all suffered severe damage and destruction in the war, were able to raise the level of production of heavy industry and were quickly aided in the acquisition of consumer goods.

It should also be noted in connection with the destruction of industry that the U.S. and British bombing of targets in Germany was generally of a selective character, with a view to postwar hegemony and collaboration with Germany as a capitalist country (notwithstanding the barbarous destruction of Dresden, which they feared would be liberated by the Red Army). The Nazis, on the other hand, in their drive against the Soviet Union wantonly and indiscriminately destroyed everything in sight that was not immediately useful to them for military purposes.

It wasn't the internal functioning of the capitalist economies in Western Europe that led to their speedy recovery. It was the development of the Marshall Plan, by which the U.S. poured in between \$16 billion and \$20 billion to resuscitate European capitalism, first of all helping to rehabilitate the battered standard of living and avoid proletarian revolution. Even before the war was in full swing, the U.S. in 1941 had passed the Lend-Lease Act, which granted military credits to Britain but also included consumer goods. Also not to be underestimated was the widely publicized campaign "Bundles to Britain," which sent aid during the Nazi Luftwaffe attacks.

So we see that the disparity between the capitalist countries and the USSR was widened, particularly in the area of consumer goods, first, because the U.S. quickly came to the aid of capitalist Europe and second, but just as importantly, because the U.S. failed to respond to Soviet requests for credit and trade on an equal basis. The Soviet government had hoped to begin peaceful reconversion plans so as to restore and raise the consumption level of the people, but this could not be done. U.S. imperialism, however, was only too anxious to aid a rapid recovery of the capitalist system in Europe and above all to militarily surround the USSR. Had the imperialist West confined itself to merely rehabilitating capitalist Europe and allowed the USSR to freely proceed with its own restoration and conversion plans based on socialist planning, there's no saying but that the economic balance between the buildup of heavy industries as against consumer goods might have been altogether different.

The big question was whether the USSR should concentrate so much on building heavy industry. The Soviet government itself published a study urging a balanced proportion of the economic sectors. But the very year the war ended, the U.S. threw a monkey wrench into any kind of plan for a balanced economy in the USSR. The atomic bombing of Hiroshima and Nagasaki forced a shift back toward giving higher priority to the heavy industries, to the development of manufacturing and technology for purposes particularly related to the defense industry.

Some of the revisionist historians in the West (so-called because they revised the bitterly anti-Soviet Cold War interpretation of post-war events) have come around to the point of view that the U.S. bombing of Hiroshima and Nagasaki was unnecessary. In the light of the surrender of Nazi Germany and the military advances made by the USSR, it was entirely impossible for the Japanese militarists to continue the war. Some have flatly said it was an effort

to thwart the Red Army's advance and to quickly be in a position to occupy Japan. The dropping of the atomic bomb undoubtedly moved the USSR to further strengthen its technological and economic base and give more emphasis to heavy industry. But this decision was also greatly influenced by the reemergence in the West of the old anti-Soviet class hatred on the part of imperialism in the political as well as the diplomatic and military fields.

Even before the war was over, and just immediately after the tremendous Soviet victories at Stalingrad early in 1943 and in the Kursk area, there was a perceptible change in the tone of the capitalist press reports on the Soviet Union. The mass of the people still retained much admiration and tremendous goodwill for the Soviet Union and its struggle against the Nazis, but the U.S. military leaders feared that these successes foreshadowed the reconstruction of the USSR into a tremendous economic, political and military force.

Here's a Soviet account of the military and industrial strength that emerged during that period of the war:

The Soviet Air Force caused great losses to German fascist aircraft in the counter-attack at Stalingrad, and then at Kursk it firmly seized and held control of the sky along the entire Soviet-German front until the end of the war. This domination of the air made it possible for the ground forces to conduct offensive operations simultaneously in several sectors.

The self-sacrificing labors of the Soviet people in the rear contributed significantly to Soviet Army successes at the front. In 1943 our industry produced 34,000 aircraft, and 40,000 in 1944. This greatly increased the aircraft reserves at the front; both a quantitative and a qualitative superiority over the enemy was achieved in aircraft technology.<sup>1</sup>

The U.S. government, and particularly the military leaders, while publicly expressing admiration for this great effort and according high praise to the USSR, nevertheless were frightened and awed by both the military and industrial capacity of the Soviet productive forces, particularly in producing delicate instrumentation, such as in aircraft and later on in missiles. From this it followed that they would rather hinder than help Soviet reconstruction. The urgency to develop high technology under conditions of war and scarcity all the more emphasized the shift towards the heavy industries.

After 1945, the U.S. wanted to restore the pre-war status in Eastern Europe, but under its own hegemony. The campaign began with a venom which startled the broad public in the Western capitalist countries and in particular in the U.S., where it had been taken for granted that the alliance between the USSR and the capitalist "democracies" would continue in peacetime in the form of economic cooperation, as well as the pursuit of peaceful foreign policies. But this was not to be. The U.S. in particular began its campaign of "rolling back the red carpet." It was anxious to restore the pre-war regimes in Eastern Europe, which included some of the most reactionary monarchist elements. The campaign for "democracy and freedom" with the forces that the imperialists had at their disposal was very much akin to the kind of democracy, the kind of freedom fighters, that the U.S. today supports in Nicaragua and in El Salvador. But that was not all. Together with Britain, the U.S. also demanded that the USSR repay the lend-lease war loans, and even old czarist debts from World War I. It was all the beginning of a violent anti-Soviet campaign which became menacing on the European continent with the establishment of the North Atlantic Treaty Organization (NATO) in August 1949. What gave them pause, however, in the drive for the "liberation" of Eastern Europe, was of course the USSR's explosion of an atomic bomb.

Thus the international situation least of all commended itself to any easy narrowing of the disparity in the USSR between consumer production and the priority on heavy industries, which were urgently needed in the face of possible U.S. aggression. The development of atomic energy had of necessity to be as speedy as possible, and while it of course added to energy production, it nevertheless again emphasized the primacy of the basic means of production. The Soviet public was learning about the McCarthy period in this country and could not have viewed it with equanimity so far as the peaceful intentions of the U.S. were concerned. On the contrary, the transition to peacetime objectives was made more unfavorable in the USSR.

However, the most dangerous aspect came on the mainland of Asia as a result of the 1950-53 Korean War, which was instigated and prepared by the U.S. The Korean War eclipsed for a period of time the transition to a peacetime

economy, preventing an easy demobilization of USSR military forces. Although no real peace treaty was ever signed, from a practical point of view the Korean War virtually terminated and a cease-fire was declared. Nevertheless, the U.S. keeps 42,000 troops stationed there under a so-called UN Command, with a U.S. commander, and many cease-fire violations have occurred over the years.

By 1953, the Korean War was winding down, the Chinese Revolution had strengthened the international position of the USSR and, notwithstanding all its difficulties, the situation had economically ripened for a forward step in improving the agricultural situation. This opened up greater opportunities for a better balance between the development of heavy industries and consumer goods in order to raise the standard of living of the mass of the people. We are obliged to put all this in the popular concept of the West, that is, consumer goods versus production of the heavy industries, as a sort of shorthand way of explaining the related problems in the USSR of socialist production, distribution and consumption.

Almost immediately after Stalin's death in 1953 the new leadership started a program to balance light and heavy industry, particularly as this applied to agriculture and food production. In varying degrees this struggle to create a better balance has continued until this day; the Gorbachev report on economic reorganization given to the 27th Party Congress in June 1987 says it will be given a top priority. Except for the period of the early 1950s, the tendency has been to put greater emphasis on the production of consumer goods and particularly on agriculture.

The worst havoc during World War II in terms of the economic well-being of the Soviet people had been to the food supply. The majority of the population were still peasants or from rural areas. In the Ukraine and other areas invaded by the Nazis the destruction temporarily halted cultivation of the land. All this is well known in the USSR but is not well understood by the U.S. public, precisely because of the very tendentious way in which the capitalist press and its ideologues explain that period of Soviet history.

One of the first things the Soviet government did under Khrushchev was set forth a plan to increase agricultural production. As early as September 1953, in his report to the Central Committee, Khrushchev called attention to the seriousness of the agricultural situation and proposed a number of measures to raise food production. (For the time being, we are leaving aside the question of material incentives and remuneration, which we will discuss in a later article.)

Khrushchev introduced the so-called virgin lands program, which was calculated to speed up agricultural production and thereby raise the food supply and the standard of living. The areas of new cultivation included not only western Siberia but also northern Kazakhstan. The proposal was meant to accelerate grain production and required the transfer of equipment and personnel and more capital investment to agriculture. While it seemed to be a move away from the priority on heavy industry, here again, as in earlier developments, this didn't happen.

First of all, the virgin lands program was dependent on weather conditions in areas where the climate was only marginally favorable and subject to drought. It turned out to be only a limited success. Bourgeois criticism should not be taken too seriously, but criticism within the USSR is another matter.

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Article 6  
September 17, 1987

# MARXISM AND MATERIAL INCENTIVES

**Gorbachev report to June 1987 plenum on deepening democracy in USSR. Bureaucracy and inertia stifle economic growth. Need for scientific-technological restructuring. Will it be at expense of workers, as in the capitalist economies? Pisarevsky article on material incentives and restructuring. Danger of widening income gap. What happens to displaced workers? A problem of too much equality or too little? Input of trade unions in settling wage rates. Right of unions to legislative initiative. Brezhnev speech to 26th Party Congress. Pravda on problem of low skills. Attacks on "egalitarianism" and "leveling." Lenin on equality. Distribution according to work, or according to need? The persistence of bourgeois right in the first stage of communism.**

In his report to the plenary meeting of the CPSU Central Committee on June 25, 1987, General Secretary Mikhail Gorbachev had said:

Democracy in all walks of life is expanding and deepening. Public organizations are displaying more initiative. Democratic principles are gaining momentum in production management. Public opinion is coming across loud and clear. The media is working more actively for renewal. An offensive is in progress against bureaucratism. Bossy, pressure management is gradually being overcome. Important changes are taking place in the work of cadres as fresh blood is injected.

The democratization experience convincingly shows that we are on the right road. This offers good prospects for perfecting our political system and society as a whole.<sup>1</sup>

Of course, every socialist, every progressive can only hope that this is becoming the reality in the Soviet Union.

Earlier, in his report to the 27th Party Congress on February 25, 1986, Gorbachev had said that:

. . . difficulties began to build up in the economy in the 1970s, with the rates of economic growth declining visibly. As a result, the targets for economic development set in the CPSU Program . . . were not attained. . . .

The main thing was that we had failed to produce a timely political assessment of the changed economic situation, that we failed to apprehend the acute and urgent need for converting the economy to intensive methods of development, and for the active use of the achievements of scientific and technological progress in the national economy. . . .

By inertia, the economy continued to develop largely on an extensive basis, being oriented towards drawing additional labor and material resources into production. As a result, the rate of growth of labor productivity and certain other efficiency indicators dropped substantially.<sup>2</sup>

In a word, inertia, conservatism and bureaucratism have inhibited the proper growth of the socialist economy.

Of course, this is not the first time in recent decades that there has been a call by a congress of the CPSU for a struggle against bureaucratism, for the broadening of democracy, for the observance of legal norms against high-handed methods of political procedure and production methods. The 20th Congress in 1956 was notable for precisely that, as



well as later congresses. There has, in fact, been a continuous stream of calls for greater democratization of the organs of the Party and government, especially in economic affairs. Today, however, it is envisioned on a much broader and more intensive scale.

Nor is the scientific-technological revolution an altogether new phenomenon in the USSR. It was reported, discussed and acted upon in the 25th and 26th congresses, and even earlier. The whole gigantic effort to industrialize the country since the October Revolution of 1917 has been one giant effort to apply the latest findings of science and technology to industry as efficiently as was possible at the time. This is not to overlook, of course, the very severe, extremely harsh methods utilized during some periods of socialist development. The current problem relating to the scientific-technological revolution differs in that over the last few years, maybe as long as ten years, there has been a slowdown in the growth rate of the economy, according to Secretary Gorbachev.

The fact is that the scientific-technological revolution is a global phenomenon that has taken hold particularly in the most highly developed capitalist countries. One of its fundamental aspects is that, as against previous phases of development, this one has meant a quantum jump in scientific and technological progress. To some extent, it has developed more rapidly in the leading capitalist countries than in the USSR. So that, to prevent a wider disparity in scientific-technological development, it is necessary for the USSR to also take a qualitative leap, as Secretary Gorbachev has said. But how is this to be done?

We know how it is being done in the leading capitalist countries: by a massive and continuing attack on the living standards of the working class, by plant closings, outsourcing, the creation of offshore facilities in the less developed countries, etc. But most of all, this almost seven-year-long wage-cutting offensive against the workers has manifested itself in an enormous shift to low-paid jobs that far outweighs the creation of some high-paid jobs among the more skilled and in the high-tech industries. Hence, high-tech means low wages.<sup>3</sup>

It is conceded by most bourgeois economists that the scientific and technological leap made in recent years in such capitalist countries as the U.S. has resulted in the phenomenon of low-paying jobs, especially in the service industries, and that this is gradually making its way into high-tech as well. But the whole thing is masked by the continuing relative growth of the capitalist economy. The question is: Is this phenomenon occurring in the socialist countries as well, above all in the USSR? That would seem utterly contrary to and inconsistent with the entire history of socialist development in the USSR. So that the core issue in the Soviet reforms is how to deal with the phenomenon of the scientific-technological revolution. First, of course, the democratization process is exceptionally necessary. This scarcely needs to be said. However, there is the question of the economic content of the democratizing process. Who benefits from it and who may possibly be hurt by it? Which social groupings voice their views first and which don't we hear from?

We know that the imperialist bourgeoisie hails the utilization of the new democratic processes by certain neobourgeois elements, and conveys the impression that they are all there is. However, that is to take a narrow view of the inherent possibilities for socialist democratization and the participation of the broad mass of the workers. Indeed, in his report, Gorbachev called upon the creative energies of the masses and for their broader participation. Still, we have to look at the economic content of the democratization process and see how it affects each stratum of the population and which ones have given voice to their views.

The Soviet restructuring reforms naturally raise the question of how they will affect the wage levels of the workers. To the workers this is one of the principal issues. Of course, the wage problem has to be viewed in connection with the whole plan. Wages have to be considered in the totality of the situation of the USSR, not as an isolated phenomenon. An article on this subject entitled "Economic reform in the USSR: Material incentives are part of restructuring" was distributed in the U.S. in March 1987 by Novosti Press Agency in the form of a press release. It was written by Gennadi Pisarevsky, who was identified as a political analyst.

"`From each according to his ability, to each according to his work,'" says Pisarevsky, "is the main principle for the distribution of material benefits under socialism. The better a person works, the more he should get from society. This is social justice as we see it, but we now see it being violated."

How is it being violated?

"Regrettably, we have lost much of our ability to control the quality and quantity of labor. As a result, the earnings for bad and good work have become largely the same. The wages for skilled and unskilled labor do not differ much, either."

This is surprising, if not astonishing, since the difference between skilled and unskilled workers in the USSR has long been recognized as an inevitable carryover from capitalism. The author presents no wage data to demonstrate his thesis. In fact, no data appear in the article whatever. However, he asserts that "the engineering profession has become much less prestigious." (This strikes us as highly questionable.) "The incomes of all working people have been growing, but those of unskilled labor have been rising even more quickly. Now a worker with the highest qualifications gets just 50 percent more than a low-skilled newcomer. Without solving this problem a tangible acceleration in economic development is unthinkable."

The economic reform, according to him, therefore rotates around the higher paid getting more--at the expense of the lower paid, if we take the national income as a whole into consideration.

According to Pisarevsky, "The improvement of the pay-according-to-work system and the introduction of new wage and salary schedules are a major part of the radical economic reform which is taking place in the USSR. This should be completed . . . in the Twelfth Five-Year Plan period (1986-1990).

"The gist of the reform is a dynamic switchover of the economy as a whole and each enterprise in particular to a self-financing scheme. Every enterprise should pay for itself, so to speak, rather than getting subsidies from the State Budget, as often happens now."

According to our understanding and to the basic reports emanating from the 27th Congress, including the reports of Secretary Gorbachev and others, the gist of the reform is modernization and retooling, the introduction of new, high technology and the phasing out of older technology. That is the basic material foundation of the reform. That will raise the productivity of labor in an intensive way, rather than by extensive methods, as Gorbachev says was done previously. But it signifies the displacement, as we have indicated earlier, of a great number of so-called excess workers. Hence, the imperative necessity of retraining those workers expected to be eliminated by the scientific-technological revolution.

Of course, vast sums of capital have to be invested in the new equipment. But an equal if not greater portion of the national budget must be allocated to the retraining of the workers who inevitably will be eliminated as a result of the retooling, the phasing out of obsolescent plant and equipment and even whole industries. By the end of the planned conversion this will amount to millions of workers. That's where the money has to go. That, it seems, is the ABC of the whole process.

However, according to Pisarevsky, the fundamental changes to be made are not the scientific-technological revolution, the modernization of the plant and equipment and the replacement of obsolescent plants and tools, but instead are in the social sphere: changing the relations between the managers, the skilled and the unskilled, which incidentally results in lowering the pay of the less-skilled worker. Not a word is mentioned about the staggering problem of retraining the lower-paid workers. The change which he envisions, and he says is based on the 1986-90 five-year plan, thus runs dangerously close to the way in which the restructuring process is proceeding in the capitalist countries.

Pisarevsky says the gist of the reforms is a dynamic switchover to a self-financing scheme. Every enterprise should pay for itself instead of getting subsidies from the state. But how would the Soviet space program, for instance, ever have succeeded if it hadn't received subsidies? Such subsidies are the product of the labor of many millions of workers, whose contribution to the state budget pays for not only the space program but for the defense establishment in its entirety, to give just one example.

(It should be interjected here that the U.S. imperialist bourgeoisie, which is always advising the USSR to solve the problem of consumer goods by cutting into heavy industry and its defense budget, has itself been on the wildest spree of military spending ever, to the tune of over \$2 trillion in the Reagan years alone. This of course has forced the USSR

to divert more of its resources to defense.)

Some Soviet industries could never have been developed, let alone have survived, without subsidies from the state. What is the meaning, then, of "self-financing"?

"But how will this plan be introduced into practice?" Pisarevsky asks. "All enterprises are state-owned in this country, and the state should not prefer some over others. But today ministries often take part of the profits from enterprises which do well in order to subsidize those who don't. This practice is unjust and, naturally enough, will be abolished. But there should be equal pay for equal work." There are many regions of the USSR which are still less developed than others. The task of socialist construction is to raise them up to as high a level as possible, which certainly means subsidies of one form or another. One can never equalize all the regions, but this is precisely one of the great missions of socialist reconstruction.

He then continues: "The wages of workers will go up by 20 percent to 30 percent, and the salaries of high-level executives, specialists and professional people will be raised 30 percent to 35 percent."

"Workers who service processing centers, program-controlled tools, robotics and automatic lines," he says, "will get the biggest increase in wages. They will receive special rates which will be from 40 percent to 45 percent higher than today. The bonus for higher qualification will also be substantial. All in all, 75 million Soviet people will have their wages and salaries raised."

The reform of the pay-according-to-work system, says Pisarevsky, will result in greater autonomy for individual enterprises and greater responsibility for the results of their work. "The management has been given the right to raise the earnings of the best specialists by a quarter of their wages or salaries. True, this right can be abused. . . . To avoid this, the management is obliged to present its decision before the trade union committee and the entire work collective."

This view of the plan marks a sharp shift in favor of the higher-paid workers and all the executives, specialists and higher-ups. Pisarevsky offers no data on the ratio of skilled to unskilled workers or what industries, enterprises and regions will be most affected and no mention if any high-tech equipment will be used or what role it will play in raising productivity. Lower-paid workers, he claims, have been getting much more than they should while the higher-paid ones have been losing ground. Such a picture is completely at odds with what we've known about the USSR for many decades. On the contrary, one of the problems is and has been the disparity between the lower-paid and average workers on the one hand, and the higher-paid workers and general officialdom of the state apparatus on the other. The many privileges they have been entitled to are considered enormous by comparison. The last time there was a significant rise in the wage level of the lower-paid workers was in 1956. There was a rise of about one-third in the lower categories of salaries and pensions, and pensions were drastically revised in favor of employees with low earnings. The method of payment by piece rate was largely abandoned in favor of hourly wages. All this happened immediately following the 20th Congress, during the Khrushchev era. But this substantial raise for the lower-income workers was balanced in time by increased wages to the higher-ups and above all by a systematic increase in the application of material incentives. We really know of no significant increases for the lower-paid workers that were not balanced out by material incentives for the higher-ups.

According to Pisarevsky, the plan's "implementation will become one of the most important events in the life of Soviet society, so these measures were discussed in detail in 150 work collectives. The reform was approved by a majority of the working people."

A majority of the working people approved it. He doesn't say how large a majority, whether it was 51 percent or 91 percent. He doesn't tell us what kind of collectives these are, from what industries or regions, or the character of the discussion. Most of all, he doesn't say whether the trade unions participated in the discussions and what their views are. He concludes, "Now the main principle of socialism--from each according to his ability, to each according to his work--will finally have a chance to be proven in practice."

Now let us see another version of how the reforms are working. It's an article in Pravda which deals with a report by the First Secretary of the Bryansk City Party Committee.

"How is restructuring coming along in the economic sphere?" Secretary A. Kurasov asks. "Though there are difficulties, progress is nevertheless being made. Economic work has been stepped up in the labor collectives. Factors contributing to intensification are being applied more persistently, and the targets for labor productivity have been exceeded. The general level of fulfilling contract obligations has risen as well. . . . The province also handily met its quotas for the sale of meat, milk and eggs to the state during the first six months of the year. Major construction continues to improve. . . . The rate of increase in capital investments for social needs this year was 2.3 times higher than the rate for the economy as a whole."

So far, so good.

"But," continues the Pravda report, "here's the other side of the coin. Wages have gone down in a number of collectives. There have been such cases at the Bezhitsky Steel Plant, the piston ring and telephone equipment plants in Klinty, the Kokorevka Furniture Factory and several other enterprises. These enterprises failed to stabilize their work and fell into a difficult economic situation. As is well known, wages have become more closely tied to end results nowadays." <sup>4</sup>

We thus see that all is not as well as Gennadi Pisarevsky claims. Some wages have gone down. The report in Pravda doesn't say by how much or how this is possible in a plan that is aimed at increasing wages for 75 million people, as outlined in Pisarevsky's article. How could this happen? Why should "failing to stabilize the work" result in lower wages for those who worked? Who is responsible for the stability of production? Isn't it the managers? Is this what is meant by wages being tied more closely to end results?

The Pravda report also adds, "Construction collectives that used to live by inflating their production figures and that widely practiced wage padding are also in a difficult situation. What can be done? It's quite clear that a return to the old way of doing things is impossible. That means there is only one path: to raise the quality of work everywhere, to clearly and concretely explain to people the measures that are being implemented to improve the system of payment for labor, and to inculcate the truth that every ruble of wages has to be earned." No mention here of new technology, retooling or phasing out of old equipment or the introduction of retraining programs.

Wage padding is not something initiated by workers from below. This is an abusive practice of managers. It is a survival of the practice in capitalist governmental agencies and businesses of "no show" jobs where officials collect the wages for themselves. For this reason alone, the authority of the enterprise committees and of the trade unions as the central organs to combat this should be reinforced. Wage padding and other practices should not be used as a basis to hand out higher wages and bonuses to the higher-ups, especially the very high, supposedly to increase productivity.

The article urges a switch over from quantity to quality work and accountability for money spent, but just how is not made clear. Suffice it to say that the phenomenon of lower wages in some collectives shows there's something amiss here.

At the same time, Pisarevsky says that management has been given the right to unilaterally raise the earnings of the best specialists by a quarter of their wages or salaries. If this right is abused, if, for instance, "an executive . . . give[s] this bonus to his friend or to those whom he needs for his own purposes," only then is management "obliged to present its decision before the trade union committee and the entire work collective." Of course, this is far superior to what happens in capitalist society, where the owners of a corporation can enforce whatever decision they make upon the workers, especially where there are no effective trade unions. However, it is a departure for the USSR from previous practices. Managers had authority, but never so wide and sweeping. Their authority related to the production process, the management of the plant or the enterprise. The wage rates were primarily the function of the trade unions--of course, as part of the planning process of the whole government. The trade unions are not autonomous organizations, nor are they expected to be; they are part and parcel of the national planning process and an integral part of the government.

Thus the question of wages generally and material incentives in particular for management, specialists and others is a matter of deep concern for the trade unions, and should be discussed at their upcoming congress. Such matters cannot

be left to the individual judgment of the managers, only to be approved after the fact by enterprise committees. Such a procedure reduces the significance of the trade unions as a fundamental organ of the workers in the process of production and in the planning process in general.

Under Soviet law, the unions have a constitutional right and obligation with respect to this very critical question. If, as Gorbachev's statement says again and again, one of the objectives of the reforms is to democratize all the institutions of Soviet society, the arrogation of such vast responsibility by the managers of the enterprises goes against this very concept.

As long ago as the 26th Congress of the CPSU, then-secretary of the Party Leonid Brezhnev stated, "Comrades, the Constitution of the USSR has greatly enhanced the role of public organizations in the development of our democracy. The largest of these are the trade unions." <sup>5</sup>

Several years earlier, speaking to a congress of the trade unions, Brezhnev had said, "The dual task of the trade unions is to show concern for the development of the national economy, for increasing production, and concern for the rights and interests of the working people and their working and living conditions." <sup>6</sup>

The trade unions take a direct part in the management of production. There were at the time of the 26th Congress more than 70 functions of management which could not be performed without the consent of the trade union committees. Twenty functions were in the competence of the unions. The sweeping powers now granted to management cut all this down and reduce the role of the trade unions in reality. However, one thing should be borne in mind which is to the great advantage of the workers in the USSR. Under the Soviet constitution, according to Brezhnev, "the trade unions have a rich arsenal of forms and means to exercise their rights." <sup>7</sup> These go beyond having workers' meetings. They have the right to permanently function in "standing production conferences and collective agreements" and, what is of exceptional importance, the "right of legislative initiative." <sup>8</sup> (No union has the right to legislative initiative in a capitalist government!)

In this country we hear only of the neobourgeois elements in the Soviet Union and their criticisms; we never hear what really springs from the interests of the workers, who are concerned with strengthening and deepening socialist reconstruction.

Aside from the general problem of material incentives--their functions, parameters and limitations and their advisability in certain historical circumstances--the question is how they are to be awarded and who is to judge. It seems that the shift is decidedly in the direction of greater management prerogatives, to the detriment of the unions, whose chief responsibility is the well-being of the workers. Bourgeois ideologists in capitalist countries are constantly applauding every move made by the Soviet government which seems to indicate the independence of management and the general loosening of the planned economy. Some reports actually call for the absolute independence of the unions from the government. This is false and destructive in a socialist society and planned economy. No institution can be independent, and least of all the unions that have primary functions in production and in the planning of it. Their functions are many and are not inconsistent with the objectives of socialist construction or the scientific-technological revolution.

The bourgeois press continually distorts decentralization, hoping it will lead to the liquidation of socialist planning and its substitution by the capitalist market. Overblown bureaucratic practices and excessive centralization of course impede the development of the economy, and it may be necessary to distribute some functions to lower organs of government and to different regions of the country. But it's another matter entirely to arrogate to the managers sweeping authority as against the enterprise committees and the trade unions.

The example of the Bryansk case cited in Pravda shows it is the proper function of the unions to correct the situation. That is why they have the constitutional right of legislative initiative to correct not only local but national matters in accordance with the plan. These are safeguards built into the planned economy.

Another article in Pravda in October 1986 summarized the growth of the working class in the Soviet Union and its relation to modern technology:

Over 61 percent of the workers are employed in manufacturing, construction, transport, communications and other industries. Every fourth worker is engaged in the services. Workers account for approximately half of the farming personnel and about a third of the employment in science and related services.

The level of organization of the working class has risen. Almost all blue- and white-collar workers belong to trade unions. . . .

What is it that stimulates the working class as the main social force behind the countrywide acceleration process? The economy of the supreme type of organization and efficiency, which is our objective, requires workers of a new technological outlook, efficient citizens prepared, vocationally and psychologically, for change in the technological base of the production sector.

However,

. . . low blue- and white-collar skills are a brake on new technology. Material and moral losses from personnel incompetence will grow with a switch to more advanced technology.<sup>2</sup>

Well then, if material incentives are a principal stimulant for increasing the pace of the scientific-technological revolution, if accelerated growth is the objective, and if low skills are blocking the road, then it should follow that the material incentives, if they are to be applied anywhere, should go to the low-paid, unskilled workers, not to the executives, the managers and other higher-ups. "Material incentives" should be focused on the unskilled, particularly on retraining those whose jobs are to be eliminated by the new technology and automated advances. They must be turned into a force for the development of the means of production instead of being a brake on it. This is confirmed in the Pravda article.

We still have big numbers of unskilled and semi-skilled workers. Also, the knowledge of many skilled workers is already obsolete. The progress of research and engineering and plant renovation would step up the obsolescence of blue- and white-collar skills.

This is precisely the problem in the capitalist countries with the advent of the scientific-technological revolution. However, the Pravda article correctly calls for "advanced training and retraining schemes."

Without such programs, we will not be able to avoid economic losses (from new technology under-utilization) and social losses (which can arise because of difficulties with the employment of workers of outdated trades). Much is being done in this respect. In the late 70s and early 80s, 7-7.5 million workers were learning new trades a year. . . .

In that period, the 27th CPSU Congress admitted, signs of stagnation appeared. Personnel's activity was on the decrease, and the working class's major social values and honest work and collectivism became depreciated. Outdated management leverage and the emphasis on "improving things without changing anything" favored those who wanted to receive maximum from society with minimum effort. There are still many such persons on the shop-floor level.

Why pick on the shop-floor level? Are they the cause of it? Or does personnel mean, as hinted in the previous sentence, those in the governmental, that is, bureaucratic apparatus? Putting it all on the workers on the shop-floor level is incorrect.

The nation sustains economic and moral losses from slack and slipshod practices, breaches of factory regulations, drink abuses and embezzlement.

Who are we indicting here? Embezzlement, considered a white-collar crime in the capitalist countries, mostly concerns the high managerial staff, including the bosses themselves. Breaches of factory regulations by whom? By workers only, not by management? Why link this with drink abuses, which are usually attributed to the workers and not to those in high places? Furthermore, alcoholism is a social disease and requires social solutions, not merely legal

restrictions. The article concludes that:

. . . most workers are for socialism's principle, "from each according to his ability, to each according to his work," and against egalitarian wages and dishonest incomes.

Here we see egalitarianism lumped together with drink abuses and embezzlement. It seems that whenever there is a new five-year plan, and the wage scale naturally figures prominently in it, the egalitarians come in for a drubbing. The loudest voices are always the Pisarevskys and the professors unconnected with the process of production. Usually they have some authority behind them, which may not be all that clear but nevertheless seems to be omnipresent.

Secretary Gorbachev spoke of "leveling" in his report to a plenary meeting of the CPSU Central Committee on January 27, 1987: "New principles have been worked out, and are being implemented, for raising pay in productive spheres. We have taken the unwavering course of abandoning wage leveling and consistently maintaining the socialist principle of distribution in accordance with the quantity and quality of one's work." We are unaware that any such wage-leveling tendencies have been in progress in the Soviet Union in recent decades. Nor have we been able to find out when, if ever, they were abandoned. Throughout the history of the working class, terms like levelers and egalitarians have been hurled against the working class as an epithet. The charge is that the workers' struggle for communism aims to level the wealth of society and divide it among all on the basis of equality.

At one time long before the Marxist era, when the workers were first emerging as a class, there were numerous communist sects which talked about a kind of egalitarian society. Some of these utopian groups, like the very early Christians, envisioned an ascetic sort of communism based on poverty--rather than on abundance, which of course is the aim of scientific revolutionary Marxism. Sects like this existed in Europe around the time of the Reformation, as depicted in Karl Kautsky's book, *Communism in Eastern Europe* (not to be confused with modern-day Europe).

Genuine communism, the communism of Marx, Engels and Lenin, assumes a society where the productive forces have grown to such dimensions that it is possible to meet all the needs of society, when the bourgeoisie and its state have disappeared along with all class oppression and distinctions. No such society can exist unless the productive forces have attained the level of assuring abundance for all.

With respect to democratization in the program of the 27th Congress, it's important to remember what Lenin said about democracy.

Democracy means equality. The great significance of the proletariat's struggle for equality and of equality as a slogan will be clear if we correctly interpret it as meaning the abolition of **classes**.<sup>10</sup>

Lenin went behind the political form of democratization directly to its class significance. His exposition has significance for our discussion about the restructuring and the reforms.

But democracy means only **formal** equality. And as soon as equality is achieved for all members of society **in relation** to ownership of the means of production, that is, equality of labor and wages, humanity will inevitably be confronted with the question of advancing farther, from formal equality to actual equality, i.e., to the operation of the rule, "from each according to his ability, to each according to his needs." <sup>11</sup>

Formal equality, which manifests itself in the bourgeois distribution form of wages, is a transitional period and, says Lenin, "humanity will inevitably be confronted with the question of advancing farther," thereby recognizing the transitional character of formal equality, crossing the narrow bourgeois horizon and going to real equality, which has been the aim of all communists since Marx and Engels wrote the *Communist Manifesto* in 1848.

Attacks against levelers and egalitarians in the Soviet Union in our view represent the unwarranted defense of privileged positions in Soviet society, of exorbitant and highly excessive remuneration paid not just to highly skilled workers (that really isn't such a big problem) but to the so-called specialists, managers, the top notch of the managerial staff and the higher-ups in the governmental apparatus as a whole. While every type of protest against privilege is

characterized as coming from levelers and egalitarians, the working class as a whole does not entertain such crude, petty bourgeois notions of equality. However, workers do understand the significance of the growth of social inequality, the widening of pay scales and growing social differentiations in the proletariat as a result. This is what rubs the workers the wrong way.

The workers, of course, know that socialist equality will come primarily as a result of the growth of the productive forces. Hence the significance of the application of the scientific-technological revolution, which is necessary for the gradual abolition of all class distinctions. The workers realize only too well, however, that the best they can get under present circumstances is equal pay for equal work.

Let us now take up the formula "from each according to his ability, to each according to his work," which General Secretary Gorbachev calls "socialism's basic principle." <sup>12</sup>

According to Marx and also to Lenin, "from each according to his ability, to each according to his work" is a bourgeois norm, a bourgeois standard or criterion for the distribution of products that persists in the lower, or socialist, stage of communism. Lenin says that "the mere conversion of the means of production into the common property of the whole of society (commonly called `socialism') **does not remove** the defects of distribution and the inequality of `bourgeois right,' which **continues to prevail** so long as products are divided `according to the amount of labor performed.' " <sup>13</sup>(Emphases in original.)

The goal of communism is to go beyond this transitional stage, in which formal, bourgeois "equality" in fact perpetuates inequality, and attain the distribution of wealth according to the formula "from each according to his ability, to each according to his needs." The theoretical elaboration of this formula can be found in Marx's *Critique of the Gotha Program* (1875) and later in Lenin's summary of it in *The State and Revolution*.

However, what Marx and Lenin saw as an unavoidable defect in the very first stage of communism is now, 70 years after the Russian Revolution, presented as a "socialist principle" by Gorbachev. This is the basic issue. In his report, Gorbachev said that when the new administration took over, the economy was in a pre-crisis stage. Does it follow from this that the solution to the impending crisis must be first of all an intensification of bourgeois norms of distribution? Shouldn't the primary emphasis be on expenditure for high technology, which is the fundamental lever for raising productivity, and the retraining of the less skilled workers in particular?

There is no doubt whatever, no matter how one reads both the *Gotha Program* and Lenin's summary of it, that pay according to work performed, equal pay for equal work, is a bourgeois measure. Let us then see precisely how Marx and also Lenin put this.

The question of national distribution in a communist society first arose during the ideological struggle of Marx and Engels against Ferdinand Lassalle's conceptions of socialism. The struggle reached a crisis after the so-called Unity Congress held in May 22-27, 1875, in the German city of Gotha between two trends in the German working class movement, the Lassalleans and the Eisenach faction (most of whose leaders adhered to Marx).

The leaders of the Eisenach faction, who were Marxists, neglected to forward a copy of the draft program to Marx before agreeing to it, so great was their eagerness to achieve unity. When Marx and Engels finally got the draft, they were not just disappointed but angered by the many bourgeois notions of the Lassalleans contained in the program. This forced Marx to write a criticism of the Gotha Program, which contains the clearest exposition of Marx and Engels' conception of the development of a communist society.

Lassalle had a pet dogma about the iron law of wages, which Marx, and later Engels, took apart. The term iron law of wages assumes an inflexibility that is altogether wrong historically, since wages fluctuate between capitalist recessions and so-called prosperity. They are the payment for labor power, which is a commodity differing from all other commodities in that it has the property of producing surplus value.

The first part of the Gotha Program to be addressed by Marx says that "the proceeds of labor belong undiminished with equal right to all members of society." <sup>14</sup>Marx shows that this Lassallean formula is scientifically incorrect and



quite impossible.

"`To all members of society?' " Marx asks. "To those who do not work as well? What remains then of the `undiminished proceeds of labor'? Only to those members of society who work? What remains then of the `equal right' of all members of society? But `all members of society' and `equal right' are obviously mere phrases." Marx says that out of every worker's wages must be deducted the amount necessary to replace the means of production that are used up, as well as additional portions for expansion of production, to set up a reserve for insurance against accidents, natural calamities, etc.

"These deductions," Marx wryly points out, are "from the `undiminished proceeds of labor.' . . . There remains the other part of the total product, intended to serve as the means of consumption. Before this is divided among the individuals, there has to be deducted again, from it: **First, the general costs of administration not belonging to production.**" (Emphasis in original.) Here comes a really remarkable observation by Marx. "This part will, from the outset, be very considerably restricted in comparison with present-day society and it diminishes in proportion as the new society develops."

According to Marx, then, a workers' state or socialist society starts off with a smaller apparatus for the administration of the state than exists under capitalism, and it should diminish in proportion as socialist society develops. This means the administrative apparatus of the state and not the services provided by the state, as Marx notes later. From this it follows that the Soviet state apparatus should have been declining in numbers rather than increasing.

There is the need, says Marx, for schools, health services, funds for those unable to work, etc. This part should grow as the new socialist society develops.

"Only now do we come to . . . that part of the means of consumption which is divided among the individual producers of the cooperative society."

Marx explains that we are dealing here with "a 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." From this Marx draws the conclusion that "**equal right** here is still in principle **bourgeois right**. . . . In spite of this advance, this **equal right** is still perpetually burdened with a bourgeois limitation. The right of the producers is **proportional** to the labor they supply; the equality consists in the fact that measurement is made with an **equal standard, labor**. But one man is superior to another physically or mentally and so supplies more labor in the same time or can labor for a longer time, and labor, to serve as a measure, must be defined by its duration or intensity. Otherwise it ceases to be a standard of measurement. This **equal right** is an unequal right for unequal labor." (Emphases in original.)

Thus it is very clear that bourgeois right is a standard of measurement in the distribution of the national income. The measurement of equal right is, however, as Marx puts it, an unequal right for unequal labor and is a bourgeois standard.

Then Marx goes on to say, "But these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. . . .

"In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but 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!"

What is the difference between the two stages of communism? "Politically, the distinction between the first, or lower, and the higher phase of communism," said Lenin in *The State and Revolution* in 1917, "will in time, probably, be tremendous." But, says Lenin, "the scientific distinction between socialism and communism is clear. What is usually called socialism was termed by Marx the `first,' or lower, phase of communist society. Insofar as the means of

production become **common** property, the word `communism' is also applicable here, providing we do not forget that this is **not** complete communism. The great significance of Marx's explanation is that here, too, he consistently applies materialist dialectics, the theory of development, and regards communism as something which develops **out of** capitalism."

Lenin continues, "Instead of scholastically invented, `concocted' definitions and fruitless disputes over words (What is socialism? What is communism?), Marx gives an analysis of what might be called the stages of the economic maturity of communism." As we can see, Lenin views it entirely in the historical context of the evolution from capitalism into the first and later stages of communism. "In its first phase, or first stage, communism **cannot** as yet be fully mature economically and entirely free from traditions or vestiges of capitalism." Lenin does not exaggerate or try to prettify this stage, notwithstanding all of its great historical advantages for the working class.

Hence the interesting phenomenon that in the first phase of communism, the criterion of equal pay for equal work is within the "narrow horizon of bourgeois right."

"It follows that under communism there remain for a time not only bourgeois right, but even the bourgeois state, without the bourgeoisie! This may sound like a paradox," says Lenin, "or simply a dialectical conundrum, of which Marxism is often accused by people who have not taken the slightest trouble to study its extraordinarily profound content. . . ."

"And Marx," Lenin continues, "did not arbitrarily insert a scrap of `bourgeois' right into communism, but indicated what is economically and politically inevitable in a society emerging **out of the womb** of capitalism." <sup>15</sup>

What conclusions, then, do we draw from this in connection with the Soviet economic reforms and plan to restructure wages? First of all, it is necessary to say what Lenin said time and time again. Things must be called by their right names! Bourgeois norms of distribution should not be called socialist norms of distribution. It is necessary to go back to Lenin and Marx and call the form of distribution, the form of payment, a bourgeois right. We are still in the narrow horizon of bourgeois right during the first stage of communism. It is wrong and harmful to embellish bourgeois right, to prettify it, and above all to engender illusions and give it a distorted meaning. Pay according to work performed, equal pay for equal work, is a very great advance in the first phase of communism, notwithstanding its bourgeois limitations. In capitalist society, we are still fighting for it. A large bulk of the working class has not attained this yet. Working women in particular are still fighting to get equal pay for equal work. Even more oppressive is the limitation put on the oppressed nationalities in capitalist countries, where racist and national prejudices and rank discrimination, especially in the United States, prevail. So that equal pay for equal work is still something to be attained in capitalist society, while it has already been attained, at least in a formal sense, in the first stage of communist society in the Soviet Union during the protracted period of socialist construction.

Now that this has been established, what do we do about a bourgeois norm being applied in a socialist society? That may be a contradiction, but all existence is characterized by the movement of contradictions.

What attitude should the state take? Should it take a passive attitude? Should it let this bourgeois norm develop endlessly, spontaneously, unrestricted, so that if altogether unchecked it may swamp the rest of society? Should it let it continue to flourish for such a protracted period, in the 70th year of the October Revolution, and now be enlarged, intensified, deepened? Will that not bring the Soviet Union closer to bourgeois society, at a time when its productive forces have in a number of vital areas outstripped even some of the advanced European capitalist countries?

What does this mean in the contemporary context, in the context of the 27th Congress? According to the Pisarevskys, the burden, i.e., the limitations of bourgeois right, will not be alleviated but will fall more heavily on the backs of the low-paid workers.

If the democratization process proceeds, as everyone hopes it does, it must take cognizance of this regressive phenomenon. It becomes all the more incumbent not only upon the government, but particularly on the forthcoming trade union congress and the members of the labor collectives at the shop and enterprise level, to raise their voices. If this is not done, then as we see it from the vantage point of this side of the ocean, the imperialist bourgeoisie will seek

to take advantage of any dissatisfaction and grievances from the workers. It will raise the demagogic slogans of independence for the unions, meaning their bourgeois independence. Is this not what happened in Poland?

All the more then is it necessary, in the course of a developing discussion on the nature of the restructuring, that this be taken into account. Taking a correct attitude in all of this will in itself be one of the very great demonstrations of socialist democracy in action.

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Article 7  
October 1, 1987

# TRADE UNIONS, WAGES AND PRICES

**What Soviet economist Aganbegyan says and doesn't say in *International Labour Review*. Infrequency of trade union congresses. Glasnost and the trade unions. How will restructuring affect pay scales? Emulation, competition and worker solidarity. Piecework and the Stakhanovite movement. Bourgeois standards of remuneration in first phase of communism. Gorbachev and Ryzhkov on "wage leveling." Objective vs. social judgments to determine wages. Lenin's stand on trade unions, economism and syndicalism. Across-the-board wage increases. Inequality has sharpened, not declined. Envisioned overhaul of pricing system--will it shift national income? Price, value and use value. Democracy and the setting of new prices.**

A. G. Aganbegyan was formerly an economic consultant to the Soviet government and is now Chairman of the Commission on Manpower and Natural Resources of the USSR Academy of Sciences. He has written an article<sup>1</sup> of considerable interest to us at this time--more for what it leaves out than for what it includes. However, much of it is very informative and written in a readable style.

The *International Labour Review* is the organ of the International Labor Organization, a United Nations affiliate. A long time ago it was merely a statistical agency attached to the old League of Nations, but its functions have significantly changed over the years, so that now it is composed of some 123 member countries, each of which has about 12 employer representatives and 12 labor representatives. After it became a UN agency it underwent a complete revolution. Some years ago, it became a battleground between the U.S. and the USSR when the reactionary leadership of the AFL-CIO under George Meany threatened to bolt the organization unless the Soviet trade union delegation was expelled. Violent anti-communist that Meany was, he claimed that Soviet trade unions were not free to negotiate on behalf of the workers with the Soviet government. Of course, the UN rejected this outlandish demand, and the AFL-CIO left the organization in protest. However, in recent years, the new AFL-CIO leadership thought it the better part of wisdom to quietly return to the organization.

The ILO and the *International Labour Review* are still a political battleground where the legitimacy of Soviet unions is occasionally challenged by the pro-imperialist forces, although these struggles have greatly diminished in recent years.

In any case, the magazine carries analytical articles from a host of countries dealing with labor matters, most of them written by bourgeois figures from the so-called neutral, academic point of view. Nevertheless, they contain a good deal of information. For instance, the issue referred to carries an article on workers' participation in personnel management policies in Italy, and purports to describe this participation at the enterprise level, how much headway it has made and the so-called "tripartite consultation" experiment. It reveals that the class struggle itself has reemerged in many ways, notwithstanding these imaginative innovations on the part of Italian management.

So it is that readers of Aganbegyan's article naturally would look to see what he has to say about the role of the trade unions in the new economic strategy in the USSR. But one looks in vain for any mention of them, and this in an organ which is supposed to deal with both labor and management's views and sometimes offers detailed descriptions of labor conditions around the world. Unfortunately, the article confines itself mainly to going over what has already been covered in the reports of General Secretary Gorbachev and of Nikolai Ryzhkov, Chairman of the Council of Ministers, to the 27th Congress of the CPSU (February 1986) and to the more recent plenary sessions of the Central Committee.

In our view, there are three problems he should have addressed himself to, particularly since he is writing for a select

worldwide audience which includes many trade union leaders outside the USSR who want to get the Soviet view of the reorganization, not just the view given in the capitalist press. These three points are: the democratization process and the role of the trade unions; the issue of remuneration; and the significance of the campaign against wage leveling. A good starting point, it seems to us, would have been to quote or elaborate on what Gorbachev said to the June 25-26, 1987, plenary meeting of the CPSU Central Committee, when he described how important democratization is for the restructuring plan. "Democracy in all walks of life is expanding and deepening," he said. "Public organizations are displaying more initiative. Democratic principles are gaining momentum in production management." <sup>2</sup>

If democratization develops and takes on more vigor, affecting more and more groupings within Soviet society, and shows a tendency not to operate solely for the benefit of neobourgeois intellectuals and academicians, especially those of the so-called dissident movement, then one could expect that this phenomenon will be extended to the trade unions and the working class as a whole--an auspicious and welcome development.

Much is now being written on the problem of bureaucracy having impeded the development of the economy. The same phenomenon of bureaucracy, high-handedness and rigidity has been true in relation to the trade unions. It would have been appropriate for Aganbegyan to show, for example, that for an inordinately long time the trade unions held no congresses at all. To be precise, there was no congress for almost 17 years, from the Ninth Congress in 1932 until the Tenth in April 1949. Of course, this was a gross violation of the democratic rights of the trade union membership and did much to damage the standing and efficacy of the unions. It must have tremendously reduced their role. It wasn't until later years that there was a pickup in trade union activity and the congresses began to be held more frequently. If there's any fundamental group in the USSR which has suffered from the deprivation of its rights, it is the trade unions and the workers they represent.

This should not be interpreted as nullifying the role of the unions in the USSR or lead to an underestimation of the tremendous progress that the population and the working class have made in recent years. The Soviet Union now ranks second in the world in gross national product<sup>3</sup> and its economic growth is by no means contracting. Only the rate of growth has declined, although that is of course a factor of enormous concern.

It's all too obvious that if glasnost is to become a real catalyst for radical change, it can't be the radical change that the bourgeoisie would like and which it tries to read into the restructuring plans, exaggerating every little manifestation which seems to point in a capitalist direction. Underneath it all lies an overdue reemergence of a broader, truly socialist democracy, a democracy which has nothing in common with its bourgeois counterpart in the imperialist countries.

It seems to us that the Soviet leaders and in particular the trade unions have to take into account two different paths of development if glasnost widens and deepens and becomes a fundamental element in this new phase of socialist development.

The Soviet Union has successfully avoided any kind of emergence or influence of a deleterious character similar to the reactionary Polish development (so-called Solidarity). But it also might have learned a great deal from the Polish strikes of 1970, which were of a purely economic origin and had their basis in the mismanagement of both the economy and the labor situation.

Any great restructuring of Soviet economic development has its problems and its dangers, and it is impossible that these should not be of primary importance to the trade unions. It's in this connection that we have to take into account the aspect of remuneration: how the workers get paid, how the national income is divided, how and what portion of it goes to the working class and to other sectors of society. This we believe should have been a takeoff point of Aganbegyan's article. He should have given the details, the illustrative material that crosses some of the t's and dots some of the i's, so the reader gets a more concrete picture of what is involved in these remuneration plans.

Aganbegyan gives us a detailed example of how to make more efficient use of trucks. He discusses many aspects of how converting to diesel engines will save fuel, money and time. But what about some details on the plans for remuneration? It's left out. Paying attention to this is all the more necessary because the bourgeoisie and their lackeys from the trade union bureaucracy in the West consistently bring up what they call slave labor in the USSR; that's how

they characterize the Stakhanovite movement and socialist emulation. An article in the ILO magazine would have been a good opportunity to explain these two phenomena, since they also were discussed at the 27th Congress.

Let us first take socialist emulation. In the bourgeois press, this general idea is attributed to Stalin and is castigated as an example of an anti-labor practice. In reality, it antedates Stalin's tenure in office and, as a matter of fact, was first brought up as a resolution adopted by the 9th Congress of the CPSU (1920):

In capitalist society emulation had the character of competition and led to the exploitation of man by man. In a society in which the means of production have been nationalized, emulation in labor ought, without impinging upon the solidarity (of workers), only to raise the sum total of the products of labor. Emulation between factories, regions, shops, workshops and individual workers should be the object of careful organization and attentive research on the part of the trade unions and the economic administration.<sup>4</sup>

It was understood for many years by the working class that emulation in the early days of the Soviet Union was a necessity imposed on the workers by the inadequacy of the means of production--virtually three-quarters of the industrial stock had either been destroyed or damaged as a result of civil war and counterrevolutionary sabotage. Raising the productive forces, getting the working class to emulate in the production process was not a matter of choice but of necessity. However, it should be noted that care was taken not to destroy or impinge upon the class solidarity of the workers, not to bring up that crude, destructive competition which revives and extends the individualistic, acquisitive characteristics that industrialization brought about by capitalism had subjected the workers to.<sup>5</sup>

In the new socialist system it is the cooperation of the workers and the mass of the people as a whole which changes individual competition into socialist emulation. The greatest care must be taken, however, to preserve socialist solidarity among the workers, to draw all the other heterogeneous social strata of socialist society into the mainstream of socialist solidarity rather than to repeat the cutthroat competition which is the driving force of the capitalist system and without which it cannot survive.

In the USSR at the beginning, the competition was to be between factories, shops and workplaces and not so much between individual workers. Those who produced more got greater remuneration.<sup>6</sup>

Of course, these socialist emulation campaigns have not always been of an ideal character and frequently degenerated into something else, particularly in the Stalin era. Nonetheless, they have survived and for those concerned with seeing how well they served the Soviet Union and preserved it as a socialist community, it is only necessary to look at the tremendous cooperative efforts made during the war which hurled back the Nazi juggernaut.

In the early campaigns, certain objectives were set and had to be carried out. Herein lies the origin not only of objectives but of quotas. At the beginning the measurement for remuneration was the quantity of goods produced by each worker. However, later on, hours and a minimum wage were set. So while quotas were set and specific objectives delineated, at the same time the utmost care was taken to retain the solidarity, the goodwill, the agreement and enthusiasm of the workers. For without that, the Revolution and the early construction period of socialism would have collapsed altogether. No amount of coercion or compulsion could ever have developed the socialist industries to the level of today. But important as socialist emulation was, it still proved wholly inadequate to move the country forward, as witness the need to introduce the New Economic Policy (NEP), which was a partial restoration of capitalism.

Following in the footsteps of socialist emulation, in later years there was the piecework system, which, while it raised production, really did impinge upon the solidarity of the workers and began a process of social differentiation within the working class, a process from which it has not emerged to this day. This division constitutes one of the problems of Soviet society today in making the transition from the phase of socialism, which Marx called the first stage of communism, into full-scale communism.

As a still further development of the piecework system, there then developed the Stakhanov movement. This seemed a mere intensification, but on a truly enormous scale, of the piecework system. It made quantitative production more and more the criterion, not only in wage demands but for overall production in general. Stakhanovism was based not on the

production team, not on the brigade, but on individual performance. Some of this was highly exaggerated and led to the setting of false quotas. However, there are two sides to the development of Stakhanovism as a movement. It was an important catalyst in accelerating industrial production, especially in heavy industry and mining. It wasn't all brawn and physical exertion; it also stimulated new methods of increasing efficiency and output. But the inordinate emphasis it put on individual accomplishments also widened the social stratification within the working class. While the main emphasis in socialist emulation was on cooperation on a particular project in a locality or region, the greatest emphasis was now put on individual ability. Earnings depended on the production output of the individual. But gradually the piecework system gave way and more emphasis was put on time wages. This marked a socially more progressive development and showed the level of efficiency that socialist development had achieved.

We thus see that while, on the whole, the development of individual remuneration for the workers was wholly dependent on the level of the productive forces, varying degrees of material incentives were introduced in order to overcome objective necessity and not as a preference of socialism.

Even if the Soviet Union had not gone through the period of civil war and intervention, and its productive forces had not been so low and backward in relation to the capitalist West, it would still have been necessary to employ an objective standard to measure wages. The only correct communist one, as pointed out in earlier articles, was based on the Marxist principle of "from each according to his ability, to each according to his need." But in the first phase of communism, the objective standard had to be a bourgeois norm of distribution--to each according to his or her work. This would persist until the productive forces were so highly developed that this bourgeois standard, still based on what Lenin called the "narrow horizon" of the bourgeoisie, would no longer be necessary because of the abundance prevalent in the ultimate phase of communism.

It is not necessary to embellish this standard, as we have pointed out in earlier articles. In fact, it is an important step forward for the workers to get equal pay for equal work, especially when capitalism as a whole has not fully attained this anywhere, given the discrimination against women, against nationally oppressed peoples, against young as well as old. Giving full development to this bourgeois standard is a progressive step forward and it will continue until it becomes an irrelevant form, because it will no longer be needed. The abundance that can be produced once the productive forces have been fully developed, when they are no longer hindered by a capitalist environment and socially regressive habits and customs, will make this bourgeois standard unnecessary.

It is in this light that the issue of remuneration has to be viewed. It's entirely possible, of course, that in some areas of the Soviet economic system workers do not yet get the measure of their work, do not get what they ought to. It is possible that this still has to be pursued in order to elevate those who are not getting what they are entitled to under the standard of equal pay for equal work. But what is basically at issue in the Soviet Union today seems to be whether to have an upward revision of wages in such a way as to favor the more skilled, the more privileged sections of the working population and the officialdom in the Soviet Union, as against the lower paid, lower skilled mass of the workers. That is the problem. Let's examine what Aganbegyan and others have to say on this question.

In order to move forward to socialism, then to communism, says Aganbegyan, there are two methods.

An increase in efficiency can be achieved in two ways. First, by mobilizing organizational, economic and social reserves and making better use of existing potential. Such short-term measures have already been applied; and it is no exaggeration to say that they have started to spur the acceleration process, as recent events show. . . .

Secondly, we can also achieve better results through such powerful levers as improved management, the strengthening of material interest in production results and the reorganization of the economic machinery. A number of measures have been initiated along these lines but it will be some time before they produce results. Moreover, however great our organizational, economic and social reserves and possibilities, the fact remains that they are not limitless, and the more they are used the more difficult it will be to keep up the pace. And herein lies the challenge: not only do we have to maintain the pace, we have to step it up! The major leap has to be made in the 1990s; and the main springboard for that leap is scientific and technological progress.<sup>7</sup>

The question is, how will this concretely and directly affect the workers? This problem has to be pursued in order to really find out what has caused the slowing of the growth rate in the USSR to the extent that Gorbachev in his report to the 27th Congress characterized it as a "pre-crisis situation." One view is that while the cause lies in the disparity of income levels, it is the upper levels that have to be increased first. The plan makes clear that there will be an increase for all the Soviet population, but that a larger increase will go to the more developed and skilled sections of the population and of the workers, not to speak of the officialdom. And so it was that the first wage increase under the restructuring program went to scientists and technicians.

It should be mentioned *inter alia* that under any circumstances, except for a catastrophic development like the outbreak of another war, the economic and social development of the USSR will proceed. It will succeed in accomplishing its basic targets and will probably overfulfill many of them. The views of the bourgeoisie on this, as in previous decades, will be proven bankrupt. What we are concerned with, however, is how the society advances toward communism.

With respect to the element of remuneration, it is there that the trade unions have to undergo a process of democratization and make their influence more felt.

Aganbegyan should have addressed himself to the question of why there's a campaign against equalization of wages, against so-called leveling. Gorbachev raised it in his report to the plenary session of the Central Committee of the CPSU on January 27, 1987. Said Gorbachev:

New principles have been worked out and are being implemented for raising pay in productive spheres. We have taken a resolute course for abandoning wage leveling and are consistently adhering to the socialist principle of distribution in accordance with the quantity and quality of one's work.<sup>8</sup>

Nikolai Ryzhkov, Chairman of the Council of Ministers, also alluded to it in his report to the 27th Congress:

It is a task of tremendous social and economic significance to make the system of remuneration more effective. The elements of equalization that have increased of late and serious shortcomings in setting work quotas and establishing wages and salaries are undermining the role of these incentives and are holding down the growth of productivity. We cannot put up with this situation. The earnings of every working person must be strictly adequate to the results of his or her work. The strict relationship between the growth of emoluments and the growth of productivity is an imperative for the modern-day economy and we will insist on its being observed without fail.<sup>9</sup>

There doesn't seem to be any substantial basis for an attack against levelers or equalization in the Soviet Union today. Could there still be a carryover from the days of War Communism, that is, the phase in Soviet history when direct communist norms of distribution were introduced? After the civil war was over, they were annulled, not because direct communist norms in monetary terms were not desirable but because they were premature and could not fit the difficult conditions of the young republic at the time. The productive forces were not developed, not to speak of the struggle against the counterrevolution, the developing civil war and imperialist intervention. The swing back to a partial form of capitalism under the NEP entailed the employment of bourgeois norms of distribution, payment being made according to the work of the individual worker.

It is highly unlikely that any remnants of that early egalitarian practice have persisted in recent Soviet history. "The elements of equalization," says Ryzhkov, "have increased of late."<sup>10</sup> Precisely when? And why are there such serious shortcomings in setting work quotas and establishing wages and salaries, as he says?

First of all, it seems to us that the reason the system of remuneration is such a "tremendous social and economic task" is due not to a slowing of industrialization and mechanization, but rather because it has had to be done in such a short period. It is only 60 years since the first five-year plan; by comparison the capitalist West had more than two centuries to move toward a mature industrialized society.

When the first Soviet five-year plan began, the number of job classifications of workers was small by comparison with today. There has been a huge proliferation of new classifications that never existed before. With each new industry



there come into existence new types of jobs which require different classifications and wage scales. Of course, this is a complex task, but it is not that difficult to develop a technical standard for evaluating the work, similar to time studies. Even Lenin assumed that the Taylor system of studying labor time, developed in the U.S., was technically applicable to the USSR and could be employed there.<sup>11</sup> This is not to be confused with the social evaluation of a job, which takes an altogether different standard.

It is quite different when there's a political struggle, when the whole wage plan is viewed in the light, for instance, of the struggle of factions within the unions or within the Party. But the technical evaluation of new jobs using new equipment lends itself to a precise measure of labor time, where that standard is applicable.

Ryzhkov, however, views the system of remuneration as a tremendous economic and social problem. Why? Because what is involved are also social judgments. Who makes these judgments, and what determines social status in Soviet society?

It is elementary Marxism that being determines consciousness. Someone who has spent all his or her life, not in a mine, a steel mill, a farm or service industry, but in the higher echelons of the bureaucracy, might give an entirely different social evaluation of the work of a low-paid maintenance worker in a hospital or an office. All the more necessary is it, then, for the workers themselves to have a fundamental say in the matter. True, in a socialist planned economy the workers alone cannot decide what wages will be, what the whole economy can really produce and what the gross national product will be. But it must be remembered that a majority of the population in the USSR are now workers, having grown from a small minority barely 70 years ago.

Lenin from the very beginning of his struggle for a Bolshevik party fought against economism and syndicalism. It was the Mensheviks who said that all priority must be given to the unions as against the overall political struggle, whereas in Lenin's conception the working class as a whole was the fundamental organ in the proletarian struggle for socialism. He was equally opposed to the syndicalist view that the trade unions in and of themselves could be the political instrument for the overall struggle for socialism.<sup>12</sup>

Though this struggle between the Mensheviks and the Bolsheviks began as long ago as 1903, it retains significance to this very day. While correctly evaluating the tendencies towards syndicalism and economism, Lenin nevertheless was extremely precise in evaluating the role of the trade unions in a socialist government. He saw the need for the workers to be able to defend their interests through their own organizations, the unions, even against their socialist government.

While Lenin opposed autonomy for the unions, which would lead to their degeneration into a bourgeois form of struggle against socialism, he nevertheless, especially in the debate at the 9th Party Congress in 1920, fought to see that the unions were not stifled or wholly absorbed into the governmental and state apparatus, but would retain their identity and even that their new functions would be expanded.<sup>13</sup>

To raise wage problems today in the context of a struggle against leveling and equalization seems not only vague but unrealistic--unless there are deeper issues that remain to be brought to the surface. While there is a polemical edge to these attacks, it is nothing like the attacks in the 1930s against levelers and egalitarians. It seems to us that the polemic today is directed not against elements of the present Soviet governing group but rather against the Khrushchev and Brezhnev period.

During the period of the 1960s and 1970s there were some across-the-board wage increases. According to some writers, from the bourgeoisie as well as the USSR, these increases were substantial. The minimum wage was raised during the Khrushchev period and again in 1968.<sup>14</sup> It is possible that, on that basis, across-the-board wage increases have been enacted of late, as Ryzhkov says. But this is a far cry from leveling or egalitarianism. Across-the-board wage increases, especially where there are incentives, leave inequities between different classifications of workers. It is not unusual in the trade union movement of the capitalist countries to demand that the bosses set up a special fund to equalize or straighten out significant wage inequities after a general wage increase.

Some bourgeois ideologists who presume to social analysis speak in terms of value judgments and the biases that one has in relation to any social phenomena, including wages. But Marxism proceeds from objective relationships. It

identifies the working class as the key and central class in capitalist society by virtue of the fact that it is the producer of all values, that its labor power has generated the material wealth.

The big problem in socialist distribution in the USSR has been that the productive forces are not yet mature enough to go beyond the capitalist heights. Distribution, therefore, is inadequate to fully satisfy the demands of the masses. In the period of Khrushchev, as well as of Brezhnev, some of the inequities became sharpened, notwithstanding increases in the minimum wage and across-the-board wage increases. Material incentives have been gradually evolving and becoming more widespread since the first five-year plan, and the bureaucratic apparatus has grown up precisely because of the great divergences thus created, particularly the contrast between the lower paid and the higher paid.

It was not lack of democracy that created bureaucracy but the low consumption level, the low culture of the mass of the people in the early days of the socialist republic, the struggle to make ends meet--all this heightened by war and intervention.

A definite result of the scientific-technological revolution, certainly in the Western capitalist countries, is the huge growth of the service sector and the decline of the industrial sector. As we have pointed out in our book *High Tech, Low Pay*, the high-tech revolution has heightened the disparity between low paid and high paid and has created a much more numerous low-paid working class in the service sector along with a shrinking number of more highly skilled, higher-paid workers and specialists. This in turn has brought about fear of a historic decline of the working class, that it will disintegrate and be superseded by a new middle class, alien to class consciousness. All this is bourgeois rot.

The next collapse of the capitalist economy will expose the utter hollowness of this theory and show the unity of the working class and especially of the clerical and service workers. Instead of holding a hallowed position socially, which bourgeois ideologists attribute to them but which is only true for a very thin sliver of the service sector, these workers are becoming more and more exploited.

With this in mind, it was Leonid Brezhnev among others who called the theory that the proletariat was declining and giving way to a new middle class an erroneous "right deviation." We are not aware of who he was polemicizing against or even if it was meant that way, but it is important to note that the working class in the USSR is also undergoing a change. A fundamental aim of the restructuring, as developed in Gorbachev's report and in somewhat more detail in Ryzhkov's report on guidelines for economic and social development, is to replace unskilled workers in order to develop the economy. So it's a valid question to ask how all this will concretely develop, at least in outline form.

Aganbegyan describes how a wholesale shift to diesel trucks is envisioned that will prove more economical. "The same thing will happen in many other enterprises. The main impact of the scientific and technological advances whose foundations are now being laid will be felt in the 1990s." <sup>15</sup>

We know that over a considerable period diesel engines have replaced gasoline and coal engines in the U.S. And we know also that this has had a tremendous impact on the railroad workers, who have had to put up a struggle against this rationalization because it deprived them of many benefits. They have had to fight tooth and nail to preserve what they had won in the way of work rules. Every attempt of the workers to maintain their conditions of work was called feather bedding by the bosses. What will be involved in such a change in the Soviet Union? A railroad worker or even a railroad union official reading this would want to know what will be changed.

The difference between what happened here and the situation in the USSR is that there the workers have a great interest in the changeover because they are also involved in the planning. But we still want to know: How will the progressive safeguards and the various work rules be affected? What role do the unions play in the changeover? This is not mentioned in Aganbegyan's article, but it is of key significance.

However important and indispensable wage remuneration is, it must be seen in the framework of the price system--the role of consumption, the purchasing power of the workers, the availability of consumer goods. Aganbegyan explains that a major task of the plan is to:

. . . meet consumer demand for a wide range of high-quality goods and various types of services. . . . But the program will focus less on the quantitative aspects than on improving the range and quality of consumer goods. . . . In order to fill the big gap that exists between the production of consumer goods and actual demand, and to prevent unwanted goods piling up on shelves and having to be marked down, a radical change will be needed in the economic relationships between the population, the retail trade and the producers of consumer goods. A decision has already been taken to reorganize the economic machinery in light industry: the range of targets imposed from above is being sharply limited for enterprises in this industry. Their plans will be drawn up on the basis of contracts with trade organizations, which, in turn, must see to it that their orders conform to actual consumer demand.

Another aim of the reform, inseparable from the first, is to gear the whole system of management to improving efficiency and quality standards and speeding up scientific and technological progress.<sup>16</sup>

High quality is necessary, but also the price range is important. Some high-quality items may be very desirable for those who can afford them, but a low price may mean more for those who can't afford expensive goods. Later on, Aganbegyan says:

At the same time the way is now being paved for a radical overhaul of the entire system of prices and the machinery used to arrange finance and credit, for developing the wholesale trade and for establishing direct links between enterprises to replace the distribution of production resources from centralized funds. All of these efforts naturally require time, especially the work of drawing up and introducing new price lists. But an overhaul of these basic economic levers will be a major step in the transition from predominantly administrative to economic methods of management and should create the necessary conditions for a further important move towards enhancing the independence and rights of production associations and enterprises while increasing their responsibility for the end results of their work.<sup>17</sup>

So we see "a radical overhaul of the entire price system . . . an overhaul of basic economic levers . . . a transition away from administrative to economic methods of management." What does it all foreshadow? What could be the meaning of an overhauling of an entire price system? It could forecast a virtual social revolution. Not a revolution in the classical Marxist sense--we rule that out of the question. What it may portend, however, is a wholesale redistribution of the national income. It may affect the prices of as many as 200,000 items and, even if stretched over a long period, that would involve a social transformation of as yet undisclosed proportions.

The phenomena of prices, of wholesale and retail trade, of buying and selling, all these are vestiges of a commodity economy. They are a carryover from the old commodity capitalist system which formerly existed in Russia and which began elsewhere centuries ago.

What are prices? Price is a monetary expression for value. Value in turn reflects, under average circumstances, the amount of socially necessary labor incorporated in a commodity. All sorts of goods, whether they be shoes or gloves or washing machines or whatever, are commodities. Much has been written about the need for quality in these consumer products; the need to concentrate, as Aganbegyan says, on quality instead of quantity. All of this has to do with the circulation of commodities, which must go from the producer to the consumer. The problem which has been stated over and over again is that while there is a shortage of some commodities, in other areas their quality is so low that they pile up because they are not saleable. Consumers do not want them. What is the meaning of this discrepancy between the production of a commodity and its salability, its destination to the consumer? Here we must look at the very meaning of a commodity.

We are still dealing with the circulation of commodities in the USSR, notwithstanding that there is a socialized economy in the sense that the means of production are clearly and unambiguously owned by the workers' state. The circulation of commodities exists side by side with the socialist ownership of the means of production and is indispensable to it. A direct method of getting products to consumers was installed prematurely during War Communism and was later abandoned.

A commodity not only has an exchange value (the amount of socially necessary labor incorporated in it), it also has a

use value. There is a sharp discrepancy between the commodity as an exchange value and its use value. Marx explained this contradiction inherent in a commodity in the very first pages of *Capital*.<sup>18</sup>

The use value of commodities has failed in the conditions described by Aganbegyan and others. "If the thing," said Marx, referring to a pair of gloves, shoes, whatever, "is useless, so is the labor contained in it; the labor does not count as labor, and therefore creates no value." Marx was not trying to pass a moral judgment here. He was explaining the two factors of a commodity, its use value and its exchange value.

It is from this contradiction that we have to view the problem of the workers as consumers, along with the rest of the population, and as producers. The same working class that produces also consumes. If the values produced, as Marx said, have no use value, if the consumers don't want them, the immense collective labor of the working class is thereby also useless.

Bourgeois economists will say: We could have told you that in the first place! You need to abandon socialist planning and let the free capitalist market reign supreme! No, says Aganbegyan. Our problem is not related to the absence of a free capitalist market. It grows out of the use of administrative measures in the planning and in the price system above all. What then do the Soviet leaders say must be done? Replace the administrative measures with economic ones. That will bring costs into correspondence with actual prices. Consumers will benefit. With the new economic mechanisms replacing the administrative ones, products will be tailored for the consumer and the problem will be solved.

The problem is to develop a correlation between prices and costs, between the actual amount of labor power that goes into a commodity on the average and its price. We in the U.S. know on the basis of the only experience we have, that is, under capitalism, that prices can fluctuate wildly and violently. However, it is to be noted that prices are not an altogether arbitrary phenomenon; they contain an inner lawfulness. No matter how much a pair of mittens may fluctuate in price, the oscillations never bring them up to the price of an automobile or a washing machine. The amount of socially necessary labor will hold the price to a certain level. Where there are no buyers, no consumers, the enterprise is bound to collapse.

The socialist answer, says Aganbegyan, to administrative prices set on command from above is to replace them with economic mechanisms. But how will that be done? And who will do it? Who will carry out this vast, indeed revolutionary transformation?

Nothing so much affects the daily life of the people, aside from their wages, as the matter of prices. Workers have some control over their wages almost anywhere. Where they seem to lose control altogether is in their role as consumers. How will this change in the price structure be determined in a socialist society, in a planned economy, in a period of resurgent democratization?

Notwithstanding the assertion that the prior lists of prices were developed on the basis of high-handed, unrealistic, uneconomic and administrative directives, what will be the political form for instituting economic pricing? Moreover, will the decisions be confined to the same administrative, managerial staffs?

The matter of setting prices is not wholly technical. That would be easy. It is also a social question. If it is carried out by a definite social grouping within the administrative and governmental apparatus or is shifted from one organ of the state to another, the question will be the same as in the development of the wage scale. Will it be done by an upper stratum only, who have long experience with academic training but are not necessarily connected with workers themselves? Marxism teaches us that even in a socialist society, social groupings reflect different social views.

Therefore, in the elaboration of a plan to restructure and overhaul the vast and complex problem of prices in the USSR, the priority must go toward democratic forms as the political form for the new economic content. If it is not really controlled by the mass of the people this time, then it may amount to a new mechanism but will lack the direct participation of the masses and the initiative from them that Gorbachev and others are calling for. If it is not really put to the masses, then there could be a redistribution of wealth that shifts the burden of the price structure onto them.

Lowering prices is easy and always welcome. Raising them is another matter. This applies not only to consumer goods but to the production process as a whole. If the new forms of collective organization are to have any of the advantages

which, according to the plan, they are intended to have, then price committees of workers, of consumers, on a truly mass and national scale, have to participate in them. This is what has to be demonstrated: how the masses will participate in this process. If it becomes another edict, then of course it is merely a change in form and not in substance. We know through other experiences that a minor change of price of only one or two kopeks may not be noticeable, but if done on a mass scale, it can add up to billions of rubles.

In capitalist society, the bourgeoisie has learned that the introduction of a sales tax of one penny can go unnoticed, but it adds up to hundreds of millions of dollars in the long run. It's a tax on the working class and a supplementary form of extracting surplus value from them. In reverse, the same applies where there are shortages, especially during war time. Price control in the capitalist countries during World War II showed that notwithstanding the eternal love of the capitalist class for the free market, they nevertheless knew very well how to put a lid on prices and the masses suffered as a result of shortages. But somehow or other, with this uniform rule on prices, the bourgeoisie seemed to get what they needed. It was otherwise with the working class.

Continual broadening of democratization means the replacement of old personnel by new personnel coming from the ranks of the workers. The bourgeoisie may say that the workers can't understand these complex matters (which they in fact complicate), but the workers can exercise sound judgment in a just way that is superior to what any technocrat can accomplish. It is precisely in the matter of prices, which seem to be so removed from the domain of workers' control, as well as in the matter of wages, that the workers have to be again and again encouraged to exercise initiative and participate, from the lowest plant level, neighborhood and small household. As Lenin said, every cook will learn the art of statecraft.

The Aganbegyan article raises a very interesting question concerning the responsibility of the state and of the collective under the reforms.

The new economic machinery must be so designed that society as a whole, i.e. the State, is not liable for the inefficiency of this or that workers' collective but the collective itself is accountable for failing to use its resources and possibilities to the full. Conversely, if a collective works particularly hard and achieves better results, a significant part of the additional profit should accrue to the workers and serve to stimulate them to pursue their efforts.<sup>19</sup>

First of all, there's confusion here between "society as a whole" and "the State." The two are not synonymous. The state has not withered away or been completely liquidated into society as a whole. That is a long, long way off, according to the report of the 27th Congress, which made it clear that the USSR is still in the stage where it must use the bourgeois standard of the measurement of labor. That is only the first phase of socialism, where the state remains. It is important that the distinction be maintained. It's true that the state may represent all of society, but it has not been liquidated; that marks the highest stage of communism.

It says here that the state is not liable for the inefficiency of this or that workers' collective, but the collective itself is accountable to the state. This seems to run contrary to the whole concept of democratization. The whole idea was to relieve the state of some of its functions, to relieve it from "interfering," as has been said on other occasions, in economic relations. It is supposed to cut down on bureaucratism, petty privileges and so on. It's a wholly other matter if what is meant, or even hinted at, is that the state is relieving itself of its responsibility and thrusting it entirely on the collectives. Viewing it from that perspective, it would not be a good thing at all. Giving a collective responsibility to organize itself, to account to itself, that's one thing. But what about conditions that are beyond its control? What if managers abscond with funds? Why should the workers bear the responsibility for that?

Total responsibility for the work collective is an impossibility. It is a step downward to a decentralized economy, a sort of syndicalist view. The collective, after all, is part of a plan for the whole country. No collective is going to decide autonomously whether to produce beans or bolts or nuts. It's all within the framework of a plan.

Aganbegyan says that "conversely, if a collective works particularly hard and achieves better results" then it will get the profits. But what about collectives that do not work particularly hard? What if they just work normally? Hard work is a flexible concept. Some work hard to the best of their physical and mental possibilities. Some have more

responsibility at home, and so on. Some are women with children, some are older, and some are not stimulated by more profit. They may want to have less of that and more time to devote to advancing themselves culturally and intellectually. If one is all consumed to work hard in the collective, and some work excessively just for material gain, it results in other deficiencies, does it not? Aganbegyan says later on:

Where the new system was interpreted in a truly creative spirit and energetic action was taken, as for example in Byelorussian light industry, a noticeable improvement in productivity and quality standards was achieved. The fact remains, however, that the experiment did not confront the workers' collectives with the tough decision whether to work harder and live better or to continue working as before and live badly.<sup>20</sup>

Again, why this juxtaposition of work harder and live better, or continue working as before and live badly? This leaves out of consideration those who have worked hard and are once again being asked to work even harder. Millions of workers look forward to an even easier life, but all of that is in the dim future.

The academician Tatyana Zaslavskaya, who herself has strong leanings toward the bourgeois market reforms in the USSR, nevertheless has to preface her remarks by acknowledging the great inequality that exists. In an interview for the pamphlet series "Expert Opinion," she is asked, "Where do you see the main source of injustice?" She answers, ". . . in the economic sphere, in the discrepancy between the measure of labor and the measure of consumption." She then mentions "the uneven distribution of investment in schools, hospitals, roads, and leisure facilities. . . . Thirdly, it is bureaucracy. Lenin observed as far back as the first years of the Soviet state that although the October 1917 Revolution had from the very outset created a fundamentally new type of state with true government of the working people, it was impossible to set up an administrative machinery corresponding to it at once. Bureaucracy proved too tenacious and the struggle against it remains one of the key tasks of society to this day."<sup>21</sup>

This theme is worth pursuing in future articles.

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Article 8  
March 17, 1988

# THE REFORMS AND THE NATIONAL QUESTION: ARMENIA AND AZERBAIJAN

**National problems since Gorbachev: the removal of Kunayev in Kazakhstan. Rebellion followed. Boundary changes, cancellation of irrigation project. Aliev of Azerbaijan dropped from Politburo. Chronology of struggle over Nagorno-Karabakh. Religion not the real issue. Effects of industrialization and migration. Growth of proletariat in southern republics. Reforms based on self-interest endanger equality of nations. Nagorno-Karabakh and Lenin's policy of self-determination. Secessionist movements in 1917. Setting up a multinational Soviet state. Class and national inequalities persist. Christianity, Islam and Communism. Perestroika and the distribution of national resources. For revival of revolutionary communist ideology, workers must be heard.**

The news of widespread clashes between Armenians and Azerbaijanians in the southern part of the Soviet Union has deeply shocked and saddened progressives, socialists and communists around the world. However, this is not the first time during the Gorbachev administration that such an outbreak has occurred. In December 1986, two people were killed in severe fighting in Alma-Ata, in the Central Asian republic of Kazakhstan, after the first secretary of the Communist Party there, Dinmukhamed A. Kunayev, a Kazakh, was removed and replaced by Gennadi V. Kolbin, a Russian.

The Kazakhstan Republic, as of the 1970 census, had some 16 million people, of whom about 40.8 percent were counted as Russians and about 36 percent as Kazakhs. General Secretary Nikita Khrushchev said in a speech in 1961 at a conference of leading agriculturists in Kazakhstan, "You should pride yourself on the fact that in your republic members of 100 nationalities and peoples of the Soviet Union live and labor in friendly fashion as a single family and in moral unity." This gives a measure of the complexity of the problem. A hundred nationalities in one republic!

According to the official Soviet accounts, Kunayev was removed for corruption and inefficiency. That may or may not be the case. But of the more than 6 million Kazakhs in the republic, was there not even one who could replace the allegedly corrupt Kunayev? Was it so absolutely essential to put in an ethnic Russian? Indeed, it seems to us, especially in the light of recent events, that the Gorbachev administration was inviting rebellion. Such an issue as corruption doesn't go over where ethnic divisions are involved. One would think this would be ABC in dealing with the national question. Even in the most difficult circumstances, the Party could have resorted to the practice used during the Civil War when the Red Army first took over civil administration from the bourgeois and feudal elements. At that time, the practice was to initially put in a Soviet commissar, along with a leading person from the local nationality. And that was 70 years ago!

Another problem arises from changes in the geographical composition of the republic, often referred to as redrawing boundary lines. This is often a disguised form of what in the U.S. is called gerrymandering, artificially attaching or detaching areas for what may be narrow factional or even economic reasons. In 1963 a part of the South Kazakhstan territory of the Kazakh SSR was transferred to the Uzbek SSR. Soviet writer E.V. Tadevosian explained it this way:

In view of the fact that in Uzbekistan, cotton growing is a leading branch of agriculture, while in Kazakhstan it has not progressed very far, Kazakhstan gave to the brother republic of Uzbekistan more



than 8,700,000 acres of the Hungry Steppe, which has been opened primarily to cotton farming by the joint efforts of the peoples of Central Asia. <sup>1</sup>

Tadevosian says nothing about how this affected the population of either area. Such a transfer of land and population can create a formidable challenge to communist administration and the observance of ethnic sensitivities. It is easy to perceive how such a multiplicity of nationalities can create severe problems if sensitivity to the national question is not observed.

A great deal has justifiably been written about the heroic exploits, hardships and sacrifices of the families from all parts of the USSR who were resettled in the virgin lands area of Kazakhstan, but little has been said about how this affected relations with the local population.

It should also be noted that the Kazakhs for a considerable number of years looked forward to a realization of the great undertakings planned by the January 1961 plenum of the Central Committee of the Communist Party of the Soviet Union for the irrigation and opening of the desert and delta regions of Central Asia and Kazakhstan. That plan, after many years of discussion and study, was canceled in 1986. (See Appendix 1.)

These problems--the cancellation of the irrigation project, manipulation of geographical areas and finally the replacement of Kunayev by Kolbin--could not but have had a disturbing effect in the region. They fly in the face of orthodox communist practice with respect to the national question.

In October 1987, another political move was made that cannot but have added to national antagonisms. A member of the Communist Party Politburo since 1982, Geidar Aliev from Azerbaijan, was retired from his post, reportedly for opposing Gorbachev's reforms. He had been Chairman of the USSR Council of Ministers for Social Development since November 1986 and Chairman of the Politburo Commission for Direction and Control of Working Out Complex Program of Development of Consumer Goods Production and System of Consumer Services since 1983. Aliev was described in William Mandel's book on the non-Russian peoples of the Soviet Union. Mandel met Aliev when he was head of the Communist Party of Azerbaijan in 1982.

Only in Byelorussia had I ever heard that kind of warmth for a local leader. When Brezhnev died . . . , his successor, Andropov, amazed the West by bringing this Azerbaijani into the Political Bureau where he was named first deputy premier of the Soviet Union. (The amazement stems from the fact that Western scholars, journalists, and politicians had apparently hypnotized themselves into believing that Moslem peoples in the USSR are treated like Blacks in the U.S.)

Aliev was entirely a product of Soviet times. Born in 1923, the son of a worker, he graduated in history from the University of Azerbaijan, itself founded after the Revolution. He is also the product of a subtle aspect of Soviet ethnic policy, for he comes from Nakhichevan, an Azerbaijani enclave surrounded by Iran on one side and once-hostile Armenia on the other. To provide maximum respect for ethnic feelings, this territory, with a population of under a quarter million, was given the status of autonomous republic under the Azerbaijan Soviet Socialist Republic, which it does not directly border. <sup>2</sup>

One of the greatest achievements of the Revolution of 1917 was to dismantle the brutal czarist empire and replace it with a carefully worked-out system of republics and autonomous regions which were federated on a voluntary basis, with respect for the language, customs, culture and needs of all the different peoples.

Since the Revolution, some of the greatest material progress has been in those areas which were most underdeveloped under czarism, including the Central Asian republics and the area of Georgia, Armenia and Azerbaijan, once known as Transcaucasia. Industrialization there has transformed what was once a predominantly peasant population into a modern working class.

Now, according to the bourgeois interpretation of events, old animosities of a religious and ethnic character have resurfaced and are the sole source for the violent explosions in Armenia and Azerbaijan. Is this really what has happened? Or are there more significant factors? Before trying to answer these questions, let's take a quick look at the

geography of the area concerned and the chronology of events in February 1988 that ended in bloodshed.

Armenia is a Soviet republic of about 3.4 million people which lies east of Turkey. It borders Azerbaijan, another Soviet republic north of Iran and west of the Caspian Sea. There is a small enclave totally within Azerbaijani territory and under the authority of the Azerbaijan Republic known as the Nagorno-Karabakh Autonomous Region, whose population of 186,000 is 80 percent Armenian. The Armenians were historically Christian; the Azerbaijanians (or Azeris) were largely Moslem. While at one time the Armenians were cruelly oppressed by the Turks, they are today more prosperous than the peoples of the surrounding areas.

The following chronology of events describing what happened in February 1988 is assembled mainly from accounts in the U.S. press (including the New York Times, Washington Post and Christian Science Monitor):

**February 11:** Posters and letters appear in Stepanakert, the capital of Nagorno-Karabakh, calling for the region to be incorporated into Soviet Armenia.

**February 13:** Students in Nagorno-Karabakh go on strike. Demonstrations begin, including one outside the local Party headquarters, calling for the transfer of Nagorno-Karabakh to Armenia.

**February 18:** The Central Committee of the Soviet Communist Party meets and rejects the demand for the transfer of Karabakh to Armenia. General Secretary Mikhail Gorbachev calls for a special meeting on the nationalities policy, calling it "the most fundamental, vital issue of our society."

**February 20:** The Karabakh regional soviet passes a resolution backing the demands of the demonstrations. The official paper of the region, Soviet Karabakh, publishes the resolution the next day. Demonstrations spread to Yerevan, the capital of Soviet Armenia.

**February 24:** It is announced that the Communist Party chief of Nagorno-Karabakh, Boris S. Kevorkov, has been dismissed and replaced by an Armenian, Genrikh Pogosyan.

**February 25 and 26:** Tens of thousands continue to march in Yerevan. The Armenian Communist Party calls on the Central Committee to reconsider the issues fueling the protests.

**February 26:** Gorbachev calls on Armenians and Azerbaijanians to end the protests. He says that "not a few shortcomings and difficulties have accumulated in the Nagorno-Karabakh Autonomous Oblast. The new leadership of the oblast must adopt urgent measures to correct the situation." Gorbachev's statement is seen as more conciliatory than the first response of the Central Committee. Leaders of the Armenian demonstrations agree to a one-month moratorium. Armenian Communist Party leaders call for a commission to examine the demands of the demonstrators.

**February 28:** After it is reported on the radio for the first time that two Azerbaijanian residents of Nagorno-Karabakh had been killed there in the first days of the protests, widespread fighting breaks out between Azeris and Armenians in Sumgait, an industrial city in Azerbaijan, 40 miles north of the capital Baku. Several days later it is revealed that 31 people died and hundreds were injured in the fighting. The French paper Liberation of March 3, quoting an Azeri official, says that "the troubles were provoked by `young Azerbaijani hoodlums of 16-17 years' whose parents, fleeing from Kafan in southeast Armenia because of the Armenian nationalist demonstrations, sought refuge in Sumgait." Soviet troops move in and a curfew is imposed.

**March 1:** A radio report from Baku says a commission has been established to help Azeris who had fled from Armenia to return to their homes.

Again and again it is emphasized in the Western reports that the struggle between the Armenians and Azerbaijanians is a religious one. But this is its superficial aspect. Even the many pre-capitalist struggles that took a religious form, like the Reformation in Germany, had a class content. If a religious struggle survives, it must be a masked form of substantial material interests.

Take, for instance, the struggle which resulted in so many casualties in the city of Sumgait in Azerbaijan. Sumgait was

not even on the maps in the census of 1939, but it is now an industrial center of 220,000 in a modern oil-producing region. Unless put in the context of the industrialization and development that have occurred there in the last few decades, the situation can't be understood, not even from an ethnic point of view. The study by E.V. Tadevosian cited earlier shows not only vast economic changes in the region as long ago as 1963 but also the ethnic diversity and general mobility of the Soviet population, especially in Azerbaijan and Armenia.

Today not only republics but cities and districts, and thousands upon thousands of workforces at industrial enterprises, construction sites, collective farms, state farms, and even individual brigades have become truly international. This is particularly clearly visible in the example of the rapidly growing new industrial centers such as Sumgait in Azerbaijan, Rustavi in Georgia, Angren, Begovat or Chirchick in Uzbekistan, etc. A unified, brotherly family of members of dozens of different nationalities work in each of them. In the town of Sumgait, whose population increased from 1939 to 1959 by a factor of 8.2, there are people of more than 40 nationalities, including Azerbaijanis, Russians, Georgians, Ukrainians, Byelorussians, Armenians, etc." <sup>3</sup>

This study speaks of the vast significance of the increasing mobility of the Soviet population and also, even more significant, of the great strides in industrialization and mechanization which have resulted in mass migrations of population.

We see that Sumgait is a city of considerable ethnic diversity. So many nationalities working together could account for a great deal of social friction over housing, schools, sanitation, etc. In fact, unless great precaution is taken and unusual sensitivity is shown by the authorities, administrators, managers and above all the heads of ministries from the central government, much can go wrong. A divisive, bitter struggle can revive what industrialization and modernization are objectively laying the groundwork to wipe out.

Note should be taken of the remark that a "brotherly family" made up of the various nationalities works in each of the establishments. Yes, the workers are showing class solidarity as they cooperate on a daily basis, notwithstanding possible social frictions arising out of overcrowding, housing conditions or schooling. Does the current problem in Sumgait flow from the ancient ethnic composition of the workers, or is it a social problem inflamed by the new bourgeois intelligentsia, many of whom are drawn from the families of the old feudal and landed aristocracy? Industrialization and the vast population changes resulting from necessary mass migrations can lay the basis for solidarity. Poor and arbitrary planning, however, while surely superior to anything done by the imperialist countries in their underdeveloped regions, brings about inter-ethnic friction. It also comes from the new bourgeois intelligentsia and their penchant for greater privileges and emoluments.

The old south, so to speak, has disappeared. The republics of Armenia, Azerbaijan and Kazakhstan are socially much different than they were in 1917. This is not to say that their feudal history does not weigh upon them. It is, however, altogether false to regard them, as do imperialist accounts, as more or less rural appendages to the Great Russian republics. The strides made in science and industry in this part of the USSR are truly phenomenal. It is pertinent to compare their economic, political and cultural development at the time of the Revolution with that of ten years ago (and there has been considerable progress since then). Here is what a standard Soviet reference had to say about the economic development of Azerbaijan and Armenia over a decade ago:

During the years of Soviet power new and modern industries have come into being in the Azerbaijan SSR, while at the same time the traditional oil industry has developed rapidly. These new industries include metallurgy, machine-building, metal-working, chemicals and petrochemicals and the extraction of natural gas." <sup>4</sup>

Next comes a long list of oil and chemical products made in Azerbaijan. Then it continues:

The machine-building and metal-working industries produce a variety of products: equipment for the oil and chemical industries, ball bearings, steel pipes, electrical and radio goods and instruments, agricultural machines, gas apparatus, refrigerators, air-conditioners, radio receivers and other domestic equipment. <sup>5</sup>

The book lists many building materials manufactured in the republic, describes the expansion of its electricity-generating capacity, the introduction of new industries such as electronics and radio-engineering, and the growth of mechanized agriculture. As for Armenia, the authors say:

Before the Revolution mining and wine and brandy production were the only relatively developed industries in Armenia. Now the republic possesses machine-building, nonferrous metallurgical, chemical, building materials, light and food manufacturing enterprises.

Armenia produces high-quality computers, quantum generators, a variety of complex instruments, mobile power stations, transformers, cables, semiconductor elements, automation equipment, radio technical and electronic items, machine-tools, centrifugal pumps, valuable polymer products and many other items. In two days Soviet Armenian industry produces more than Armenia produced in the whole of 1913. . . .<sup>6</sup>

What we see here is not only tremendous industrial development but the growth of a proletariat which did not exist in that magnitude before the Revolution, even though cities like Baku, Tbilisi (formerly Tiflis) and others had a great revolutionary history that generated a Marxist movement early in this century, way ahead of many developed Western countries.

One of the aims of the Gorbachev economic reforms is to advance the high-tech revolution so as to catch up to the West, transform the working class and develop the service sector. In the southern areas, however, what's new is the emergence of the proletariat based upon the development of huge industrial complexes, all of which is the product of the Bolshevik Revolution and socialist construction. In these republics, the proletariat has only recently come into its own. Whereas some of the new bourgeois-influenced elements in the Soviet intelligentsia look toward the passing of the proletariat and its dissolution under the high-tech revolution, the situation here is altogether different. Here the proletariat is first asserting itself. The commanding group in charge represents an older social stratum which was developed by the central authorities and which socially is in conflict with the majority of the population--the proletariat. It is to this phenomenon that we have to direct our attention. The religious and national form that the struggle has taken is misleading.

The basic tenet of the Gorbachev reforms is to arouse new individual initiative on the basis of enlarging personal material incentives. This is not a new phenomenon, but the lengths to which it is going can bring a tremendous leap in private accumulation. Its broader aim is to loosen economic centralization. The reforms give a tremendous impetus to personal aggrandizement, which lessens class solidarity. If such an enlarged role for personal, material incentives and self-interest is elevated to a principle, then it also means a reassertion of the self-interest of each nationality as against others. Therein lies the great danger.

The promotion of self-aggrandizement and accumulation as against the collective whole leads to centrifugal tendencies within the republics and endangers the Leninist principle of the equality of all nations. If it is okay for everyone to think first and foremost of him or herself, and not of the collective whole, then the same can apply to each nation. This works against the solidarity of all nations and has a damaging effect on working class solidarity, the fundamental lever of socialist construction.

Nagorno-Karabakh is an autonomous region that, while inhabited mostly by Armenians, is geographically located inside the Azerbaijan Soviet Socialist Republic. It is a rural, agricultural area where the 186,000 Armenian residents outnumber the ethnic Azeris by nearly 4 to 1. This region, while self-governing, became part of Armenia in 1920, but as a result of several regional reorganizations, was brought under the political framework of Azerbaijan in 1924.

Viewed in both a historical and contemporary light, this is not an unusual problem. There are many nationalities around the world that are geographically within the framework of other nations. What is it that differentiates the situation in Nagorno-Karabakh?

First, its historic legacy. If any area in the world fits the opening lines of the *Communist Manifesto*, which describe how oppressor and oppressed have changed positions over many centuries, it is this area. It was a crossroads and staging ground in the struggle of the ancient powers. Even 70 years of socialist reorganization have been inadequate to

erase the ancient antagonisms. What gives them sustenance, however, is the existence of a bourgeois intelligentsia, recruited from the old ruling classes, which generates the antagonisms for its own emoluments and privileges.

In this area, autonomous regions can lend themselves to manipulation and often become the cat's-paw for factional struggles on top. The objective fact is that while vast population shifts and economic development require cooperation and consolidation, the very existence of small separate states in such a huge multinational state as the USSR can turn them into petty fiefdoms. The existence of separate republics or regions may often conflict with rapid advances in economic construction, especially during the current era of technological revolution.

Nothing is more central to the cause of socialism and the construction of a communist society in the USSR than the question of the relations among the many different peoples, with their variety of languages and sharp contrasts in economic condition. It is inconceivable that an orderly, coherent, comprehensive socialist plan for the economy could be effectuated without the voluntary agreement of all the peoples and nationalities within the confines of the Soviet Union.

The old czarist empire, known as a "prison house of nations," united this diverse group of peoples on the basis of naked force. National groupings were separated or lumped together for the administrative and military convenience of the czarist autocracy and in the economic interests of the landlords and bourgeoisie. Little consideration, if any, was given to the desires or interests of the peoples of Russia.

Thus, one of the truly world-shaking events of the 20th century was the way Lenin and the Bolsheviks dealt with the national question. For many years, virtually from the inception of the Social Democratic movement in Russia, the issue of self-determination was in the forefront of political discussion among the various exile groups and secret organizations of workers. The idea of self-determination, the right of the peoples to organize their own lives, including the right to secede, was contained in the famous Paragraph 9 of the Social Democratic Party program of 1903. The idea of self-determination itself was not contested at the congress which adopted this program.

In later years, of course, this whole matter was interpreted quite differently by the two main groups in the party, the Bolsheviks and the Mensheviks. The Mensheviks represented the softer, more bourgeois line. The Bolsheviks were for indefatigable defense of the right to self-determination, including secession, and a relentless struggle against Great Russian chauvinism. This heritage was developed by Lenin, whose many rich articles on self-determination became one of the hallmarks of Bolshevism. It should be noted that to this day, the Soviet Constitution retains the substance of Paragraph 9 of the Party program--the right of nations to self-determination, including the right to secession.

Of course, proclaiming the right of nations to secede does not at all mean advocating or promoting it. That should be left to the people themselves. What the Bolshevik Party did was to continually press for the class solidarity of the workers and all the oppressed peoples in the struggle against national oppression and capitalist exploitation, feudal servitude and every kind of social and political inequality which imposes the privileges of one nation upon another.

After the czarist monarchy was overthrown in February 1917, the first phase of the Revolution resulted in centrifugal forces for separatism. Of great significance in all this is that while the Bolsheviks and the Mensheviks stood formally for the right of nations to self-determination, including the right to secede, the provisional bourgeois government headed by Kerensky, which was supported by the Mensheviks, soon found it to their great advantage as servants of the bourgeoisie to renege on this question. They found it greatly necessary to enforce the "unity of the country"--so they could continue to prosecute the imperialist war.

Some nations took the opportunity of the period between the overthrow of the czarist autocracy in February and the victory of the Bolshevik Revolution in October to secede. They included in the west Latvia, Lithuania and Estonia, and in the south Georgia, Armenia and Azerbaijan. However, these attempts to secede were not in hostility to the bourgeois provisional government as much as in fear of the workers and peasants, who were carrying out the mightiest revolution in history against the landlords and the bourgeoisie under the leadership of the Bolsheviks. Thus, some of these rump republics (which lasted until the consolidation of the Soviet Union as a vast multinational state in 1922) became outposts of imperialist domination and not expressions of the vast majority of the people, that is, of the workers and especially the peasants.

After a short period, it became obvious to all that national independence, as conceived by landlords, bankers and industrialists, meant one thing. It wasn't the national independence that the vast majority of the people were concerned with, especially in the so-called border lands of the south. They wanted emancipation from the landlords and to take over the land and industry on their own behalf. This period was characterized by civil war and by the intervention of the imperialist powers.

To the west--Latvia, Lithuania, Estonia, as well as Poland--were countries where capitalist development had taken an earlier and stronger hold than in central Russia. The proximity of these areas to the Western capitalist countries gave the bourgeoisie greater leverage. Bourgeois elements were stronger there than in the great centers of proletarian revolution, Moscow and Petrograd.

To the south and east, especially in the Asiatic part of Russia, what amounted to feudal servitude and centuries of oppression weighed upon the people economically. Before the Bolsheviks had an opportunity to strengthen their influence among the peasants in the vast rural areas of Transcaucasia, the bourgeois element predominated and in suspicion of the Bolsheviks set up what amounted to a caricature of independent republics in Armenia, Azerbaijan and Georgia.

These bourgeois republics petitioned the postwar so-called peace conference of European powers for help and recognition, even as these same powers were attacking the Soviet areas from all different directions. However, Woodrow Wilson, the French and the British were much more concerned with supporting the czarist counterrevolutionary White Guard armies, whose interest was in reestablishing the absolutist monarchy and who were totally hostile to any form of self-determination, let alone independence, as a violation of the holy principle of the unity of the czarist state. So the imperialist powers didn't really want to take these so-called republics under their protection. Indeed, the American part of the delegation regarded them as a liability, since they didn't offer any great economic advantages of immediate concern.

The entities set up in Armenia and Azerbaijan, being led by bourgeois-landlord survivors, were more concerned with the struggle against each other than with friendly relations. The Armenians in particular were most anxious to get the support of the imperialist Allies--Britain, France and the U.S.--against the Turkish imperialists, who had been aligned with Germany in the war. When the Bolsheviks in 1920 finally defeated the counterrevolutionary interventionist forces, led by General Denikin, these republics disappeared as living entities.

The destruction of the old czarist order, where the relation of oppressed peoples had all been determined by political expediency, was certainly a giant step forward in human history. The problem was how to create a multinational state within the framework of a centralized, socialist economic plan while at the same time guarding the autonomy and national integrity of each people.

It is enough to mention that the last period of Lenin's life was all one conflict with respect to the very region we are discussing, which at that time was still called Transcaucasia. How and by what means could they establish the new state structure of the USSR, without violating the rights and integrity of the Georgians, the Armenians, the Azerbaijanians, etc.? It needed practical experience, wise policy and above all the closest possible attention to the sensitivities of the peoples involved. That's what occupied Lenin in his last years--in particular his conflict with Stalin over how to proceed in Georgia and in the Caucasus generally. Stalin's high-handedness and rudeness appalled Lenin and impelled him to declare a war against Russian chauvinism.

How could Lenin accuse Stalin of Great Russian chauvinism, some ask, when Stalin himself was a Georgian? But while Stalin was from Georgia, he was more interested in centralizing power over the region in his own hands and far less concerned with the problem of how to unite the formerly oppressed peoples on the basis of communist principles, how to coordinate the apparently conflicting interests of the nationalities in one centralized, multinational state.

The Union of Soviet Socialist Republics made every effort to unite all the oppressed peoples, with particular regard to safeguarding the historic legacy and achievements of each nation and its culture. Even the most rabid bourgeois chroniclers cannot deny the tremendous achievements of the Bolshevik regime in not only securing the national autonomy and well-being of the various nationalities but in uplifting them from centuries of feudal oppression and cultural deprivation. Not only did the Bolshevik regime remove all limitations on the nationalities that had prevailed

under czardom but it helped to develop their languages and cultural and artistic life. While the strides made in the formerly oppressed areas should not be underestimated, to this day they are still regarded as the less developed parts of the Soviet Union.

The great problem, that even the October Revolution and all its contributions since then have not liquidated, is the uneven development of the various republics. Overcoming it is a task that couldn't be fully accomplished even in such a long span as seven decades. Despite the industrial and scientific-technological growth in the less-developed parts of the Soviet Union, the discrepancy is still very great.

The need to overcome the vast gulf that differentiates town from country has been a subject of considerable controversy since the days of the *Communist Manifesto*, in which Marx said that the task of socialism was to wipe out the inequality between the great population centers and the countryside, with its poverty and "idiocy of rural life," as he put it. In almost prophetic language, the young Marx and Engels foresaw that: "In proportion as the antagonism between classes within the nation vanishes, the hostility of one nation to another will come to an end." <sup>7</sup>

The clashes in Armenia and Azerbaijan are proof that class distinctions still survive in the Soviet Union, even though classes supposedly have been altogether abolished. These conflicts are over matters of substance--who controls what area--which certainly means the control of the flow of funds and expenditures. Administration, even in a socialist state, is still a privilege, even if by no means of the same dimension as in the capitalist countries, and an armed struggle over who is to be in charge shows the degree to which class stratification and class distinctions still exist.

Much has been made recently of the fact that it is now 1,000 years since the establishment of Christianity in Russia. The Wall Street Journal even commented that the U.S. should have "intervened more conspicuously and enthusiastically" in the anniversary celebrations.<sup>8</sup> General Secretary Gorbachev in an interview with anchorman Tom Brokaw of NBC boasted about the great celebrations, to the embarrassment of communists everywhere. So much publicity has been given this event, including in the USSR, that it's impossible for it not to have rekindled religious bigotry and national enmities, which are survivals of the old class system. It could not but have had an effect in both Armenia and Azerbaijan.

It is one thing to scrupulously observe the democratic rights guaranteed in the Soviet Constitution for religious freedom. It's another thing altogether to promote religion, simply because there might be some diplomatic fringe benefits for this or that USSR peace offensive. The proper task of communists everywhere is to promote the materialist conception of history, to develop and promote atheism and science and expose superstition. Instead of that, much is made of reviving cultural traditions in religious form. This is correct up to a point, from the viewpoint of each nationality developing its culture. But it's another matter to promote religion merely because the Russian Orthodox Church has a history of supporting the government's position (which it also did in the days of the czarist autocracy).

The Christianization of Armenia goes back to the 4th century, even before the founding of the Orthodox Church in Russia. Making much of it is a way of promoting nationalist aims, whereas the duty of the Party and government is to promulgate the struggle for the materialist explanation of history, especially among the young. The recent increased interest among some youth in religion is a sign of a relapse into bourgeois spiritualism and bourgeois idealism and is in marked contrast to the revolutionary period in Russia, which was such a great spur to the ideological emancipation of the people in general and of the youth in particular. In all of this, the Gorbachev administration hearkens back to the past as a crutch to build the perestroika future.

The persistence of inequality in development is one of the objective factors that characterizes the present situation in the USSR. How do the reforms promulgated at the 27th Congress of the CPSU affect the economic inequality that exists between one part of the country and another? Does the restructuring help to widen the gap or to narrow it? The question that immediately comes to mind is how will the new income be divided? How will resources be allocated? What is the contribution of each of the states? If the process set in motion by self-aggrandizement is increased, does this tend to liquidate social inequality or does it widen it?

We have some examples in other socialist countries, for instance, Yugoslavia. Some even question whether it is proper any more to call Yugoslavia a socialist country, notwithstanding the ownership of the means of production by the state.

Is it not a fact that the decentralization there, the innovations of so-called workers' councils, self-management and so on, have resulted in the most acrimonious relations among the nationalities? Isn't it a fact that it has brought such a phenomenon to a socialist state as the use of tanks to suppress the masses, as was done in the province of Kosovo by the Yugoslav government? Isn't it a fact that the Kosovo area is the most underdeveloped in Yugoslavia and that the maldistribution of the national income and resources has been one of the sources inflaming nationalist passions and resulting in violence against the less developed peoples? Some of these same problems are raised by the Soviet reforms.

In his speech to a Plenary meeting of the CPSU Central Committee in February 1988, General Secretary Gorbachev said: "We must devote most serious attention to the nationalities policy at the present stage. This is a most fundamental, vital question of our society."<sup>9</sup> But it was not raised that way at the 27th Congress of the CPSU in February 1986, or in December 1986 after the unrest in the Alma-Ata area of Kazakhstan which resulted in injuries and death.

One would have thought that a great deal of this should have been anticipated, considering the dimensions of restructuring. Gorbachev has said that the fate of socialism depends on perestroika. Why not talk more about the national question and how restructuring would affect it? Nothing in his peremptory allusions to the national question at these meetings indicates recognition of the magnitude of the problem, which has since led to bloodshed in three republics. Now, in the light of the developments in Azerbaijan and Armenia, Gorbachev says that another Central Committee meeting will be held to discuss the nationalities problem. We certainly hope so.

Of course, one must not overlook the interests of imperialism in this. They're not dispassionate observers of what is going on. But it's important to note that even bourgeois observers admit these have not been anti-Soviet demonstrations. It would be erroneous to regard the recent outbreak of mass protests and demonstrations in Armenia and Azerbaijan, and earlier in the Kazakhstan area, in the same light as struggles elsewhere conducted by bourgeois dissident elements, with their strong inclination toward imperialism. For example, the recent agitation in the Baltic states of Estonia, Latvia and Lithuania is not driven by the same objective forces as that in the south.

This was acknowledged in the Washington Post. "A senior Western diplomat said today that the ethnic riots in the Transcaucasus 'are quite different' from earlier ethnic demonstrations in the Baltic states and Central Asia. These activities 'are not directed at the Soviet system or Russia or [ethnic Russians],' the diplomat said. 'They have to do with ethnic relations that go back deeper in history. It would be a mistake to consider them a challenge to a Soviet ruler or the social system.'" <sup>10</sup>

So far no overtures have been made to the West by the Armenians or Azerbaijanians. And the Western imperialist press has played it very cool. They are also concerned as to which way the struggle may go: whether it is oriented in a bourgeois direction, whether it will undermine the reforms of Gorbachev which they perceive as being pro-capitalist, or whether it will take a revolutionary socialist direction--not against communism and not against the Soviet Union but for greater autonomy, a fuller share in the resources of the Soviet Union, permitting the peoples to make as great a contribution as possible in return for greater responsibilities by the central government. It is very important that the struggle there should not be prejudged as being a mere extension of the bourgeois dissident elements in the USSR, of the cheerleaders for market socialism.

Of course, one must be aware that both Iran and Pakistan are daily broadcasting propaganda into the republics in their own languages calculated to divide them and to promote clerical reaction. But it is significant that, as reported in the New York Times, Soviet soldiers returning from Afghanistan are "not impressed" by the achievements of Islam but are appalled at the poverty and the level of economic distress in all of these areas.<sup>11</sup> Notwithstanding the difficult problems encountered in Soviet military assistance to the Afghan government, the hope of the imperialists that the reaction unloosed by the Khomeini regime would somehow spread to the USSR is just one big lie.

It is clear that the convening of a Plenum of the Central Committee to discuss the national problem was decided on only in the aftermath of mass unrest.

The bourgeoisie are saying that since Gorbachev is for democratization, this will necessarily help a resurgence of



bourgeois elements as a natural, logical conclusion. For that reason, they are more favorably disposed to deal with him and they are fearful, or so they say, that the hard-liners, who are presumably the only alternative, would suppress the democratization trend. The imperialist bourgeoisie are hypocritical. They are not concerned with democratization. They are concerned with an opening for bourgeois elements upon whom they can rely in the struggle against the USSR.

The democratization process itself is highly progressive. That component of the reforms is correct and absolutely indispensable. It's the economic content of the reforms that is in question. It is not accidental that the bourgeois dissidents are the first to take advantage of the democratization. The more consistent communist elements, especially in the working class, where there has not been a real resurgence of proletarian democracy, have not yet emerged. If democratization is to be widened and deepened, if it is to bring about a renaissance of revolutionary communist ideology, then we must look for the proletariat to be heard.

Secretary Gorbachev, by his willingness to meet with two of the leaders of the struggle in the south, and also by his speech over television directed to this situation, is acknowledging that the Party organization has been overwhelmed and may have lost control of the situation. That doesn't mean, however, that it will be superseded by bourgeois leaders. On the contrary, this can open the path for new revolutionary communist leaders who represent the new proletariat in these areas.

"No nation which oppresses others can ever be free itself." This maxim predates Marxism. Marx and Engels absorbed and developed this bourgeois democratic demand. They concretized it in the form of promoting the right of nations for self-determination. They fought for the independence of Poland and of Ireland at a time when these were given scant recognition anywhere in the bourgeois world. But their monumental achievement was to see national oppression in the light of capitalist exploitation. Lenin's contribution was to deepen the understanding of self-determination and put it into practice over a period of many years. It is impossible to separate the national question from the class question.

Those who seek to separate out the national question, detach it from its class moorings, from the struggle for socialism, are harking back to a capitalist era. This is what has to be borne in mind in the struggles in Azerbaijan, Armenia, Kazakhstan and in the Baltic area.

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Article 9  
May 26, 1988

## ON THE EVE OF THE SOVIET PARTY CONFERENCE

**Issues impacting on the Conference: Afghanistan, INF treaty, U.S. defense budget. Conference lacks legislative authority. Will national question be taken up? How many delegates will be workers? Gorbachev's remark on "quotas." Is democracy only for those who support perestroika? Need for open discussion. Soviets less representative than Party. Gorbachev speaks of opposition to reforms-- where does it come from? The price of bread. Bourgeois norms vs. strengthening socialist perspective.**

Before discussing the upcoming 19th Conference of the Communist Party of the USSR, scheduled for June 1988, let us for the moment detach ourselves from some of the international issues which will surely impact on it.

Let's put aside the withdrawal of Soviet troops from Afghanistan, which began May 15, 1988. Let's also put aside the impending visit of President Reagan to Moscow in connection with the signing of the INF treaty, which has not yet been ratified by the U.S. Senate, although all indications point in that direction. A \$300-billion defense appropriations bill, which has been well-nigh agreed to by both houses of Congress, will surely be passed, and this fact could not be lost on the Party Conference, where a report by the Central Committee on arms negotiations will surely be a matter of principal interest.

The struggle between the two social systems continues, notwithstanding a significant change in tone in the imperialist press, notwithstanding the resumption of U.S.-Soviet cultural, political and economic exchanges, and notwithstanding that a goodly number of ultra-rightwingers in the U.S. administration are gone (notably Donald Regan, Caspar Weinberger and William Casey). The huge U.S. military budget, of whose passage there is no doubt at all, symbolizes the ongoing struggle. The defense budget is the axis on which the struggle rotates.

In attempting to gauge the significance of the Conference, we ought also to disregard, but only for the moment, the cheering in the imperialist press for perestroika. It seems to get louder with each passing day and is more or less uniform in approach. In a word, the bourgeoisie are all for it, except they appear to be goading the Soviet government to move much faster. But on this, too, one must bear in mind that the imperialist ruling class has been wrong before. However desirable the changes in the Soviet Union may be from their point of view, their hopes may be frustrated, as they are more and more in almost all parts of the world.

Nevertheless, this Party Conference may have critical importance, not because of the many international issues at hand but because of the central domestic issue: the progress of the Soviet reforms. Where are they leading? What is their true overall direction? Is perestroika, as the imperialist bourgeoisie hopes, a move away from the socialist perspective, from socialist planning? Or is it only a temporary retreat meant to lay the basis for a swifter momentum in socialist construction at a later date? That is the issue.

From the point of view of procedure, a Party Conference is generally differentiated from a Party Congress in that it does not have what we here in the West would call legislative authority. A Congress, on the other hand, represents the power of the Party and its membership. At least in a formal sense, it can recommend that the Supreme Soviet adopt the necessary legislation which follows from the recommendations of the Congress.

There hasn't been a Party Conference since February 1941, shortly before the war.

A Conference may take up any number of issues of current significance, either to implement decisions already taken by the previous Congress, or because new critical issues have arisen which require immediate attention and cannot wait for the next Congress. It is generally looser and requires participation by those in leadership and from the ranks who are most intimately concerned with the issues to be taken up.

For instance, the rebellions that recently took place in Armenia and Azerbaijan, the first of their kind since the Revolution and the Civil War, should be a matter of great importance. Adequate representation by all sides would be especially necessary, with reports from the people concerned. There is scarcely an issue of more significance to socialist construction than the national question. True, the rebellions have been discussed widely in the Soviet press and media, but a discussion at this meeting by the representatives of both peoples, especially those who have been removed from their posts in-between the 27th Congress and this Conference, would be most important.

In this connection, a remark by Gorbachev about the procedure for selecting delegates to the Conference is altogether disturbing and may breach, certainly in the formal sense, the usual procedures by which Conferences and Party Congresses are organized. The Bolshevik Party was founded as the militant working class organizer of the vanguard. Its ideological standpoint as a proletarian party meant that the leadership had to ceaselessly strive to see to it that the social composition of the Party corresponded to its ideological position as the vanguard of the working class. From its very inception the Party leadership sought to enroll workers, peasants and the rural poor, women and all the disadvantaged as the bulwarks of the future socialist dictatorship of the working class and the peasantry. Even if this has been abandoned, even if only a formality or a shell remains of it, nevertheless, at the last Congress what was significant from the point of view of formality was the predominance of workers. There were also many from the collectives, many women, and many from the various nationalities in the USSR. Now we see a change with respect to the social composition of the Conference. Gorbachev recently said in a speech to editors and Party leaders, "There must be no more quotas, as we had in the past--so many workers and peasants, so many women and so forth." <sup>1</sup>

This sounds really alarming. He then buttressed his remark by saying, "The principal political imperative is to elect active supporters of perestroika." Read literally, this means that only the supporters of perestroika ought to be elected. What about those who are not supporters? If it's only for supporters, why have the Conference at all?

What about democratization? Is it only for the supporters of perestroika, even the most extreme ones who can scarcely be differentiated from outright bourgeois types? Doesn't this make a mockery out of the whole democratization process? It is well known that there is a considerable amount of opposition in the Party to perestroika. It may be based on the pace of development. It may be based on a principled disagreement. Or it may be based simply on the inability of perestroika to bring about the desired results. Perestroika is now well into its third year. It has been clear that there are at least two political tendencies which have made their positions known in one way or another, both of them in very indirect and rather Aesopian ways.

If this is to be a landmark Conference that can achieve something, if it is to have some measure of democratization about it, then the most important part of the procedure for the Conference is the timely publication and wide dissemination, at least in the Party, of documents presenting the government's point of view, but also the views of those who, for lack of a better way to express it, could be called the Yeltsin tendency, which tends to carry the reforms to an extreme, and the Ligachev tendency, the so-called conservatives. In order to properly bring this out into the open, it is necessary to assure the Party and the public that there will be no administrative reprisals. Hasn't the Gorbachev regime supposedly dedicated its entire program to ending administrative procedures and the suppression of differing views in the Party?

To this day we can only guess what the divergent views are. It is true that documents and presentations at a Conference alone cannot adequately express the views of different groupings in the Party, or, more importantly in the final analysis, their objective orientation. However, up until the middle 1920s at least, the groupings presented their views through documents. There was scarcely a Party Conference or Congress without intensive and prolonged discussion. Nobody called it a democratization process. It was considered ordinary Party democracy.

If perestroika is to be the great turning point in Soviet society about which Gorbachev and his supporters are continually exhorting the population, does it not rate an open discussion in the Party? Perestroika has not in these

almost three years been a spectacular success. Gorbachev himself does not claim it has. As a matter of fact, he has often spoken about lack of progress, but blames resistance within the Party, particularly in the lower echelons and the outlying regions of the country. Is it caused by lethargy and bureaucratic entrenchment alone? Why would that be so in the lower ranks more than at the very summits, which have almost all been replaced since Gorbachev was elected general secretary? Certainly there has been a turnover in the majority of the Politburo and the Presidium of the USSR.

In a speech last week, Georgi P. Razumovsky, an ally of Gorbachev who was promoted in February 1988 to a non-voting seat on the Politburo, proposed "fundamentally increasing the role and securing the full power of the Soviets of People's Deputies as the political basis of our socialist government."<sup>2</sup> Strengthening the Soviets is certainly very important. Who could possibly say no to that? But it begs the question. If there is no real democratic discussion in the Party, how is it possible for there to be any in the Soviets, most of whom are Party members? Was this an attempt to threaten the Party that unless it goes along with them, the Gorbachev supporters will turn to another arm of the government? This sounds altogether outlandish from the Gorbachev point of view.

The imperialist press has had a considerable number of reports to the effect that Gorbachev is seeking a greater grip on the Party apparatus and that, in his frustration, he is looking to another lever, the Soviets. But the Soviets are less representative today than the lower levels of the Party. They are all government officials, mostly appointed or recommended by the Party.

There is of course no knowing what the real strength of the opposition to perestroika is under these circumstances. What aspect of the opposition is progressive, oriented toward the socialist goal and against capitalist restorationist elements, and what is downright opposition to the government on a reactionary basis?

There are indications that the bourgeois elements may be worried about how things will go at the Conference. Ten members of the intelligentsia, led by physicist Andrei Sakharov who is wildly popular among the Western imperialists, wrote an open letter to the Central Committee urging postponement of the Party Conference. After the usual calls for democracy, they suggested that the delegates be chosen on the basis of their attitude toward perestroika.<sup>3</sup>

There is no way to adequately gauge the impact of those who are for the restoration of bourgeois market relations. Gorbachev himself says, "Sometimes people reason this way: Everyone has now been given three years for perestroika, and that is enough. If you failed to reform, get out. But we, all of us, have not yet reformed. . . . Some people have indeed lost their bearings amid all the processes taking place," he continues. "Some people have failed to keep their heads and panicked." Then he adds, "I wouldn't count those who have panicked to be irresponsible people or people opposed to perestroika out of hand."<sup>4</sup>

All this clearly indicates that there is opposition to the reforms. What is the basis for it all? The basis is that in all previous five-year plans, great enthusiasm was evident, coming particularly from the masses. But now it seems that no matter how much exhortation there is, no matter how many times the masses are told and retold that they are now co-owners in plants and industries, it does not seem to take hold. It must be that a good many feel alienated from ownership and that the restructuring plans have caused apprehension and uncertainty among the mass of the workers, although there is no evidence of an opposition movement in the working class.

The problems are basically economic. The issue is how the changes will affect the workers, and most immediately how a price restructuring will affect them. A great eagerness was shown by the administration to restructure the prices of some 200,000 items, including food, household utensils, so forth and so on. This restructuring would supposedly put prices more in line with costs and ultimately benefit the workers, but it appears to be an upward movement, not a downward one.

Gorbachev has on several occasions mentioned that the price of bread in the USSR is so cheap that children use loaves as footballs in their games. The implication of this is that bread is too cheap, that it should be more costly because grain is more costly. But let us see. If we remember correctly, a change in the price of bread was last discussed and promulgated in 1946 during the Stalin period. The idea was that bread would become so cheap in the future that ultimately it would be given out free. In other words, there would be a development toward socialist distribution. This is consonant with Marxist concepts of economics.

Price is nothing but the monetary expression of value. Value is another name for the amount of socially necessary labor time spent in the production of an article. Has not the progress of socialist construction in the USSR shown that scientific-technological development ought to reduce the amount of socially necessary labor? This is universally true. The reduction of the amount of socially necessary labor time should mean the reduction of cost. But the projection of the perestroika economists is that prices have to be raised. Putting prices in line with costs and the adoption of new cost accounting methods all adds up to a redistribution of the national income in a way which spreads apprehension and fear among the workers. This is reflected in the lower bodies of the Party, which, while by no means as faithful a representation of the working class as they should be, are nevertheless more significant than the cheerleaders for the reforms from the bourgeois intelligentsia of the USSR.

It is this problem that has to be addressed. If the stagnation of Soviet industry is so great, can it be due merely to the existence of lethargy and the prevalence of bureaucratic methods? Or is it due to a slowly but surely developing momentum toward modifying the social system in the direction of bourgeois norms, toward encouraging individual acquisitiveness, favoring individual entrepreneurs, vastly extending managerial prerogatives, stimulating competitiveness among workers--instead of promoting cooperation and solidarity and reawakening genuine mass enthusiasm? Isn't this what has to be discussed? If many are asking why three years of perestroika aren't enough to demonstrate its value to the workers, should that not be discussed?

The scientific-technological revolution and the modernization of plant and equipment in the Soviet Union is not a new idea at all. It has been brought up at each successive Congress of the Party and has been a pivotal point of socialist construction. The Soviet socialist system has nevertheless produced genuine feats of socialist construction, evident in outer space achievements, in nuclear technology, in the military prowess of the USSR based on scientific-technological development.

A few years ago when the USSR decided to build a natural gas pipeline to Europe, the imperialists said they would not sell them certain types of technology necessary to develop the pipeline and that the USSR would be incapable of finishing the job. But, as in the case of all other technological obstacles put in the way by the imperialists, the USSR was able to accomplish it without their help and gas is now flowing into Europe.

The problem of perestroika doesn't lie in that direction. It lies in the fact that this is an attempt to change social conditions, to redistribute the national product in another, more unequal way. It lies in the attempt to foist bourgeois norms, bourgeois incentives and bourgeois economic doctrines upon a socialist economy. They bring in their train all of the evils of a capitalist market economy. You can't improve it by calling it market socialism.

The issue is whether perestroika is oriented in the direction of strengthening the socialist perspective or whether it is an attempt at a throwback to favor the upper crust of Soviet society. And finally the question is whether it can even be accomplished without provoking civil conflict. The lesson of Poland ought to be sobering to the Gorbachev supporters, and even more so the lesson of Yugoslavia with its galloping inflation, its subordination to the imperialist IMF, its chronic unemployment and the reemergence of national antagonisms.

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Article 10  
June 2, 1988

# THE SOVIET REFORMS AND THE THRUST FROM THE RIGHT

**Article in Novy Mir by N. Shmelyov makes sweeping attack on Soviet economy. Gorbachev is forced to respond. Comparison of today's "left, right and center" with those in 1920s. Shmelyov on the desirability of unemployment and the vices of the workers. Sees economic laws of capitalism as "objective." Wants to go back to NEP. How Lenin explained NEP. Shmelyov's fantasy vs. class differentiation of NEP period. Collectivization of agriculture--form and content. The neobourgeoisie attack the reforms for not going far enough toward capitalism.**

In June 1987, an article appeared in the well-known Soviet magazine Novy Mir which created somewhat of a sensation in the USSR with its sweeping attacks on the Soviet economy and proposals on how to restructure it. The article was written by Nikolai Shmelyov, an economist at the Institute for the U.S. and Canada in Moscow, a very important arm of the government. This article is not just the expression of an individual, but is representative of the thinking of a considerable layer of the Soviet intelligentsia, including some of the political leaders and some economists. Among the latter are Fedor Burladskii, A.P. Dutenko and E.A. Ambartsumov. Among the political leaders in this current is Boris P. Kurashvili, a lawyer who has been most vocal in praise of the Hungarian reforms. He is also a leading figure in the Institute for State and Law under the Academy of Sciences in Moscow. The New York Times of May 24, 1988, reported that he, along with economist Tatyana Zaslavskaya, is a leading proponent of a proposal to develop an organization which would perform some of the functions of a political party and be what the Times called an "alternative" to the Communist Party.

Whether what may be called the Shmelyov thesis, as it appeared in Novy Mir, has deep and wide adherence remains to be seen, especially after the extraordinary Party Conference scheduled for June 1988.

The article, far from concealing the basic views of the author, is on the contrary quite open and blunt, if not outright brazen. Because of the widespread interest it generated, General Secretary Mikhail Gorbachev himself was forced to respond to it. Thus, on June 22, 1987, at a meeting he attended in electoral district Number 5, Krasnaya Borough, Moscow, Gorbachev was asked by a reporter from Pravda about "many pointed, controversial materials on restructuring" which were appearing in the Soviet press. Did recent writings on restructuring give "questionable prescriptions for surmounting our difficulties? For example, economist Shmelyov's article in Novy Mir."

Gorbachev replied, "I would divide that article into two parts. The first is an analysis of the state of affairs in the economy, and it presents a picture that is close to what actually exists and we will talk about that at the plenary session.

"The second part is what the author proposes," Gorbachev continued. "He apparently proposes, for example, that there be unemployment. That's not for us. We are well aware of our weaknesses and unresolved problems, but neither can we forget the fact that socialism has given every one of us the right to work and to an education, free medical service, and accessible housing. These are genuine values in our society which provide social protection for the individual today and for the future." <sup>1</sup>

Then Gorbachev added, "The measure of consumption is another matter. Socialism is not a system of dependence. Needs grow but they must be managed. But the main thing in that work is the implementation of the basic principle of socialism, to each according to his labor."

Notwithstanding Gorbachev's assurances, the Shmelyov thesis continues to be of more than topical significance. It is, in fact, the platform of the neobourgeois elements in the government. It can be contrasted to the platform of the so-called conservatives published on March 13, 1988, in *Sovetskaya Rossiya* in the form of a letter by Nina Andreyeva, an instructor at a Leningrad high school.

Superficially all this appears to be a reappearance of the older, classical divisions of right, left and center in the Party polemics of the early 1920s. These designations, however, have only the faintest resemblance to those polemics, which were represented by Bukharin on the right, the Trotskyist opposition on the left, and Stalin and his supporters in the center. Today the entire historical context has changed. But it is helpful to consider them merely from the point of view of analogy.

Shmelyov's thesis scarcely compares with Bukharin's views on a market economy or on dealing with the peasantry in the development of socialism. All the participants at that time had been thoroughly grounded in Marxist doctrines and trained in the school of Bolshevism. The Shmelyov thesis is a lamentable bourgeois economic critique of the problems of the Soviet economy. While Gorbachev took great care to distance himself from Shmelyov's conclusions and prescriptions, he nevertheless approved his criticisms, which are inescapably linked to the conclusions. It is quite impossible to accept Shmelyov's criticisms, let alone his conclusions.

Shmelyov's thesis is calculated to test out the affirmations made again and again by the Party leadership, especially Gorbachev,<sup>2</sup> that no unemployment will result from the restructuring and that none is contemplated. Nevertheless, it is necessary to see precisely what Shmelyov's criticisms are as well as his prescriptions. The grouping he represents seems formidable, from the point of view of both economics and politics.

First, he says there is unemployment in the Soviet Union today:

. . . the natural unemployment that results from people looking for or changing jobs is hardly less than 2 percent of the work force at any given time, and that figure is probably more like 3 percent if one adds in the hoboes who are unaccounted for in the official records.<sup>3</sup>

If the hoboes, as he calls them, are not accounted for in the official records, where does he get his unofficial records? Who are the so-called hoboes and where do they come from? Are they the people who move from one economic ministry to another, who travel from them to some of the splendid dachas in the suburbs, or who spend their time abroad?

So it is one thing to discuss the matter while pretending that there is no unemployment whatsoever in our country, and it is something quite different to do so while calmly taking account of the fact that there is some unemployment in our country and there would have to be.

Why would there have to be? He doesn't explain.

We must also not close our eyes to the economic harm that results from our parasitical certainty of guaranteed employment.

Guaranteed employment, we learn from this sage of bourgeois economics, doesn't bring security and an opening of the well-spring of initiative of the working class, especially since the means of production are owned by them, but on the contrary creates parasitism. Even Milton Friedman is not quite as brutally frank about his thesis. But again, who are the real parasites? Are they in the bureaucracy or are they in the mines, mills, factories, offices and farms?

I think it's clear to everyone that we owe much of today's disorder, drunkenness and shoddy workmanship to overemployment.



Again, who is he aiming at? Those with their own wine cellars and private champagne parties? Or is it again the workers? In the capitalist countries drunkenness and social disorder are considered a result of unemployment. Shmelyov has the dubious distinction of being the first economist to proclaim that overemployment is the cause of drunkenness and, moreover, shoddy workmanship.

We should have a businesslike and unflinching discussion of what the benefits might be from a relatively small reserve work force (one that the state would not entirely abandon to the whims of fate, of course).

In fact, such a discussion is going on and his grouping is vigorously pushing it.

A real danger of losing one's job and going on temporary unemployment pay, or of having to work where one is sent, is rather good medicine against sloth, drunkenness and irresponsibility. Many experts feel that it would be cheaper to pay adequate unemployment compensation for a few months to such temporarily unemployed than it is to keep a lot of **fearless loafers** [emphasis added--S.M.] in the work force who could scuttle (and are scuttling) any and all economic accountability and any and all efforts to improve the quality and efficiency of social labor.

Shmelyov bolsters his thesis with the authority of another economist.

The well-known Soviet economist S. Shatalin stresses that "socialism has yet to create a mechanism that ensures not just full employment . . . but full employment that is socially and economically effective and rational. Socialist principles are not charity principles that automatically guarantee everyone a job, irrespective of his aptitude for it."

Earlier, Shmelyov had vented his spleen in a broad attack against the working class.

Apathy, indifference, theft and lack of respect for honest work are rampant, as is aggressive envy toward those who enjoy high earnings--even in cases where the earnings are honestly come by. There are signs of an almost physical degradation of the Soviet people as a result of drunkenness and sloth. And finally, there is distrust of announced goals and intentions, and skepticism about the possibility of organizing economic and social life in a more sensible fashion.

It is hard to believe that General Secretary Gorbachev considers this to be mere criticism. No, this criticism is altogether programmatic in character and it is anti-working class beyond any and all doubt. It's the kind of criticism that was rampant from the earliest days of the Revolution and continued into the late 1920s. Except for slight changes in form, Shmelyov's attacks are a rewrite 70 years later of the propaganda of the Russian bourgeoisie, landlords and bosses. Not even the Social Revolutionaries and Mensheviks, enemies of the Soviet regime, ever resorted to such tripe.

Isn't it a fact that workers here in the U.S. hear this same type of attack again and again in the capitalist press? Who has not heard the accusations of laziness, low productivity, disinterest in production and the work ethic? What are the causes of it?

According to the Shmelyov thesis:

The reason for our difficulties is not merely the heavy burden of military expenditures and the very costly scope of the country's global responsibilities.

He's brushing off what has been seen as the main problem, not only in the USSR but in the capitalist countries as well. How can anyone deny that the heavy burden imposed by imperialist armaments on the whole world, not just the USSR, is one of the basic reasons for a declining living standard? Of course, he wouldn't care to give a breakdown of how much the imperialist-imposed burden of armaments consumes of the Soviet gross national product. As a matter of fact, it has long been the hope of the imperialists that the acceleration of the arms race would ultimately bankrupt the USSR. Shmelyov, however, says the problem isn't just the heavy burden of military expenditures. What then is it? And here he finally discloses the real crux of the matter:

It is the persistent and prolonged attempts to circumvent the objective laws of economic life and to suppress established, age-old work incentives that has ultimately led to results opposite from those being sought.<sup>4</sup>

Now, this is something really worth examining. What objective laws of economic life have been circumvented? Which age-old work incentives have been suppressed? First of all, there are no objective laws of economic life in general. Marx claimed to have discovered only the objective laws governing **capitalist society**. Does Shmelyov know of any other laws that govern economic life? What were the "age-old work incentives" under slavery, for instance? Under feudalism? What work incentives were there under the czarist autocracy when the bosses owned and controlled the plants and the landlords worked the peasants to death? What age-old work incentives is he talking about that were destroyed?

Marx discovered capitalist accumulation. This law was not circumvented in the USSR, it was **abolished** by the proletarian revolution. The law of the extraction of surplus value by the capitalists from the exploited working class was not circumvented--it too was abolished.

As long as the capitalist class existed in Russia, as long as they were allowed to own and operate the plants, there existed the law of capitalist accumulation and the law of the extraction of surplus value, that is, of exploiting the workers and reducing them to wage slaves. Those were the fundamental objective laws governing economic life in the entire preceding era that began with the development of capitalism in the USSR, which Lenin analyzed in 1899 in his "The Development of Capitalism in Russia."<sup>5</sup> There was no circumvention of these laws. There was outright abolition by virtue of the seizure of power by the workers and the overthrow of the landlords and the bourgeoisie.

What is Shmelyov driving at? Certainly if the Soviet economy is up against certain objective laws, those laws must be enumerated and carefully examined to see if they can be modified or abolished, or if the system can be put in accord with them. On this point he is silent, as are all his co-thinkers. However, he does give us sufficient reason to believe that what he has in mind is really a restoration in some form of the laws of capitalist development. For we read:

If we do not admit that the rejection of Lenin's New Economic Policy imposed severe difficulties on the building of socialism in the USSR, we will doom ourselves once again--as in 1953 and 1965--to half-measures, and half-measures, as we know, are often worse than no measures at all. The "administered" economy that replaced the NEP was by its very nature unable to address questions of quality and efficiency and achieved its quantitative results in spite of the laws of economics, and therefore at great cost in material and human resources.<sup>6</sup>

There you have it. What Shmelyov is really for is the restoration of the New Economic Policy of the early 1920s. He and some of his co-thinkers, like Fedor Burladskii, A.P. Dutenko and E.A. Ambartsumov, all lean in the direction of harking back to a difficult period which socialist construction has overcome. Some of the new bourgeois reformist economists in Eastern Europe, especially Hungary and Poland, have also shown a strong inclination in the direction of the NEP.

What was this period and how should we characterize it? How did Lenin, who proposed it, characterize it? The New Economic Policy was explained by Lenin in October 1921 in a report to the Second Congress of Political Education Departments.<sup>7</sup>

At the beginning of 1918 we expected a period in which peaceful construction would be possible. When the Brest peace was signed it seemed that danger had subsided for a time and that it would be possible to start peaceful construction. But we were mistaken, because in 1918 a real military danger overtook us . . . and the outbreak of civil war, which dragged on until 1920. Partly owing to the war problems that overwhelmed us and partly owing to the desperate position in which the Republic found itself when the imperialist war ended--owing to these circumstances, and a number of others, we made the mistake of deciding to go over directly to communist production and distribution. We thought that under the surplus-food appropriation system the peasants would provide us with the required quantity of grain, which we could distribute among the factories and thus achieve communist production and distribution. . . .

That, unfortunately, is a fact. I say unfortunately, because brief experience convinced us that that line was wrong, that it ran counter to what we had previously written about the transition from capitalism to socialism, namely, that it would be impossible to bypass the period of socialist accounting and control in approaching even the lower stage of communism. Ever since 1917, when the problem of taking power arose and the Bolsheviks explained it to the whole people, our theoretical literature has been definitely stressing the necessity for a prolonged, complex transition through socialist accounting and control from capitalist society (and the less developed it is the longer the transition will take) to even one of the approaches to communist society.

At that time, when in the heat of the Civil War we had to take the necessary steps in economic organization, it seemed to have been forgotten. In substance, our New Economic Policy signifies that, having sustained severe defeat on this point, we have started a strategical retreat. We said in effect:

"Before we are completely routed, let us retreat and reorganize everything, but on a firmer basis. . . ." <sup>8</sup>

The New Economic Policy means substituting a tax for the requisitioning of food; it means reverting to capitalism to a considerable extent--to what extent we do not know. Concessions to foreign capitalists (true, only very few have been accepted, especially when compared with the number we have offered) and leasing enterprises to private capitalists definitely mean restoring capitalism, and this is part and parcel of the New Economic Policy. . . . <sup>9</sup>

The issue in the present war is--who will win, who will first take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us), or proletarian state power? . . .

On the other hand, if capitalism gains by it, industrial production will grow, and the proletariat will grow too. 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.

The restoration of capitalism would mean the restoration of a proletarian class engaged in the production of socially useful material values in big factories employing machinery. . . . <sup>10</sup>

Lenin did not mince words. He called things by their real names.

The period preceding NEP had been characterized by the fact that the proletariat had nearly disappeared as a result of the imperialist war, the civil war and the counterrevolution. Thus, one of the great motivations for NEP was not just commerce and trading, it was to restore and build up a proletariat. How unlike the USSR today, which has an enormous proletariat, one of the most numerous in the world! Large-scale production? The Soviet Union is second only to the U.S.

The whole question is who will take the lead. We must face this issue squarely--who will come out on top? Either the capitalists succeed in organizing first--in which case they will drive out the Communists and that will be the end of it. Or the proletarian state power, with the support of the peasantry, will prove capable of keeping a proper rein on those gentlemen, the capitalists, so as to direct capitalism along state channels and to create a capitalism that will be subordinate to the state and serve the state. <sup>11</sup>

With respect to the partial restoration of capitalism, Lenin said:

Our Party must make the masses realize that the enemy in our midst is anarchic capitalism and anarchic commodity exchange. We ourselves must see clearly that the issue in this struggle is: Who will win? Who

will gain the upper hand? [12](#)

As can be seen, Lenin did not try to embellish his New Economic Policy. He said that the question posed by the partial restoration of capitalism was who would win; would it lead to the restoration of the old ruling class and old bourgeoisie and with it the overthrow of the communist regime, or would the proletarian dictatorship survive and get rid of the bourgeoisie? Not a single phrase in this report or any other by Lenin on the subject praises capitalist trade and commerce, or the leasing of property to foreign capitalists. He didn't sing paeans to the glories of the capitalist market. He characterized capitalist commodity exchange as "the enemy in our midst." Lenin frankly and very clearly stated that the NEP was a partial return to capitalism. That is something that every school child in the USSR should know.

After trials and tribulations and even horrendous mistakes on the part of the new revolutionary government, the capitalists did lose out. The NEP period was finally abolished and socialist construction, vast industrialization and collectivization were begun.

The NEP was an attempt to rescue the Soviet Union from collapse after its industry had been ravaged and virtually destroyed and the working class exhausted by the long Civil War, imperialist intervention and rebellions (such as the 1921 uprising in Kronstadt). The program was openly admitted to be a retreat that was necessary in order to take forward steps later.

All the contending factions in the Party at that time saw the NEP as a breathing spell. However, there were various approaches on how to take the next step towards reconstructing the USSR on a socialist basis. The only question was how to do it. No one thought of the NEP as a permanent state of development. But that is not the way Shmelyov and his supporters are reviewing that period.

A retreat of sorts it was, of course, but its enduring significance lies elsewhere. . . . It marked the transition to a system that would mobilize rather than suppress, all of the working people's creative energies--the transition from "administrative socialism" to "economic-accountability socialism." Three practical ideas were central to Lenin's plan for putting the economy on a normal, healthy basis. First, commodity-money and market relations were to be developed. . . . Second, economic-accountability trusts, voluntarily organized into associations (syndicates) were to be the economy's basic operating units. Third, cooperative property and cooperative relations were to be developed not merely in the countryside, but in urban areas as well--in industry, construction, retail trade and in what we now call consumer services. [13](#)

This reactionary fantasy as described by Shmelyov runs up against the reality of what was taking place. One, the reintroduction of a commodity economy, especially in agrarian relations, gave rise to the kulak class--the very rich peasants. It aided the exploiting rich against the millions of exploited poor. It gave rise to the avaricious profit-mongers known as nepmen: the brokers between city and village, the new trading class, a new bourgeoisie that became even more hated than the old one, particularly since it arose right on the heels of this greatest of all social revolutions. That's not what the working class and the peasantry had shed their blood for.

Lenin had no illusions about any of this. He characterized commodity production as the enemy that was necessary for a time until it could be superseded by large-scale socialist planning.

It should be very plain that in Shmelyov's pompous talk about circumventing the "objective laws of economic life," he is talking about the laws governing **capitalism**. These had to be partially restored under trying circumstances in the USSR, but it was then necessary to proceed toward socialist construction without the kulaks, without the nepmen, without the myriad of new middlemen, the new commercial bourgeoisie which was consuming such a vast part of the social product and at the same time strengthening its political role.

The NEP period finally culminated in crisis. It was necessary to move forward with the collectivization of the peasantry, which ushered in a most difficult period in Soviet history. Few subjects are as confused and lend themselves to as much political tendentiousness in the present era of the Soviet reforms as the collectivization. It cannot be stated too categorically that the collectivization of agriculture in the USSR was a highly progressive development. It was in

fact an additional social revolution, a change in the mode of production from private ownership to collective semi-socialist ownership. It at the same time freed millions of peasants for industry and created a strong and formidable proletariat that became the basis for the industrialization of the USSR and the success of the five-year plans that followed. This is incontestable. But the neobourgeois critics such as Shmelyov deliberately confuse this with the forced pace of collectivization and the repression that accompanied it under the administration of Stalin, resulting in wholly unnecessary and unwarranted destruction.

Trying to disqualify socialist property in favor of bourgeois private property, whether it be in agriculture or industry, is a reactionary attempt to bring back the old exploiting order. It is necessary to show clearly and unequivocally what was wrong with the Stalin method of collectivization, but at the same time not to confuse the issue so as to support bourgeois decollectivization of agriculture and dismemberment of socialist industry under the guise of decentralization.<sup>14</sup>

It is necessary to distinguish the repression and arbitrary decision-making of the Stalin period from socialist administrative measures in general, which are necessary for the functioning of a socialist economy. Again and again the neobourgeois economists use the terms "administrative measures" and "command economy." While they may apply in some areas, it has become ever so clear with each passing day that they are subterfuges for attacking socialist planning and administration of the economy. This should not be confused with legitimate criticism to overcome bureaucracy, over-centralized ministries and arbitrary management decisions. That's a different aspect of the struggle.

To continue with Shmelyov:

The decision on the new economic mechanism in agriculture is a half-measure. We need to go the rest of the way. . . . Collective and state farms must have the right to sell their output freely to state and cooperative organizations and to consumers. . . . [P]ersonal auxiliary farming must be put fully on a par with collective farming in terms of both economic and social rights.<sup>15</sup>

These are ill-disguised measures to undermine collective farms rather than develop them further. Personal and collective farming are put on an equal basis. But the unrestricted right to buy and sell is nothing but an open road to commodity production. The idea that a buy-and-sell money economy would lead to small farms, with their vaunted individual initiative and enterprise, supplying the immense Soviet economy with its 280 million people--that is nothing but a fantasy, a reactionary utopia.

The socialist organization of agriculture and its liaison or coordination with industry can raise Soviet agriculture to the status of an industry like any other. Socialist ownership is what will pave the way toward the communist organization of society. This neobourgeois layer of economists and politicians is not attempting to promote the socialist reconstruction of society insofar as agriculture is concerned, but wants to pull it back to an earlier, outmoded bourgeois form. One would think that the lesson of Poland, where collectivization was long ago abolished for the most part, would be sufficient to show them where this leads. Small farming is the bane of the Polish economy. Food shortages are an ever-present phenomenon.

Soviet agriculture has evolved from private farming to collectives and partially to state farming. The next step should be the organization of agriculture as an integrated industrial element of the entire socialist scientific and technological complex of the USSR. In fact, steps taken in the earlier era of the development of collectives into state farms showed a great deal of promise but were not carried forward on a mass scale. Attempts to discredit these efforts should be resisted. Where the amalgamation of collective farms into state farms was not well calculated or organized, these errors should not be used as a means to attack the principle of the conversion of collective farms into state farms. This is a step backward.

We must finally decide once and for all what is most important to us: to have an abundance of food or to eternally indulge an assortment of irresponsible loudmouths and proponents of equality in poverty. We need to call stupidity, incompetence and active Stalinism by their proper names. We need to do whatever it takes to ensure an ample supply of foodstuffs, for without that the idea of activating the human factor will go nowhere.<sup>16</sup>

He equates abundance with the capitalist market. The struggle for social equality, for communism, he equates with poverty. All this is lumped together with "stupidity," "incompetence" and "Stalinism."

"At one time," he says, "the elimination of the kulaks as a class was put forward as the motto." He then mourns the elimination of the kulaks and says that what was abolished was the peasant class. It is true that millions of peasants suffered as a result of the forced character of Stalin's collectivization, but it is a wildly gross exaggeration to say that the peasants were abolished. They form what became the industrial and rural proletariat. Would the USSR be today the second greatest world power without them? Crocodile tears for the peasants are in reality a cover for sympathy with the kulaks, who exploited and robbed the peasantry.

Shmelyov treats the peasantry as one undifferentiated mass with the kulaks. He deliberately omits the Leninist approach to the peasantry both before and after the revolution. The Bolsheviks fought for all the peasants. ("Land to the peasants" was their slogan both before and during the revolution.) But in the socialist phase of the revolution, the Bolsheviks differentiated between: first, the kulaks, who by definition employed wage labor (that's what made them rich peasants); second, the middle peasants who did not employ wage labor and worked the land themselves; and third, the poor peasants, the landless peasants and the wage laborers on the land.

The vast majority of the peasants were not kulaks and should not be confused with them, as Shmelyov does, as though the collectivization process with its repression destroyed everybody. These exaggerations only help the bourgeois interpretations of Soviet history.

To sum up, we see that Shmelyov equates a partial return to capitalism with the development of socialism. He lauds the NEP policy, not for what Lenin meant it to be a temporary period of coexistence with capitalist commodity production--but rather as a long-term projection of socialist development. He then further equates the abolition of the kulaks, the exploiters of the peasantry, with the abolition of the peasantry as a class. Moreover, he sees abundance of food as a natural, inevitable product of the capitalist market, forgetting in the meantime that capitalist abundance brings abundance of profits at one pole and misery and poverty at the other pole. This kind of abundance invariably leads to capitalist overproduction and the anarchy of a capitalist crisis.

His prescription for a retreat to small-scale agriculture even disregards the progress being made in the metropolitan imperialist countries. What has the much-vaunted free enterprise system of imperialism done to agriculture in the U.S.? U.S. agriculture is collectivized, but on a capitalist basis. The lion's share of the market is in the hands of huge agribusiness conglomerates that are organized, coordinated and controlled by big business, especially the huge chemical and high-tech industries specializing in pharmaceuticals, biotechnology and the production of fertilizer.

One authority on U.S. agriculture says, "Large and very large farms constitute less than 5 percent of all U.S. farms, yet account for more than half of total gross farm income and for more than four-fifths of net income. Indeed, the very large farms (those with annual gross sales of \$500,000 or more), although only a bit more than 1 percent of all farms, account for one-third of gross farm income and more than three-fifths of net income." <sup>17</sup> This tendency was pointed out by Lenin himself in his writings on agriculture in the U.S. Today farming is one of the best organized high-tech industries, but it is owned privately by the millionaires and billionaires. While there is splendid coordination between industry and agriculture, the virus that kills it all is the private ownership of the means of production and the predominance of the banks and the huge multinationals.

Politically, these attacks from the right in the USSR are directed against Stalinism. Of course, Stalin is now an easy target, so it becomes all the easier to equate Stalinism with Leninism and communism, an argument that leads back to bourgeois norms in the struggle for the restructuring of the Soviet economy and back to bourgeois ideology. It is a broad attack against communism, and Stalin is merely a convenient symbol.

The neobourgeoisie attack perestroika not because they are opposed to it in principle but because, as Shmelyov says, the reforms go only half-way toward capitalism. They are for accelerating the process, but they put it in the framework of a bourgeois economic critique of the Soviet economy. Politically, they pretend to be attacking only the "high-handed," "administrative," "command" strategy of earlier Soviet administrations. In reality, they go far, far beyond that. They go to the very essence of what socialism is and the perspective for the Soviet economy.

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2. Interview with Mikhail Gorbachev, *Washington Post*, May 22, 1988.
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4. All extracts above are from Shmelyov, pp. 3-5.
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6. Shmelyov, p. 1.
7. V.I. Lenin, *Collected Works*, Vol. 33, pp. 62-67.
8. *Ibid.*, pp. 62-63.
9. *Ibid.*, p. 64.
10. *Ibid.*, pp. 65-66.
11. *Ibid.*, p. 66.
12. *Ibid.*, p. 67.
13. Shmelyov, p. 2.
14. Those who have forthrightly stood up for maintaining a centralized economy have been ousted. Nikolai Baibakov, the head of GOSPLAN, the Soviet planning agency, was removed in 1985; N. Patolichev, the former head of the foreign trade department, was also removed in 1985 and the government's monopoly on foreign trade was breached, as we've pointed out in earlier articles; and N. Gluskov, a former head of GOSKOMPSEN and an opponent of the reform, was removed in 1986. See Ed Hewett, *Reform of the Soviet Economy* (Washington, DC: Brookings Institution, 1988), p. 283f.
15. Shmelyov, p. 4.
16. *Ibid.*
17. Robert K. Landers, "Should Family Farms Be Saved?," *Congressional Quarterly's Editorial Research Reports* (Washington: 1988), Vol. 1, no. 17, p. 237, fn.

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Article 11  
June 9, 1988

# THE CONSERVATIVE OPPOSITION

**Andreyeva's letter to Sovetskaya Rossiya defending Stalin's role. Purge victims are rehabilitated. Role of proletariat in different Soviet constitutions examined. Relation today between proletariat and intelligentsia. Effect of the high-tech revolution. Relations between U.S. and USSR "devoid of class content"? Issue of peaceful coexistence. Conservatives position themselves as left critics of Gorbachev. Fail to address economic reforms.**

On March 13, 1988, the newspaper Sovetskaya Rossiya carried a long letter which has since been characterized by the proponents of the Soviet reforms as a platform of the conservative opposition to restructuring.<sup>1</sup> The letter is written in the first person by Nina Andreyeva, a chemistry teacher at the Leningrad Soviet Technological Institute, and purports to give merely her personal views regarding the current political situation in the country. It touches on a variety of subjects--patriotism, pacifism, peaceful coexistence, the class struggle and other related matters. However, it is basically a defense of Stalin and his historical role in the USSR. It is also basically opposed to the democratization process now well underway.

If that were all there was to it, it would scarcely make waves in the USSR in the struggle over the reforms. But it also raises some basic political questions regarding the perspective of socialism which have to be answered independently of the author's promotion and defense of Stalin.

The article created such a stir that Pravda felt obligated on April 5, 1988, to present a full-page refutation of the allegations made by Andreyeva. Pravda's reply is a well-known recapitulation of the crimes of Stalin in the difficult period of his rule and of the terror that was employed which resulted in the deaths of many hundreds of thousands, if not millions, including most of the political opposition within the Party. However, the reply in Pravda does not deal with the other questions that the Andreyeva article raises. But first, here is how Andreyeva defends Stalin:

Take the question of the place of J.V. Stalin in our country's history. It is with his name that the entire obsession with critical attacks is associated, an obsession that, in my opinion, has to do not so much with the historical personality itself as with the whole extremely complex transitional era--an era linked with the unparalleled exploits of an entire generation of Soviet people who today are gradually retiring from active labor, political and public activity. Industrialization, collectivization and the cultural revolution, which brought our country into the ranks of the great world powers, are being forcibly squeezed into the "personality cult" formula. All these things are being questioned. Things have reached a point at which insistent demands for "repentance" are being made on "Stalinists" (and one can assign to their number whoever one wishes). Praise is being lavished on novels and films that lynch the era of tempestuous changes, which is presented as a "tragedy of peoples."<sup>2</sup>

It is sufficiently clear that the writer, if she is not for the revival of Stalinism, is certainly for the restoration of his historical role and is also against the entire process of democratization. Her position with respect to Stalin is considerably weakened by her own affirmation of Khrushchev's report to the 20th Congress in 1956, which virtually demolished Stalin and exposed his criminal role in the successive purges of the Party. It is also weakened by her present affirmation of the decision of the 27th Congress and Gorbachev's report, which is a continuation of Khrushchev's assault on and exposure of Stalin's role. Again, if that was all there was to the conservative opposition, it would not in our opinion be of any significance politically in the current debate over restructuring.



It is now 32 years since the 20th Congress. A generation has grown up since then. Each succeeding Congress, if it didn't specifically confirm the results and findings on the Stalin era of repression, certainly did nothing to disturb them. In fact, there continue to this day to be investigations by the Soviet judiciary of the purges, followed by the rehabilitation of important figures who had been imprisoned, exiled or shot. For example, on February 26, 1988, there were more findings on the commission of illegal acts during the purges. The Supreme Court and the CPSU Central Committee rehabilitated and absolved the well-known military leaders M.N. Tukhachevsky, A.I. Kork, I.E. Yakir, I.P. Ubovich, V.K. Putna, R.P. Eideman, V.M. Primakov and B.M. Feldman. Of course, the most prominent victim of the purges to have been rehabilitated is the Old Bolshevik Nikolai Bukharin, Stalin's leading opponent on the right within the Party. The Left Oppositionist Leon Trotsky has not yet been legally rehabilitated, but a great deal has already been admitted confirming that the Moscow Trials were fraudulent and the charges against him completely concocted.

The substance of the matter raised by the Andreyeva letter, however, is not directly related to Stalin's role.

Recently one of my students startled me with the revelation that the class struggle is supposedly an obsolete concept, as is the leading role of the proletariat. It would be all right if she were the only one maintaining such a thing.<sup>3</sup>

But such is not the case, says the author.

Without in any way addressing the issue of the leading role of the proletariat or what is meant by the obsolescence of the class struggle, Andreyeva raises the question to a theoretical position, while at the same time pointing an accusatory finger at the proponents of reform. Pravda's reply doesn't address itself to this question, nor does Andreyeva elaborate on the subject. It is well known, however, that in the USSR, as in other areas of the world and particularly in the imperialist countries, this question is frequently discussed.

Andreyeva doesn't say or even intimate whether the class struggle has any application in the USSR, or whether the leading role of the proletariat is a concept still held in Soviet political theory. It is now and again perfunctorily mentioned, but since under the Stalin regime classes were supposedly abolished, and the state itself under Khrushchev became a state of "the whole people," doesn't that in itself undermine the concept of the proletariat having the leading role?

It is interesting to see the evolution of this concept. The first Constitution of the USSR, promulgated in 1918, stated in Article 1 that "Russia is hereby proclaimed a Republic of workers, soldiers, and peasant deputies. All power centrally and locally is vested in these Soviets." Article 3 stated that the "fundamental aim is to abolish all exploitation of man by man and to completely eliminate the division of society into classes, to mercilessly crush the resistance of the exploiters, to establish a socialist order of society and to achieve the victory of socialism in all countries."

The 1936 Constitution under Stalin modified this and pointedly eliminated the "victory of socialism in all countries."

The current Constitution of the USSR as amended in 1977 states (Article 1): "The Union of Soviet Socialist Republics is a socialist state of the whole people, expressing the will and interests of the workers, peasants and intelligentsia, the working people of all the nations and nationalities of the country."

Constitutions are merely legal documents. To compare them as evidence of social changes is absolutely wrong from a Marxist point of view, and is to take an altogether unhistorical and anti-dialectical view of social development. Nevertheless, the alterations are worthy of note, not as a reflection of social processes but of certain political developments which have made their mark on the succeeding constitutions of the USSR.

The 1977 Constitution is noteworthy for the phrase "a socialist state of the whole people." This is not merely a semantic change, since it for the first time mentions the intelligentsia along with the workers and peasants. The language of the Constitution has been increasingly moderated. First the internationalist role was left out, then the intelligentsia were added.

During the early period of the Revolution, the proletariat was not even a majority of the people. From a formal point of

view, it was a minority. But as the key to socialist development and the agent for the overthrow of the exploiting classes, the proletariat was the most significant class sociologically. The truth of the matter is that at that time the intelligentsia were numerically pretty formidable in relation to the proletariat. The proletariat had to rely almost wholly on the intelligentsia to administer the state. Today, the proletariat is an overwhelming majority in the USSR and the intelligentsia's role as a social stratum should not be that significant. Moreover, a great number of the intelligentsia now are drawn from the ranks of the proletariat. So there's no real basis for making the intelligentsia a social pillar of the socialist state.

Without in so many words saying all this, the writer Andreyeva furtively attacks the intelligentsia, since it is the carrier of democratization. And Pravda, in its reply, devotes several paragraphs to the accomplishments of "our intelligentsia" which has "done a good deal to prepare public consciousness for understanding the need for deep and fundamental change. It itself has become actively involved in restructuring. It is arming itself with the best traditions created by its predecessors, appealing to conscience, morality and decency and upholding humanistic principles and socialist norms of life."

"A great many words," says Pravda, "have been said and written about the intelligentsia's unity with the working class and the collective farm peasantry. What new light has been shed on these truths now at this time of nationwide support for restructuring on the part of the broad masses of working people?"

Why all this sudden praise for the intelligentsia? Because the conservatives intimate that it is undermining the leading role of the proletariat in the Soviet economy with its restructuring plans. Hence, the allegation about the obsolescence of the class struggle. But the Andreyeva article doesn't say whether the class struggle refers to existing relations in the USSR or the class struggle outside the USSR.

The role of the proletariat, especially in the Western capitalist countries, has again and again been subjected to re-evaluations. For example, a number of significant defeats, such as in Germany in 1933, Spain in 1936-39 and Portugal in 1975, have been interpreted as evidence that the proletariat is no longer capable of taking power. Others bring up that the opportunity for overturning the capitalist system in Europe existed immediately after the Second World War, when the workers' parties were armed in both France and Italy, but that they surrendered their arms and contented themselves with being an opposition in bourgeois democratic regimes.

However, the CPSU itself, under the leadership of Stalin, was the principal supporter and promoter of a peaceful transition from war to peace in Western Europe on the basis of the existence of democratic regimes. This was preceded by the dissolution of the Comintern,<sup>4</sup> which was a signal for the abandonment of the revolutionary struggle and a continuation of the so-called collective security arrangement, which under Stalin was a cardinal precept of peaceful relations between the USSR and the "democratic" imperialist countries.

The term obsolescence of the class struggle also has reference to the changed role of the proletariat as a result of the recent wave of industrial rationalizations. The scientific and technological revolution has undermined the more privileged strata, the more highly skilled, in the heavy industries of the capitalist countries, and brought about the phenomenon of low wages. This phenomenon is a constant source of discussion in the Soviet Union. The restructuring, or perestroika, aims above all at modernizing industry, heavy industry in particular, so as to shift the scientific-technological revolution into high gear. But does that necessarily negate the role of the proletariat as such? And does it mean that the social significance of the working class is thereby superseded by the technocrats and the intelligentsia?

Of course, from the viewpoint of communism, of the abolition of all social stratification and inequality, of making all administrators merely employees of the workers' state whose wages are equivalent to what an ordinary worker gets (as Marx put it in his *Critique of the Gotha Program* and Lenin elaborated in *State and Revolution*)--from that point of view the scientific-technological revolution is a tremendous boon. The increase of skilled workers, of a more educated working class, dispenses with the need for a bourgeois intelligentsia, let alone a monstrous bureaucracy, and is in fact an indispensable element to further the development of the productive forces.

This is just the opposite of what the working class in the capitalist countries is subjected to because of the scientific-technological revolution. There the character of capitalist accumulation, the chase for superprofits, ultimately leads to

the lowering of the standard of living.

However, instead of posing correctly the question of the role of the proletariat in the epoch of the scientific-technological revolution, and drawing a sharp line between its consequences in the capitalist countries versus what the beneficial effects ought to be in a socialist country, the writer merely raises suspicions about the role of the intelligentsia as bourgeois and intimates that the bureaucracy is responsible for liquidating the leading role of the proletariat in favor of bourgeois strata, in particular the literary elements who are now subjecting the Stalin era to review in history, novels, the theater and the cinema.

Further developing her thesis, Andreyeva gives an example of a "respected" but unnamed academician who asserted that "the present relations between states of the two different social and economic systems are devoid of class content." The same academician, she says, had earlier "written the exact opposite--that peaceful coexistence is nothing other than a form of class struggle in the international arena. It turns out that the philosopher has now repudiated that notion." Here again the Pravda article does not bother to answer this or refer to it in any way. It is content to go on with its demolition of Stalin, his purges, and so on, which in and of itself is of course correct. But it is also necessary to address these questions.

At this writing, when President Reagan is in Moscow attending a summit meeting with General Secretary Gorbachev on the occasion of the signing of the INF treaty, the ceremony, pomp and atmosphere of conviviality do lend themselves to the illusion that the present relations between the two states "are devoid of class content." But that's the most dangerous of dangerous delusions.

A scarce two days before President Reagan left for his trip to Moscow along with a tremendous entourage of specialists on all sorts of problems, ranging from arms control to the environment, the U.S. Congress dutifully passed a Pentagon budget of \$300 billion. Huge chunks of it are targeted on the further refinement and development of nuclear weapons. And right in Moscow, Reagan reaffirmed his desire to go on with the Strategic Defense Initiative (Star Wars). As if that were not enough, the Pentagon then announced a project for a three-stage rocket to launch weapons into outer space.

Of course, the issue of peaceful coexistence has been a subject of controversy over decades. It was not introduced by the Gorbachev administration, but dates back to the Stalin period itself, which first raised the idea of collective security, of uniting the imperialist democracies against the Axis powers and of making peaceful coexistence a cardinal programmatic point, not just of Soviet diplomacy but of the program of the Communist parties internationally as an instrument to combat fascism. However, the imperialist democracies were in no way attached to the concept when in 1938 they agreed to the Munich Pact with Hitler and gave him the green light to attack the USSR.

Khrushchev raised it anew in the early 1960s, with such vigor and confidence as to almost make it a dogma. Fortunately, the Cuban Revolution upset this and showed to what lengths imperialism would go. This once again confirmed the hostile, antagonistic character of imperialism not only to the existing socialist states but to the peoples oppressed by imperialism and capitalism.

Once again, Andreyeva merely raises the question but does not actually come out for or against peaceful coexistence, or describe what its limitations are and how it has differed in each historical period since the October Revolution. Lenin too favored peace with the imperialists. At the same time he was the initiator of the Communist International whose program was that of world revolution.

"Which class or stratum of society is the guiding and mobilizing force of restructuring?" asks Andreyeva.<sup>5</sup> By posing it this way, which class or *stratum* of society is guiding it, the author by implication identifies the present regime as representing a stratum of society rather than a class, the working class. Just merely putting it this way supplies the answer, that the Gorbachev regime represents a social stratum, to wit, the bourgeois intelligentsia, and not the proletariat.

Otherwise, the author would not divide the current debate into two ideological currents, both of them in favor of restructuring but who "agree on exterminating socialist values." One current she calls "left-liberal dilettantish

socialism" that is an "exponent of humanism." The other is "against proletarian collectivism" and adheres to "God-seeking tendencies, technocratic idols, the preaching of the `democratic' charms of present-day capitalism and fawning over its achievements, real and imagined." <sup>6</sup>

In a sense, therefore, the conservatives, that is, the pro-Stalin elements, have taken the position of leftist critics of the Gorbachev regime. While most of their fire is directed against the bourgeois critics, it is hard to know where their arrows are really aimed--at the Gorbachev leadership or at the neobourgeois critics--since both of them, according to the author, are trying to destroy "socialist values."

This leftist criticism of the political struggle in the USSR might have value in and of itself were it not solely devoted to criticizing some of the bourgeois political manifestations of the reforms. However, when it comes to the content of the economic reforms, the conservative attack falls down completely. It does not even mention them. In fact, it does not direct itself to the existing economic situation or the problems of the working class in the face of the restructuring tasks. It is totally devoid of any content with respect to the living condition of the workers.

As the Pravda article states, "We have made real efforts to start solving the most paramount and urgent problems--housing, food and provision of goods and services for the population." These are the issues! But the conservative manifesto, as Andreyeva's article is called, is devoid of anything like that. Pravda, in its reply, says that "Some people maintain `we're heading in the direction of petty-bourgeois socialism based on commodity-money relations.' " That is a central question.

Are the reforms heading in the direction of a revival of commodity-money relations of the type that existed during the NEP period, which is what the bourgeois opposition as expressed by economist Shmelyov is clamoring for? It is precisely this issue that the conservatives don't address, and hence their thesis could be dismissed as nothing but an apologetic for the Stalin regime. It remains to be seen whether the conservative opposition, if it really exists as a significant force, can make itself felt at the forthcoming Party Conference.

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2. Ibid., p. 3.
3. Ibid., p. 4.
4. See Glossary, Appendix 3.
5. Ibid., p. 4.
6. Ibid.

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Article 12  
June 16, 1988

## THE MAKAROV THESIS

**Makarov of Soviet Academy of Sciences comments on Hewett book on Soviet reforms. Doesn't challenge Hewett's views on Soviet agriculture. Why has growth rate of Soviet economy slowed down? The question of "equality" vs. "efficiency." Soviet prowess in space, oil drilling and other high technology. What social groups have become "indifferent"? Efforts to trim state apparatus. Do material incentives promote socialist construction? Not too much socialism, but too little. Equality must be increased. Makarov captured by euphoria over peaceful coexistence.**

In Moscow last week, even as the summit meeting between President Reagan and General Secretary Gorbachev was proceeding, it was partially eclipsed by a public discussion of the implementation of the Soviet economic reforms. This gives an idea of the intensity of the discussion and preparations being made in anticipation of the June 27, 1988, Communist Party Conference, where all this will be brought up.

With such political ferment on the eve of the Conference, one is eager for any direct information about the reforms, especially the economic restructuring, coming from authoritative Soviet sources. We therefore read with great interest a piece by V.L. Makarov, director of the Central Economic and Mathematical Institute of the Soviet Academy of Sciences, that appeared in the New York Times Book Review. Makarov's commentary concerns a recent book by Ed A. Hewett of the Brookings Institution in Washington entitled *Reforming the Soviet Economy*.<sup>1</sup>

Unfortunately, Makarov's piece is disappointing, especially coming from somebody who holds such a prestigious office and who, needless to say, has direct information regarding the Soviet economy.

Hewett belongs to one of the many think tanks in the U.S. that studies the Soviet Union. However, he takes a more moderate bourgeois imperialist view of the Soviet economy than most and is one of the proponents of live and let live, with his own variety of peaceful coexistence. Of course, to him peaceful coexistence is based on the Soviet economy moving "forward" to a modified form of capitalism. At any rate, Hewett sounds friendly and thus Makarov's handling of the book is also in the same spirit.

Makarov lets Hewett off rather easy on some matters which are of more than passing interest. He doesn't mention, for instance, that Hewett, after saying there is little evidence the Soviet Union uses statistics to mislead the outside world, then adds that "There is ample evidence that when the regime does not like a number, it stops publishing it." Hewett adds in a footnote, "When, for example, the Soviet grain harvest fell dramatically in 1981, the Central Statistical Administration simply discontinued publication of those data, a policy continued through the 1985 data."<sup>2</sup> Considering that Makarov is the director of a major institute of the Soviet Academy of Sciences, it seems rather odd he should let this go unanswered.

Of course, the Soviet Union has at various times stopped publishing certain data, and there is no denying that a great deal of information which the public is entitled to is now becoming more available. But the point that Hewett makes here is wholly misleading and aids the imperialist position on the USSR.

Grain is a strategic weapon, as important as any save the nuclear ones. The USSR may even do well without some of its nuclear weapons, as the recent INF treaty shows, but it is extremely vulnerable to such catastrophic droughts as occurred in the 1960s. (Some credit the fall of Khrushchev to crop failures; Brezhnev, it is said, survived the early 1970s when a good harvest came to his rescue.)

The USSR is a deficit country when it comes to agriculture. Its rainfall is very meager by comparison to the U.S. and its growing season much shorter. It is therefore obliged to buy hundreds of millions of dollars worth of grain abroad,

much of it from the U.S. So significant is the strategic aspect of grain that harvest figures are guarded almost as a military secret.

The U.S. regularly monitors weather conditions in the USSR by satellite. It is said that when President Jimmy Carter decided to decree a vicious embargo on selling grain to the USSR, his decision was guided by the forecasts of the U.S. meteorological apparatus, which projected that the Soviet Union would be driven to desperation because of the agricultural situation. Carter was confident that it would quickly succumb to starvation. However, it was able to buy the needed grain from other producing countries and the embargo was felt most by U.S. farmers.

Long-term crop forecasts prepared by the U.S. Department of Agriculture are highly guarded and kept under lock and key until their disclosure. This is all done with an eye to world market conditions. The predictions affect the futures prices of agriculture products, which are traded in the hundreds of millions of dollars hourly.

So when the USSR in 1981 stopped publishing grain statistics, it wasn't because it was a closed society as such. It was for important strategic reasons, because food is a weapon. When the harvests are good and abundant, there is no need for such secrecy. The grain statistics began to be published again in 1986, but not only as a measure of openness and democratization. The situation in the USSR with respect to agriculture has eased in the last several years, both because of economic and weather conditions.

Also to be taken into account here is the Challenger. It carried a very important spy satellite that had the newest meteorological and technological equipment for forecasting the weather. Its destruction has made it incumbent on the U.S. to employ foreign satellites for such purposes. Makarov, who alludes to the Soviet Union as a closed society, says nothing to dispute the so-called openness of U.S. imperialism.

One of the most important questions facing the Party Conference relates to the rate of growth of the Soviet economy. It is admitted by all the groupings that it has slowed down. The question is why? Makarov addresses the question of the growth rate of the Soviet Union.

From 1928 to 1955 the rate of growth of the Soviet economy was relatively high (between 5 and 10 percent a year) and during that time the Soviet Union became the second greatest power in the world from an economic point of view. At the same time there were marked advances in the social and economic lives of people; they could be assured of economic security, full employment, certainty about income levels. It seemed to us that we had achieved everything we could desire.

But there was a weakening of the factors that contribute to long-run economic growth. During the last 15 or 20 years the rate of growth slowed down steadily; the quality and variety of consumer goods deteriorated; people became increasingly indifferent to political and economic life and there were fewer incentives for them to work hard or become involved in difficult initiatives. That was also a period when information was becoming rapidly available through the growth of modern communications. People in the Soviet Union became much more aware of conditions in the rest of the world and it was no longer possible to maintain the closed position of Soviet society. As Mister Gorbachev has said, this was a precrisis and prerevolutionary situation.<sup>3</sup>

With all due respect to the high post Makarov holds, this answer is an amalgam of complete rubbish. It will not withstand the light of history and will be challenged. It's an echo of what the imperialist press is saying, that the Soviet people are finally learning of the glories of capitalist exploitation and imperialist oppression. The era of telecommunications is finally enlightening the Soviet people and opening up the closed society. Incredible as it seems, this comes from an official at the prestigious Soviet Academy of Sciences.

Indeed, this confirms what the so-called conservatives in the USSR are saying about a good many of the leading exponents of the reforms: that they are influenced by "the preaching of the `democratic' charms of present-day capitalism and fawning over its achievements, real and imagined." (From the letter to Sovetskaya Rossiya known as the Andreyeva manifesto, analyzed in our last article.)

Moscow News referred to another document of the so-called conservatives, a typewritten piece called "Information for

Reflection" that is circulating hand to hand. It argues that perestroika will first lead to "economic disaster and social upheaval, and then to the country's enslavement by imperialist states." <sup>4</sup> The views put forward by Professor Makarov can hardly reassure this current.

But to get back to the slowing in the rate of growth. Makarov neglects to note, especially when he is addressing a foreign audience, that it is only the **rate** of growth that has declined. There has not been an overall decline in the economy. The gross national product has continued to increase. In other words, the Soviet Union ever since the first five-year plan has not once experienced one of those declines or wholesale collapses of the economy, with its consequent unemployment, that is so characteristic of capitalist production. Now with the high-tech revolution, unemployment continues to grow in capitalist society even in the best of times.

Another point to be borne in mind when discussing the rate of growth is that, just as it takes much longer to turn around an ocean liner than a small tugboat, it takes longer to expedite the growth rate in a developed economy, especially one that has received so many jolts from war, intervention and deliberate economic isolation by the imperialists.

Makarov does not directly respond to the basic thesis raised in Hewett's book, summarized by its subtitle: "Equality Versus Efficiency." The socialist system is inefficient, he says, because its objective is communist equality. Hewett's thesis is that the slow growth in the last period, the so-called stagnation, arises from systemic factors, factors inherent in a planned, socialist economy.

Makarov does not explain why some aspects of the Soviet economy have performed so splendidly while others have not. For instance, Hewett admits that the Soviet economy "produces a titanium-hulled alpha-class submarine that goes faster and deeper than any submarine in the world. It has also managed to build," he further concedes, "one of the world's largest natural gas distribution systems by relying primarily on domestically produced compressors and turbines and all of this realized ahead of schedule despite the U.S. administration's best efforts to delay construction." <sup>5</sup> Hewett is of course referring here to the Reagan administration's desperate attempt to intimidate Western European countries from either buying gas from the USSR or supplying materials to construct the pipeline, which was successfully built anyhow and is now in full operation.

"With its own technology," he goes on, "the Soviet Union has sent remote-operated machinery to the moon, established and maintained a working space station, drilled the deepest oil wells in the world, and developed a technology for producing continuous cast aluminum that the U.S. defense contractors have purchased." Isn't that interesting! "More important," he says, "over the last quarter of a century it has moved from a position of distinct strategic inferiority vis-a-vis the U.S. to one of at least parity, if not superiority." <sup>6</sup>

The fact that the Reagan administration, for all its bombast, threats and trillion-dollar defense expenditures, has been obligated to sign an INF treaty with the USSR, whatever else it may or may not mean, denotes a significant moderation at least in posture. It is clear that the USSR has been able to make spectacular advances in space science, military technology and other significant scientific and technological fields. So the question remains, why is there a slowing down of the growth rate?

One reason advanced by Makarov is that people became increasingly indifferent to political and economic life. But why would that be so? Why become indifferent to an economic system that was providing them with economic security, well-being, opportunities for education, as he himself admits? Has there in fact been a development of indifference? What are its political and social roots? Is it the working class that has become indifferent, or is it the upper stratum of the bourgeois intelligentsia?

Suddenly, according to Makarov, there are fewer incentives for people to work hard or become involved in difficult initiatives. Is that really so? The building of the gas pipeline, at such a rapid pace and under conditions of U.S. imperialist hostility and obstruction--wasn't that a difficult initiative? And didn't it succeed?

Is he saying, like some of the neobourgeois economists in the USSR, the Shmelyovs and their ilk, that the working class has become lazy, indolent, etc., and therefore economic mechanisms should be employed that bring about

unemployment to intimidate the workers?

What is actually at stake in all of this is the alleged problem of the erosion of socialist initiative and socialist cooperation as against bourgeois individual acquisitiveness. Yet no one in the Soviet Union has yet demonstrated that this really is the problem, that the working class has lost interest in socialist cooperation and socialist initiative and that it is their craving for greater material incentives in an individualistic, competitive way that has to be encouraged.

In fact, material incentives have been vigorously pushed, not just in recent times but beginning as far back as the Stalin period and the Stakhanovite campaign, particularly in the early 1930s. There have been several significant reforms during the period of slower growth Makarov alludes to since 1955 which steadily increased material incentives. The first was during the Khrushchev administration in 1957, and lasted until 1964. There were further reforms under Alexei N. Kosygin and under Brezhnev in 1973 and 1979. All of this restructuring also included material incentives for the purpose of raising the efficiency of the Soviet economy. There is no evidence whatever that Gorbachev at any time disapproved of them or indicated their inadequacy or insufficiency.

These reforms can be divided into several categories. Some are more important than others. Of course, any reform which reduces the heavy weight of the state apparatus and facilitates the growth of the economy is progressive. For instance, one of the first attempts at reform of the state apparatus was under the Khrushchev administration. He attempted to cut down the various government ministries. Instead of having them all centralized in Moscow, he tried to break them up into regional groupings in an effort to bring them, as was thought at the time, closer to the people. Unfortunately, this failed its objective. He divided them into agricultural and industrial groupings, which later proved to be unworkable and had to be abolished. There have been subsequent efforts to cut down the administrative staffs of the government, but they have nonetheless grown.

The real issue is whether material incentives are an effective means in a socialist economy for raising the level of productivity and the general living standards. Or do they aid the growth of social inequality, create a deterrent to socialist cooperation in the working class and restrain and limit socialist solidarity? Are they a turn back toward bourgeois norms of production?

Of course, under the first stage of socialism, work is from each according to one's ability and wages are to each according to one's work, and not according to one's needs, as is the goal of communism. This is precisely the question raised by Hewett. His thesis, and that of almost all other bourgeois economists, is that the various economic reforms which have had a decentralizing effect on the Soviet economy are welcome but they don't go far enough. **What they want is a wholesale rejection of socialist planning and the abandonment of the ownership of the means of production by the working class.**

A certain amount of social inequality is absolutely unavoidable in the first stages of socialist construction, as in the period immediately after a socialist revolution. But the real issue here is what is the perspective, how is it revealed in the various plans constructed for the building up of the economy? Are these plans drawn up with a view to overcoming social inequality and moving onward to the higher stage of communism?

If the economy gets bogged down in a multitude of ill-considered schemes, adventures, poor planning and bureaucracy and a mire of so-called short-term strategies, these actually have the tendency to disqualify socialist planning and the perspective of socialist equality, as has happened over a period of several decades--not counting the rigid, over-centralized and repressive system of the earlier days. This is basically the problem.

Is the solution to go backward to a market-oriented economy? The Soviet Union deliberately took a big step back with the New Economic Policy of the 1920s, but that was before there had been any socialist planning. It was necessary in order to get the economy going again after the civil war and intervention, but by 1929 the first five-year plan superseded the NEP.

The problem is not that the Soviet Union suffers from excessive socialism. It is that the Soviet Union in many respects is barely a semi-socialist state. The collective farms are not socialist, they are only semi-socialist, as is a vast sector of the so-called service or secondary economy. A good part of the Soviet economy is still based on commodity relationships. It needs to advance from that toward socialism, not go back to bourgeois market relations. Unfortunately,



that is what is being proposed by the neobourgeois economists and also by some in the government.

The principal contradiction in the Soviet economy up until now was not that the productive forces had outgrown the socialized property forms, but that the productive forces were too low for socialist organization, so low they could scarcely accommodate the livelihood of the masses. But now the productive forces have become formidable. The contradiction that has arisen out of their dynamic growth is not to the socialist forms of property but to the semi-socialist character of social relations. Social relations have not advanced commensurate with the tremendous scientific and technological capabilities of the productive forces.

This is what has to be brought home. The character of social relations in the USSR is still far from being socialist. In order for the productive forces to advance further, it is necessary to promote greater socialization of the USSR. But what has really happened, which may account for the slowdown in the growth rate, is that a reservoir of bourgeois social norms in income and in social relations generally has developed.

Instead of attacking bourgeois norms, the leadership is attacking egalitarianism, "to each according to one's need," even though that is still in the future. Many workers feel they're not even getting "to each according to one's work," under present circumstances. Hence, this last formula still has a certain appeal.

The level of equality must be raised, not just as far as wages go, but in so many fields: abolish the inequality that exists between town and country, between one city or region and another, between the entire hierarchy, intelligentsia and bureaucracy, on the one hand, and the least paid among the workers.

If one is to talk in terms of economic stagnation, a certain amount of it certainly comes from bureaucratic inertia and high-handedness, which shouldn't be underestimated. But much more significant are the social privileges which create such a wide chasm between the governing stratum of the USSR and the masses.

Suffice it to say that Makarov's thesis is completely in line with not only some of the neobourgeois economists in the Soviet Union but with Hewett's thesis as well. Makarov says, in concluding his article, "As Mr. Hewett says, 'The consequences of economic reform for the Soviet Union are also consequences for the rest of the world. A successful reform and a revitalization of the Soviet economy could drastically change the economic relationship between the Soviet Union and the West, with benefits to both sides.' " <sup>7</sup>

This totally disregards the world situation as it has existed ever since the great October socialist revolution, and is a product of the euphoria created by the so-called detente with the Reagan administration and the signing of the INF treaty on June 1, 1988. Peaceful coexistence, even in its best times, has meant nothing more than a change in the form of the class war between two social systems that are based on diametrically opposed classes. If Makarov and some others captured by the present euphoric moment forget this, the Pentagon certainly has not. Secretary of Defense Frank Carlucci was quick to remind the NATO allies of this, as reported in an article headlined, "Carlucci Warns the West Not to Relax with Moscow; Secretary Wary of Aiding Soviet Economy." <sup>8</sup>

The picture Carlucci paints is in very different colors than that of Hewett, who argues that the economic changes could benefit both the U.S. and the Soviet Union. Carlucci is said to have warned that the USSR's social and economic restructuring could ultimately make it a greater threat to the imperialists. "If the end result is that the Soviet Union modernizes its industrial and technological base and if some time in the 1990s it ends up as a society that can produce enormous quantities of weapons even more effectively than it does today, then we will have made an enormous miscalculation."

What Carlucci is saying is that regardless of these reforms, they don't go far enough. Not even an overturn of the social relations in the USSR would suffice to quench the imperialist appetites, which hunger for super-profits and military adventures.

After reading Makarov's review, one has to think hard about whether he is a friend or a foe of the socialist Soviet Union.

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Article 13

August 11, 1988

# GORBACHEV'S RESPONSE TO THE CRISIS OVER NAGORNO-KARABAKH

**Imperialists tilt toward Armenia, criticize Gorbachev's decision on Nagorno-Karabakh. USSR Constitution on boundary changes. How the Caucasus republics were formed. Gorbachev blames "irresponsible nationalist elements." Absolves Moscow leadership and the economic reforms. The Leninist view of national chauvinism. How 1920s reforms stimulated regional and ethnic antagonisms. Party resolution of 1923 on Great Russian chauvinism and the NEP.**

For many months now the capitalist press in the U.S. has acclaimed General Secretary Mikhail Gorbachev, using such adjectives as "innovative," "imaginative," "adroit," "skillful," "flexible," and their favorite one, "pragmatic." This presumably is to distinguish him from the "dogmatic," "inflexible" and "conservative" leaders in the USSR. However, on July 21, 1988, the New York Times, in a front-page story, took a different tack. Gorbachev, said the Times in a bold headline, had joined the "hardliners" by his and the Soviet Presidium's insistence on barring the annexation to Armenia of the Nagorno-Karabakh region of Azerbaijan. What a quick turnaround!

The imperialist press generally has shown considerable bias in its reporting of the Azerbaijan-Armenia dispute over the autonomous region of Nagorno-Karabakh. The Armenians have been quoted far more frequently and the Azerbaijanis very little, indeed--for the most part in inconsequential phrases here and there. The U.S. government, immediately upon the outbreak of disorders in Azerbaijan and Armenia last winter, set up a task force in Europe to assist in processing the immigration of Armenians into the U.S. This is certainly in startling contrast to the willful and cruel way in which the U.S. has barred the door to Haitian immigrants fleeing political terror, as well as to Guatemalans and Salvadorans.

The imperialist bourgeoisie may be entirely mistaken in its speculation regarding Armenia. Its interest in the conflict is worth bearing in mind, however, while awaiting developments. In the meantime, it is necessary to state that the decision of the Soviet leadership rejecting the appeal of the Armenians for the annexation of Nagorno-Karabakh was the only possible way out, at least for the moment.

The Soviet constitution states that no boundary lines may be changed without the voluntary agreement of the republics involved. To have agreed to a unilateral change of boundary lines in plain defiance of such an explicit constitutional provision would have brought on chaos among the many nationalities of the Soviet Union. It literally could open the door to the dismemberment of the USSR as a multinational socialist state. This may be putting it in extreme language, but once any of the republics is given the green light to unilaterally change its boundaries, this could break down the sovereignty and independence of all the others.

Of course, boundaries could be changed by voluntary agreement after a period of socialist growth and class solidarity. Even the resettling of populations is possible in order to settle old boundary disputes or new ones that have developed in the many years since the Revolution. There were several instances of such agreements in the early years of the Soviet Union and after the Second World War.

It cannot be repeated too often that the USSR is a truly great, multinational state with more than 100 nationalities scattered all over its vast territory. The fact that until now, through all the decades since the establishment of the Union

of Soviet Socialist Republics in the early 1920s, there wasn't a major outbreak of violent nationalist struggle must attest to the highly progressive, indeed most revolutionary national structure of the Soviet government.

One merely has to contrast this with the situation of Armenia, Azerbaijan and Georgia (the Caucasus region) before they became constituent republics of the USSR, at the time immediately after the First World War when the imperialists had a major influence and control there. Richard Pipes presented the imperialist point of view toward the so-called independent republics in his book *The Formation of the Soviet Union*.

The drawing of boundaries was another source of difficulty for the governments and a constant cause of friction among the three republics.

The population of Transcaucasia was intermingled to such an extent that it was impossible to divide the area along ethnic lines without doing violence to one or another of the groups inhabiting it. The Azerbaijani-Armenian frontier was especially troublesome, not only because the relations between those two peoples were at their worst following the mutual massacres of 1918 but also because the districts which they inhabited could be least successfully separated: Moslem and Armenian villages, located side by side, often used the same regions for cattle and sheep grazing.

Since districts inhabited by a mixed Armenian and Azerbaijani population were generally claimed by both sides as their own, throughout 1919 and 1920 there were quarrels and occasional wars between the two states. They seriously weakened the internal stability of the republics and injured their prestige abroad. The main bone of contention were the Zangezour, Nakhichevan and Karabakh districts.

The territorial aspirations of the Azerbaijani government were of considerable magnitude. In an official petition presented to the Paris Peace Conference in 1919, it claimed not only all of Eastern Transcaucasia but also Daghestan, Kars and Batum--an area comprising 60 percent of Transcaucasia and a portion of the North Caucasus as well. Since neither Georgia nor Armenia were willing to concede these claims, the relations between Azerbaijan and its neighbors remained constantly tense.<sup>1</sup>

Thus the imperialists virtually confessed their inability to solve the national question in the Caucasus in a peaceful way. It was so much easier for them to hand it all over to the counterrevolutionary White Guards.

This doesn't mean that after the establishment of the USSR there was not a considerable residue of nationalism, but this must be examined in its historical context to see what can be learned from it that will shed light on the present situation. The bourgeois view, of course, is that the struggle between Armenia and Azerbaijan is either a purely nationalist one or a conflict of religions (Armenia Christian, Azerbaijan Moslem). It goes without saying that the bourgeoisie blame the social character of the Soviet Union as a socialist state, and in particular the earlier leaders of the USSR, as the basic cause of the conflict.

General Secretary Gorbachev spoke on the national question to the Presidium of the Supreme Soviet on July 19, 1988. His talk was distributed in translation by Tass news service and reported on in the New York Times of July 21. How did he explain why there should be a struggle over the little enclave called Nagorno-Karabakh located in Azerbaijan and in which the majority of the population is Armenian? If an opinion of his views can be formed from this talk, it is altogether disappointing. His talk was mostly an attempt to blame so-called "irresponsible nationalist elements" in both Azerbaijan and Armenia. He talked of bribery and corruption, but these are only surface manifestations that don't go to the root of the problem.

Protectionism [i.e., clique struggles or rivalries over turf--S.M.], bribery, and the shadow economy are rampant in the republics. Perestroika has uncovered all that. . . .

Certain clans who would like to keep all the main spheres of life in their hands have developed there. . . .

Nagorno-Karabakh was used from both sides as a pretext to stir up nationalist sentiments, bringing them up to the nationalist form in order to conceal the really difficult, crying problems.

But look, comrades, how passions are to some extent running out of control now: there appear slogans of anti-socialist, anti-Soviet and anti-Russian character. . . .

[If this continues,] it will strike out everything that has been created for many generations, poison the public mentality with nationalist venom and thereby spoil relations between the peoples for many, many years to come.

Is this what they are after in Azerbaijan and Armenia? <sup>2</sup>

As can be seen from this talk, the essence of his position is to put the blame squarely on irresponsible, nationalist and anti-socialist elements in both Azerbaijan and Armenia. In particular, he blames (without naming them) the so-called conservative elements, those who are opposed to perestroika, as being responsible when he says that elements in both republics use this issue as a pretext to stir up national sentiment.

One thing is very clear from this talk: he absolves the Soviet leadership from any responsibility and avoids even a mention of the possibility of negative effects of the economic reforms (not the democratization process), nor does he pose the question as to whether the reforms could possibly have accentuated preexisting national animosities. He doesn't explain why over all these decades there has been no nationalist uprising--certainly none that we here in the West heard of, and it is certain that had there been one, the capitalist press would have ferreted it out and magnified it to the nth degree.

Unfortunately, Gorbachev doesn't draw on the rich historical lessons of the Soviet Union. He doesn't go to the roots of national chauvinism. His is a bourgeois liberal approach to the national question, invoking morality instead of revolutionary communist internationalism.

Fortunately, this rich history is available, and can be found in some detail in the proceedings of the Tenth and Twelfth Congresses of the Party,<sup>3</sup> not to speak of all the works by Lenin on the national question. The Tenth Congress laid the basis for the Party's position on the national question; the Twelfth Congress in particular carried forward all the prior discussions and resolutions. Gorbachev makes no reference to the many documents from this early period of the Soviet Union which gave such lucid expositions of the national question and described the situation of the republics and the federation in clear language, without any equivocation. His explanation is in sharp contrast to the approach the Party took to the national question right after the Revolution, when national antagonisms were exacerbated by the introduction of drastically needed economic reforms.

As we have explained earlier, the New Economic Policy was inaugurated by Lenin in 1921 as a temporary measure. It was a step backward toward market relations made necessary by the devastation of the imperialist war, counterrevolution and intervention. It was meant to get the economy of the country back on its feet after a period of terrible shortages, wide dislocation, economic sabotage by the bourgeoisie and also widespread famine. The whole idea was to supersede NEP as soon as possible with overall socialist planning of both industry and agriculture. The partial return to capitalism was done in order to win over the peasantry to support the industrialization efforts of the USSR, so that the country could get out of the disastrous economic situation into which the imperialists and the counterrevolutionaries had plunged it.

Lenin more than anyone, while arguing that this return to some of the features of capitalism was an absolute necessity under the circumstances of post-war economic collapse, warned of its great dangers and pointed out where this could lead. And in fact, before it was abandoned in favor of the first five-year plan, it brought about the enrichment of the traders and merchants, the so-called nepmen or middlemen whom Lenin called the new bourgeoisie, as well as a much greater differentiation between poor and rich peasants. All the evils of capitalism began to resurface, including unemployment. But the great merit of the NEP period was that it had given the young Soviet state a breathing spell for reconstruction. Having achieved that, it was necessary to go forward. By what means this should be done then constituted the axis of a new political struggle in the Party.

What relation does today's perestroika have to this earlier Soviet period? As has become well known by this time, there is today a strong and overriding tendency of the radical reformers in the USSR--who are in reality bourgeois liberal

reformers--to clamor for the restoration of those aspects of Lenin's New Economic Policy which directly dealt with opening up the USSR to the capitalist market, establishing joint ventures with the imperialist bourgeoisie, privatizing light and medium industry and even loosening control over the nationalized sector.

The most prominent ideological leader of this trend today, as we have written earlier,<sup>4</sup> is the economist Nikolai Shmelyov. He has been one of the most blatant and uninhibited in proclaiming the need to return to the New Economic Policy of the early 1920s. Gorbachev himself has stated that he agrees with Shmelyov's analysis "of the state of affairs in the economy . . . as it actually exists today," but disagrees with other aspects of it, such as Shmelyov's flagrant insistence that "some unemployment is necessary" in the USSR, which Gorbachev says would be against socialism.<sup>5</sup>

It's not altogether wrong to define the so-called radical economic reformers, such as A.G. Aganbegyan, Leonid Abalkin, Tatyana Zaslavskaya and others, as the Shmelyov tendency. Their views are generally shared by many of Gorbachev's leading supporters.

Let us see then how the national question, as it pertained to Azerbaijan, Armenia and Georgia, was analyzed in a resolution adopted by the Twelfth Congress of the Russian Communist Party in April 1923, and entitled "National Factors in Party and State Development."<sup>6</sup> The resolution is very important because at that time Lenin was still alive and it was adopted unanimously, with the agreement of the entire leadership of the USSR. Even though there had been lengthy and intense debate on a number of other issues, the position on the national question, as formulated and adopted in this resolution, won the support of all the groupings.

The resolution deals, of course, with local chauvinism, but it shows that the origins of such chauvinism lie in national oppression, that is, the oppression by the Great Russians. Bear in mind that this resolution was passed at a congress of the **Russian** Communist Party--and that it was criticizing first and foremost the great-power chauvinism of the Russian nationality.

The Congress also thought it very important to point out that the New Economic Policy had exaggerated and made very acute what remained of local antagonisms. The resolution shows how inequality fostered by economic oppression, from both the Great Russians and the imperialists, inflamed local antagonisms.

First, the resolution says that the heritage of czarism consisted:

. . . in the first place, in the survivals of Great-Power chauvinism, which is a reflection of the former privileged position of the Great-Russians. These survivals still persist in the minds of our Soviet officials, both central and local; they breed in our institutions, central and local; they are receiving reinforcements in the shape of the 'new' Smenovekh Great-Russian chauvinist spirit, **which the New Economic Policy tends to accentuate.**<sup>7</sup>(Our emphasis.)

It should be remembered that this was written in 1923 when Lenin was still alive and had great influence in shaping the positions taken by the Party. Lenin was the architect of the New Economic Policy, and also the inspirer and architect of the nationality position of the USSR as embodied in the various resolutions of the Party.

It's important that at a time when the New Economic Policy was scarcely two years old, note was immediately taken by the leading Party of the USSR, the Russian Party, that the New Economic Policy was reinforcing chauvinism, above all the chauvinism of the Great-Russians. In other words, the turn towards small-scale commodity production and so on, the turn toward private initiative, reinforced the worst features of the old czarist regime--national oppression.

The resolution goes on:

The situation in a number of the national republics (the Ukraine, White Russia, Azerbaijan and Turkestan) is complicated by the fact that a considerable section of the working class, which forms the main support of Soviet government, are by nationality Great-Russian. In these districts the alliance between the town and the countryside, between the working class and the peasantry, encounters a powerful obstacle in the

form of the survivals of Great-Russian chauvinism. . . . Thus, the first immediate task of our Party is to wage determined warfare on the survivals of Great-Russian chauvinism. . . .

The equality of legal status of the nations won by the October Revolution is a great achievement for the peoples, but it does not in itself solve the whole national problem. . . . The causes of this actual inequality [of the nationalities--S.M.] lie not only in the history of these peoples, but also in the policy pursued by czarism and the Russian bourgeoisie, which aimed at converting the border regions into areas exclusively producing raw materials and exploited by the industrially developed central districts. To remove this inequality in a short space of time, to eliminate this heritage in a year or two, is impossible. The Tenth Congress of our Party has already pointed out that "the elimination of actual national inequality is a lengthy process involving a stubborn and persistent struggle against all survivals of national oppression and colonial slavery." But eliminated it must be at all costs. And it can be eliminated only if real and prolonged assistance is given by the Russian proletariat to the backward peoples of the Union in their economic and cultural advancement. . . . [T]his assistance must, in accordance with the resolution of the Tenth Congress, be rendered simultaneously with the struggle of the toiling masses against the local and foreign exploiting **upper strata, which are gaining in strength in connection with the New Economic Policy**, and for the consolidation of their social positions. [Our emphasis--S.M.]

. . . This heritage consists, lastly, in the survivals of nationalism among a number of peoples which have suffered the heavy yoke of national oppression and have not yet managed to rid themselves of old national grudges. . . . [I]n some of the republics the population of which is made up of several nationalities, this defensive nationalism often turns into aggressive nationalism, into the outright chauvinism of the stronger nationality directed against the weaker nationalities of these republics. Georgian chauvinism (in Georgia) against the Armenians, Ossets, Adjarians and Abkhassians; Azerbaijanian chauvinism (in Azerbaijan) against the Armenians; Uzbek chauvinism (in Bokhara and Khorezm) against the Turkmens and Kirghiz, Armenian chauvinism, and so on--**all these forms of chauvinism, which moreover are fostered by the conditions of the New Economic Policy and by competition, are a great evil which threatens to make certain of the national republics the scene of squabbling and wrangling.**<sup>8</sup>[Our emphasis--S.M.]

In Lenin's day, it was ABC for the Party to recognize that the revival of bourgeois economic competition almost immediately aggravated national antagonisms, notwithstanding the urgency of making a broad retreat in order to take the long step forward to build socialism. Should it not be clear that three-and-a-half years of the economic reforms have aggravated the national animosities in the USSR today as exemplified in Armenia and Azerbaijan?

Was it not the bourgeois aspects of perestroika that stimulated and accentuated local nationalism? Was it not an act of Great Russian chauvinism to have replaced Dinmukhamed A. Kunayev, the first secretary of the Communist Party in Kazakhstan and himself a Kazakh, with a Great Russian, Gennadi V. Kolbin, in 1986?

There was justification for perestroika when the proletariat was a minority of the population, when it was exhausted by a revolutionary struggle to save the Soviet Union. Is there any justification today for the introduction of economic reforms that are so perilously analogous to the negative aspects of the New Economic Policy? With virtually one voice, the whole international bourgeoisie keeps cheering for each new step in the direction of the NEP-like bourgeois reforms. They are never satisfied and keep on goading the USSR leadership to go further and further. Should not the lessons of Azerbaijan and Armenia make the Soviet leaders pause and reconsider?

## References

1. Richard Pipes, *The Formation of the Soviet Union* (Cambridge, Mass.: Harvard University Press, 1974), p. 208.
2. *New York Times*, July 21, 1988.
3. March 1921 and April 1923, respectively.
4. See Article 10.

5. *Pravda*, June 22, 1987.

6. The full text of this resolution is included in the appendix of Joseph Stalin, *Marxism and the National and Colonial Question* (New York: International Publishers, 1935), pp. 279-87.

7. *Ibid.*, p. 282.

8. *Ibid.*, pp. 282-84.

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## Article 14

August 18, 1988

# SOCIALISM AND THE EQUALITY OF NATIONS: KAZAKHSTAN

**The objective of self-determination: equality of all nations. This means ending exploitation. Lenin's dispute with Stalin over autonomy vs. union of equal republics. Kazakhstan and the virgin lands program. Effect of development on nationalities. Leader of Kazakh party removed, replaced by Russian. No shortage of Kazakh cadres. Was Kunayev's removal because of political differences? Rebellion in Alma-Ata. Kunayev's speech to 27th Party Congress. Perestroika vs. big development projects. Accusations of corruption, favoritism. Great Russian dominance in Politburo. Harmonizing economic centralism with democratic rights for nationalities.**

Often in discussions on the right of nations to self-determination, there is no mention of the ultimate objective: to achieve the equality of all nations. Likewise with the furtherance of the revolutionary class struggle of the working class on a world scale; its objective is a world federation based on the equality of all nations. Autonomy alone is inadequate and is limited by historical conditions.

In one of his very last introductions to the *Communist Manifesto* (written February 1, 1893, for the Italian edition), Frederick Engels wrote that

. . . in any country the rule of the bourgeoisie is impossible without national independence. Therefore, the Revolution of 1848 had to bring in its train the unity and autonomy of the nations that had lacked them up to then. . . .

Without restoring autonomy and unity to each nation, it will be impossible to achieve the international union of the proletariat, or the peaceful and intelligent cooperation of these nations toward common aims.<sup>1</sup>

It will be noted that Engels discussed autonomy and independence in relation to the struggle of the bourgeoisie against feudalism; national self-determination was needed as a framework for capitalist development. But it is also indispensable for the development of the proletariat in its struggle against capitalist imperialism and for socialism.

Earlier, in the *Communist Manifesto* itself, written by Marx and Engels in 1848, the two young authors wrote:

In proportion as the exploitation of one individual by another is put an end to, the exploitation of one nation by another will also be put an end to. In proportion as the antagonism between classes within the nation vanishes, the hostility between one nation and another will come to an end.<sup>2</sup>

The issue of autonomy or equality of nations was the subject of a dispute between Lenin and Stalin in 1922.<sup>3</sup> The term "autonomization" had come out of discussions on bringing all the Soviet republics into the RSFSR (Russian Soviet Federated Socialist Republic) on principles of autonomy. Stalin drew up a draft document on this concept and presented it to Lenin. Lenin sharply criticized this draft, and proposed a different solution. He proposed a **union** of all the Soviet republics on the basis of complete **equality**. In Lenin's view, autonomy was inadequate. Subsequently, the First Congress of the Soviets adopted a resolution on the formation of the Union of Soviet Socialist Republics (USSR) which incorporated Lenin's conception, i.e., equality of all the union republics. Today this is a provision of the Soviet constitution and there are 15 union republics, as well as autonomous regions and areas.

Kazakhstan is one of the 15 republics, officially called the Kazakh Soviet Socialist Republic. It is the second largest republic in area in the USSR and the fourth largest in population. As of January 1, 1986, it had more than 16 million

people. It is a vast stretch of land, very rich in minerals and other raw materials, including chromite ores, copper, lead, zinc, silver and tungsten. The Baikonur space launching station is located on its broad plains. To get an idea of the vastness and diversity of the land, Minnesotans pride themselves on being the state with 10,000 lakes, but Kazakhstan has 48,000 lakes! Kazakhstan today is the USSR's major granary. It harvests 40 times more grain than in 1922. In 1987, for instance, 27.4 million tons of grain were harvested in the republic.<sup>4</sup> Nevertheless, Kazakhstan is generally thought of in the West as a poor, backward Asiatic republic and is only occasionally referred to when discussing the USSR.

Even Khrushchev in his memoirs<sup>5</sup> is forgetful of the Kazakhs when he writes about his famous "virgin lands" campaign in Kazakhstan, its successes and difficulties.

You can imagine the difficulties that the Virgin Lands campaign posed for a family which had to be picked up and moved from the home where it had lived for generations. It was a great hardship for them, but we had to resettle many such families--Ukrainians, Belorussians and Russians--thousands of kilometers from the graves of their ancestors. Enormous material expenditures went into the resettlement campaign. Among other things, we had to give credit loans and financial aid to the youths who went out to build settlements in the Virgin Lands. We became convinced that we shouldn't set up collective farms out there; a collective farm is an artificial organization; that is, it's not a real community, and it would have been too expensive to resettle people on collective farms. Therefore we decided on the alternative of state farms. While I was in the leadership, our cheapest bread was grown by state farms on the Virgin Lands.<sup>6</sup>

From a Marxist point of view, a state farm is of course closer to the conception of building socialism than a collective farm, which in turn is superior to private farming.

What is striking about Khrushchev's description of the hardships of resettlement and the successes of converting Kazakh land into the principal granary of the USSR is that there is no mention of the indigenous Kazakh people.

The Medvedev brothers, Roy A. and Zhores, in their account of Khrushchev,<sup>7</sup> give a critical evaluation of Khrushchev's agricultural policies, and dwell much on the virgin lands campaign. But here again, their concern is all with Khrushchev and his factional opponents, the success and failures of the agricultural campaign in Kazakhstan, but not so much as a word about the participation of the Kazakh people or what their leaders said, thought or did.

Of course, the virgin lands campaign concerned areas within the socialist state of Kazakhstan that had been mostly unpopulated. Still, one wonders how they could avoid mentioning the role played by the Kazakh people in the campaign, which must have vitally affected them. It is of course true that Kazakhstan, like most of the republics of the USSR, has innumerable nationalities. The native population in 1970 was composed of 4,234,000 Kazakhs. However, there were also substantial numbers of Russians (5,522,000) in the republic, primarily in the virgin lands of northern Kazakhstan and in the cities. There were also 842,000 Ukrainians, 288,000 Tatars, 260,000 Uzbeks, 188,000 Belorussians and 121,000 Uighurs, living in the valley of the upper Ili river. In addition there were 82,000 Koreans, primarily in the Alma-Ata and Kzil-Ord oblasts, and 70,000 Dungans from Middle Asia.<sup>8</sup>

From these figures alone, one can see the great complexity of the national question in Kazakhstan, and for that matter throughout the USSR, with its more than 100 nationalities.

The policy of the czarist government toward Kazakhstan was a colonialist one, aimed, as *The Great Soviet Encyclopedia* says, at "the russification of the Kazakh people and hindering the development of its national economy and culture."<sup>9</sup> The migration policies of czarism speeded the disintegration of the communal lands (auls), which were seized by the czarist administration. Wherever the czarist autocracy was able to, it enlisted the support of the bais (feudal rulers) in plundering the peasant masses.

If the words cultural revolution are to be applied anywhere in their broadest definition, it's here in Kazakhstan. The Bolsheviks not only brought about a political transformation and a social revolution, in that they overthrew the old feudal-encrusted regime upon which czarist autocracy rested, but they completely wiped out illiteracy, which had

affected over 90 percent of the population. The Revolution brought about a renaissance of native arts, music and theater, and also brought with it the great social and cultural achievements of the Soviet Union. It opened up an era of scientific and industrial development. It transformed the countryside. An area that had generally been nomadic and pastoral became a land with advanced industry and a very rich and diversified agriculture.

Before the Bolshevik Revolution, and early into the 20th century, Kazakhstan's economy served as a raw material base, not only for czarist Russia but also for the English, French and--yes--the U.S. It is true that most enterprises were small, but foreign capital dominated in mining and oil drilling, begun as early as 1911.

By 1971, there were almost 5 million people employed in the economy of the republic. More than a million worked in industry; more than half a million in construction; almost a million in agriculture; half a million in transportation and communication. Women made up 47 percent of the industrial and office workers. Socialist industrialization transformed the rural areas as well as the urban population centers and set Kazakhstan on the road to further socialist construction.

One must bear in mind the difference between the czarist policy of forced "russification" and the great increase in settlement of all parts of the Soviet Union after the Revolution. The latter basically grew out of the needs of socialist construction and the limitations imposed by frequent harvest failures in parts of the USSR due to drought and the general harshness of the weather.

Having said all this, and taking note of the hostile attitude of the imperialist countries and their ideologues, it is necessary to review the national question as it presents itself in the contemporary period. Some generalizations ought to be made, for instance, about the Soviet Socialist Republic of Kazakhstan, even though it may have its unique features, as do all the republics and nationalities.

For instance, on December 17, 1986, both Pravda and Izvestia carried a Tass dispatch from Alma-Ata, the capital of Kazakhstan, saying that "A plenary session of the Kazakhstan Communist Party Central Committee was held today to consider an organizational question." There would be nothing unusual in a plenary session of the Central Committee taking up organizational questions. However, the next sentence went on to say: "The plenary session relieved D. A. Kunayev of his duties as First Secretary of the republic Communist Party Central Committee in connection with his retirement on pension."

Of course, the Central Committee has a legal and political right to relieve its first secretary, the leader of the Party, and elect a new one. This can hardly be called an organizational question, however. Nevertheless, this might pass muster, so to speak, were it not for the fact that this organizational change was made in connection with then retiring him on pension. Was there a dispute about the magnitude of the pension that was involved? Was the retirement voluntary or, after serving 14 years as the leader of the Kazakh Communist Party, was he ousted?

Of course, even if it was a political move disguised as organizational for diplomatic purposes, it is still entirely within the province of the Central Committee to deal with its cadres as it sees fit, in accordance with socialist norms and constitutional provisions.

It is the next paragraph which gives one pause before dismissing the whole matter, whether it be political or organizational, as of only secondary importance. "G. V. Kolbin, a member of the CPSU Central Committee, who had been working as First Secretary of the Ulyanovsk Province Party Committee, was elected First Secretary of the Kazakhstan Communist Party Central Committee." And further on, "G. P. Razumovsky, Secretary of the CPSU Central Committee, took part in the work of the plenary session."

The official biography of Dinmukhamed Akhmedovich Kunayev,<sup>10</sup> the dismissed first secretary, explains that he is a Kazakh born in Alma-Ata some 78 years ago. The son of an office worker, he became a machinist, later a chief engineer of a mine, then director of the Ridder Mine Administration, then vice chairman of the Council of Ministers of the Kazakh SSR, and later president of the Academy of Sciences of the Kazakh SSR. He became a candidate member of the Politburo of the Central Committee of the CPSU in 1966 and later a full member.

Some of his published works deal with the theory and practice of open-pit exploitation of deposits. He investigated

and introduced efficient methods of cutting ore at mines in Kazakhstan. He has also been awarded three Orders of Lenin, the Order of the Red Banner of Labor and various medals.

His replacement, G. V. Kolbin, is a Russian, not a Kazakh. He too has a distinguished career in the Soviet Communist Party. But those who follow the national question and are sensitive to organizational questions that involve personnel changes would have cause to be concerned about the implications of this change.

One could dismiss it all by asserting the obvious, that Russians are now the most numerous nationality in the Kazakh SSR. However, Kolbin is not a Russian who settled in the Kazakh SSR, not one of those youths who came years ago to join one of the state farms. He, like Kunayev, is a graduate of a polytechnical institute, but in Sverdlovsk, not in Kazakhstan. He is a cadre who has been sent in from the center, and that has considerable significance.

The Central Committee has the juridical right to appoint or elect whatever secretary it wants. It must be noted, however, that for the center to send in cadres today is not the same as in the early Bolshevik period, when the provinces and the less developed nationalities clamored for the center to send more cadres. In those early days, the cadres were sorely needed as educators and industrializers. Sixty years later, there are now hundreds of thousands of cadres in Kazakhstan. Whole new generations have been brought up and educated in the spirit of socialism. Industry is much more advanced, and it is a scientific-military technological center. (When U.S. Secretary of Defense Carlucci visited the USSR recently in connection with his inspection tour of Soviet military installations, he went to one in Kazakhstan.)

It thus becomes a question how this dismissal is read, first by the mass of the people in Kazakhstan, and by the Kazakh population in neighboring areas, as well as by the general public opinion in the USSR. There were about six million Kazakhs in the USSR as of 1986, of whom 5.7 million lived in the Kazakh SSR. Some lived in the Uzbek SSR, the Turkmen SSR, the Kirghiz SSR, the Tadzhik SSR and some areas of the Russian SFSR.

From the point of view of making the kind of judgment that the Kazakhstan Central Committee is said to have made in relieving Kunayev of his post, it is good to remember that there are also Kazakhs in the Peoples Republic of China, in the Mongolian Peoples Republic, and--not to be forgotten in the current situation--in Afghanistan. They all speak the Kazakh language. All of this, it seems to us, would give one pause before making such a rash decision. It's not a question of procedure but of the political propriety of exercising such authority.

Finally, the question arises as to whether all this was not done under pressure from the Gorbachev administration. As we noted earlier, G.P. Razumovsky, the secretary of the Communist Party of the Soviet Union, also took part in this session. So we have two very high-ranking members of the Party actively participating in the decisions of a union republic central committee, in deliberations which are generally the exclusive province of the central committee of the union republic. Later, another member of the Politburo, M.S. Solomentsev, chairman of the CPSU Central Committee's Control Commission, was also there. The Control Commission, we should remember, deals with disciplinary and personnel matters as well as security problems. Altogether, three top-ranking members of the Central Committee were involved in a very critical decision which again would normally be the province of the Kazakhstan Central Committee.

A careful examination of this development in the light of the national question should have created hesitation before making such a decision. To be justified, it would have to involve a genuine imperative having serious significance for the whole country. As it was, all that was told to the public was that it was an organizational question involving retirement and pension.

However, in December 1986 the readers of Pravda got a new view in a report from Alma-Ata.

Instigated by nationalistic elements, a group of young students took to the streets in Alma-Ata yesterday evening and this afternoon to voice disapproval of the plenary session of the Kazakhstan Communist Party Central Committee decision. Hooligan, parasitic, and other anti-social individuals took advantage of the situation to commit unlawful actions with respect to representatives of law and order as well as to set fire to a food store and private automobiles and to commit insulting actions against citizens of the city.<sup>11</sup>

Thus began a two-day rebellion which had to be put down by the use of force. How widespread it was, how deeply it agitated Alma-Ata and other cities, still remains to be made public. It is enough to say that the Soviet media covered a considerable part of it. The negative effect it had in the neighboring Asian countries can only be surmised, except to say that there was malicious joy in those areas like Pakistan which have been supplying counter-revolutionaries to the struggle in Afghanistan.

What was the urgency which impelled the Gorbachev administration to make this drastic personnel change? The imperialist press, to the extent they covered it, implied that Kunayev was a Brezhnev supporter, a so-called conservative who would not follow the new line of restructuring (perestroika) of the Gorbachev administration. Assuming that that's correct, it is scarcely a reason for such flagrant intervention in the political process of a union republic, independent and equal under the constitution of the USSR.

A speech made by Kunayev at the 27th Party Congress, as reported in Pravda and Izvestia, shows that he supported the general line of the congress. His speech, however, is not distinguished by overwhelming enthusiasm for the reforms. He did, moreover, make some pointed criticisms which could be interpreted as going to the essence of the orientation of the new governing administration.

The Gorbachev administration stands for restructuring the national economy by intensive methods of development and making active use of scientific and technical progress. In particular, it is opposed to new big projects that involve heavy capital investment. This has been said time and again by representatives of the Soviet government, especially economists like A.G. Aganbegyan, Nikolai Shmelyov and Leonid Abalkin. Kunayev, however, had some points of criticism which showed that as far as Kazakhstan goes, he was looking in another direction.

A mighty fuel and power base for the country is being created in Ekibastuz. From there, electric power will travel along unique power bridges to the Urals and western Siberia. However, one must say that the commissioning of new capacities in the coal industry and the creation of a number of power stations that are called upon to provide very cheap electric power, not only to Kazakhstan, continues to be a bottleneck.<sup>12</sup>

Kunayev then details a number of power projects which have not been completed, or have not even been started and sums up his observations:

These shortcomings are explained by the fact that the USSR Ministry of Power and Electrification is doing a poor job of strengthening capacities and expanding the base of its construction organizations in the republic, **which has an extremely negative effect on the overall state of affairs.**<sup>13</sup>[Our emphasis--S.M.]

It's not the Kazakhstan Ministry of Electrification he's talking about, but that of the USSR as a whole.

Kazakhstan's Party organization has accepted as a highly important immediate task the creation on the basis of reserves of hydrocarbon raw materials of a high-capacity Caspian petroleum and gas complex. A special resolution on this question has been adopted by the CPSU Central Committee and the USSR Council of Ministers.

However, it is perfectly incomprehensible to us why the Ministry of the Petroleum Industry, the Ministry of the Gas Industry and the Ministry for the Construction of Petroleum and Gas Industry Enterprises have set about the practical implementation of this resolution **listlessly, in the old way, and without the proper sweep.**

The importance and promising nature of the development of the riches of west Kazakhstan also places on the agenda the task of implementing the design for the construction of a Volga-Ural canal, which would breathe new life into a vast region of the country. The resolution of these questions should be taken under control by departments of our Party Central Committee as well.

The further development of the economy requires drastic improvement in Kazakhstan's water supply. In

this connection, it seems to us that questions connected with saving the Aral Sea and with the ecology and economy of the regions adjacent to it, immediately or farther away, **must not be postponed**. They must be resolved as quickly and as effectively as possible, comrades, and not only for the sake of the present. . . .<sup>14</sup>  
[Our emphases--S.M.]

The substance of this speech is that it goes a considerable way in promoting huge projects that generally are favored by those republics which suffer from inequality in development as against the more industrialized ones. This poses a considerable problem for the Gorbachev administration, which is intent on slowing down the development of such projects and concentrating the financial and technical resources of the country on utilizing high technology in selective areas, the ultimate aim being to modernize the entire industrial infrastructure of the USSR. For the present, however, projects which would require heavy capital investment, very likely the projects to which Kunayev referred in his speech, would be cut out or slowed down, thereby creating a considerable problem for the Kazakhstan area.

It should be noted that all of Gorbachev's predecessors--Andropov, Brezhnev, Khrushchev, and certainly Stalin--were promoters of industrial development and eagerly sought to employ high technology. In fact, it has been the basis for socialist construction in the USSR. It thus can be seen that in this area, there's a difference of approach which could vitally affect the situation in Kazakhstan, where it is projects like these which have developed the republic to its present level. Rather than bring this out into the open, the Gorbachev administration handled it in an administrative way and removed Kunayev and his collaborators. What is more, the struggle degenerated into one where the governing group began to make accusations of bribery, corruption and lack of internationalism. This attack came in the form of a resolution of the CPSU Central Committee entitled "On the Work of the Kazakh Republic Party Organization in the Internationalist and Patriotic Upbringing of the Working People." This resolution reads more like a criminal indictment than an evaluation of the work of the Kazakh Party organization. It is replete with accusations of corruption, nepotism, favoritism and toleration of reactionary Islam.

In admission to higher schools preferential conditions were created for Kazakh young people, favoritism flourished, existing regulations governing admissions were violated and evaluations were overstated. . . .

No vigorous work was done to expose the reactionary aspects of Islam and its attempts to preserve outmoded traditions and notions and to reinforce national aloofness. Works of literature and art frequently idealized the Kazakh people's past and made attempts to rehabilitate bourgeois nationalists. . . . Religious activity experienced invigoration and clergymen's influence on various aspects of the population's life increased. Serious mistakes were made which led to an increase in nationalistic manifestations which were not promptly checked and moreover were hushed up or termed ordinary hooliganism.<sup>15</sup>

Accusations also are made of "embezzlement, report padding, drunkenness, alcoholism and drug addiction." It's not our province to deal with these questions, and certainly not possible for us to determine the truth or falsity of any of these accusations. Yet even if all of them are true, and are not a deliberate red herring, they are irrelevant to the critical political issues that are being swept under the rug.

The first and most critical is the propriety of the Politburo, which is composed mostly of Great Russians at this time, making the leader of a formerly oppressed nationality the butt of their attack, dismissing him and replacing him with a Russian. (It should be added that the former Party leader of Azerbaijan, Geidar A. Aliyev, who was named to the Politburo during the Andropov administration, suffered the same fate as Kunayev and was removed in October of 1987.<sup>16</sup> He and Kunayev had been the only representatives on the Politburo from the Asian republics.)

Talking internationalism will be of no avail. It will be interpreted as Great Russian chauvinism and not internationalism. It's talking down to a formerly oppressed nationality, and in any case these accusations are made by a dominant nationality against a smaller republic. It would be different if it were Kazakhs themselves who were urging other Kazakhs to assume responsibility for internationalism and to fight the reactionary essence of Islam. Whichever way one views it, it is impossible to avoid the issue of Great Russian chauvinism, of preaching down to and in fact dominating one of the smaller republics.

As we have seen, it was precisely this subject that Lenin devoted himself to in the last period of his life. And it was to

this question that the Twelfth Congress of the Russian Party in 1923 addressed one of its main resolutions.

The Kazakhs could just as well have answered the accusations against Kunayev by recalling that the governing group has for a considerable period been promoting the art and literature of the czarist period, has been spending untold sums on renovating the Russian Orthodox churches and other pre-revolutionary cultural institutions, has spent lavishly on the promotion of the 1,000th anniversary of Christianity in Russia and has gone way overboard in approaching a variety of religious organizations abroad in an effort to demonstrate freedom of religion in the USSR.

Still, this leaves out a fundamental question involved in the dispute. The development of socialism requires economic centralism and socialist planning to avoid and eventually abolish the remnants of the chaotic capitalist market forces and replace them with a fully socialist planned economy. This can only be done on a centralized but democratic basis. The Gorbachev administration, however, is more and more moving in the direction of economic decentralization, even though it backs away from it now and then.

Over and over, the governing group stresses the urgency of greater autonomy for managers, for the directors of industry. It stresses individual initiative, greater leeway for private cooperatives and new private enterprises. All this loosens the economic controls. Over-centralization has of course been an evil for the planned economy, but decentralization is something else again.

This trend toward economic decentralization is in sharp contrast to the centralist trend in relation to the republics, as evidenced in the Kazakhstan case. It is now more than two years since the Gorbachev administration began denouncing "high-handedness" and "command tactics from above" as causing stagnation in the USSR. How does this contrast with the high-handedness in the Kazakhstan case? The arbitrary removal of the leader of a union republic is in defiance of the Leninist norms for governing the relations between the USSR and its constituent republics.

Granted that there is an inherent contradiction between the centralist needs of the economy and the centrifugal tendencies of the constituent republics, is it not the very essence of Leninist tactics and strategy to harmonize the two tendencies? Is it not precisely on the national question that one needs the greatest amount of flexibility, knowing when and how to loosen the reins and at the same time to do the utmost to strengthen centralization conforming to the needs of social and economic development?

The fact that the USSR, as a giant multinational state, has been able to exist and achieve such monumental tasks in the fields of industry, science and defense, without the multitude of rebellions which are a constant source of struggle in capitalist multinational states, like India and the U.S., is proof in itself that a combination of economic centralism and flexibility on the national question offers the best road for socialist development.

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Article 15

August 25, 1988

## THE STRUGGLE IN THE BALTIC STATES

**Latvia, Lithuania and Estonia: character of leadership is bourgeois nationalist with an international dimension. They interpret perestroika as economic independence. Raise the 1939 Ribbentrop-Molotov agreement to discredit USSR and embellish Western Allies. Significance of 1938 Munich Pact. British envoy took a slow boat to USSR. Wouldn't give guarantees against Nazi takeover of Baltic states. Britain continued to sell Germany war materiel. USSR forced into non-aggression pact with Germany. Stalin's 1939 speech on "non-intervention" stand of Allies. Effect on Comintern of Soviet tactics. How Lenin conducted Soviet foreign policy at Rapallo. Early working-class uprisings in Baltic republics.**

It seems that whenever there is the beginning of a national crisis of considerable proportions, each of the classes and their political representatives raise historical precedents to aid their particular cause. Nowhere is this more evident at the present time than in the Baltic republics of the USSR--Latvia, Lithuania and Estonia. For a considerable period now, there has developed a formidable ferment in each of these republics that has taken on a rather obvious bourgeois nationalist character. The ferment in this part of the USSR should be distinguished from the developments in Azerbaijan, Armenia and Kazakhstan discussed earlier. The developments in the Baltic republics have a distinct and preponderant international dimension to them. This has to be taken into account and discussed in detail before one can arrive at any opinion with respect to demands being made by two organizations, one in Latvia and the other in Estonia, which claim to speak for "democratic reforms" and "socialist renewal."

The first organization is a writers' group in Latvia which has issued a document containing demands presumably in the spirit of the June 1988 19th All-Union Party Conference of the USSR, which accelerated the Gorbachev administration's plans for economic restructuring. However, their demands go far beyond the thesis on which perestroika is based. The writers' group is basically calling for a form of independence for Latvia which includes economic independence. "A sound basis for relations between the nationalities," says the writers' document, is a "changeover to full regional (republic) economic accountability and self-finance." <sup>1</sup>What they are asking for is not only a disguised form of national independence, but also economic independence under the guise of "economic accountability" and "self-financing." While this terminology has been used over and over again by the proponents of Soviet restructuring, it has been in the context of a national plan, not a situation where the republics would be economically and financially autonomous.

The second group is an Estonian organization which calls itself the Peoples Front.

Among the demands of both groups is that the Soviet government publish what are called the secret Ribbentrop-Molotov protocols. The Soviet government says that no authenticated documents have yet been uncovered containing any such secret protocols. However, after the demands made by these Baltic groups were widely disseminated in the Western capitalist press, Western sources leaked what are considered to be the basic provisions of that secret memorandum between Soviet Foreign Minister Vyacheslav Molotov and German Foreign Minister Joachim von Ribbentrop.

According to this, the protocols were secretly attached to the publicly announced non-aggression pact between Germany and the USSR signed by Molotov and Ribbentrop on August 23, 1939. The protocols are said to have agreed to the division of parts of Eastern Europe between the two signatory countries. In one of their provisions, the Germans ceded influence over the Baltic area to the USSR.

All this is supposed to astonish the public and lead to outcries of treachery and duplicity on the part of the Soviet government in 1939. It also puts the democratic Allies--France, Britain and the U.S.--in the role of defenders of the

small countries, and emphasizes their resistance to Hitlerite aggression and to the division of territories, in particular the Baltic states and Eastern Europe.

So what is involved here is not just a discussion of internal nationality problems in the Baltic republics, such as may exist in other republics and about which we have written in previous articles. What is involved is an effort to review the status of the republics and to impugn the role of the USSR as a whole, under the guise of attacking a so-called secret agreement between the USSR and Germany.

Just as Lenin's New Economic Policy has begun to be reviewed in the USSR in the light of some of the economic initiatives of the Gorbachev administration, here there is an attempt to review the entire historical period of the late 1930s and the Second World War.

From the tone of the so-called writers' manifesto and the demands of the Peoples Front, it is not hard to conclude that they are oriented in a pro-imperialist direction. The demand that the USSR Foreign Ministry publish the Molotov-Ribbentrop protocols is particularly aimed at generating nationalist fervor and placing the USSR in the role of the guilty party which betrayed the imperialist democracies in their efforts to guard the independence and well-being of the Baltic states.

Forgotten in all this is that the well-meaning, peace-loving democracies had already, on September 30, 1938, approved the Munich pact, which gave the Sudetenland to Germany. It paved the way for Hitler to first dismember and then annex Czechoslovakia altogether. It was signed by Hitler, Mussolini and the foreign ministers of Britain and France, Neville Chamberlain and Edouard Daladier, and was supported by the U.S., with some reservations. While it was later characterized as appeasement of the Hitlerite regime, at the time it was considered, by the British and French bourgeoisie in particular, as a contribution to peace and a way of avoiding war.

So these peace-loving democracies, after having first loudly inveighed against the growing Hitlerite menace, then found it convenient to enter into a pact with the very government they had so vehemently characterized as an aggressor. This pact was designed not only to let Hitler swallow up Czechoslovakia, which is exactly what happened, but also to turn his armies in the direction of the USSR. All this shortly became very clear and the imperialist allies scarcely veiled their plans.

It may appear this had relevance only to Eastern Europe and not to the Baltic states. Here again, the historical record speaks clearly against the imperialist democratic Allies. What the Latvian writers and the promoters of the Peoples Front should be calling for is the publication of the secret protocols between the French, the British and Nazi Germany. Even if these governments were to refuse to do so, however, there is the public record (which is almost as revealing as the secret one), such as this article in the New York Times on the eve of the pact:

WASHINGTON, Aug. 21--The announcement in Berlin tonight that Germany and the Soviet Union would sign a non-aggression pact Wednesday caused little surprise in State Department circles. . . . Disappointment was evident that Russia had not entered the Anglo-French "stop Hitler" bloc.

While the exact difficulties encountered between the French and British military missions in Moscow, on one hand, and Soviet officials on the other, have been carefully guarded in Europe, the exact nature of these difficulties has been known in diplomatic circles here.<sup>2</sup>

The Soviet Union had invited the British and French to come to Moscow prior to any agreement with the Nazi government so as to first discuss the possibility of a non-aggression pact with them. However, what subsequently became scandalous was that the British military mission, instead of taking a plane (the usual form of transportation for urgent diplomatic missions), decided to literally take a slow boat across the North Sea to the USSR.

When they finally arrived, among the matters discussed were the Baltic states, which at that time were bourgeois republics on the borders of the Soviet Union. The Soviet Union had demanded from the British and the French a guarantee against German aggression in the Baltic areas. "Britain," said the same Times dispatch, "was prepared to back Soviet armed entry into the Baltic states if there were 'indirect aggression' [from Nazi Germany]." The British defined "indirect aggression" as "that made under threat of force." This definition was not acceptable to the Soviet

government. The article continues:

The Soviet authorities, on the other hand, insisted that a voluntary interior movement of a pro-German nature in the Baltic states would constitute "indirect aggression." To this Britain would not agree.<sup>3</sup>

The difference is fundamental. It meant that the Baltic governments, which were inclined to be pro-Nazi, could allow a "voluntary" Nazi invasion, as had taken place in Austria. Therefore, this problem of "indirect aggression" had real meaning. The British and French were all too willing to allow the Nazis to occupy the Baltic area and were unwilling to make an agreement whereby the USSR would be in a position to defend these republics in a military way.

This is a matter of public record. The USSR was anxious to avoid a Hitlerite invasion, which was imminent. The British mission took a slow boat to avoid making any guarantee against an invasion. So the USSR was forced to make an agreement with the Germans whereby, at least for the moment, it would be free of the military threat of Germany occupying the Baltic areas. It was strictly a defensive diplomatic move, as even the New York Times article shows.

The unwillingness of the British to reach an agreement with the USSR, even in the very last hours before the Soviet-German non-aggression pact was concluded, is as indicative of the real thrust of British-French diplomacy as anything could be. But there is more. Immediately after the agreement at Munich and up to the last minute of the British military mission to Moscow, the British government had been involved in an accelerated shipment of war materiel to feed the Nazi war machine. This, too, is a matter of public record.

Another dispatch dated London and published in the same issue of the New York Times contained the information that "Britain seemed to be calm and ready" for some agreement between Germany and the USSR. However, the next bit of news clearly illustrated why the Soviet government was so anxious about Britain's unwillingness to sign any meaningful non-aggression pact regarding the Baltic area or Eastern Europe. This was the detailed news of "large German purchases from Britain of copper, rubber and other commodities here in the last few days for delivery before September 1. Since the beginning of August, the Germans have bought 17,000 tons of rubber here at a cost of 1,300,000 pounds and eight tons of copper at a cost of 360,000 pounds and also substantial quantities of tin and lead."

These were materials sorely needed to fuel the Nazi war machine! "Although these purchases have reduced the visible stocks of rubber here to 50,000 tons, or only 67 percent of the amount at the end of 1936, and the stocks of copper to 28,000 tons, or 61 percent of the 1936 total, the government made no move to prevent these shipments of essential war materials to a potential enemy." But that is not all. "Today, Germans were busy here buying large quantities of shellac and other gums used for varnish and picric acid [used in high explosives--S.M.]. The explanation," the article went on to say, "is that there is no mechanism for checking exports except war legislation, and that in any case Germany's purchases here have depleted her precious stock of foreign exchange."

Thus, we see here that while the British military mission was sent to the USSR for the supposed purpose of negotiating a non-aggression pact to stop Hitlerite aggression, Britain was in reality shipping to Germany the most vital war materials so necessary for the Nazi war machine. The Soviet Union undoubtedly took account of all this, and the only reason the news of these shipments was released was because the Soviet Union already had the information and had confronted the British military mission with it. This was hardly necessary since it had never really been hidden. Such was the double-dealing, the duplicitous diplomatic position of the imperialist Allies.

When the Soviet-German non-aggression pact was finally signed on August 23, 1939, both Washington and London appeared staggered and unloosed one of the wildest anti-Soviet campaigns ever. They were all so astonished, you see! But actually, the U.S. as well as Britain had never stopped exporting strategic materials to Nazi Germany, nor for that matter to Japan.

The Neutrality Act passed by the Roosevelt administration, which was supposed to keep the U.S. from assisting any of the belligerents, had many loopholes in it. Nothing less than the outbreak of war itself stopped the flow of trade to the Axis powers. Some of the big corporations, like General Electric, were among the very last to abide by the act, and even then it's a question whether they didn't violate it altogether until the outbreak of hostilities with Japan.

On March 10, 1939, Stalin had made a speech to the Soviet Party which showed his skepticism over the "non-intervention" stance of the Allies.

The tasks of the Party in the sphere of foreign policy are: 1) To continue the policy of peace and of strengthening business relations with all countries; 2) To be cautious and not allow our country to be drawn into conflicts by warmongers who are accustomed to have others **pull the chestnuts out of the fire for them** [our emphasis--S.M.]; 3) To strengthen the might of our Red Army and Red Navy to the utmost; 4) To strengthen the international bonds of friendship with the working people of all countries who are interested in peace and friendship among nations.<sup>4</sup>

Earlier he had said:

Formally speaking, the policy of non-intervention might be defined as follows: "Let each country defend itself against the aggressors as it likes and as best it can. That is not our affair. We shall trade both with the aggressors and with their victims." But actually speaking, the policy of non-intervention means conniving at aggression, giving free rein to war, and, consequently transforming the war into a world war. The policy of non-intervention reveals an eagerness, a desire, not to hinder the aggressors in their nefarious work; not to hinder Japan, say, from embroiling herself in a war with China, or, better still, with the Soviet Union; not to hinder Germany, say, from enmeshing herself in European affairs, from embroiling herself in a war with the Soviet Union; to allow all the belligerents to sink deeply into the mire of war; to encourage them surreptitiously in this to allow them to weaken and exhaust one another; and then, when they have become weak enough, to appear on the scene with fresh strength, to appear, of course, "in the interests of peace," and to dictate conditions to the enfeebled belligerents. Cheap and easy! . . .<sup>5</sup>

We are not afraid of the threats of aggressors, and are ready to deal two blows for every blow delivered by instigators of war who attempt to violate the Soviet borders. Such is the foreign policy of the Soviet Union.<sup>6</sup>

This was a diplomatic message to the imperialist Allies about the suspicions of the Soviet government regarding their relations with Nazi Germany. The New York Times in its coverage of Stalin's speech made no particular reference to what he had said about the USSR refusing to "pull the chestnuts out of the fire" for the Allies. However, the New York Telegram in its report of the speech carried a bold headline on just that.

The Communist parties around the world were then in the Comintern, whose ideological leader was Stalin. What was wrong with Comintern policy at the time was that, following the "collective security" pronouncements made at the Seventh Congress of the CPSU, the Comintern began to so embellish the imperialist democracies as peace-loving that they began to forget the imperialist character of these democracies and threw many aspects of the class struggle overboard. Then, after the Soviet-German non-aggression pact, they compounded the error by doing an about-face and downplaying their criticism of the Nazis. Tremendous disillusionment and demoralization can only result from such tactics.

From the point of view of the socialist interests of the USSR and the world struggle for socialism, it was not wrong for the Soviet Union to enter into an agreement with Nazi Germany for the purposes of safeguarding its territory, even if only on a temporary basis. One must not lose sight of the imperative necessity for the USSR to maneuver between the two imperialist blocs, one democratic, the other fascist, in order to defend its socialist interests. The USSR did the same thing under Lenin, but in a more principled way, especially with the Rapallo agreement of 1922. At that time, a conference of the Allied powers was taking place in Genoa to consider such matters as post-war reparations by Germany. The Allies were supposedly concerned with the economic reconstruction of Europe and reparations. The Allied imperialists were ready to accord diplomatic recognition to the Soviet Union, but they put conditions on it. For instance, they demanded 65 billion gold francs as compensation for the Bolsheviks' expropriation of imperialist property and repudiation of the czarist debts. But the Soviet government refused to pay.

On the other hand, under the German-Soviet treaty at Rapallo, the Germans agreed to nullify the March 1918 Brest-

Litovsk agreement which the Bolsheviks had signed with Germany during the war and which had imposed terrible hardships on the Soviets. The Bolsheviks had been forced to surrender to Germany a great deal of Soviet territory, including the Baltic states. At Rapallo, this was nullified and Germany also waived its claims for nationalizations and other losses it had sustained as a result of the Bolshevik Revolution.

In those days, none of this diplomatic maneuvering by the Bolsheviks in any way interfered with the work of the German Communist movement, or the French or British, for that matter, who continued to conduct their working class struggle policies without making any concessions to their respective imperialist governments.

The historical problem for the working class in the Baltic republics is that after the Bolshevik Revolution, the workers there, under the leadership of the Bolsheviks, attempted insurrections in the three republics but those unfortunately failed for a variety of reasons. The attempt of the bourgeoisie to construct so-called democratic regimes also failed, and what ultimately resulted was wholesale repression of the communists and the establishment of reactionary and fascist regimes.

It is necessary to put it bluntly and plainly. The establishment of these areas as socialist republics within the USSR was hastened by two developments. The first was the diplomatic recognition of Soviet authority arising out of the German-Soviet non-aggression pact of 1939. The second was the revolutionary ferment of the workers in these republics that arose in response to the enormous growth of Nazi influence in Europe in the late thirties. Earlier, the threat of Hitlerism had evoked momentous revolutionary struggles in France and Spain, resulting in the ascendancy of a Popular Front in both countries.

If certain elements in the Baltic states today feel they have to address these historical issues, it would certainly be wrong for them to take the same old route as that mapped out by the Western media, which leads right to the imperialist camp and is moreover historically false in its depiction of the imperialist Allies as the democratic defenders of small nations.

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Article 16

September 1, 1988

# THE STRUCTURE OF THE SOVIET STATE

**How imperialists switched tactics in regard to Soviet nationalities. Planned economy requires voluntary association of equal nations. Lenin's preoccupation with setting up a state structure to conform to this. Transition from Congress of Soviets to union of equal republics. The USSR's bicameral system and the Soviet of Nationalities. U.S. "democracy" and the case of Puerto Rico. Self-determination, including the right of secession, part of Soviet constitution. Relation between planning and national sovereignty, centralism and regional authority. Need to harmonize these contradictory forces through democratic centralism.**

The attitude of the ruling classes of the capitalist countries with regard to the national question in Russia underwent an extraordinary change when the Bolshevik Revolution triumphed in 1917. At first the international bourgeoisie attempted to malign the new republic by proclaiming that the revolutionary leaders, in particular the members of the Executive Committee of the Soviets, were not really representative of Russia. Dzerzhinsky was a Pole, Stalin was a Georgian, Trotsky was a Jew, other leaders were Ukrainian, Armenian and so on. It was the same tactic they used to bait communists in this country when the left movement had many members and leaders who were Jewish, Black or foreign-born.

However, as the Revolution progressed, and as Soviet power took hold over larger and larger sections of the country, sweeping all the provinces and nationalities within its fold, it became clear that it was an all-national revolution. The international bourgeoisie thereafter took another tack and began to malign the USSR in a new way. Now it was said that the Great-Russians were oppressing all the other nationalities.

Next came a long silence about the revolutionary role of the formerly oppressed nationalities in the formation of the Soviet Union and particularly in the Bolshevik leadership. Researchers in the recent period seem to have had difficulty finding out what role, if any, the formerly oppressed peoples had in the Bolshevik Revolution. This tendentiousness of the imperialist bourgeoisie and their silence on the role of oppressed nationalities in the Bolshevik Revolution finally attracted the attention of at least one researcher, Andrew Ezergailis, who felt impelled to write a book about it.<sup>1</sup>

This book does more than just describe the role of the Latvians in their own revolution. It puts forth the view that a division of Latvian soldiers not only aided the Bolshevik Revolution and won significant battles, such as the Battle of Rostov, the Battle of Archangel and the Battle of Rogachov, but it virtually saved the Soviet Republic from a counterrevolutionary insurrection in Petrograd in 1918. Even if one regards this view--that one division saved the republic--as somewhat far-fetched, his book nevertheless has the great merit of putting before the U.S. public the revolutionary role of at least one of the constituent republics of the USSR. This could interest the reader to see how many other republics were formidable pillars in erecting and sustaining the Soviet Union, not only in its early days but also in the Second World War.

If it is true that the construction of a socialist society is impossible without a planned economy, it is equally true that a planned economy is impossible in a multinational country without the equality of all the nations and their free, voluntary association within the framework of a union of all the socialist republics. It was precisely to this question that Lenin devoted the last days of his life. How could the interests of a planned economy be reconciled with the apparently contradictory need for the equality of all the nationalities in the USSR? What kind of a state structure should be developed to give full vent to the workers and peasants and conform to the revolutionary reconstitution of Soviet society as it emerged from the overthrow of the czarist autocracy and the sweeping away of the bourgeoisie and

the landlords?

At first, the Bolsheviks raised the slogan, "All power to the Soviets!" And, indeed, power was fully taken by the First Congress of the Soviets of Workers, Peasants and Soldiers Deputies. When the Congress of Soviets was not in session, the Executive Committee of the Soviets carried out the functions of the Congress.

In 1918 this slogan was translated into the celebrated decree, the "Declaration of Rights of the Working and Exploited People," <sup>2</sup>which embodied the fundamental state program and structure of the USSR. The leading ideological and political role taken by the Communist Party was the central factor in making the Soviets a living reflection of the interests of the exploited and oppressed masses of Russia.

While the Congress of Soviets was revolutionary in form as well as in content, it still had some inadequacies. The problem of how to perfect the state structure covered many weeks and months of discussion, both during the periods of relative peace as well as during the war of imperialist intervention and the civil war. It was not until 1922-23 that the new structure of the USSR was to emerge, after intense if not heated discussions. This structure was the Union of Soviet Socialist Republics, and it differs from that of any capitalist government in two fundamental ways.

In the first place, it is based not on the landlords and capitalists, not on the existence of private property in the means of production, not on wage labor employed by private enterprise, but on a new social system where the means of production are socially owned and the economy is planned. Bourgeois politicians, ideologues and philosophers will accede to that much, at least in the formal sense, although they completely deny the validity of socialism or go on to exaggerate its defects and shortcomings to the extent that the USSR is depicted as totally devoid of any significant progressive social and political features.

There is another feature of the state structure of the USSR which is just as fundamental, yet the bourgeois ideologues and their myriads of apologists and historians rarely refer to it. It is even neglected in much of the progressive and radical literature of the workers' movement. To understand this second feature, it would be helpful to first look at the innumerable capitalist state structures, whether their form be democratic, monarchical, military or even fascist.

The most democratic form of the capitalist state may be unicameral, that is, having one body which enacts all legislation, plus an executive arm of the government. Or, as in the United States, it can have two legislative bodies, such as the House of Representatives and the Senate. However, not one of the capitalist governments, whatever its constitution may be, has an arm built into the framework of the state to deal with the national question and make sure that the nationalities within the country are represented in all important decisions. There may be references in the constitution to equal protection of the law, due process, and so on. There may be special legislation regarding civil rights. There may be this or that agency dealing with complaints or enforcement. But there is no specific arm within the constitutional structure of any capitalist state which deals specifically with the question of nationalities. This differentiates the USSR from all the capitalist countries.

From the point of view of its external characteristics, the USSR has this in common with some of the capitalist states: it has a bicameral system. In this sense, it seems like the U.S., but the two arms of its legislative structure are very different from the two houses of Congress here.

This bicameral system is found in the highest governing body, the Supreme Soviet of the USSR, which consists of the Soviet of the Union and the **Soviet of Nationalities**. The Soviet of the Union is chosen on the basis of proportional representation--each deputy represents an equal amount of people. In the Soviet of Nationalities, each nationality is guaranteed a set number of deputies. The members of both chambers serve equal terms, and no bill can become law unless adopted by a majority of both chambers. This all-important second arm is of extraordinary significance, particularly in the epoch of imperialism, in which national oppression is a characteristic feature. It is the kind of structure which, if incorporated into a bourgeois state, would tremendously assist the struggle of the oppressed nationalities against the dominant nationality.

In constructing this mechanism for governing, the Soviet Union accorded recognition to the existence of nationalities in a revolutionary way which had never been done before. It created an equality between the two chambers, one based

on representation according to the proportion of the population, the other on guaranteed representation for every nationality. In this way, not only the general interests of the working class are reflected, but also the very special and important interests of all nationalities.

These structures are defined under the Constitution of the USSR. Chapter XV, Article 109 says:

The Supreme Soviet of the USSR shall consist of two chambers: the Soviet of the Union and the Soviet of Nationalities. The two chambers of the Supreme Soviet of the USSR shall have equal rights.<sup>3</sup>

Article 110 says:

The Soviet of the Union and the Soviet of Nationalities shall have equal numbers of deputies. The Soviet of the Union shall be elected by constituencies with equal population. The Soviet of Nationalities shall be elected on the basis of the following representation: 32 deputies from each Union Republic, 11 deputies from each Autonomous Republic, five deputies from each Autonomous Region, and one deputy from each Autonomous Area.<sup>4</sup>

The voting age in the USSR is 18, and was so long before it was ever lowered here. Of course, voting there is irrespective of race, nationality, religion, gender and property rights.

It should be remembered that the U.S. Constitution, while it contained no language about qualifications for voting, allowed the states to limit voting to the landowners, bankers, merchants and capitalists. Only property owners could vote. Women, Black and Native people and indentured servants were all deprived of the right to vote. And even after many of these restrictions were lifted, there were poll taxes, literacy requirements and complicated registration forms. Women got the right to vote only in 1919, and the Equal Rights Amendment has still not been adopted to this very day.

In addition to according universal suffrage, the Soviet Constitution gives greater representation to the various nationalities, making it possible for even the smallest of the republics to have additional leverage over and above its proportion in the population. The Soviet of Nationalities was designed to overcome the predominance of the large nations and give additional weight to the smaller ones.

Is there a constitution anywhere in the bourgeois world that even bears a resemblance to such an effort as that incorporated in the Soviet state structure? The significance of the chamber of nationalities is completely overlooked elsewhere, precisely because of the racist and chauvinist character of the imperialist countries.

When in July 1988 the Democratic Convention nominated Dukakis and Bentsen, there was a great deal of oratory on prime-time television and the capitalist media boasted about how democratically the meeting was conducted. But completely unnoticed was that while there was a delegation from Puerto Rico participating in the "democratic process," the people of Puerto Rico have no representation in the Congress of the U.S. Would even one politician get up and object to the fact that the people of Puerto Rico, even though they are considered citizens and are subject to be drafted into the U.S. Army, cannot vote in congressional elections? Nor are they allowed to secede and declare themselves an independent republic. The same could be said for Samoa and Guam.

Notwithstanding the vigorous support of a whole host of countries, a resolution supporting the self-determination of Puerto Rico has been pigeonholed in the Decolonization Committee of the United Nations for years and years. The U.S. makes absolutely sure that it rarely sees the light of day, even though most of the countries in the UN regard Puerto Rico as a U.S. colony that should by right be independent.

Of course, there is nothing in the U.S. Constitution or its amendments on the right of nations to self-determination. The USSR, on the other hand, has a specific constitutional provision which not only guarantees the right of its constituent nations to self-determination, but also specifies the unequivocal right to secede. Thus, in considering the national question in the USSR, it is very important to contrast it with the imperialist countries. The comparison shows the tremendous amount of progress made by the USSR and the truly revolutionary structure it has developed. It stands



head and shoulders above any capitalist government.

While a great deal of literature can be found describing the social character of the USSR, little of it deals with the structure of the state, particularly as it pertains to the Soviet of Nationalities, the arm which oppressed peoples throughout the world would be most concerned with. The English historian E.H. Carr, in his three-volume work on the USSR, <sup>5</sup>went into considerable detail on the formation of the USSR and the union republics, but without illuminating the nature of the struggle within the USSR over the relationship of a planned economy to the equality of nations. Even where he does occasionally refer to the bicameral system of government, he never once mentions what a revolutionary departure this was.

He had a good reason for avoiding any comparison with, say, the English system of parliamentary government. There he would have to refer to the existence of such an honorific cabinet post as the Colonial Secretary, the superintendent of imprisoned colonial peoples. Or, for that matter, the existence of the Prince of Wales, who is not a person from Wales but a member of the hereditary English bourgeois monarchy. Not to speak of Britain's role in Ireland.

The objective of constructing the Soviet of Nationalities as one of the bicameral arms of the Soviet government was not to divide the nationalities but to strengthen proletarian class solidarity and to unite the mass of the people in the struggle for socialism on the basis of the equality of all nations.

All this notwithstanding, it is especially important in light of the centrifugal forces of national sovereignty to consider the planning principles of a socialist country. How was it possible, for instance, to construct a five-year plan while guaranteeing the equality and sovereignty of the union republics, the autonomous republics, the autonomous regions and the national districts?

One gets a measure of the problem if one considers the complexity of carrying out a vast, comprehensive plan of economic and industrial development on the basis of achieving the agreement of the various nationalities of the USSR. Of course, it is conceivable that it could all get done by administrative measures, while riding roughshod over the heads of the nationalities, that is, over the mass of the people. There are few historians or analysts of the USSR in the West who venture to explain the intricacies of achieving a five-year plan without the tumult, disorder and rebellion which would accompany a capitalist government's attempt to carry out a plan, were it to embark on one.

The history of capitalist expansion in the U.S., for instance, shows that even the development of a transcontinental railroad was accompanied by the worst corruption and bribery, the use of virtual slave labor of Asian people, an onslaught against the Native peoples, and skullduggery in forcing or tricking independent small farmers to sell their land cheap. It's a history full of crime. Or what about opening up the criminal files held by the city of San Francisco in its famous indictment and ultimate conviction of General Motors? These show that, in order to expand automobile use on a national basis, GM tried to destroy San Francisco's trolley car system and other forms of transport in many other cities.

For all the high-handed and command methods that were employed in the USSR, especially during the Stalin era, it nevertheless was a truly historic achievement that such widespread industrialization could be carried out at all in a country with over 100 nationalities.

At first, many of the territories held under the former czarist autocracy were amalgamated, so that in 1923 there were only four union republics. Today, however, there are 15 union republics, 20 autonomous republics, eight autonomous regions and ten national areas. What this signifies is the greater attention given to each nationality. Further demarcations, not only geographical but cultural, helped social as well as economic development.

Genuine socialist construction, by its very nature, tends to unite not only the working class, not only the exploited masses, but the people of all nationalities. It must nevertheless be recognized that there is an inherent contradiction between the economic tasks of socialism, which demand centralization, and the needs of the nationalities to develop their culture, language, etc. on the basis of equality.

It is for this very reason that the Soviet of Nationalities was constructed. It was conceived not as a ceremonial institution but as an effective and functioning one, where all the nationalities could express their needs and their

aspirations more fully than in any other institution. However, there are significant defects and shortcomings in how all this has been carried out, which we have analyzed in our articles on Kazakhstan, Armenia and Azerbaijan, and the Baltic republics.

Perestroika, or restructuring, which General Secretary Gorbachev has characterized as a qualitative turn to rebuild the whole country, necessarily will affect the nationalities. The enormous restructuring envisioned calls for a vast scientific and technological revolution in the industrial structure of the USSR. Such a plan cannot be effectuated without the most scrupulous attention to the national question. As has been demonstrated, first by the Alma-Ata rebellion in Kazakhstan and later in Azerbaijan and Armenia, the economic reforms have influenced and encouraged the disorders. One might be tempted to ascribe this to the peculiarities of these republics, which historically were less developed. This, however, is a spurious argument and is totally without foundation. This is shown by the disorders in the Baltic republics--Lithuania, Latvia and Estonia--at the other end of the USSR, which historically have been more industrially and technologically advanced. In loosening centralized control of the economy, the restructuring has encouraged many national aspirations to surface, while at the same time giving a freer rein to bourgeois trends which accentuate privilege and inequality.

We have shown that while the reforms are moving to decentralize the economy, there has been a tightening of the reins in terms of political control by the center over the nationalities. In Kazakhstan, Azerbaijan, Armenia and Latvia, Party leaders were removed from their posts in a way that offended the sensibilities of these nationalities.

Notwithstanding the fact that there are pro-imperialist tendencies in the Baltic states, all the more must their national rights be scrupulously observed.

It must be noted that there is an inherent contradiction between the centripetal needs of socialist planning and the centrifugal forces contained in greater national sovereignty. These forces have to be harmonized and unified on the basis of socialist centralism in the economy and socialist democracy in the center's dealing with the nationalities. Of course, democratic centralism is an indispensable ingredient in all relationships in the USSR, but the area that needs particular sensitivity, and to which Lenin referred again and again, particularly during the last days of his life, is the national question.

The historic significance of the 12th Congress of the Communist Party held in April 1923 is that it recognized the necessity of a firm and continuing struggle against "the relics of great-power chauvinism" and urged a consistent struggle against the economic and cultural inequality of the nationalities within the Soviet Union. It also called for a struggle against the relics of nationalism of all kinds, but the emphasis was on eradicating the heavy legacy of czarist oppression. All this may be regarded as part of a history more than six decades old, decades of stupendous economic, social and political development. Nevertheless, certain aspects of the national question have to be reviewed in light of the contemporary situation. It is impossible to avoid the question if one is to take seriously the resolutions on restructuring of the 27th Congress of the CPSU and of the 19th Party Conference in June 1988.

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Article 17  
October 6, 1988

# RISE OF THE USSR AS A WORLD POWER

**Gorky in 1921 on weakness of proletariat. Lenin restored capitalism in early '20s to revive working class. Workers today are majority in USSR. International position of USSR vastly improved. Why go back to NEP? Bourgeois hostility tempered in periods of U.S.-USSR detente: World War II alliance, Khrushchev, Gorbachev periods. Imperialism today interested in changing economic and political orientation of Soviet government. Trade, loans and investment. Why detente of 1970s fell apart. Big loans from imperialist banks conditional on broader accommodations. Summary of three political tendencies in USSR. Gorbachev admits reforms haven't worked. Problem is disruption of socialist planning. Individual vs. collective incentives. Orwellian view of Soviet state disproved by present disintegration of bureaucracy.**

Taking any phase of economic and political development out of its historical context almost always does it violence or creates distortion. Thus, it is quite impossible to examine the period of the Gorbachev administration without considering the October Revolution in general, and more particularly the period of the New Economic Policy (NEP) which Lenin introduced in 1921. The latter has been brought up by the Gorbachev reformers again and again. They draw an analogy between that period, when Lenin won over the Party to the urgent necessity of reintroducing market relations in the Soviet Union, and the present. The reformers argue so vigorously for a new NEP that it is virtually impossible not to give it extensive consideration. We hope we have done so throughout this series.

Nevertheless, there is a singularly cogent argument almost always overlooked by the reformers, particularly those with strong leanings towards the capitalist market. That is the difference in the numerical relationship between the basic classes as they existed during the NEP period and as they exist today in the Soviet Union, some 65 years later.

Maxim Gorky (1868-1936), the great revolutionary novelist, writer and playwright, is worth quoting on this point. During the course of his entire life, Gorky was not only friendly to the Bolshevik grouping around Lenin but was a member of it. Frequently he clashed with Lenin--for example, on philosophical questions during the pre-October period. He also wavered on the question of the insurrection, but later came out in full support of the Soviet socialist republic. He always, however, remained somewhat independent and aloof and often his moods reflected pessimism in relation to the progress of the revolution. During the early period of the NEP, Gorky's outlook on the revolution and the cause of socialist construction was quite pessimistic. In the summer of 1921, he expressed some of his views to a French correspondent.

Hitherto the workers are masters, but they are only a tiny minority in our country: they represent at most a few millions. The peasants are legion. In the struggle which, since the beginning of the revolution, has been going on between the two classes, the peasants have every chance of coming out victorious. . . . The urban proletariat has been declining incessantly for four years. . . . The immense peasant tide will end by engulfing everything. . . . The peasant will become master of Russia, since he represents numbers. And it will be terrible for our future. <sup>1</sup>

Gorky was merely expressing the mood that prevailed during the first period of the NEP, a fear that it might undo the revolution. This view was certainly not shared by Lenin, who on the contrary saw the NEP as an imperative necessity in order to save the revolution.

Let us note how Lenin viewed the same phenomenon that Gorky referred to, but from an entirely different light. In a

speech in October 1921 on the New Economic Policy (some of which we have quoted earlier), Lenin said:

The issue in the present war [he called the struggle a war--S.M.] is--who will win, who will take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us), or proletarian state power? . . .

In this connection we must remember the peasants. It is absolutely incontrovertible and obvious to all that in spite of the awful disaster of the famine--and leaving that disaster out of the reckoning for the moment--the improvement that has taken place in the position of the people has been due to the change in our economic policy.

On the other hand, if capitalism gains by it, industrial production will grow, and the proletariat will grow too. 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** [our emphasis--S.M.]. It has sometimes figured in statistics, but it has not been held together economically.

The restoration of capitalism would mean the restoration of a proletarian class engaged in the production of socially useful material values in big factories employing machinery and not in profiteering, not in making cigarette lighters for sale, and in other 'work' which is not very useful, but which is inevitable when our industry is in a state of ruin.<sup>2</sup>

Thus Lenin, more clearly than Gorky, saw the virtual disappearance of the proletariat, but he also saw in the partial restoration of capitalism a source for reviving the working class in order to proceed to the eventual abolition of capitalism and the triumph of socialism. This partial restoration of capitalism made it possible to go forward with the industrialization of the USSR. Without it, that might have been utterly impossible.

But what is the situation today? Today the proletariat is not a small minority but has become the absolute majority of the population. It is the class that creates the material values. It is the class that has laid the basis for and realized the great technological and industrial feats exemplified by the Soviet space program, atomic energy and the natural gas pipeline. At the 19th Party Conference in June-July 1988, even though it was packed by the bureaucracy and the administrative apparatus generally, the majority of the delegates were workers.

The proletariat is the revolutionary agent with the capacity and wherewithal to bring about change. In the USSR today, there is adequate science and technology for the building and perfection of a socialist order of society. Why should it be necessary to go back to a capitalist emergency measure taken in the 1920s? Can it be justified on the basis of the exigencies of the international situation? Is that so unfavorable as to make it incumbent on the USSR to make vast domestic concessions of a bourgeois character?

Such a view is utterly inadmissible. During the NEP period, the Soviet Union was surrounded by capitalist powers, some of whom were still carrying out war and intervention against it. It was completely isolated in the sense that no proletarian revolution in the West had succeeded, and in the East the potentials were still emerging. Indeed, the USSR was a besieged fortress at the time.

Can this be said to be true today? Merely raising the question is to answer it. There are now a number of socialist countries. Whatever their problems may be, and many are very severe, the USSR can in no sense be regarded as an isolated fortress struggling for its existence. This is true not just militarily but also from the viewpoint of diplomacy and economics.

After all is said and done, the 20th century has been in the main dominated by the emergence of the Soviet Union as a great world power. Just as significant--and maybe more important in the long view of history--is the rise of a revolutionary working-class wave as a challenge to the world capitalist system. Along with it and in part flowing from

it has been the awakening of millions upon millions of oppressed peoples living under the yoke of imperialist domination. This subsequently gave rise to such phenomena as, for instance, the Chinese Revolution, the Cuban Revolution, the revolutions in southeast Asia--Vietnam, Laos, Kampuchea--as well as the revolution which gave birth to the Democratic People's Republic of Korea. Much of Africa was eventually to rise up. Central America is today convulsed with struggle.

The socialist revolution in the USSR gave impetus to the oppressed peoples struggling to free themselves from colonial domination. Indeed, there is no spot on earth which in one way or another has not been touched by the sparks generated by the Russian Revolution. So it would be preposterous to say that the international situation today demands a return to capitalist market relations in the USSR.

When Gorbachev was elected general secretary of the CPSU in March of 1985, the imperialist press at first took a very cautious attitude. It was almost universally recognized that a break in the chain of political development had taken place. To a large extent it was recognized that a new generation of leaders was moving into the summits of Soviet power. Of course, a generational change need not necessarily connote a deep social or political change. Older leaders can supplant younger leaders and vice versa. It may accelerate development or retard it, bring innovative practices or a return to older ways.

Immediately following the death of the previous general secretary, Constantine Chernenko, there began the usual speculation in the imperialist press, and especially in the U.S., as to who would succeed him. Such "old hands" as Harrison Salisbury, who had spent many years in the USSR, predicted that Andrei Gromyko, the long-time Soviet foreign minister, would be the natural choice. Others had different choices, equally erroneous. Only one researcher, Jerry Hough, author of the book *Opening up the Soviet Economy*, predicted correctly that it would be Gorbachev.

The capitalist press, which had taken a cautious view, began to build up momentum to put Gorbachev in a favorable light. Margaret Thatcher had started it most publicly with her "I like him" statement when he visited England. Slowly and gradually, praise for Gorbachev's style, his demeanor with respect to the West, and finally his political and economic program began to proliferate in the capitalist press.

For over 70 years, the attitude of the bourgeoisie toward the Soviet Union and its leaders has been one of class hatred and opposition. But it has gone from the wildest orgies of anti-communism to times here and there when it was expedient to drop the unbridled attacks and take a more cautious and pragmatic view.

During the Bolshevik period, the hatred of the capitalist class for the Soviet leaders was unmitigated. It was directed against Lenin as well as Trotsky and Stalin. However, it is interesting to note that during the period when the struggle between Stalin and Trotsky was reaching its denouement and Stalin was consolidating his power, that is, before the collectivization of agriculture began, the capitalist press for the moment regarded Stalin in a more favorable light than Trotsky. He was seen as more pragmatic, more practical. Trotsky, the proponent of world revolution, was castigated for adventurism. However, when the factional struggle ended and Stalin embarked upon the vast collectivization of the peasantry, with all its dire consequences, the capitalist press turned wildly against him. Notwithstanding all the twists and turns of Soviet diplomacy during the entire tenure of Stalin's office, the press maintained the hostility which its class role dictates.

Of course, there have been short periods of moderation. One was the years of the Second World War. The imperialist Allies were in it together with the USSR. The imperialist bourgeoisie had to orient itself into a collaborative position, necessitating a change in the tenor of its propaganda. Later, during the Khrushchev era, some elements of the bourgeoisie looked upon him more benevolently and held him up as a liberalizer of the regime who was willing to arrive at an accommodation with the West. At no time, however, was he ever regarded in the same favorable light as is the Gorbachev regime at the present time.

The diplomatic and political relationship between the U.S. and the USSR has now again undergone significant changes. For a considerable period, particularly during the 19th Party Conference in June-July 1988, elements of the capitalist press and media and especially some of its liberal specialists have waxed eloquent over the openness in the USSR and Gorbachev's innovative economic reforms. There was the signing of the INF treaty on nuclear weapons,

and also a variety of exchanges of scholars, scientists, and even military leaders. The defense minister of the USSR was permitted to visit nuclear missile sites in the U.S. and was taken into the cockpit of a B-1 bomber. Then U.S. Secretary of Defense Frank Carlucci received the same treatment when he went to the USSR. This attests to a new relationship, for the time being at least.

What accounts for the favorable treatment that the Gorbachev administration is receiving in the U.S. and in the world bourgeois press at this time? Some say it is merely the result of the period of openness, known as glasnost. The democratization aspects of the reform are universally regarded as progressive. It would be very difficult for the imperialists to act otherwise. We have covered the democratization aspect of the political process. It has brought an invigorating element into Soviet society and is beyond question an indispensable element in the further development of socialism, which in fact is inconceivable without proletarian democracy.

During the entire Leninist period there was full-scale socialist democracy, but it never got any praise in the bourgeois press. There was broad freedom for the bourgeois parties as well, until they resorted to terrorism, to the attempted assassination of Lenin and a coup d'etat as well as a counter-revolutionary insurrection--not to speak of their support for open military intervention by the imperialist powers. The fact that later a severe restriction of political freedoms occurred, followed by the abolition of proletarian democracy, must first of all be seen in the historical character of the epoch. The imperialist bourgeoisie was intransigent in its attempt to overthrow the young socialist republic and allied itself with all the leftovers of the reactionary propertied classes. This is not to excuse Stalin's repressions, but his unlimited use of terror during the entire period of his tenure didn't just fall from the sky; it had a material basis.

Thus, today's democratization process should be explained as a resumption of what normally would have been a continuous development of socialist democracy under the proletarian dictatorship. While all hail the democratization process, in the West as well as in the Soviet Union, it is not really the democratization process as such that the bourgeoisie is so much concerned with, as we will show. What they're most concerned with is the economic and political orientation of the government itself and most of all the perspective of the economic reforms.

The Gorbachev administration led off its program by embarking upon what is now popularly called perestroika, meaning a thorough restructuring of the USSR. Precisely what does this mean? Does it entail mostly accelerating the pace of change in the technological apparatus of the USSR? Does it entail merely catching up with the West in technical and scientific progress? Does it entail overhauling what is said to be an outdated scientific and technological apparatus? Is that what it reduces itself to? If that is the case, why would the Western capitalist press be so favorably concerned with it? The Soviet Union has become the second greatest industrial power in the world. It is ahead in several scientific fields of endeavor, including space. Why would the capitalist class be concerned with the success of its technological overhaul, with making the USSR stronger technologically and modernizing its industry? Is that not against the fundamental class interests of imperialism?

For well over 60 years, the imperialist ruling class has been most hostile toward the transfer of any type of technology to the Soviet Union, not just military. True, the capitalist class will sell even the rope used to hang them, as Lenin said. Nevertheless, viewed over a period of decades, one can see how little help the capitalists have been in the modernization of the Soviet technological apparatus. Most of the trade has consisted in selling the USSR grain and buying from it gas and oil. It is true that the strategic interests of the imperialist bourgeoisie would dictate a total boycott rather than any trade, but they are constrained by their own avaricious and predatory chase for super-profits. That has compelled the imperialist bourgeoisie to deal with the USSR in trade and the sale of some technology.

Their present interest in the modernization of the Soviet Union does not lie in enthusiasm for the reequipment of its technological infrastructure. What they're really interested in is whether the reforms will facilitate the penetration of finance capital on a huge scale. They are probing the increased opportunity for the big multinational superbanks to lend vast sums of money to the USSR, either as part of trade or in connection with the sale of some technology. It is said that the Soviet Union now offers the greatest market in the world for banks and industry from the West. They call it a three-trillion-dollar economy, while the U.S. has a four-trillion-dollar economy.

The role of the banks as lenders of funds to the socialist countries has to be seen from two different points of view. So far as the lender is concerned, the payment of interest and/or part of the principal on time is the main concern. If a

country is credit-worthy and can make its payments on time, there is no danger. A problem arises only if there is a financial or economic crisis in the capitalist countries which makes it necessary to liquidate their loans and cover their own obligations or makes it difficult for them to extend further credit or reschedule or readjust the existing obligations.

Relations between the imperialist banks and many of the less-developed countries illustrate the magnitude of the problem, however. In some cases amounting to billions, imperialist banks have been forced to reschedule the loans, perhaps write off the debt altogether, and at other times make cooperative agreements with other banks and debtors on how to reach a new accommodation in the light of the economic crisis.

However, capital import could be just as advantageous for the socialist countries as it was for the U.S. when for many decades the latter was a capital importer. In fact, the U.S. was a debtor country all the way up to the First World War. In those days, however, the loans were incurred to finance an enormous expansion of the economic infrastructure. The present huge indebtedness of the U.S. is the result of the degeneration of monopoly capital rather than its expansion. When considered in the light of today's advances in technology and the worldwide restructuring of industry going on, this huge indebtedness becomes even more symptomatic of decay.

The crisis within the capitalist monopoly banks is only one problem. Extending large loans to a socialist country is for them a very incongruous situation. As experience has shown with the loans to Poland, Hungary and above all China, they extend them either prior to or in connection with a rearrangement of economic, diplomatic and political relations. **They look for political advantages and levers to control the economy, not just through loans but through joint ventures and other arrangements.** But in the USSR these investments have not been of the magnitude to lead to broad collaboration, even with the Gorbachev regime. So that under the present circumstances it is still touch and go. Thus, while the value of the Soviet market is inestimable, the loans that have thus far been extended are negligible by the standards of the Soviet economy. Ten, fifteen or even twenty-five billion dollars is small when one considers the vast technological and industrial capacity of the USSR.

True, the USSR has proven that, in the jargon of the bankers, it is a very credit-worthy debtor. Its rating is excellent. No wonder that imperialist banks are forever chasing the USSR to take out loans, and every other plane landing in the USSR has one or two bankers aboard it. But truly expansive lending to the USSR is prohibited, either directly by law, which usually cites national security, or by an understanding within the capitalist ruling class.

So that the loans many Wall Street bankers are waxing enthusiastic about are in expectation of further acceleration of so-called innovative, free enterprise reforms in the USSR. Joint ventures are expected to be a fundamental lever for imperialist penetration.

They are not exactly a new endeavor in the USSR. During Lenin's time, the Soviet government eagerly sought joint ventures or outright imperialist investment by banks and industries. These did not avail themselves of the opportunities offered. On a very meager scale, this was also attempted during the Stalin period. It was resumed during the Khrushchev period, and in the early 1970s Pepsi-Cola signed a contract with the Soviet government, followed by other multinationals. As the Wall Street Journal commented: "Indeed, for a while it seemed [the 1970s] could be the decade of the Americans."<sup>3</sup> These joint ventures and business agreements seemed considerable. Such companies as International Harvester, Crowell-Collier, Macmillan, Kaiser Industries, Upjohn, General Electric, Philip Morris, Control Data, General Dynamics, PTG, Swindell-Dressler, NBC, the American Foreign Insurance Association, ITT, Arthur Andersen, and Bechtel (the giant multinational engineering and construction company) signed agreements of intent. Eventually, however, it all fell apart. Why?

In our view, there was no political agreement on the propriety of opening up the USSR to the penetration of U.S. finance capital on a massive scale in return for political and economic leverage. On both sides of the class barricade, so to speak, it became unviable. Unquestionably, the struggle between the so-called conservatives and the reformers made it impossible for the U.S. and other capitalist countries to get the kinds of agreements that would satisfy both the needs of the reformers and the ruling imperialist circles in the U.S. Detente in the political and diplomatic sense was abandoned by the U.S. in the interest of embarking on a vast militarization, especially following the collapse of the U.S. adventure in Vietnam.



There were reasons in both social systems why it was destined to fail. However, most important was that the leadership in the USSR at that time took a dim view of the presence of international monopolies and saw them as a political hazard. This should be taken into account in evaluating the course pursued at the present time by the Gorbachev administration.

At the present time, the surge of U.S. capital investment into the USSR that began early in 1987 continues but is slowing down. However, its future depends upon the further development of political accommodation, on the so-called new relationship between the U.S. and the USSR and between imperialism and the socialist countries as a whole. This, of course, is the meaning of the new strategic relationship, particularly the military relationship, between the U.S. and the USSR.

The Gorbachev administration has opened up an arena for political struggle which has long been undercover but has now come to the surface. There are three easily identifiable political currents. One of them is the Shmelyov tendency. These are outright bourgeois reformers, like the economist Nikolai Shmelyov, who are clamoring for the opening of the capitalist market on a wide arena. Of that there can be no doubt. They are strong proponents of joint ventures and the strengthening of what they call economic cooperation with the West, meaning more and more inducements for foreign capital to enter the USSR.

Shmelyov, in the article we referred to earlier in the June 1987 issue of *Novy Mir*, advocated unemployment as a "medicine to cure sloth and drunkenness," the establishment of free economic zones for foreign capital, organizing the economy "on a totally bottom-line basis" by raising the prices of food and housing, and relying on profit as the measure of economic activity.

This grouping looks forward to a convertible Soviet ruble, but until such becomes possible, they are for making all sorts of inducements so that foreign currencies--the dollar, the deutschmark, the yen, the pound, the franc--can be legally convertible in the USSR. They are, needless to say, strong supporters of accommodation with the U.S. Some of them, like Zhores Medvedev, are open admirers of U.S. imperialist statesmen like President Kennedy and even of Reagan. When Reagan met with Soviet journalists, as a sort of counterpart to Gorbachev having met with U.S. journalists, Medvedev's opinion was that Reagan won the debate with the Soviet journalists! Reagan's performance was actually considered so poor by the U.S. media that it was barely covered by them.

These reformers are not opposed (openly) to public ownership of the means of production as long as there is a free, bourgeois market, as long as individual material incentives and bourgeois norms for decentralization of industry are strengthened and agriculture is decollectivized. That's as far as bourgeois reformers can go at this time in the Soviet Union. Those who stand for a full-scale restoration of capitalism are too insignificant a minority. The real extremist and counterrevolutionary elements, like the writer Alexander Solzhenitsyn who now lives in Vermont, offer little hope to the imperialists.

At the other end of the spectrum are the forces presumably coalesced to some extent around Yegor Ligachev, a member of the Politburo and secretary of the CPSU Central Committee. He is more representative of those called "conservative," in the sense that they would conserve the socialized, centralized economy and are opposed to the opening up of the capitalist market and the extension of privileges to imperialist monopolies. Most of all, they act as a brake on the Gorbachev reforms. To get a view of their position is more difficult, since most of them are Party members high in the hierarchy of the Soviet political structure. But a general idea of where they stand was given by Ligachev to a meeting of the Gorky Province Party organization, excerpts of which were reprinted in *Pravda* on August 6, 1988.

In his remarks, he endorsed using "all the best things that have been accumulated through the historical experience of organizing exchange and the market." But he cautioned that "copying the Western model of the market, which is based on private property, is fundamentally unacceptable for the socialist system of economic management, the foundation of which is public property."

"It is impermissible to forget," continued Ligachev, "that the capitalist market, after all, is not just a market for goods and capital. An integral part of this model is the manpower market, with its merciless laws and chronic unemployment. One cannot help seeing that market relations are inevitably accompanied in capitalist society by deep social

stratification, the deepening of inequality and the concentration of wealth in the hands of a small segment of society. Should we really reproduce all this in our own country?" <sup>4</sup>

It must be remembered that everything Ligachev says has to be within the framework of supporting the restructuring and the general policies of the Gorbachev administration. He and the others are constrained to do so on the basis of Party discipline. It is otherwise with Shmelyov, who represents more the nonparty groupings and can speak more freely, as witness his article in *Novy Mir*. Rather than speak out openly with a definitive program, the conservatives hide behind acceptance of the general line, and that in turn weakens their position. Of course, they are regarded as conservative also in the sense that they want to conserve a great deal of the Stalin legacy, but are caught in a trap since they have all been obliged to denounce it.

At the present time, three years after the reforms began, Gorbachev is admitting that they have come to a virtual standstill. "We are going slowly, we are losing time, this means we are losing the game," Gorbachev told a group of Soviet editors. "In a word, it turns out there is a gap between our goals and our work." <sup>5</sup> He blamed the Soviet press and media, whose assertions are nonetheless true. "In some speeches and publications, you almost get the idea that restructuring has aggravated the economic situation, thrown finances out of balance, worsened supplies of food and goods and sharpened housing and other social problems," he said. The fact of the matter is that the democratization process, *glasnost*, has made it possible for each of the factional groupings to take advantage of the continuing failure of the restructuring process.

What is the cause of the aggravated economic situation, of the financial imbalance and growth of inflation? What lies behind the worsened supplies of food and goods and sharpening problems in housing and other social areas? The fundamental cause is the disruption of socialist planning. What do self-financing and accounting, catchwords of the reforms, mean except a throwback to individual gain at the expense of the general welfare of the socialist economy? There is an attempt to deepen individual acquisitiveness and open up, even if partially and spasmodically, elements of the capitalist market, to decentralize the economy by encouraging the perilous trend toward more and more autonomy for managers of the industrial enterprises, which could ultimately undo socialist planning altogether.

When Gorbachev took over as general secretary, he had a choice: go along with prior administrations by deepening social inequality and fostering material incentives and individual acquisitiveness at the expense of collective solidarity, or reopen the Leninist struggle for socialist collaboration on the basis of moving in the direction of social equality. The problem all along has been how best to abolish the social classes in the struggle for communism. Gorbachev chose the road of deepening and widening social differentiation in the Soviet Union. Zhores Medvedev says Gorbachev champions the better-paid workers as against the lesser-paid. Unfortunately, this is all too true. This inevitably leads to a weakening of the socialist economy.

After three years, his restructuring reforms have slowed the economy and not accelerated it. By contrast, three years into the first five-year plan (1929-1933), it proved so successful that Stalin turned it into a four-year plan, precisely because it had largely met its targets already. Were bureaucracy and repression responsible for the success of the economic plans throughout that period, or was it the principle of socialist planning and the solidarity of the workers, whose enthusiasm and eagerness carried the economy forward in spite of the repression?

The Gorbachev restructuring has met with little enthusiasm from the broad masses. The enthusiastic ones are the self-seekers, those who see gain for themselves as against the collective.

It is easy to reawaken and stimulate personal incentive as against the collective. Every worker knows that. Think what happens in the U.S. today with lotteries. Doesn't every worker know that this means billions taken away from them just so a few will get an advantage? The struggle for socialism has to overcome the age-old trap in which private property pits the individual against the collective of the mass of workers. The Gorbachev program for developing and accelerating the economy is to deepen bourgeois individual incentives, which Marxism recognized a long time ago as necessary for a period of time but which socialism aspires to overcome, not to perpetuate.

Marxism doesn't deny the significance of material incentives. On the contrary, it recognizes them. But it also shows that the collective effort of the workers will in the long run redound to the benefit of all the individuals involved.

Marxism does not establish an antagonism between the individual and the collective. It merely tries to abolish the material basis for the antagonism which capitalism and private property have fostered all these many centuries. The capitalists seek to divide the instinctive solidarity of the masses and replace it with bourgeois individual acquisitiveness, which ends up in the exploitation of the overwhelming majority of the masses in the interests of a few exploiters, as capitalism has shown.

Three years is plenty of time in which to prove a policy bankrupt. The question is how long it will take to reverse it. But we have seen historic reversals in the Soviet Union before. We have seen how during the Stalin period the bourgeois theoreticians were convinced that socialism was rapidly becoming a thoroughgoing totalitarian state which would sweep the world, which would be autocratic, tyrannical, and without any shred of democracy--and therefore a danger to humanity. This Orwellian conception of socialism became so popular that it was embraced by large sections of the intellectuals and even the radical petty bourgeoisie. No one knew where the Stalin cult would ultimately lead.

But what does the present Gorbachev era show? Instead of the stultification and ossification of political life in the USSR, instead of the bureaucracy becoming more omnipotent, it is in reality disintegrating. It is giving way to democratic processes. It is splitting up into groupings and factions, letting fresh air ventilate the system.

Of course, the democratization is still limited. It is still democracy exercised in the main by and for the bureaucracy. But in its divisions and rifts, the bureaucracy is forced more and more to appeal to the mass of the workers on the basis of their class interests. This is the meaning of the split, to the extent that it can openly exist, between the so-called conservative forces epitomized by Ligachev, the classical centrist grouping around Gorbachev and the more outlandish bourgeois reformers of the Shmelyov type.

Finally, the Gorbachev reforms come at a time when the attempt of the Reagan administration to regain worldwide geopolitical hegemony by means of military might is sinking in a sea of revolutionary conflagrations, from Haiti to the Philippines, from south Korea to South Africa, from Central America to the Middle East. This explains the accommodative stance of the U.S. ruling class at this time. Once again, as in the 1970s, they have been forced to resort to detente, the so-called new relationship, as an instrument of foreign policy in relation to the USSR and other socialist countries. However, it is just another phase in the worldwide struggle between the two antagonistic social systems, imperialism and the socialist countries. The one great certainty is the advance of the cause of the socialist revolution. All else is temporary, conditional and most of all illusory.

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Article 18  
October 13, 1988

## THE SHIFT IN THE PARTY LEADERSHIP

**September 1988 Central Committee meeting admits economic reforms are bogged down, national struggles becoming sharper. No open political debate. Instead, shifts in top Party personnel. Gorbachev moves toward decollectivizing farms through contract work and long-term leases to land. Ligachev's role as head of agriculture. Need for open voting on resolutions. Neglect of national question. Soviet of Nationalities not consulted on Armenia and Azerbaijan. National question becomes political football to attack "conservatives."**

When the Central Committee of the Communist Party met for its fall session in late September 1988, it was faced with two truly staggering issues. One was how to proceed or possibly even whether to proceed with the Gorbachev economic reforms. As Gorbachev himself admitted in a speech to Soviet editors,<sup>1</sup> the reforms are going slowly and in effect have stopped. "We are going slowly, we are losing time, this means we are losing the game. In a word, it turns out there is a gap between our goals and our work," he said. Viewing this prognosis in light of his October 15, 1985, report to the Central Committee, one cannot help but feel a sense of disappointment. He said at that time:

It is planned in the next fifteen years to create an economic potential approximately equal in scale to that accumulated throughout all the previous years of Soviet government and to almost double national income and industrial output. Productivity of labor is to go up by 130-150 percent.

This will help double the volume of resources for meeting the requirements of the people. I think that the document being presented gives us every ground for saying that the implementation of its social program will make it possible, in the next three five-year plan periods, to raise the Soviet people's standard of living to a qualitatively new level.<sup>2</sup>

Now, in September 1988, this grandiose panorama of what would happen over the next 15 years must be scaled down.

By contrast, it is sure to be pointed out by some in the Central Committee that after the Soviet Union inaugurated the first Five-Year Plan, it took on such momentum that Stalin could assert the completion of the plan in four years. A comparison is surely being made in some of the leading circles of the USSR between pyatiletka (the name given the first Five-Year Plan) and perestroika. There are, of course, vast differences. They reflect two different epochs. The historical circumstances are altogether different. But both do involve technological as well as social and economic changes.

The other critical question is the nationality issue. It has become more and more urgent as unrest and disorders have accelerated. No sooner had the Central Committee adjourned than once again the Baltic situation took on an ominous character with larger and more defiant demonstrations in Estonia, Latvia and Lithuania.

These were the two issues that should have been dealt with. However, in the true spirit of a classic centrist, Gorbachev decided to shelve them and deal first with personnel changes. While they undoubtedly are urgent, and it is proper for the Central Committee to deal with them, under the circumstances it is really putting the cart before the horse.

Usually the Party Congress elects the Central Committee, which then elects its executive committee (Politburo) and the other leading bodies. The form of the election can vary, but the Party Congress is the highest body. It would be in the tradition of Leninist democratic centralism for the Central Committee to first discuss the broad political issues,

based on debate over the various resolutions, followed by voting for and against them. Then the last item on the agenda, as was done at Congresses during the Leninist period, would be to deal with the election of a new Politburo and its leadership. At the end it is possible to have a consensus even where there are serious differences of opinion. But these should be clearly stated without fear or favor.

However, the old pattern of endless unanimous resolutions adopted without discernible differences (except those that are detected by reading between the lines or careful followup of the speeches and activities of the leadership) is still being followed, notwithstanding the standard denunciations of conservatism and stagnation--allusions to the Stalin and Brezhnev periods. This must now be recognized following the 19th Party Conference<sup>3</sup> as well as the recent plenum of the Central Committee.<sup>4</sup>

The bourgeois press was of course filled with speculation and inside dope on the meaning of the personnel changes. Unquestionably some of the media here have either direct or indirect access to explanations for the changes. One reported change in the structure of the Central Committee was to replace 22 departments with six commissions. Mikhail Gorbachev took Andrei Gromyko's seat as Chairman of the Presidium of the Supreme Soviet, also known as President. Gromyko, along with three others, was dropped from the Politburo. Gromyko has held ranking positions in the Party for 50 years and was foreign minister for 28 of them.

Among the four new Politburo members are Gorbachev proteges Anatoly Lukyanov and Vadim Medvedev. Medvedev skipped over the candidate stage to be made a full member. He will be a Party secretary and will head the commission on ideology, replacing Yegor Ligachev, who previously had responsibility for both ideology and foreign policy. Ligachev will head the commission on agriculture.

Anatoly Dobrynin, who held a position as senior foreign policy adviser to Gorbachev and was the longtime Soviet ambassador to the U.S., was replaced by Aleksandr Yakovlev, who will head the commission on international affairs. Yakovlev is considered to be one of Gorbachev's closest collaborators.

The capitalist press has regarded Yegor Ligachev as second in command and the leading "conservative" in the Party. Medvedev, who replaces him, was previously the Party's senior adviser on Eastern Europe and has risen rapidly in the Party ranks since Gorbachev's accession in 1985. Yakovlev, who was put in Dobrynin's place, is regarded as very close to Gorbachev. It was he who gave the press a summary of Gorbachev's report to the 19th Party Conference.

In response to a question from the Associated Press ("When do you think there will be an end to rationing of basic food in the Soviet Union?"), Yakovlev answered:

It is bitter for me to hear and respond to this question because it is true, because this is our illness, this is our sore point. Yes, it is necessary to introduce as soon as possible lease contracting, brigade contracting, agro-firms, agro-combines and all the other things outlined recently in the context of agrarian policy. Yes, it is necessary to solve the food problem as soon as possible. It is a political question, a moral question. It is a social question. . . . But the whole point is that it does not matter what we undertake. If there is no hard work and if there is a continuation of the lack of self-reliance that is very widespread among us, then there is very little that we will be able to do. In his report today Mikhail [Gorbachev] spoke very sharply about this in a very committed way. He repeatedly said that it seems it is now necessary to go further in agriculture, especially in the area of management. . . . [F]rom now on a procedure should be established for the collective and state farms to themselves establish who should manage them and how they should be managed and what should be done. . . . That means they will be responsible for everything they do. That is, people's self-interest must be raised further. Of course, without this there will be no foodstuffs, there will be nothing, nothing at all. Second, it is necessary to socially restructure the countryside.<sup>5</sup>

Thus it is clear that agriculture is the most important and urgent issue. The Gorbachev administration is using the mechanisms of lease contracting, brigade contracting, agro-firms, agro-combines, etc., to move in the direction of encouraging private collectives, widening contract farming and leasing land for something like 50 years. All this points in the direction of the decollectivization of agriculture, which is already very much underway. It is one of the fundamental issues that the reformers and the so-called conservatives are at loggerheads over.

The issue is whether to retain and strengthen the collectivization of agriculture and put it on a higher socialist level, the level of an industry, or to go backward toward bourgeois relations in agriculture, as for example in Poland and for the most part now in China, with all its dire consequences. The stated objective of the reformers is to raise the productivity of labor, increase the food supply and make the country less dependent on the import of grain and other farm products. Of course, nothing is more urgent than the food supply. But the issue is whether to go on with the bourgeois reforms in the agricultural field, or to find ways and means of strengthening agriculture and increasing the productivity of labor on the basis of advancing socialist relations on the land and bringing them to a higher stage of development. It's an issue of principle. It certainly is a contradictory road; it's either one or the other.

Therefore, if the Party's position is to go in the direction of decollectivization and the bourgeois market, it would be wrong in principle for anyone in favor of deepening socialist norms to be put in the position of taking responsibility for the agriculture ministry.

It's the same in a trade union situation. If a strike is in progress and there's a difference of opinion over whether to terminate or continue it, it would be wrong for the local union executive board or president to appoint someone to take responsibility for terminating the strike whose conviction is in the direction of continuing it.

It is wrong for Ligachev to have taken the post of agriculture minister at this time if he is in favor of intensifying socialist agriculture but has to carry out an opposite policy. If he was arbitrarily removed from his other responsibilities and put into this new position, and is doing it as a matter of Party discipline, it's doubly erroneous. He shouldn't accept the post if the policy is at odds with his political convictions, and it is wrong for Gorbachev to appoint him to it. Of course, it is conceivable to do it as a matter of loyalty to the Party, but that is hardly a way to deal with such a critical issue as agriculture.

The root of the problem lies first of all in the fact that the Central Committee meeting wasn't confronted with voting up and down on resolutions which would politically explain the divergent positions of the groupings around this crucial issue. This democratic procedure, which was so scrupulously followed during the Leninist period, was subsequently abandoned in the Stalin era and has not been revived by his successors, including the Gorbachev regime. There is never any open voting on resolutions up and down the line.

In a country with a hundred nationalities covering almost 280 million people, how is it possible to always come out with unanimous votes on issues which subsequently are shown to be in dispute? Could this happen if the restructuring processes were really being reviewed and resolutions on them discussed and voted on without fear, the way it used to be during the Leninist era and the way it should be in any revolutionary working class party where genuine issues are in dispute? As matters stand now, real disputes are hidden and have to manifest themselves in other ways, often in the foreign press. So that however the restructuring issue was discussed in the Central Committee meeting, this is not made available to the public. Yes, it is now more democratic than it has been, but a gulf still separates it from the Leninist era.

The bourgeois press, which showed such extravagant admiration for the Gorbachev reforms and was so effusive in its praise of the 19th Party Conference deliberations, has become more cautious of late. They hailed Gorbachev for consolidating power in his hands by becoming the chairman (president) of the Presidium, but were quick to exploit the hasty approval he got from the Central Committee, characterizing it as a break from his own policy of democratization.

The other issue, the nationality question as it is called in the USSR, was again shelved. It is a real question as to which was more critical--the economic restructuring plan or the growing unrest among the nationalities. It is well to bear in mind the structure of the Soviet state as reflected in the Constitution of the USSR. We have more than once called attention to the fact that the USSR state structure is composed of two chambers. This is a unique feature of the Soviet system. No capitalist country has such a structure.

The purpose of the two chambers is to give the greatest emphasis to the struggle for equality of all the peoples of the USSR. Any issue that deeply concerns the nationalities--such as the struggles in Armenia, Azerbaijan, Kazakhstan, etc.--should be at least discussed in the Soviet of the Nationalities. If it is not discussed there, then this chamber is a

dead letter and has no meaning.

In fact, one could easily be led to that conclusion by the fact that it is so rarely mentioned. And the capitalist press, which usually looks in every nook and corner to find some avenue to discredit the USSR, has conspicuously stayed away from pointing this out, precisely because it would point up the gross racism and national discrimination against oppressed peoples which exists in the bourgeois world, where such a body has never existed, not even in form.

It should be noted that the national question, which anyone can now see is a critical issue in the USSR, has been given scarce attention by the Gorbachev administration, which aroused such high expectations of democratization. Mention of it in Gorbachev's report to the 27th Congress could easily be overlooked and succeeding reports barely noted it. It took the outbreak of the demonstrations in Armenia and Azerbaijan to finally compel the government to deal with it and the press to report it. The unrest and disorders forced the June 1988 meeting of the Central Committee to discuss it extensively. One would think that, immediately after the outbreak of disorders involving at least three of the nationalities, this would be discussed in the chamber for which it was erected--the Soviet of Nationalities. But it hasn't been to this date, though it is still not too late to do so.

The constitution categorically states that the territory of a union republic cannot be altered without its consent and that the borders of union republics can only be altered by mutual agreement of the corresponding republics and approval by the USSR. This has been affirmed repeatedly in the constitutions of 1924, 1936 and 1977 (the present one). A speech by Gorbachev to the USSR Supreme Soviet Presidium in the summer of 1988 confirms the existence of the Soviet of Nationalities; it has not been abrogated without public knowledge. He referred to various proposals made for the resolution of the Nagorno-Karabakh problem and spoke about:

. . . [U]pgrading the status of the region, its powers, and possibilities. This, apparently, should not be rejected. These matters need to be solved. We consulted with leaders of the republic [Azerbaijan]. Perhaps the resolution, alongside what was said in the first part, should contain a provision that a group or a commission be formed in the framework of the Soviet of Nationalities to analyze all the proposals made here. Later, apparently, other proposals will also be made in the Soviet of Nationalities, so that we will thus be able to study this problem better, the more so as we approach a reform of the political system that presupposes changes, enhancing the rights of union republics, their responsibilities and powers, the widening of the rights and status of the autonomous republics. Solutions enhancing the guarantees mentioned here could be arrived at in the framework of studying this entire matter.<sup>6</sup>

So finally, two years after the rebellions in Kazakhstan, after months of struggle in Armenia and Azerbaijan and the defiant demonstrations in the Baltic areas, we learn of the existence of the Soviet of Nationalities and that a group will be formed (how and who will be on it is not mentioned) which will analyze proposals. But all this awaits political changes that will presumably widen the rights and status of the autonomous republics and "enhance the guarantees."

But the guarantees are already embodied in the constitution. What is required is for the other arm of the Soviet government, the Soviet of Nationalities, to meet and discuss, to propose or dispose. When will it meet? There is only a rumor that it will meet sometime next year.

It serves no useful purpose, and will in the long run prove extremely harmful not only for Gorbachev and his administration but for the cause of socialism in the USSR, for him to blame the nationality problems on the conservatives, as he did in his speech to the Presidium.

It is the adversaries of restructuring, conservative and corrupt elements who waxed rich in the period of stagnation that speculate on the problems of Nagorno-Karabakh. We, comrades, should not fail to see and realize this. It is of advantage to them to distract the attention from themselves by feigning concern for the destiny of Armenians in Nagorno-Karabakh. We know this, we see this, and we shall not lose sight of this. The force of Soviet laws should be directed precisely and only against such elements.<sup>7</sup>

This doesn't explain why the disorders took place during his administration and not earlier. Nor does it explain why he didn't raise the question of the nationalities where it properly belongs, in the Soviet of Nationalities. Indeed, he goes on

in his speech to refer to this problem as not only critical and important but as "arch-important" and an "arch-complex matter." If that is so, why not take it up in the forum where it belongs?

A speaker identified only as Pogosyan, the first secretary of the Nagorno-Karabakh Oblispolkom of Azerbaijan, raised the ghost of Stalin at the Supreme Soviet summer session when he said, "How then did Nagorno-Karabakh find itself a part of the Azerbaijan SSR? Unfortunately that was a concession to the annexationist ambitions of the then leadership of Azerbaijan which, enjoying Stalin's support and skillfully speculating on the extremely complex situation in the Transcaucasus and Russia as a whole, achieved the incorporation into the Azerbaijan SSR of a territory where more than 94 percent of the inhabitants were Armenians."<sup>8</sup> But this approach did no good and is strongly disputed by the Azerbaijanis.

How do they explain the silence on this matter of the two outstanding liberalizers who initiated the anti-Stalin struggle? Nikita Khrushchev and Anastas Mikoyan never seemed to have noticed the injustice to the Armenians on the specific issue of Nagorno-Karabakh, even though Mikoyan, an Armenian, and Khrushchev, a Ukrainian, were themselves from formerly oppressed nationalities. Mikoyan was a long-time member of the Central Committee and Politburo, a close associate of Khrushchev, president of the Supreme Soviet and the very first one to have attacked Stalin after his death.

The roots of the matter go way back to the beginning of the USSR and to the last days of Lenin's life. He warned against Great Russian chauvinism as the principal danger in the nationalities problem in the USSR.<sup>9</sup> Then, as now, economic reforms which revived the capitalist market also stimulated and exacerbated the growth of national animosities, as we have pointed out earlier. Basically an appeal to bourgeois individual inclinations, the reforms today are generating bourgeois nationalism in inter-ethnic matters as well as in relations between the center and the union republics.

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Article 19

December 8, 1988

# NORTH AND SOUTH: NATIONAL TENSIONS AND ECONOMIC CHANGE

**The 19th Party Conference. Freedom to criticize--but only past policies. Underdevelopment and national antagonisms. Strategy of imperialism toward Moslem fundamentalism. Sakharov promotes Armenian bourgeois elements. The Estonian "popular front." Estonia's history between the wars. Gorbachev's concessions to Western public opinion. Can USSR avoid growth of bourgeois nationalism?**

While Gorbachev was basking in the sunlight of summitry politics with the U.S. and absorbing a flood of flattery from the imperialist press not too long ago, forces hostile to socialism were working, not too quietly, to undermine the very pillars of the national structure of the USSR. For a while it seemed that Gorbachev and his collaborators were either not noticing or not paying much attention to the serious developments casting a dark shadow over the glowing accounts of perestroika and glasnost.

For instance, as late as the spring of 1988, when Gorbachev visited Yugoslavia, he was asked by reporters how he could explain the disorders that had taken place in Armenia and Azerbaijan. Gorbachev answered with a question. "Name me a country," he said, "which doesn't have problems like these." But that is exactly the point! Hadn't progressives always thought of the USSR as being different from the capitalist countries, which are in a continual process of suppressing national minorities? Was Gorbachev deliberately putting the USSR on a level with bourgeois regimes?

Didn't he get the message of the rebellion in Kazakhstan in 1986? It came after the head of the Party in the republic was removed and replaced by an ethnic Russian. The response of the Gorbachev regime was to denounce irresponsible young people, hoodlums and the like. If he overlooked the significance of Kazakhstan, could he have forgotten what happened first in Armenia and then in the city of Sumgait in Azerbaijan just this February? The blood spilled there was hardly dry when Gorbachev visited Yugoslavia.

Then came preparations for the great event, the 19th Party Conference in June 1988. This was heralded as the opportunity for an all-out debate. It would be a great demonstration of the democratic transformation of the USSR that would put the whole country on a new historic plateau. Again, some in the bourgeois press pulled out all stops in praise of the new thinking, the new demonstration of tolerance, of criticism, of give and take. But look closer. Who was really doing all the debating? Who was doing all the criticism? Was there any criticism of Gorbachev and his administration?

Was even one person able to get up and forthrightly state that he or she was opposed to perestroika in principle? Did anyone say it was a return to petty bourgeois commodity production and the enrichment of the upper layers of Soviet society, that cooperative enterprises which rent the collectivized lands for as long as 50 years are a cover for free bourgeois enterprises? Did anyone blame the Gorbachev regime for the food crisis, or was it all heaped on their predecessors, the period of so-called stagnation under Brezhnev? And did anyone feel free to link the growing inequality between persons and regions to the rise of nationalist antagonisms?

But never mind that. There were great big issues to discuss. Yes, such as the question of Kazakhstan. How about

discussing that, as well as the disorders in Azerbaijan and in Armenia? Was the fact brought up that the Party apparatus in both states was swept away by mass demonstrations, and that the Party leadership, whatever influence it might have had, had vanished into thin air?

Was it enough to say, as Gorbachev did, that all these problems grew out of the past period, and that he should get credit for bringing the matter into the open by stimulating democratic processes? Did it suffice that one or two self-serving representatives, carefully chosen by the Gorbachev regime from Armenia and Azerbaijan, made presentations that covered up rather than revealed the growing danger, which was spreading daily? Did anybody among the delegates note, for example, that the Ayatollah Khomeini's picture was appearing on flags and placards in the demonstrations in Baku? Did they think that had any meaning?

It seems that only the writer and historian Roy Medvedev, who is outside the Party and whose bourgeois leanings to the West are only too well known, will bring up such matters, discussing them with the bourgeois press. Medvedev recognizes the danger involved, but the Gorbachev regime seems to have turned a blind eye to it.

There is a problem of underdevelopment in the republics. Wherever there is no clear-cut communist solution based upon equality, they will inevitably become prey to bourgeois demagogy, which can clothe itself in reactionary religious forms. This should have been taken into consideration a long time ago, when the Khomeini regime first consolidated its reactionary dictatorship over the Iranian people.

One of the long-term strategies of U.S. imperialism, ever since Khomeini came to power (and it explains their equivocal attitude toward him), is to turn Moslem fundamentalism, headed by the Khomeini regime, into a spearhead against the Soviet Union. This has been openly talked about in the U.S. over a period of years. Under these circumstances, it is sheer folly not to have paid the greatest attention to this problem. Even if concessions of an extraordinary character were called for, they should have been made to overcome the underdeveloped state of the economy in Azerbaijan and to a lesser extent in Armenia.

Even back in Lenin's day, it was clear (as we have pointed out in earlier articles) that the New Economic Policy, necessary as it was, encouraged the growth of Great Russian chauvinism and cultivated bourgeois traits of acquisitiveness and individualism in economic relations. But this was recognized as a great danger and the Party was on guard against it.

The policy of perestroika has reignited and fanned the flames of ancient nationalism. A solution can be found to the national question by addressing the problems created by perestroika, not by reinforcing the bourgeois economic reforms.

Having made so much of the Party Conference, they could have brought up the national question there, but it was hardly the place for it. The first secretary of the Azerbaijan Central Committee in his talk mentioned the existence of the Soviet of Nationalities, which is the constitutional arm of the government where the resolution of this problem properly belongs. If not done there, he said, they should at least set up a commission or a sub-unit of the government to establish an ethnic ministry. Properly, this question should be taken up at a full-scale meeting of the Soviet of Nationalities. Of course, this could lead to an explosive discussion. But isn't it preferable to have an explosion within the confines of a constitutional arm of the government rather than in the streets?

When the struggle was confined to the Armenians and Azerbaijanis, it might have been manageable with enough foresight and sensitivity. But there was hesitation and an under-estimation of the problem. Under these circumstances, it was utterly inevitable that larger, more formidable forces would enter the arena. The imperialists were very quick, at the first outbreak of the disorders in Azerbaijan and Armenia, to set up facilities in Rome and in the U.S. to process Armenian applications for immigration. How different it is for Haitian, Guatemalan and Salvadoran refugees!

And then came Andrei Sakharov's open call for support to Armenia. It was an attempt to rally all the old Great Russian chauvinists, all the bourgeois and anti-communist elements. Sakharov has been legitimized as the leader of the bourgeois wing of the Gorbachev regime; he has gotten back on the governing board of the Soviet Academy of Sciences; he is a spokesperson on human rights for the bourgeois elements; and now he is promoting Armenian bourgeois elements. What once might have lent itself to an easier solution has now become a larger and more

formidable struggle. All the chauvinists, all the bourgeois elements, are now gravitating toward Armenia.

In the light of what was happening in the southern republics, it is interesting to note that the Estonian delegation came to the June Party Conference with a ready-made "popular front." The older communists might have thought, well, here was something progressive. Perhaps it reminded them of the working class struggles of the 1930s, particularly the anti-fascist front in France. But they might have looked closer at that, since even the Popular Front in France was a coalition between the working class parties and the Radical Socialists, who were the authentic party of the French bourgeoisie at that time. And it was led by the Premier, Edouard Daladier, who soon made short shrift of his anti-fascist demagoguery and became the signer, along with Britain's Neville Chamberlain, of the Munich Pact with Hitler.

But never mind that. It's all ancient history. This "popular front" from Estonia must be a good thing. Oh, sure it is. It is a provisional regime for the restoration of bourgeois private property and for an alliance with the imperialist bourgeoisie.

Is this "popular front," complete with its own cabinet and a near-unanimous legislature, just a home-made product? Or is it an embryo bourgeois government, so ill-disguised that any communist in the USSR should be able to recognize it immediately and treat it as such? The attempt to set it up as an independent government is a farce and a fraud.

All this was completely lost in the euphoria of self-congratulations over this great Conference. Now, however, Gorbachev has some second thoughts about Estonia and the "popular front." But this is November, not the halcyon days of June and July. So now, at a meeting of the Presidium of the Central Committee, he is obliged to remind the Baltic leadership that perestroika was meant to develop socialist property and not private property. The latter, says Gorbachev, leads to the "exploitation of man by man." <sup>1</sup>Does the working class of the USSR need to be reminded of this, or is it his particular grouping of "innovators and experimenters" who have to relearn the basics? "Our revolution," he said, "was staged for the purpose . . . of turning everything over to the people. The attempt to restore private property means a move backwards and is a deeply erroneous decision." <sup>2</sup>Well, well.

However welcome this reassertion of fundamental principles is, it is important to know that what the leaders of the Baltic states (Estonia, Latvia and Lithuania) have raised is not the validity or applicability of the Russian Revolution, but the annexation and incorporation of the Baltic states into the USSR in 1939.

We have written about the history of this region before.<sup>3</sup>In brief, when the Baltic states were part of the czarist empire in 1917, an attempt was made by the workers to overthrow the bourgeois governments there simultaneously with the Russian Revolution. But they failed and then the German imperialists took over the area and occupied it. After the German defeat, the Baltic states were declared independent by the victorious Allies. Some of the comrades thought the right thing to do was to move in the Red Army and take over that territory again. But wiser counsel, led by Lenin, overruled this with the view that, given time, the workers of the Baltic states would rise to the historic occasion and overturn the landed barons and the German bourgeoisie who controlled the vital industrial arteries of the region.

Instead of allowing the free development of democratic processes, the bourgeoisie in the Baltics generally began to repress the workers' movement. The bourgeoisie in Estonia proved so weak and unstable, however, that it experienced 20 coalition governments before it succumbed to a near-fascist regime, which lasted until the Red Army arrived in 1939. The Soviet Union had just signed a non-aggression pact with Germany--but only after it tried and failed to get an agreement with Britain banning direct or indirect aggression by Nazi Germany in the area. Faced with the imminent possibility of pro-Nazi coups in the Baltic states, the USSR instead made an agreement with Germany that allowed it to send its troops into the area. Within two years, Germany attacked the USSR, occupying the Baltic states once again. It remained for the Red Army to free these states from Nazi occupation. They were won in a war of socialism against imperialism, and this cannot be negotiated away.

Why is the Gorbachev regime on the defensive on this? It's part and parcel of the accommodation with U.S. and European imperialism. It's not that they're afraid of the Estonian bourgeoisie--they're afraid of bourgeois public opinion in the imperialist countries, who are presenting the spectre of another Czechoslovakia.

These states were won in an international civil war, far more significant historically and as binding as was the victory

of the North over the South in the bloody U.S. Civil War. The war was the final arbiter and this should have been made clear from the very beginning to Washington, to Bonn and to the Nordic satellites of imperialism.

The Estonians would never have the brashness, the insolence to come with an embryo so-called independent government and ask for recognition unless they were supported and instigated by the imperialist bourgeoisie and had been fed steadily with bourgeois economic concessions by the Gorbachev administration. But it's not too late. A turnaround has to be made by the Soviet government if it is to avoid the disintegrating effects of the growth of bourgeois nationalism as against communist working class solidarity.

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2. Ibid.
3. See Article 15.

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Article 20  
December 22, 1988

# THE SOCIALIST SOLUTION TO THE FOOD PROBLEM: Part I

**Comparison of Khrushchev and Gorbachev. Gorbachev consolidates agriculture ministries. Reorganization of personnel as a factional maneuver. "Revolution" from above. New economic mechanisms: the private cooperative. "There are rogues in the cooperatives." Breaking collectives into smaller units inconsistent with socialist development, hasn't solved food problem. Lenin on cooperation. Attempt in 1920s to win middle peasants to cooperatives failed. Left, right and center in the Party.**

When Mikhail Gorbachev took over the post of General Secretary of the Communist Party in March 1985, he alone among the top leaders in the Politburo had accumulated significant experience in the food program of the USSR. As a result of his tenure in office as Party Secretary of Agriculture, he seemed to be the one person who could resolve the country's most crying problem: the food question and related problems arising from the chronic agricultural crisis.

Of all the leaders since the death of Stalin--Gorbachev, Chernenko, Andropov, Brezhnev, Khrushchev and Malenkov--only two, Khrushchev and Gorbachev, could claim extended experience in agriculture as a significant factor in their rise to head the Party and the government. Of course, Brezhnev also had experience, but it was not as critical a factor in his rise.

There can be no more important problem in any country than the food supply. In both ancient and modern times, governments have been swept away after natural catastrophes when they were unable to alleviate the situation. Marshall Goldman, a none too friendly critic of the Soviet Union, says in his *Gorbachev's Challenge*, "Agriculture has its own special problems. Beginning in 1979, the Soviet Union suffered seven bad grain harvests in a row." <sup>1</sup>He conveniently forgets President Carter's export embargo on selling grain to the Soviet Union, which unquestionably aggravated the food situation.

It is a staggering problem. Nevertheless, Gorbachev has not overestimated the significance of the objective factor in the agricultural problems of the USSR. Rather, what he has done over a period of time is establish himself as a critic of the management and techniques used in the agrarian sector.

Khrushchev had been a peasant, unlike Gorbachev, whose agricultural experience was mostly involved in administration as a career political leader. Even as early as Stalin's tenure, Khrushchev had accumulated some remarkable successes, first as secretary in charge of agriculture of the Ukrainian Party, and, second, as the person responsible for having pushed forward collectivization under Stalin. A highly progressive scheme to amalgamate the thousands of small collectives into larger units was his, and proved to be singularly successful. Gorbachev's experience, however, has been more in administration than in the direct management of agriculture. After a considerable period in office, there is no evidence to date that Gorbachev's achievements have been any more than lackluster.

Khrushchev had an altogether different personality; his demeanor may have occasionally been regarded as rude and crude, which was unfairly attributed to his peasant origins. All of the post-Khrushchev writers and considerable biographical material in both the East and West agree on this. His shoe-banging demonstration at the UN is regarded as evidence of his crudeness. Of course, never mentioned is the historical context: the tense and charged atmosphere of late 1960, when a U-2 spy plane had recently been shot down over the USSR and anti-Soviet, anti-Cuban propaganda reached its peak as Khrushchev and Fidel Castro, in New York to address the UN General Assembly, met at the

Theresa Hotel in Harlem.

Gorbachev's style, on the other hand, to the extent that one can have observed him from the outside in his years as general secretary, is that of a Western CEO (the chief executive officer of a large multinational corporation) rather than of a communist leader of the older generation, especially the Bolsheviks. Hardly anything comes through in his speeches which would indicate a link to the older generation of communist leaders. When Mikhail Kalinin, for instance, became president of the Soviet state in 1925, he was almost universally viewed as a peasant, which he was. Gorbachev, on the other hand, is a lawyer, a university graduate who studied law and public administration. It is from all these points of view that he is a leader, as so many bourgeois commentators have said, of a new type, and his collaborators in the Party leadership have in one way or another fallen into substantially the same social category. But food and agriculture is the problem of problems before them. In the long run, if there is a severe crisis, they will be held accountable.

In Gorbachev's very first speech following the death of Chernenko, he said, "We should, we are bound to attain the most advanced scientific and technical positions, **the highest world level in the productivity of social labor**. In order to resolve the task with greater success and speed, it is necessary to continue to perfect persistently the **economic mechanism** and the entire management system. . . . This means invariably carrying out a planned development of the economy, strengthening socialist ownership, expanding the rights, **enhancing the independence of enterprises, raising their interest in the end product of their work**." (Our emphases--S.M.)

There soon followed exhortations and directives regarding the expansion of democratic rights "to the fullest extent possible" and the opening up of a campaign against "bureaucracy" on a scale that dwarfed anything either Khrushchev or others had embarked upon.

Naturally, the public eye was first and foremost on the food and agricultural sector; that's where Gorbachev's expertise was involved and much was expected from that area. Thus, on November 22, 1985, the Presidium of the Supreme Soviet announced the first of a number of sweeping overhauls of the government. Some 50 government ministries were earmarked for significant changes or outright abolition. But most important was the abolition of five key ministries that dealt with food and agriculture: 1) the Ministry of Agriculture, 2) the Ministry of the Fruit and Vegetable Industry, 3) the Ministry of Rural Construction, 4) the Ministry of the Meat and Dairy Industry, and 5) the Ministry of the Food Industry. Also dissolved was the State Committee for Production and Servicing of Agriculture.<sup>2</sup>

If the problem was bureaucratic practices, this should have done it. If bureaucratic inertia and lack of contact between the masses and the officialdom had been the major brake upon agriculture (as has so frequently been charged), and if what was needed to revive agricultural production and substantially increase the food supply was the renewal of personnel in all these ministries and departments, then this move should have been the answer, at least in part.

However, the reorganization of the agricultural and food administrations was not altogether a new idea. Reorganizations have been going on for years, practically since the establishment of the Soviet Union. There was considerable overhauling during and after collectivization and during the wartime years. Most dramatic was what appeared to be a liberalization and a dramatic blow at the agricultural bureaucracy during the Khrushchev era, meant to bring the administrators and organizers of agriculture closer to the masses. One of Khrushchev's reforms had been to move the Ministry of Agriculture from Moscow back to the rural areas so as to put it in direct contact with agricultural production. It was a bold move and a brave one at that, for he could not possibly have earned the gratitude of those forced to move from the capital to the provinces, with the hardships that would cause them and their families. But it wasn't just the ministries in Moscow that moved to rural areas, it was also the ministries of the various republics. From the point of view of an orthodox communist position, keeping in touch with the masses had always meant being where the masses themselves were. And that meant a minimum of representation in Moscow or in the capitals of the republics.

If anything should have enhanced the democratization process during the Khrushchev period, this was it. Closer contact with the masses was regarded as of cardinal significance in the struggle of the Party to be in the vanguard of the workers and the peasantry. For a Party member to be a peasant or be close to the farms was a badge of honor, since this usually entailed a great deal of hard work, tireless energy and removal from the center of political struggle.

But this particular reorganization by Khrushchev did not accomplish what it was intended to, because it was also a factionally motivated maneuver to get rid of, as far as possible, the old holdovers, those who had been loyal supporters of the Stalin regime or were suspected of being opposed to the Khrushchev reforms. Sending out administrators from the center to the provinces was a tactic used during the Stalin regime and by governments the world over. But it did little to solve the overall problem confronting agriculture, notwithstanding the remarkable successes of Khrushchev with the virgin lands experiment and his earlier amalgamation of the small, scattered collectives into larger ones.

Gorbachev's move in November 1985 produced similar results. If what was needed was to overhaul the bureaucratic apparatus, to bring in fresh cadres from the ranks and from enthusiastic supporters of democratization, then Gorbachev's overhaul should have resulted in a spectacular success in the food and agricultural program. However, the wholesale abolition of these departments was in reality merely a consolidation. They were put under the jurisdiction of a new super-agency, the State Committee for the Agro-Industrial Complex.<sup>3</sup> What is more, Gorbachev succeeded in getting Vsevolod S. Murakhovsky, Communist Party leader in the region of Stavropol, Gorbachev's home base, to head the new agency. Gorbachev had taken a leaf from Khrushchev in his reorganization; on balance it seemed to have been a way to get rid of the old office holders from the Brezhnev era and put in his own supporters.

Overhauling the agricultural apparatus looked on the surface like a democratic measure. In reality, it was merely a change of personnel. Nowhere was there any indication of the anticipated groundswell of support for the Gorbachev measures from the millions of workers and peasants on the collective farms or in the food-processing industry.

The changes at the top were not a reflection of social ferment in the collective farm population, among the workers from the service centers which supply them with technical assistance, or in other areas of the population involved in agriculture. Indeed, the mass of the workers and peasants all over the USSR were not at all moved by the new reorganization, although there was the usual praise and approval at selected meetings of agricultural functionaries. This measure, more than others, confirmed that the "Gorbachev revolution," as it is frequently called in the bourgeois press, is strictly a revolution from the top. And it is truer in the area of agriculture than anywhere else.

There's no evidence that the "democratization" had reached or involved the lowest echelons of the mass of the workers and peasants, especially in the poorer collectives. Revolutionary change at the top, if it is really revolutionary, ultimately evokes a response from the masses below. But that was not at all the case. It turned out to be merely a change of personnel--although there's no doubt that the new government administration had the authority and perhaps the obligation to change the personnel if indeed the old holdovers were obstructing the new program of "radical restructuring."

The many exhortations to democratize the organs, to instill a new stimulus to the masses, to bring out their creative initiative and so forth had little to do with enhancing and increasing agricultural and food production. It just didn't happen.

Gorbachev's speech in June 1988 to the 19th Party Conference is most eloquent testimony to the failure of his own policy. "Let me begin with the food problem," said Gorbachev, "which is probably the most painful and the most acute problem in the life of our society."<sup>4</sup> Thus, more than three years after he took over and two-and-a-half years after his reorganization of the administration of agriculture, the food problem had become the "most painful and most acute problem."

But the Gorbachev administration has not relied on political and administrative measures alone to solve the food and agricultural problem. It has a two-fold approach. It is singularly concerned with new economic mechanisms to replace the old ones. Indeed, the political measures are complementary to the new economic mechanisms. By the time of the 19th Party Conference, the greatest attention was being paid to a series of innovations and experiments in the farm and food sector which were supposed to revive agriculture and accelerate the production of food. All this was to be done in the "shortest time possible." But what are the new economic mechanisms?

They include first of all the development of private cooperatives. Private cooperatives have existed sporadically in Soviet farming and the service industry for a long time. Now and then they have been restricted or abolished, only to be revived again, although in a limited way. This latest attempt by Gorbachev is the most sweeping to date. According

to his accounts, it is taking hold.

A private cooperative, it should be remembered, is altogether different from a collective. A private cooperative is a grouping of people who join together to cultivate farm land or set up some small business **on the basis of profit**. In the case of an agricultural cooperative, the land is leased to the cooperative, while the tools may be privately owned. Its objective is to give free vent to the entrepreneurial initiative in the hope that this will facilitate production, especially in agriculture, consumer goods and services. There are, of course, restrictions by the state, but they are not really significant. Moreover, the cooperatives, under a new law now in effect, may have the right to hire labor, provided the wages paid are the same as in the public sector. This is a real break with the past, which prohibited the hiring of labor as exploitation of the workers, regardless of what pay was involved.

There are no statistics available as yet to show how far this process has gone or what proportion of the profits are paid in the form of taxes to the Soviet government. It should be noted, however, that a resolution put before the Supreme Soviet in 1987 to tax the cooperatives 90% of their profits was rejected. It was the first time the Supreme Soviet had ever rejected a recommendation or proposal from the Party. Thereafter, it was reported that a lower tax had been passed. Of course, this is only in the service sector and in areas involving agriculture, food and related services. There is no way at the present time to accurately gauge the overall economic and social significance of this new departure.

Nevertheless, it is a break with the past. And while it is true that those permitted to engage in these private cooperatives have to do so after regular working hours, on their own time, the main interest of the members of the cooperative will ultimately shift away from their regular jobs to the cooperative, which can generate profits and actually make the regular job superfluous.

In his talk to a special Central Committee meeting on agriculture on October 12, 1988, Gorbachev went over the subject of his agricultural schemes and touched on the question of the cooperatives.

. . . the cooperative movement in the country . . . is also getting underway, gaining strength. Not everything is going smoothly. It turned out that some of our cooperators were not among our honest people who are indeed ready to display initiative, quick-wittedness, economic independence, and enterprise, to help society tackle many questions which the large enterprises are perhaps not up to. . . And it turned out that there were rogues among the cooperators, you know!

A kind of public has turned up which, in point of fact, has obtained, in the form of the cooperative, an opportunity to legalize its illegal income and acquisitions in a dishonest way. And now it almost seems that they are going to flourish. All this is taking place, and do not think that we do not see it and do not know about it. We do. Everything is known, all the more so in the present-day glasnost.

But we are not panicking, we are studying all these things. I don't think we should drag out the study of these problems; rather, we must find economic levers, to influence this type of phenomena.<sup>5</sup>

But how, he did not say.

So it turns out that the cooperatives are havens for rogues, for all sorts of dishonest elements who, having some illegal income which they acquired, are setting up cooperatives to fleece the public! Gorbachev expected them to display "initiative" and "quick-wittedness" as well as "economic independence," but found instead that they were mostly concerned with getting an opportunity to legalize illegal income.

There are two separate elements involved in Gorbachev's admission regarding the cooperatives which are truly astonishing. The first is his disappointment with the character of the people who are swarming into them. Perhaps the most important thought one can gather from his talk is that he expected them to help society "tackle many questions which the large enterprises are perhaps not up to." What is Gorbachev expecting? That small enterprises can tackle the food and agricultural problems which large enterprises are incapable of handling? But this runs against the entire course of the historical evolution of agriculture, as well as industry, during the epoch of capitalism and in the early period of the Soviet Union itself.



What did Marx write *Capital* for? To demonstrate that smaller units in industry and agriculture can do better than the larger ones? Is one to forget the entire history of capitalism, forget the concentration of capital into larger and larger units and especially the growth of such vast industries as automotive and agribusiness? Is Gorbachev attributing the agricultural crisis and the crisis of food supply to the fact that the collective and state farms are too large to be handled, so that it is now necessary to break them up into smaller units?

One can make sense of this only if it is regarded as a purely administrative or organizational problem. One can easily see analogies with the giant corporations under capitalism, which often break up larger units into subdivisions. This happens time and again with IBM, General Motors, AT&T, etc. But they all remain within the framework of private property and monopoly ownership by an ever more omnipotent cadre of the imperialist bourgeoisie.

But the private cooperatives, under the Gorbachev scheme, are a move away from socialist ownership and toward private ownership. Gorbachev's assurances that it is all done within the larger framework of socialism do little to mitigate the significance of this detour, this remarkable step backward, which is utterly inconsistent with socialist development.

The cooperatives are a change in property forms. If this is what he wants to do, nothing is more important than to clarify the significance of the change. It is not merely a change of management, not just an "economic mechanism," as he puts it. It's a change in property forms, however minimal it may be at the present time. One form fosters bourgeois acquisitiveness and profiteering; the other is based on socialist solidarity. The fundamental advantage of the cooperatives would be if they facilitated and increased production. But if it turns out that they're just a haven for thieves, that negates the experiment altogether.

The Gorbachev promoters of private enterprise are very quick to bring up Lenin's famous article "On Cooperation" in which he proposed the development of a cooperative movement in the USSR in the very early 1920s.<sup>6</sup> Lenin explained that cooperatives under capitalism were bourgeois mediums bereft of any kind of socialist perspective. They were justly denounced as instruments to divert the class struggle, he said again and again. While Lenin explained what cooperatives were in bourgeois society, he added that cooperatives in Soviet society, under the control of the workers' and peasants' government, under the control of the state, could play a highly progressive role in the construction of socialism.

However, the problem was that the peasantry in the 1920s, before collectivization, fell into three groups: the poor peasants, who supported the Soviet government; the middle peasants, who were better off and made up the majority; and the rich kulaks, who were distinguished by their ability to hire labor power on their farms. It was the hope of the Soviet government that the cooperatives would attract the middle peasants and involve them eventually in the development of socialism. It was a particularly trying period in the building up of the Soviet industrial and technological infrastructure, which was small at that time and moreover had been battered by the Civil War and the sabotage of the overthrown bourgeoisie.

The middle peasants did not respond. They wanted nothing more than to be completely free to buy and sell as they saw fit in their own group interests. They did not want supervision or control by the state, even a Soviet state, and moreover a good many succumbed to whispering campaigns of the rich kulaks that the cooperatives were a Bolshevik trick to take away their land. Some cooperatives survived and supplemented socialist construction. But by and large a crisis in the relations between the peasantry and the government arose in the 1920s, particularly after Lenin's death.

The three principal groupings in the Bolshevik Party, each with their own program, were: the right, headed by Bukharin, Rykov and Tomsky; the left headed by Trotsky and the Left Opposition; and the centrist grouping headed by Stalin and his supporters. All realized that the current situation was untenable and required fundamental solutions to the growing contradiction between the urgent need to develop socialist industry and the position of the middle peasantry, which was orienting in a bourgeois direction.

The cooperative movement did not take hold, precisely because the bulk of the middle peasantry, under the prompting of the kulaks, wanted to avoid any kind of restrictions. (This is in accordance with their historic role under capitalism, except that there they are ultimately subjected to the merchant, the usurer and the tax collector.) The so-called free

peasantry wanted nothing more than a free capitalist market for their products. The poor peasants, however, especially at times of drought or other natural catastrophes, would get wiped out by the free market. The poor peasants were natural allies of the proletarian dictatorship in the agricultural sector.

Gorbachev, in his promotion of the private cooperatives, idealizes them and exaggerates their social significance, forgetting the true lessons of the 1920s. Yet he has to admit himself that the cooperatives are nothing but havens for illegal profiteers. Moreover, they are roundly detested by the general public.

If the main objective of the government is to stimulate what they call creative initiative by spurring on entrepreneurial instincts and even glorifying them, then this can only be to the detriment of socialist solidarity in the overall process of production in Soviet society.

In the next article we will take up other economic mechanisms, such as the family farm and the contract brigade.

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Article 21  
December 29, 1988

# THE SOCIALIST SOLUTION

## TO THE FOOD PROBLEM: Part II

**The family farm--a step backward. Women, youth and large families. The contract brigade. The myth of the free peasant. Small holdings strengthen bureaucracy, not democracy. Gorbachev's pragmatism. West predicts abandonment of collectivized agriculture. Tikhonov on separating ownership from the state. Opposition from left and right. Gorbachev on "changing the relations of production." Marxist doctrine on the agrarian question. Three social tendencies in agriculture. Technological development requires upgrading property forms. Farm output during WWII. Post-war consolidation of collectives. Agrotowns shelved. No progress made toward a universal socialist property form. The bourgeois opposition to collectives. Centrifugal, nationalist tendencies. Capitalist "solution" leads to crisis of over-production.**

The private cooperative is only one of the economic innovations of the Gorbachev regime. A second relates to the cultivation of the family farm, known as the *zveno*. It has undergone variations but has always been the smallest agricultural unit. These smaller units have been in operation for a long time, but have come and gone because of restrictions. In periods of upheaval, like the collectivization and the war, most tended to disappear. What is new today is that family farms or other small groupings or brigades now may be allowed to lease land and tools from the government, through the collective and state farms, for as long as 50 years. This is an enormous step backwards with grave consequences for socialist ownership, not only in agriculture but also in industry.

The family farm, as an individual enterprise, is a relic of the bygone past. It has, however, survived in one form or another throughout the revolution, the collectivization and the period thereafter. The basis for its existence is the **large** family unit, whose older members as well as the children are obligated to work on the farm and become fixtures on the land. To strengthen these features of the family farm today is a regressive step and would hurl a large section of the population backward and deprive them of the many opportunities which are opened up by the development of science and technology in the urban centers.

It is to be recalled that under Soviet law, large families are entitled to certain subsidies. This was to encourage the growth of the population after the devastating effects of the Second World War with its tremendous losses, especially of the male population. Large families are to be found especially in the southern republics, where the population growth exceeds that of the central and northern parts of Russia. The death rate of children in these areas is also higher. The schools and other public facilities are inferior to those in the central and European republics. By promoting large families, the subsidies have become a form of enslavement of women. They also restrict the access of the younger generation to those benefits which ordinarily would be available if they were free to choose between staying on the farm or seeking greater opportunities in the larger cities.

Large-scale mechanization and the introduction of the most advanced technologies to put farming on an industrialized, scientific basis can reduce the labor power needed on the farms. The family farm is being promoted today, however, as a way of raising the productivity of agriculture by **intensifying the labor** of an already overworked segment of the population. The prospect of socialism becomes more remote the further such schemes become embedded in Soviet planning. Raising the productivity of labor on the basis of intensifying labor power, rather than through raising labor-saving techniques and new technologies, runs against the grain of Marxism, which regards science and technology as the springboard for social development.

A somewhat larger unit is the contract brigade. Here the land may be rented out to a group, usually larger than the

family or containing several families. Most often, it involves those who already have the wherewithal to rent the land. A new law on lease contracting will become effective sometime after a plenary meeting of the CPSU Central Committee scheduled for February 1989. It will undoubtedly specify many of the conditions for leasing the land, such as the down payment, the amount of interest on the machinery and equipment, if and how it is to be purchased, how long the lease will last, and what the costs may be if the lessee decides after a time to abandon the project. While, as of December 1988, these rules have not yet been enacted, it is nevertheless clear that a person with a small family and a meager income is not likely to undertake something of this nature unless supported by sufficient funding, either from personal savings or loans from the state.

Where a larger group undertakes this kind of arrangement, it is usually from a wealthier collective. Farmers from the really poor collectives do not have the financial means to go in for such a venture. Also, the success of the group depends to a great extent on the choice of the land. In more fertile areas, such a venture may prove to be altogether favorable. But should the more fertile areas of collective or state farms (which incidentally are the product of the collective labor of the workers there) be parceled out to private entrepreneurs? This is a question which requires considerable public discussion. So far, there has been only one-sided praise for the new departure in the agricultural sector.

What happens to the lessees in these smaller units at a time of natural disaster? Are they even insured? What about the availability of schools, sanitation and so on? Will the rentals be available to everybody, or are there certain economic and financial criteria meant to restrict them to the well-to-do collectives?

Whatever else this scheme may accomplish, it is certain to widen the economic disparity in the agricultural population. It fosters greater social inequality in an area where inequality is already very great.

The concept of the free peasant, or free farmer, which is the subject of so much lore and legend in bourgeois literature, has been a myth, certainly in the period of monopoly capitalism. Both during periods of natural catastrophe and periods of capitalist over-production, small farmers are devastated by the continual process of centralization of the means of production in the hands of large pharmaceutical, chemical and agricultural machinery manufacturers, not to speak of the "sympathetic" local bankers and giant agribusiness banks.

The encouragement of small-holding units, which is projected today by the Gorbachev administration for the USSR, is also palmed off as a measure in the democratization of Soviet society. In reality, it will strengthen bureaucracy at the expense of the farmers, particularly the smaller units. Since the days when collectivization first began, these small units, known as *zvenos*, at least had this significant political feature: they met regularly within the framework of the collectives. Meetings of these units were conducted in a wholly democratic fashion. There was a great deal of encouragement from the Party for their participation in management and in the election of the chairperson of the collective. Now they will be on their own and won't have the advantage of what is sometimes called in the U.S. "participatory democracy." They won't be part of a collective where they can participate in the decisions. It is questionable what their relations will be to the specialists and technicians who work in the service centers, that is, the machine and tractor stations which have become part of the collectives.

This opens up a wide road for commercial and financial juggling. It opens the door wide to commodity circulation and there does not seem to be a clear idea of where all this leads. Because of the new lease arrangement, their rights are no longer operational. Of course, for the wealthy ones, particularly if they succeed, this will not matter much. Their newfound advantages, especially if they reap significant profits and can expand, will make up for any losses of a political character. But the loss of the leverage that the small-holding units had in the collectives will result in a strengthened bureaucracy.

The champions of the leasing arrangement will tell you that whatever democratic or political leverage the smaller units might have had will be made up for with the revitalization of the Soviets in the rural areas. But that is a long way off and no one at this time can foretell whether there will be any effective democratization of the Soviets for the masses. On the basis of the historical experience of agriculture during the period of capitalist development, the parcelization, the ultimate breakup of collectives into smaller units, can in no way be regarded as a step towards democratization.

This is not a new thought. Marx discovered it 140 years ago, and no one since has put it better than he did in "The

## Eighteenth Brumaire of Louis Bonaparte":

The small-holding peasants form a vast mass, the members of which live in similar conditions but without entering into manifold relations with one another. Their mode of production isolates them from one another instead of bringing them into mutual intercourse. . . . Their field of production, the small holding, admits of no division of labor in its cultivation, no application of science and, therefore, no diversity of development, no variety of talent, no wealth of social relationships. . . . Insofar as millions of families live under economic conditions of existence that separate their mode of life, their interests and their culture from those of the other classes, and put them in hostile opposition to the latter, they form a class. Insofar as there is merely a local interconnection among these small-holding peasants, and the identity of their interests begets no community, no national bond and no political organization among them, they do not form a class. They are consequently incapable of enforcing their class interests in their own name, whether through a parliament or through a convention. They cannot represent themselves, they must be represented. Their representative must at the same time appear as their master, as an authority over them, as an unlimited governmental power that protects them against the other classes and sends them rain and sunshine from above. The political influence of the small-holding peasants, therefore, finds its final expression in the executive power subordinating society to itself.<sup>1</sup>

. . . By its very nature, small-holding property forms a suitable basis for an all-powerful and innumerable bureaucracy.<sup>2</sup>

While written 140 years ago about the French peasants under capitalism, this still explains the lot of the small-holder in relation to the bureaucracy.

In everything that Gorbachev does, he is proving himself to be the supreme pragmatist. Pragmatism always seems to work when one is not confronted with immediate, fundamental problems which in turn require not only fundamental solutions but, certainly from Marxists, a broad theoretical approach. This is precisely what the Gorbachev leadership is entirely avoiding. It is easy to make do with everyday political issues, but what if there are crying political problems that imperiously demand taking a firm position, one way or the other? This is the situation in the USSR today in the area of food and agriculture, which, it is admitted from all sides, is in deep crisis. Let us take an example.

On a trip to Krasnoyarsk on September 16, 1988, Gorbachev spoke to a group of workers. This was three months after his talk to the 19th Party Conference, which exuded so much enthusiasm about perestroika. But he was forced to again say, "Comrades, the food supply remains our most acute current problem. . . . Some people even claim that we now consume less meat than we did in 1927, on the eve of collectivization."<sup>3</sup> Of course, that's not true, but Gorbachev was forced to produce statistics to prove it isn't. The very fact that people think there was more food available in 1927, some 60 years ago, is the most damaging testimony against his agricultural program.

"Why do people have in their memory the impression that the stores were full in past years, while today they quite often feel that there is a food shortage?" he asked.<sup>4</sup> Gorbachev then demonstrated with a pile of statistics the absurdity of saying that there is less food produced today than in 1927. But that was only touching the surface of the issue. It is a pity he did not address himself fully to the deeper questions. He should have pointed out which political or social groups were raising this, and why the year 1927 in particular was repeated over and over again. Had he done this, he would have raised the issue to a principled question and contributed a great deal towards pinpointing the source of the confusion. Gorbachev was obligated, from the point of view of principle, to show that there exists a full-scale bourgeois opposition within the USSR to socialist agriculture, that is, to collectivization, and that that is where this question comes from. By neglecting to reveal publicly the bourgeois character of the opposition, he damages his own case. Why do they zero in on the year 1927? They have revived this old kulak canard presumably to demonstrate that there was plenty of food before the collectivization of agriculture began! And that 60 years later, collectivization has been unable to solve the food problem, so therefore the proper course is to dismantle the collectives and go back to the so-called free peasantry that existed in the years after the Revolution and more particularly in the period of the New Economic Policy.

Those who are asking this question have a definite program of their own, but they camouflage it by using socialist phraseology, which adds to the confusion. Such is the method, for example, of the economist Nikolai Shmelyov, a leading proponent of bourgeois agriculture, and his colleague, Professor Leonid Abalkin.<sup>5</sup> All the more reason why clarifying things, calling groups by their right name, would be such a contribution. But that is not what Gorbachev appeared intent on doing at Krasnoyarsk. Nor did he do it the following month, when on October 12, 1988, he spoke to a meeting between members of the Central Committee and managers of collective and state farms and agro-industrial enterprises.

The main topic of this conference attended by leaders of the kolkhozes and sovkhozes and other enterprises of the agro-industrial complex was to discuss the new laws to be presented for approval in February regarding the lease contracting of land. Gorbachev spoke on this and it was broadcast on Soviet television. His address jolted even the bourgeois press, in the U.S. as well as in Europe.

Their interpretation of it was that Gorbachev was preparing the public for the abandonment of the collective farm system. Even before his address, some of the bourgeois analysts in the U.S., basing themselves on earlier reports of what was afoot in the USSR, were openly discussing the demise of the collective farm system.

"Soviet leaders have initiated the end, in essence if not in name, of the collective agricultural system," wrote Roy D. Laird in the Christian Science Monitor.<sup>6</sup> Hopefully, this is one of those great anticipations of the ruling class which never come true. Nevertheless, it becomes clearer every day that the trend towards discrediting collectivization in agriculture and centralization in industry is taking on a frenzied pace.

For instance, an article entitled "How to Spend the Billions?" by Vladimir Tikhonov, a full member of the Academy of Agricultural Sciences, proposed the following:

"We need radical changes in the basic principles of the economic system, notably the separation of **state ownership of key means of production** from their possession as an object of economic management. In other words, enterprises should be granted the right to own, manage and control the means of production on the principle of leasing them from the owner, the state."<sup>7</sup> (Our emphasis.)

This is a deliberately confusing statement which is calculated to bring about the separation of the ownership of the means of production from the state. The state is to lease all the means of production to the various managerial cliques. The state as the abstract owner becomes a fiction, since it does not have the authority over the lessees to whom the means of production are transferred. The latter will have the right to manage them as they see fit.

"[T]he establishment of small and average size state, cooperative and individually owned enterprises directly linked to the market and the customer . . . is the way to effectively develop the processing industry and the infrastructure of the agro-industrial complex," says Tikhonov.<sup>8</sup>

The overall emphasis should be as clear as crystal. It is against state ownership and for the dispersal of the means of production, indeed their break-up into small units, where the market is the real locomotive and the state as owner becomes a fiction. This is the real issue that is posed by the bourgeois right, and they have become increasingly more aggressive.

At the conference in October, Gorbachev tried to meet the bourgeois opposition halfway. This was soon after Yegor Ligachev, presumably still the leader of the progressive opposition (called "conservative" in the Western press), had been appointed to head the food and agricultural program. Ligachev, it was noticed, was absent from this important Central Committee conference, without any explanation. Ligachev is apparently an opponent of the bourgeois approach to the agricultural problem, that is, to decollectivization. His acceptance of the agriculture post, as we indicated in an earlier article,<sup>9</sup> was therefore wrong. It was also wrong, of course, for Gorbachev to put him in this embarrassing situation. But all this is merely an example of a make-do solution, if it could be called that.

If there are progressive elements among the so-called "conservatives," they are virtually excluded from the press and the media. In reality, they seem to exist mainly as an underground opposition. And all this at a time when there is more

talk than ever about democratization, about the need to discuss issues, to bring the vital issues into the open. But so far, it is only the Gorbachev supporters and the bourgeois rightwing who are being heard. If a progressive wing actually exists, it has not made itself felt publicly. This is the most important aspect of any internal struggle. How can the public be enlightened, how can there be real democratization, if the only ones heard are either those solidly committed to the Gorbachev reforms or the right bourgeois opposition?

The "conservative" opposition, due to its dogmatism, is in reality pursuing an anti-Leninist line by not publicly debating such life and death questions as the food and agriculture problem and the trend toward decollectivization. The Leninist way in matters of internal party struggles is to first present documents for internal discussion and then publish them, so the public may participate. This is entirely lacking today and accounts for the failure of public opinion in the Soviet Union to respond to the destructive effects of the restructuring, both in industry and in agriculture. Leaders who oppose the current program, or even the extent to which the program is being carried out in agriculture and industry by Gorbachev's supporters, are by their silence objectively supporting the reforms.

In his speech to the 19th Party Conference in June 1988, Gorbachev had struck a new note that went far beyond his earlier attacks on bureaucracy and mismanagement.

In short, comrades, the substance of the current agrarian policy is to change the relations of production on the farms. We must restore the economic balance between town and countryside, and release to the utmost the potential of collective and state farms by promoting diverse contractual and lease arrangements. We must overcome the estrangement between farmer and soil.<sup>10</sup>

Changes in the relations of production have been properly regarded by Marxists since the days of the *Communist Manifesto* as a change in property relations, a change from owners to non-owners, or vice versa. Changes in relations of production invariably involve changes of ownership, unless one is talking about mere technical changes in the process of production, which is something altogether different.

What Gorbachev proposes, apparently, are halfway changes in ownership. He is proposing a change from the present collective system in agriculture to one of landlord-tenant relations, where the state remains the landlord, so to speak, and the collective farmer becomes a tenant. It's a halfway measure meant to accommodate both the bourgeois opposition to collectivization and the progressive opposition to decollectivization; the state retains its ownership of the land in the form of the landlord-tenant relationship. But long-term tenancy can evolve into de facto ownership by wealthy collective farms, especially if the lessee's tenure is for such extended periods as 10, 20 and even 50 years. The state's ownership could become a fiction. Such is the essence of the Gorbachev program on the agrarian question. Even at that, it has yet to prove its workability--the collective farmers are still skeptical, the specialists on the farms are dubious and fearful of taking responsibility, and the self-seekers, those interested in promoting themselves, see it as a possible avenue to deepen individual, proprietary tendencies that go against the grain of state or collective farm arrangements.

In order to understand what is at stake, it is necessary here to sketch as briefly as possible the stages in the evolution of Marxist doctrine on this question as it developed prior to, during and after the October Revolution.

As is well known, Marx and Engels envisioned the socialist development of agriculture within the context of a workers' state, where the proletariat would carry out a careful policy of gradually socializing the scattered peasant property holders on the basis of showing by example the efficiency and superiority of large-scale socialist production over small-scale private production. Unquestionably, this would be a slow process based upon the voluntary consent of the peasantry. A lot would depend upon the nature of the opposition put up by the dispossessed and expropriated bourgeoisie and whether they would seek and obtain external support from outside capitalist forces for sabotage and counterrevolution (as has happened in all the socialist countries). Barring all that, the socialized industry of the workers' state would prove its superiority and would eventually supply the peasantry with all necessary consumer goods and win its support for the socialization of agriculture.

Marx and Engels always championed the revolutionary struggle of the peasants against the large landowners for the division of the big estates, even though that was a temporary retreat from the more efficient, large-scale agriculture in

the hands of the large estates. Marx put the liberation of the peasantry ahead of the efficiency of the large landed estates.

Even before the 1905 revolution, the program of the Russian Social Democrats, including the Bolsheviks under Lenin, while it incorporated Marx's teaching on the question of the peasantry, also called for the nationalization of the land. At the same time, it did not oppose the parcelization of the landlords' estates should the peasantry, in a revolutionary insurrection, seize them and begin to divide them up.

Also in Russia there were the Social Revolutionaries (SRs), who were the so-called champions of the peasantry. The distribution of the land was one of the principal tenets of their program. Suffice it to say that once the revolution did break out in earnest in 1917 and the peasants began to seize the land, the liberal capitalist regime of Kerensky and the SRs had second thoughts about the redistribution of the land to the peasants. As a matter of fact, it began to attack the peasantry precisely for their unlawful seizures of the land. The Bolsheviks, however, made land distribution a principal plank of their program in their slogan "peace, land and bread."

When once the revolution had stabilized itself, and the Bolsheviks were firmly in control, the question immediately arose of how to proceed with the socialist program of the proletariat in the face of what existed: a vast sea of individual peasants broken up roughly into three social categories: the poor, the middle and the rich (kulaks). Under the circumstances of an overwhelming and vast peasantry, an isolated workers' state and a poor industrial structure, it was necessary, in order to speed up industrial production and develop socialist industry, to have a firm alliance with the peasantry, where the city workers would supply the peasants with consumer goods and farming implements in exchange for the produce of the farms. But this proved impossible. The kulaks refused to go along point-blank. The middle peasants wavered and a large section of them feared entering even cooperatives, which Lenin favored and expounded on in writings on the subject. All this proved to be of no avail because, as Lenin explained over and over again, small-scale production "daily, hourly revives capitalism."

This brought the years of the New Economic Policy to an impasse and forced a struggle of momentous historical significance among the right, left and center within the Bolshevik Party. Of the three alternatives presented, Stalin wavered among them. His pragmatic solutions from day to day finally propelled him into an historic adventure: forced collectivization. The dreadful civil war it opened up was so costly in human lives that it has left scars to this very day. Nevertheless, no analysis of the agricultural crisis today can be understood, nor can a forward step be made, without first taking into account that, however cruelly the collectivization was accomplished, it is a fact of history and marked a progressive change in the mode of production in agriculture. It was, in truth, the second agricultural revolution in Russia. Like the first one, the expropriation of the landlords by the peasantry, it was also a change in property relations. The collectivization was a revolution from individual, private ownership to collective ownership.

Throughout that prolonged period, from the early 1930s to the outbreak of the Second World War, there prevailed three forms of property relations in Soviet agriculture. The most widespread one, involving the bulk of the peasantry, was the collective--the kolkhoz. The second, with fewer people, was the state farm--the sovkhos. But the collectivization was not universal. The collective farms also were allotted private plots. Thus in agriculture there were three social tendencies.

The private sector should be viewed from two angles. To the extent that the kolkhoz farmer uses his allotted private plot for personal consumption, this is altogether consistent with socialist development. There's nothing wrong with any worker, in any area, establishing a garden or plot of land to cultivate on his or her own time for personal consumption only. However, matters are different when the produce is destined to be sold, either to the state directly, or, as is all too frequently done, through market channels. It becomes a hazard and the tendency for the collective farmer, especially under difficult conditions, is to give more of his and the family's attention and labor power to the private plot and less to the collective. It is hardly likely that the situation could be otherwise, particularly over a prolonged period in which favorable as well as adverse conditions could alternate rapidly, as happens in agriculture.

That, however, is not the only problem. The more formidable one is that the collectives themselves have been only a form of **group** property, as distinct from **state** property. That is, the produce of the collective and its implements are owned by the collective, not by the state. One collective might be poor, another might be very rich. In times of



drought, all of the weaknesses of the collective system are shown up. Group property is only partially consistent with the socialist perspective. Group property in the evolution of agriculture to communist society is only an intermediate phase on the way to gradual dissolution into state property and eventually into the collective property of the whole people.

Unless one keeps in mind the sequence in the historical stages of the development into communism, it is impossible to construct a progressive program for agriculture or, for that matter, for industry, without continually falling back, especially under adverse circumstances.

From the days following the collectivization period to the end of the Second World War, there prevailed these three more or less contradictory and conflicting forms of property relations in Soviet agriculture. The general perspective of communist strategy was that with the progress of the scientific-technological revolution and of socialist consciousness, the task of coordinating and later amalgamating these three forms of property ownership would become facilitated. These three forms of property ownership, from the viewpoint of orthodox Marxism and the development toward communism, have to be viewed dynamically, not as changeless, timeless social categories that remain rigid and ossified. Under circumstances where industry is making rapid strides, where science and technology are continually advancing, the static character of these conflicting social forms of property can be a hindrance to further evolution into the phase of communism. Therefore, they must be upgraded. One must see them in continual motion ascending up the ladder toward communism, in which all these forms would eventually be coordinated and dissolved into the one universal form of most consistent socialism, that is, the classless society of communism.

For a considerable period of time after the death of Stalin, the leadership of the Soviet Union--Khrushchev, Kosygin, Brezhnev and those who followed--paid most of their attention to immediate reforms which tended to ossify the forms of ownership in the agricultural sector. While general scientific advances were made, some of a truly spectacular character, like Sputnik or atomic energy, the forms of social ownership in agriculture remained archaic.

Most of the reforms made during this extended period tended to strengthen the three forms of agricultural ownership. Time and again the debts of the collectives were written off. The transfer of the machine-tractor stations to the collectives seemed on the surface a backward step, but had this merit: it arrested the tendency toward private ownership.

In the meantime, there had taken place a historical reversal of a fundamental contradiction between the level of the productive forces and the character of the social relations, in the following way. During the earlier period of the Soviet Union, especially immediately after the seizure of power, the fundamental contradiction was between the low character of the productive forces, with their weak, small industrial infrastructure, and the advanced character of the social relationships, especially during War Communism. Now, however, the productive forces are very far advanced indeed, and it is the conflicting social relations of private, collective and state-owned farms that have to be upgraded and elevated to meet the standards which science and technology can make available.

A powerful bureaucracy arose on the basis of the low cultural level of the broad masses and their inexperience in running such a new world phenomenon as a workers' state. They needed considerable time to advance in order to be able to firmly take hold of and manage the affairs of state. It should be remembered that Lenin called for a cultural revolution in his famous article "On Cooperation." The bureaucracy has steadily grown until it has become an obstacle to the further advance of socialism. But to fight bureaucracy, to eliminate it, by no means entails a retreat from socialist forms of property in favor of bourgeois restorationist forms. Democratization of the Soviet state should not mean economic reversal of socialist forms in favor of bourgeois forms.

The neobourgeois elements in the USSR deliberately confuse these two separate issues. In the name of democratization, some are blatantly venturing to reverse socialist forms of property in favor of a hodge-podge of what will amount to bourgeois property.

The years of the purges and the havoc and destruction of the Second World War unquestionably caused a great deal of disorganization. It must be said, however, that throughout the entire turbulent period from the dreadful civil war brought on by the adventurism of the Stalin period in carrying out collectivization, to the end of World War II, the fact that the Soviet Union emerged victorious is due in no small measure to the ownership of the means of production by

the state and the collectivized farm property--which is now under severe attack by the bourgeois elements in the USSR.

To show the effectiveness of collectivization, it is only necessary to remember that the victorious Red Army could not have survived and been fed except for this tremendously revolutionary social factor. In *The Economy of the USSR During World War II*, Nikolai Voznesensky gave details on agricultural production during those difficult years:

During the years of the greatest ordeals of our homeland, kolkhoz farmers were providing the population of the country and the Soviet Army with bread and foodstuffs. The Patriotic War was an historical test of the firmness of the kolkhoz system. During the war economy period in the USSR, socialist discipline was strengthened in the kolkhozes, labor productivity rose, and new ranks of kolkhoz intelligentsia grew up, which replaced personnel inducted into the Soviet Army. The decisive role in this personnel replacement was played by Soviet women. . . .

The proportion of women among tractor drivers of the MTS (Machine and Tractor Service Stations) increased from 4 percent at the beginning of 1940 to 45 percent in 1942; the proportion of women among combine operators of the MTS increased from 6 percent to 43 percent; the proportion of women among MTS drivers rose from 5 percent to 36 percent, and the proportion of women among foremen of MTS tractor crews increased from 1 percent to 10 percent. . . .

In spite of the serious decline in mechanization of agriculture and the diminution of manpower, the total sown area in kolkhozes in the regions of the USSR which were not subjected to occupation--the Center, the Volga, the Urals, Siberia, Transcaucasia, Central Asia, Kazakhstan, the Far East, and the North--not only did not decline, but even increased.<sup>11</sup>

Furthermore, in 1946, even though there was the worst drought since 1891, the Soviet Union had enough grain not only to feed the population at home but also to export some to Eastern Europe.

It is also interesting that, when the German army overran the Ukraine, the Nazi high command was in favor of retaining the collectivized farms because of their efficiency! However, the civilians in the Nazi hierarchy, who were dreaming of winning over the peasants to become collaborators, were for distributing and breaking up the collectives. But the partisans in collaboration with the Soviet army didn't give them time to continue their debate.

After the Second World War, the question arose of how to proceed in light of the new situation that was developing in agriculture and industry. There was, of course, the problem of reconstruction of industry and of raising the standard of living of the people. And there were international problems of enormous magnitude which consistently worked in the direction of diverting resources away from the construction of socialism and away from moving to the eventual phase of communist society itself.

After Stalin's death, Khrushchev, Brezhnev and succeeding leaders were eager to push their own reform programs and, as we said, virtually disregarded the need to upgrade in a progressive socialist direction the forms of property in agriculture and also in industry. This made the task doubly difficult of projecting and reinvigorating the communist perspective, especially in the evolution of socialist agriculture from lower to higher forms. It is in this area in particular that the reformist leadership has fallen down.

Whatever severe criticism one may have of the 19th Party Congress, held while Stalin was still alive, it did outline the next phase in the development of socialist agriculture, that is, the amalgamation of the many, many thousands of small, scattered collectives into larger collectives as a way of coordinating and making a stronger foundation for socialist construction in agriculture. This was the most important step taken since the period of collectivization in the 1930s. Indeed, it was a revolutionary step if one views it in the communist perspective. The fact that it was under Khrushchev's supervision and occurred during the Stalin regime should in no way detract from its historic social and political significance.

The next proposal was the so-called agrotown idea: to create centralized groupings in the rural areas, to make cities

out of the myriad of small hamlets. Although this was regrettably rejected by the Congress reporter, Georgi Malenkov, who had at least the implied support of Stalin, this should have been the very next historical step.

Some Soviet writers, like Roy Medvedev, maintain that this was utopian because the technological and industrial infrastructure needed was not yet available. Perhaps so. But that was in 1953. It was during the years of the greatest difficulty between the imperialist powers and the emerging socialist countries. There was a wild witchhunt in the U.S. As a result of the Korean war, the Eisenhower administration was threatening atomic attack against both China and the USSR, which had to prepare for such an eventuality.

None of this, however, should in any way detract from the perspective of the development of socialist agriculture from lower to higher forms, from the amalgamations of agricultural towns, that is, the development of farming into an industry like other industries in order to mitigate the sharp division between town and country and overcome the vast underdevelopment of the rural areas. The prevalence of sharp inequality between industry and agriculture, between town and country, is inconsistent with the development of communism, which seeks to eradicate this difference. That was the meaning of Marx's famous statement about the "idiocy of rural life."

The problem that arose after Stalin's death was that this general perspective was dropped, perhaps not deliberately, but because of the urgency of taking other practical measures which were always presumed to be for a brief period but in reality stretched over decades. The politics of the post-Stalin period were consumed by such panaceas as Khrushchev's plan for the virgin lands and the reorganization of the relation between the governmental apparatus in agriculture and the Party apparatus.

Gradually the perspective of really long-term planning, with the overall objective of wiping out the differences between town and country, of integrating the small farms into larger units and of liquidating the three conflicting forms of property into one overall socialist form, was either shunted off to the distant future or was altogether forgotten. So that, to this day, what has prevailed are these three forms of property which, instead of having been looked upon as dynamic phases with a view to their overall dissolution into a universal socialist form, have become ossified and their contradictions aggravated.

This is what the situation is today. Gorbachev, in order to meet the objections of the bourgeois rightwing, has proposed leasing the farms out as a concession to them, while to the left he holds out the prospect that all this is after all within the framework of a socialist system. It is a classical example of eclecticism in practice. Aside from being a reactionary step backward, it is not working.

"Today, comrades," said Gorbachev in October, "the main thing is to halt this process of the depeasantization of the country and to return man to the land as a master with full rights." <sup>12</sup>We had thought that the land was returned to the peasants as long ago as the October Revolution. Is he denying this? Or does he mean that the bureaucracy has deprived the peasant of his land? This also is not true, certainly not now.

What is needed is a change in production relations, in property forms, but not the regressive path that Gorbachev is charting out, which brings it halfway back to bourgeois agriculture instead of forward to a further stage in the evolution of socialist forms. The social forms of property have to be upgraded so as to be able to take full advantage of the high-tech scientific revolution. Instead, what is being proposed is a so-called change in the management of the farms which aims at splitting them up into smaller units, making the application of the fruits of the high-tech revolution more difficult.

True, the contradiction we have described is not yet of such a formidable magnitude as to threaten a political upheaval. But the bourgeois opposition to collectivization is growing in direct proportion to the duration of the food crisis. The longer the food crisis continues, the stronger becomes the bourgeois opposition to collectivization.

The domestic opposition gets its strength from and is succored daily by the bourgeois elements in the imperialist countries. Every day they say in so many words that China has abandoned the communes and has virtually returned to bourgeois agriculture, and that this happened even earlier in Hungary and in Poland. In the U.S. and in other imperialist countries, such bourgeois analysts of Soviet affairs as Jerry Hough, Ed Hewett and Marshall Goldman have

all been busy grinding out tomes of "constructive" criticism of the Soviet reforms, directing their heaviest blows at collectivization. These tracts are in many ways newsletter advisories to their counterparts in the USSR which continually urge the Soviet leaders to take on the "fundamental" solution--**their** solution, the abandonment of collectivization. But the Gorbachev administration is seemingly complacent about this swelling opposition to that area of the Soviet economy which is most vulnerable to bourgeois invasion.

Gorbachev's arguments on this are always couched in the kind of generalities which leave his audience perplexed. He waxes eloquent against the "period of stagnation" and the mistakes that have been made during the "period of socialism," as he puts it. Is he condemning only the forced character of collectivization, or is he in reality opening the door to doing away with it altogether? When he talks enthusiastically about "returning the land to man as the master," what does he mean?

The economist Tatyana Zaslavskaya, who is certainly not an unfriendly critic of the Gorbachev administration, being on the whole sympathetic to his general views, points out that if Gorbachev means to make the peasant independent today, "In 70 years of Soviet power--60 years of state-run agriculture--generations have changed and the people who today work in the collectives and state farms not only never were independent peasant farmers, but their parents were not independent peasants and their grandparents joined the collectives." Indeed, Gorbachev's scheme, if he means what he says, would bring agriculture back some 70 years to before socialist development took on any momentum!

This is a basic retreat of a strategic character. If the Gorbachev administration had said at the outset, the way Lenin did in relation to the New Economic Policy, that it was a strategic retreat, then it would be understandable, even if one were to disagree. The question then would be whether it was advisable to make the retreat or not. But here he is palming off a retreat as a forward advance, a turning point in society. That's altogether different from what Lenin would have said. Thus, in this case it calls for opposition of a principled and determined character.

The loosening of economic controls and the dispersal of collective farms into private or family plots and so-called contract brigades under long-term leases not only tends to undermine collectivization of agriculture. It also strengthens centrifugal, regional tendencies against the center and reawakens and stimulates nationalism. We have seen this most clearly in the Baltic states, where the bourgeois reforms, particularly in agriculture, have moved them so far toward Western capitalism as to alarm the Gorbachev leadership itself. This is not to mention the Armenia-Azerbaijan conflict, which was fueled and exacerbated by the "innovative, experimental" (bourgeois) new thinking in Moscow, about which we have already written.<sup>13</sup>

In China, the dismantling of the communes and the introduction of bourgeois reforms (so-called free enterprise) have brought about an utterly incredible situation, which could not have been conceived of 20 or even 10 years ago. The New York Times of December 11, 1988, cited this alarming statement from none other than the authoritative China Economic News of November 1988, published in Beijing: "China today is divided into more than 20 independent kingdoms and more than 2,000 fiefdoms."

There is no doubt that the food crisis in the Soviet Union will be solved, one way or another. Hopefully it will be solved on the basis of further social reorganization within a socialist perspective. However, it could be solved on the basis of reintroducing bourgeois mechanisms and norms of the type that are so prevalent in capitalist farming.

The predominant characteristic of both capitalist industry and farming is not scarcity. It is super-abundance, followed by a protracted economic crisis. The undeviating pattern in capitalist countries, and particularly in the most advanced, is that a virtual epidemic of abundance, caused by capitalist over-production, results in wholesale foreclosures and even abandonment of thousands upon thousands of small farms. Small farmers are helpless in the face of such abundance. The capitalist government helps the giant agribusiness monopolies with huge bail-out funds. These in turn swallow up the small ones, who are unable to weather the crisis of super-abundance.

On more than one occasion, the leadership of the USSR has had to pull back from dangerous schemes and adventures. This is a critically important departure, and the circumstances for its reversal are more favorable than in earlier periods.

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Article 22  
August 3, 1989

## THE MINERS' STRIKE: WORKING CLASS RESURGENCE

**Soviet coal miners "storm the heavens." Strike marks dawn of new period for working class. Gorbachev had to show sympathy and settle strike quickly. But miners' grievances flow from economic reforms which benefit thin layer at expense of workers. Comparison of this crisis to China and Poland. Imperialists hope strike will disrupt planned economy. Miners demand a curb on private entrepreneurs. Political autonomy vs. economic autonomy. Are workers challenging the state--or are they themselves the state? Distinction between workers' state and governing group. Class character of Soviet state. Problem of relations between social base and superstructure.**

The strike of the Soviet coal miners, which began July 10, 1989, in western Siberia, spread to the Donets region of the Ukraine, and then enveloped most of the coal-mining regions of the USSR, is the most dramatic and significant development in the Soviet Union in all the years of the Gorbachev administration.

The strike is now over, and the very fact that there was a settlement is in itself an enormous phenomenon in Soviet labor relations. It is not so much what the workers won, although this is estimated to be considerable and substantial. It is the fact that they have won it. That the Prime Minister of the Soviet Union, Nikolai I. Ryzhkov, met in the Kremlin with the mine workers' strike committee is itself of formidable significance.

By this act alone, by having to "storm the heavens" (to borrow a phrase from Marx written in a different historical context), the workers have leaped from being a mere economic category to being a class unto itself.

The picture of Ryzhkov meeting with the strikers cannot but make every progressive, every class-conscious worker and every collective farmer feel that a new day has arrived. Pride and solidarity with the workers is bound to soar. The long period when the workers seemed dormant, inarticulate and indifferent is coming to an end.

The workers are now in a transition period. Their political consciousness is being transformed. They will no longer be a bourgeois economic category such as wholesale or retail trade, raw materials, or transportation--inanimate categories manipulated by the higher-ups. They will again become the most formidable political entity, as they were when their organized strength became the foundation of the USSR. They will achieve the aspirations of their early leaders--to make the working class the most developed, educated and consistently socialist class in the construction of a communist society.

Imperialist ideologues dream of returning the Soviet working class to the antiquated bourgeois system. This, however, is a reactionary utopia and an anachronism from the past which does not fit the immense socialist potential of the USSR.

It is no wonder that all Soviet society is now convulsed by the sudden appearance of this truly extraordinary phenomenon. For the moment, all groupings, political organizations and strata of Soviet society are groping with how to define their attitude, not just toward the miners, but also toward the working class as a whole, which is represented by the miners at present. There is no question that sympathy is overwhelmingly on the side of the mine workers. Gorbachev himself has been obliged to all but declare his own solidarity with the miners and to move expeditiously to settle the strike and put it on the agenda for discussion and review by the Supreme Soviet, the parliament.

For too long we have heard the voices of the so-called dissidents in the USSR, who are really bourgeois elements

hostile to socialism and full of praise for the wonders of the capitalist West. Indeed, this narrow stratum of Soviet society has occupied the political arena almost to the exclusion of any but official government spokespeople. Now, at last, the whole world will hear the voice of the Soviet working class through one of the most critically important detachments of the great proletarian army of the USSR. They are now the topic of discussion in the Supreme Soviet, the Central Committee of the Communist Party and the Council of Ministers (the cabinet).

Only yesterday the important topics under discussion were how to appease the growing bourgeois interest in private cooperatives, the mushrooming of independent private entrepreneurs, plans for a volunteer and professional army, taxation, and the national budget. But now all this has disappeared from the agenda. The settlement of the miners' strike and what it may portend for the future is suddenly the main focus of all these central bodies of the Soviet government.

The miners' strike is, of course, not the first strike in the Gorbachev administration. There have been perhaps dozens of strikes by workers ranging from bus drivers to librarians. Although these have been sporadic, localized and of short duration, they nevertheless should have offered a clue to what was brewing. At the least, the government should have been publicly occupied with a critical examination of this data and made recommendations. It did not.

Gorbachev supporters, however, are quick to point out that the central government acted rapidly to deal with the strikers, dispatched a high-level delegation of Politburo members to meet with them, and made substantial concessions. This means, they say, that greater attention will be paid not only to the miners, but also to the working class as a whole. Of course, what is conveniently forgotten is that it took the pressure of the strike to accomplish this. Gorbachev himself had to make a special appeal on television to the miners in the Donets Basin of the Ukraine. Had the Gorbachev administration acted on its own two or three years ago, that would have demonstrated foresight and keen interest in the condition of the workers. Moreover, if a settlement like the one made with the miners had also been made with steelworkers, textile workers, transportation workers, etc., that would have been an altogether different matter. To carry the point further, if all of the really bona fide negotiations with representatives of the working class had been carried out pursuant to the Comprehensive Plan first proposed in skeleton form at a 1985 plenary session of the Communist Party Central Committee, it would really have been exemplary of proletarian democracy and socialist, centralized planning. But that didn't happen.

The Gorbachev administration has staked a great deal on the Comprehensive Plan, which promises to revolutionize society and its basic institutions. As it turns out, however, in document after document and decision after decision issued by the Central Committee on this plan, no provision was made for the unanticipated intervention of the workers. It was all shrouded in vague generalities.

Gorbachev cannot but be aware that the miners' strike has brought him face to face with a most serious political crisis, one flowing from his complex plans for restructuring Soviet society. The crisis is not caused solely by the conservatives among the Party cadres, or their "unwillingness to change." The crisis has a social character in that the new managerial system shifts the burden to the vast majority of the workers while a thin layer of bourgeois and petty-bourgeois elements thrives handsomely.

No matter how much Gorbachev may blame the lower echelons of the Party, no matter how much he may excoriate the coal industry officialdom or the trade union apparatus, as he has done in the face of the resurgent workers, this will be of no avail, for neither personnel nor organizational difficulties are at the root of the problem. The root of the problem is the bourgeois character of the reforms. Relentlessly, they gravitate toward the capitalist market and they foster the growth of social inequality among the masses.

Only a short while ago the top administrators were still scolding the workers for "wage leveling" and for "petty bourgeois egalitarianism," barbs that are aimed at undermining working class solidarity in the struggle against bureaucratic privileges. It will be interesting to see if this vicious and slanderous campaign will now finally come to an end.

Gorbachev is not altogether in a strong position to blame the Party. After all, he has headed it now for four years, long enough to have made his position clear on the very matters the miners have brought to his attention, if not to make the necessary changes. He has cultivated a variety of neobourgeois elements from the periphery of Soviet society, helping

them to win posts and occupy prominent roles at the 19th Party Conference. These elements are now the principal critics of his policy from the right, yet he relies on them in the struggle against genuine left elements. Gorbachev stands with one leg in the camp of the outright bourgeois reformers and the other in the Party. But the middle ground is being cut from under his feet.

His attempt to coopt the strikers with an ingratiating TV speech and the expeditious manner in which the strike was settled may temporarily strengthen him. Yet he cannot but know that on the whole he has lost ground. Gorbachev, who eagerly breaks ranks from a parade to shake hands and kiss babies in the capitals of the imperialist world, showing that he is a man of the people, was not one to don miners' clothes and go down into the Siberian pits or to the Donets basin in the Ukraine. He did not go underground with the miners to emphasize solidarity with them, as he might have done had he felt he would be well received.

Gorbachev and his associates must also ponder the significance of the suppression of the counterrevolutionary elements in China. Some in the West see a possible similar development in the USSR. That, too, is the product of a total misunderstanding of the driving forces in China and in the USSR. The Chinese government was confronted with a bourgeois opposition which had grown to counterrevolutionary proportions. The Gorbachev administration at this moment is confronted not with a bourgeois opposition, not with an opposition oriented to Western imperialism, but with a veritable working class rebellion of potentially revolutionary dimensions.

Nor is the situation analogous to what is happening in Poland. The Polish workers' state did not issue from a proletarian socialist revolution, as did the USSR. True, there was a revolutionary social change, but the main task of defeating the Nazis and the Polish bourgeoisie fell to the Soviet Army. It should not be forgotten that the Polish People's Republic, which established itself in 1947 and gained recognition from the Western imperialist allies, is the historical survival of the coalition forced upon the Polish revolutionary movement at the Yalta Conference of 1945.

No matter how meritorious the economic grievances of the workers in Poland have been in the past, the strikes led by Solidarity have long served the interests of the imperialist powers, mainly the U.S., with Britain, France and Germany as junior partners. Never to be forgotten is that for many years now, the Polish economy has been completely dominated by Western banks. Now a coalition government has been formed with Solidarity. It is a coalition in which the bourgeoisie dominates and the more progressive anti-imperialist elements are forced to toe the line laid down by the IMF. Such a situation has no relevance to what is taking place in the heart of the Soviet working class today.

The world bourgeoisie are not at all disinterested bystanders in the miners' struggle in the Soviet Union. They follow every development closely, looking for opportunities to intervene politically and subvert the system. At this early stage in the reemergence of the working class in the political arena, the world bourgeoisie are still trying to assess the situation and define their attitude to this utterly unanticipated phenomenon. It is thus with malicious delight that the Wall Street Journal, in an editorial entitled "Soviet Workers Arise," said that "For those in the West who are rooting for reforms in the Soviet bloc, an aggressive, determined, independent and organized labor movement . . . would be an optimistic development indeed." <sup>1</sup> So thinks this organ of high finance.

Another view shared by most of the capitalist press at this moment was expressed by Flora Lewis in the New York Times. She is more cautious and much more solicitous of Gorbachev. In fact, the tone of her column is one of hope that Gorbachev will succeed with his "courageous" and "wise" tactics to win the confidence of the striking workers. Lewis says, "It's a moment of tremendous delicacy. So far Mr. Gorbachev's skill and audacity seem up to it. The test is at hand." <sup>2</sup>

The imperialists fully understand the significance of democratic centralized planning for socialist development and are all too eager to see it disrupted, if not wrecked, as has happened in Yugoslavia, Poland and Hungary. The imperialists hope that the miners' strike will encourage other strikes of long duration that will disrupt the economic plans of the USSR and thereby open it to further capitalist inroads. But this scenario, like that of the Wall Street Journal and the New York Times, is based not upon fact, but on wishful thinking and deep-seated hatred of the socialist countries.

For many years, and even at this moment, the size and influence of the bourgeois elements in the Soviet Union has been highly exaggerated. The main danger is not from outright bourgeois elements but from the liberal reformists,



articulate petty-bourgeois intellectuals, professionals and scientists enjoying inordinate privileges in this workers' state, both in and outside of the Gorbachev administration, who have in the last few years been more attracted by the fraudulent capitalist prosperity of the West and the capitalist market than by the potentialities of reforming Soviet society in a genuine communist direction. But their influence over the workers and peasants, if any, is highly questionable.

According to an article in the July 26, 1989, New York Times, the miners have called for "the abolition or curtailment of the private entrepreneurs." These elements, the Times said, while having amassed wealth under the new economic order that Gorbachev is trying to build, are strongly resented. The workers, who are the absolute majority of the population, are not at all as enthused by it as the capitalist press would have had us believe all these months! The Times reporter writes that the blue-collar workers are not supportive of modernizing and restructuring plans if that means closing so-called "bankrupt industries," deregulating prices (i.e., raising prices of consumer goods), and laying off "surplus" workers. These practices are characteristic of capitalism, but would be wholly new to the USSR if the Gorbachev plans go through. The workers are for modernization, but on the basis of a socialist, planned economy.

There has been much said about the miners' demand for autonomy. Local political autonomy is a correct demand within the framework of a multinational state. Economic autonomy, however, oriented to the capitalist market, disrupts socialist planning. Some in the media in the Soviet Union are emphasizing the workers' interest in greater economic autonomy, profit-sharing, etc.--bourgeois reforms which have drained proletarian socialist consciousness--but time and experience will demonstrate that this is only a momentary concern. For four years the Gorbachev administration has been promising the workers that these measures will ultimately bring about social and economic benefits.

The miners' strike and the world attention focused on it have once again pushed to the fore fundamental questions of theory and practice regarding the nature of the Soviet state in general and of the social character of the Soviet Union in particular. For example, both the extreme right-wing stand taken in the Wall Street Journal and the more moderate bourgeois view in the New York Times have this in common: They view the miners' strike as a challenge to the Soviet state. However, it is not the Soviet state that is being challenged.

What is happening? The state itself is challenging the governing group of the state. The difference is fundamental and worth pondering over.

The state is an instrument of a specific class defined by its relation to the means of production. The governing group, on the other hand, merely administers the state. Confusing the state with its administrators merely obscures the real relationships that govern society.

The governing group of a workers' state may administer it well and efficiently, in a revolutionary manner, as was done during the early years of the Bolshevik era. Or it can represent the state badly, inflict untold hardship on the masses and enact policies that erode the very class foundation of the state. Nevertheless, the state is and remains a state of the workers and peasants.

The identification of the Soviet state with its bureaucratic governing groups and its political apparatus is a gross misconception disseminated by the bourgeoisie to obscure the class character of the Soviet Union. Imperialism must hide the fact that the ruling class in a socialist state is the working class. Even if for many years the workers' voice has been stifled, their capabilities limited, and their freedom and initiative seriously curtailed, nevertheless, it is still the state of the workers and peasants. No part of this state is owned by the administrators. In fact, the miners' strike has shown once again that while the Soviet Union has gone through periods when its working class foundations seemed endangered, these periods of erosion have been followed by vigorous and dynamic growth.

The USSR has experienced a number of governing groups over the last 70 years, while the state itself has remained fundamentally unaltered. The governing groups have never been anything else but the administrators of the state, even in the brightest days of the Leninist period. At that time there was, of course, the greatest identity of interests between the administrators of the state and the workers' and peasants' state itself.

It is altogether different under capitalism. For example, when Donald Regan resigned as head of the Treasury and also as chief of staff for the U.S. president under the Reagan administration, he remained a capitalist. Even though he did

not take a legal portion of the capitalist state with him, he had control of vast amounts of property.

On the other hand, if Nikolai Ryzhkov or Gorbachev himself should leave office, they do not take along with them any ownership of the means of production. Their social status might be that of a pensioner, or they could find another occupation, but whatever they might be doing, they would not become capitalists.

To confuse the governing group of a state with the state itself serves the bourgeoisie well. It most often gets them off the hook in times of struggle with the workers, and diverts attention onto the governing group, which may be easily dispensed with, legally or otherwise.

Throughout its long and bloody history, the bourgeoisie has always tried to confuse the class foundations of its states with its governing groups. The bourgeoisie is almost always displeased with its governing groups, whether they be conservatives or liberals, Christian Democrats or left-wing Socialists, or an occasional coalition of Communists and Socialists. Over the last 50 years a vast number of governing groups of the bourgeoisie have come and gone as though through a revolving door. But the class foundations of the capitalist states, that is, the industrialists, the bankers, the multinational corporations that hold and have legal title to most of the resources, remain the same. Indeed, the bulk of the wealth in the world remains in their hands.

The bourgeoisie does not like to popularize this aspect of the Marxist conception of the state. It is much more to their interest to pass off a particular governing group as the state rather than to show that the state is in reality based on who owns the means of production, distribution and exchange, transport and communications. All this makes up the state.

The problem of the Soviet state is the problem of the relation of the social structure to its superstructure; it is the problem of the relation of the economic foundations to the political administration, that is, the relation of the class to its leaders. The Soviet state has survived decades of struggle between the structure and the superstructure, now hidden, now open, and sometimes even violent. The governing group, the officialdom or the bureaucracy is not the state. It can act on the state's behalf, ignore it or even repress it, but it is not the state.

There comes a time, however, when the relation between the structure and the superstructure reaches a crisis. At such a time the workers step into the political arena, as the miners have done, and reveal to the whole world who in fact is the state.

This is of world historic significance. It is the real meaning of the miners' strike.

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Article 23

August 17, 1989

# AFTERMATH OF THE MINERS' STRIKE

**A fork in the road for perestroika? Strikes spread to railroads. A vote of no confidence in government. Economic situation worsens under Gorbachev. Reforms dilute public ownership, change social relations, bring demoralization and corruption. Gorbachev report to Congress: austerity, criticism of workers, attack on "leveling." Ratio of managers to workers rising. Context of agreement between government and miners. Workers' wages to be linked to market. Can industry be integrated and modernized under "self-financing"? Capitalist world market and the British coal miners. Bourgeois elements exploit grievances of workers. Leaders must review their strategic conception or face a struggle of the working class against the government.**

The summer of 1989 is likely to go down in Soviet history as the time when the Gorbachev administration reached a fork in the road in the development of perestroika and in particular in its relations with the broad working class of the USSR.

The miners' strike has put an altogether new face on all the political and social problems. The ferment it has created has stimulated the interest of the whole working class. Suffice it to say that barely a few days after the government and the miners reached their historic agreement, the railway workers gave notice that they too would be on strike unless their demands were met.

Thus, on August 2, 1989, the railroad workers went on a brief strike on the Leningrad-Vyborg line. While it lasted for only a few hours, it was sufficient to cause Nikolai Konarev, the rail minister, to at once enter into negotiations with the workers' representatives in Moscow. Their demands, so far as one can learn at this stage, were very similar to what the miners were able to obtain.<sup>1</sup>

The miners' strike stunned virtually the entire officialdom of the Soviet Union. None of them had even hinted that such a development was in the offing. Perhaps the best way to understand why the workers suddenly and spontaneously took this massive action, on a nationwide scale that included the Donets Basin, the Kuznetz Basin in Western Siberia, the pits in Vorkuta, Rostov and others, is to examine the immediate political background. In the preceding months-- May, June and July--glasnost was at its height, one might even say at its best. The new parliamentary institutions of the USSR, the Congress of People's Deputies and the Supreme Soviet, were in session. The government took every opportunity to spread its perestroika message via the media through the length and breadth of the land. These meetings were televised in full, so there could be no mistaking that the government was making every effort to bring its message to the broadest possible audience. It was even reported that production fell markedly during this period, so keen was the interest of the people in the deliberations of these bodies. Gorbachev's opening speech was heard over and over again. Certainly the masses had every opportunity to hear the message of perestroika and the debates surrounding it.

Why (Gorbachev must ask himself) did the miners then resort to this wholly unanticipated action, one he himself compared to an explosion, a virtual Chernobyl? And if the coal strike was just an accidental occurrence, why then did the railroad workers threaten to carry it even further? It would be impossible to argue that the message of perestroika, as interpreted by the deputies, officials and Gorbachev himself, had not been heard. Rather, the strike was a virtual vote of no confidence in the plans of the government.

There is a difference between the television reports of the 19th Party Conference held in the summer of 1988 and the Congress held at the end of May 1989. The 19th Party Conference was televised with a view to getting the approval of

the world press, particularly the world capitalist press. This Congress, however, was calculated to reach the mass of the people at home, and received minimal attention in the capitalist press.

What, then, went wrong?

Were Gorbachev to attempt a dispassionate analysis of the basic causes for the workers' mass action and the ensuing ferment, he would be wise to go over his own speech to the Congress on May 30, 1989. He would there discover that he and the mass of the workers, in particular the miners, were at cross purposes. If he were a leader in the Leninist tradition of criticism and self-criticism, he would do what Lenin did in the early 1920s when he reviewed the need to abandon War Communism and institute a New Economic Policy. Gorbachev finds himself in a similar position. His program as elaborated in perestroika is leading to an aggravation of the economic situation. In this case, it is impelling him in the direction of eroding and nullifying socialist ownership of the means of production and plunging into the capitalist market.

Seeing that this is leading to a disastrous situation, Gorbachev should proclaim the need for not just a tactical twist and turn here and there but for a strategic retreat, an abandonment of the bourgeois character of the reforms and a return to Leninist concepts to further socialist construction and advance toward communism. The other way leads to the abyss and threatens to put the Soviet economy and those of all the other socialist countries at the mercy of the capitalist market and the imperialist monopolies.

The coal mining industry exemplifies how perestroika is proceeding. The overall aim has always been to achieve an integrated mining industry, fully mechanized and automated with the last word in modern technology. This is what one would have expected in 1985 when Gorbachev and the other leaders presented their program to a plenary session of the Supreme Soviet. Then the masses were led to believe that perestroika meant technological restructuring, raising the productivity of labor and developing the necessary managerial skills. But now the Gorbachev group is pushing instead for a breakup of the mining industry into individual enterprises and dilution of the public ownership of one of the basic means of production in the hands of the workers' state. He is changing fundamental social relations by watering down the public sector while enhancing the private sector by various devices. This has led to demoralization of the masses and the corruption of those involved.

During the Congress sessions, the miners, like all the rest of the working class, were listening to see what in the speeches of the deputies and in particular of Gorbachev himself would speak to their anticipation of increased social benefits and relief from the hardships of consumer shortages, lack of adequate housing, unsafe working conditions and so on. However, Gorbachev's message in particular called for austerity measures of the kind constantly being brought up in capitalist countries, the kind which the Soviet press and media, especially in earlier days, widely publicized as symptoms of capitalist decay.<sup>2</sup>

Begin with the fact that the state is continuing to live beyond its means. Budget expenditures during this five-year plan are growing faster than the national economy. Hence, the budget deficit is increasing. . . .

What does that portend for the masses? An increase in social services, or possible cuts?

A situation is being created in which expenditures for wages are growing much faster than labor productivity. . . .

Isn't this what workers in the capitalist countries have had drummed into their heads day after day? Soviet workers have heard about all this. Again, what does this portend for them now?

An analysis of the causes of the current situation would be incomplete if we did not point out that the losses from mismanagement and low labor discipline continue to be great. . . .

It is small comfort to the workers that the managerial elite are being castigated along with "low labor discipline." The former are not likely to suffer at the hands of the Gorbachev administration, which has become enamored with the idea of giving the managers greater and greater freedom and independence. The complaint about low labor discipline, however, carries the threat of displacement. In connection with this, the workers have seen what happens with

managerial independence and autonomy. Gorbachev admits that:

. . . the granting of economic independence is being accompanied by growth in the number of personnel. For every six workers, there is a manager or a specialist. Hence, someone is benefiting from this.

This is no revelation to the workers, for whom it means speedup and an intensification of the labor process. How can any worker become enthusiastic about that? But that is not all. Gorbachev has also come back to one of the frequent refrains that used to be heard over and over, and which has taken on an especially offensive character in the more recent period.

In solving problems of the country's social and economic development, we must proceed from the consistent implementation of the principle of social justice. It is not enough to proclaim it: It is also necessary to put into action social and economic mechanisms that will make it possible to eliminate the main hindrance to our development--leveling and the deeply rooted psychology of dependence.

Who are the levelers? Are they the top leaders in the governmental apparatus? Are they the scientific and literary intelligentsia? Are they the managers? Isn't it true that this charge is aimed solely and exclusively at the workers, who are not trying to level the higher-paid workers down to a lower level but are attempting to raise themselves to a higher standard of living? Isn't leveling an outcry against social and economic privilege? Do Gorbachev and his supporters really expect the workers to become enthused with perestroika in the face of all this?

It is hard to see how workers can draw inspiration from this rather than from the example set by the miners. The concessions the miners won in terms of immediate demands are substantial (they include extra pay for night and evening shifts, Sundays off, portal-to-portal pay, improved pensions and sick leave benefits) and it is impossible to avoid the conclusion that workers in other industries will be influenced by what has been achieved. It is a momentous beginning to a resurgence of the working class. But the immediate economic gains won by the miners were sandwiched together with a broader economic program which is part of the perestroika restructuring plans.

The contract with the coal miners can be divided into two parts: those clauses which pertain to immediate economic demands and those which are of a broader economic character, namely, the economic independence of the enterprises, a method of profit-sharing, and the right of individual enterprises to dispose of excess coal production through sale at home and abroad.

The basic thrust of the economic independence clause amounts to this: that whatever profit can be obtained by selling coal left over after government quotas have been fulfilled will redound to the benefit of the coal mining enterprise. As the text of the agreement says, "industrial enterprises are to be granted the right, as of 1 August 1989, to sell above-contract output at contract prices within the country and to other countries."<sup>3</sup> This may appear attractive. However, as Gorbachev himself explained in his May 30 speech to the Congress, one of the basic reasons for the crisis in the Soviet economy is "the extensive losses linked to the drop in world prices for fuel and raw materials." Coal is one of those fuels. The Soviet Union is a significant exporter of gas, oil and coal.

Thus, the very idea of linking the wages and benefits of the workers in a coal mining enterprise to the capitalist world market, which at the present time is glutted, portends not higher benefits but lower ones. Moreover, competition among the various coal mining enterprises can result in overproduction, if the product is destined for the world capitalist market. It has been difficult enough for Soviet coal to compete on the world market as an integrated industry, but then at least the Soviet government could offer one uniform price. However, if each mining district is to offer its own price, they are in effect bidding against each other in the capitalist market.

What good can possibly be derived from competition in the domestic market if, in the world market, competition forces them to accept lower prices? With the coal destined for socialist countries, if competition is to be the driving force, then it pits the Soviet miners against the miners of Poland or Yugoslavia. What does socialist solidarity or Comecon planning mean then?

It's difficult to know in the final analysis what is meant by cost accounting and self-financing, two of the cardinal features of perestroika. Self-financing widens the latitude of each enterprise's managerial group in the use of its

financial resources, but at the same time limits the ability of the enterprise to draw on the resources of the central government. By breaking up an integrated industry like coal into various independent enterprises, it is assumed that the savings of the enterprise would result in social benefits for the workers in it. Instead, however, as we already quoted from Gorbachev, "the granting of economic independence is being accompanied by the growth in the number of personnel. For every six workers, there is a manager or a specialist." Doesn't such an enormous development nullify the whole scheme for managerial independence? Nothing could be more damning than such an admission. The whole program is promoted as one where the heavy weight of bureaucracy is to be reduced. But it turns out that, at least on a managerial scale, it has vastly increased.

Moreover, the funds saved by operating as an independent unit were supposed to then be available for social services or wage increases. Instead, however, large sums are accumulating in the treasuries of these enterprises. Since the managers are free to use them more or less as they see fit, they are being invested in areas which produce a quick profit but do not necessarily have any value for the socialist economy or the workers. Indeed, such independence in the financial field is the cause of overblown personal gain and even a vast increase in corruption on a managerial level.

Gorbachev told the Congress:

In connection with the radical economic reform, financial and material resources are being accumulated at enterprises and in local administrative agencies. It seems to me that labor collectives could pool their efforts to expand the base of medical service for the population. . . .

First, he wants to break up an integrated industry for the purposes of distribution and sale, and then he brings in through the back door a form of collectivism, the pooling of efforts, which is the very opposite of what he is trying to stimulate. It's no wonder, then, that improved health care is one of the pressing demands of workers in all communities, as reflected in the Soviet press.

Gorbachev has again restated his reforms, this time as:

. . . a radical updating of relations of socialist ownership and the development and combination of its various forms. We favor the creation of flexible and effective relations with respect to the use of public property, so that every form of ownership demonstrates its vitality and right to exist in lively and fair competition.

These are disguised efforts to undermine socialist ownership in favor of some form of private ownership. After four years of perestroika, of private cooperatives, of leasing the land, of legislation favoring individual entrepreneurs, he now wants to embark on a program of further destabilizing elements of public ownership. There is public ownership and private ownership. Creating some mythical hybrid form is mere deception. Socialist ownership has proven itself superior to capitalism. How else could the Soviet Union have become second in the race between the so-called superpowers? What does this "fair competition" among forms of ownership signify to the miners, for instance? The mines are public property owned by the state in accordance with the Constitution of the USSR. Does he now want to release them to private ownership under the guise of some form of cooperative enterprise? Calling it a flexible and effective use of public property is a coverup. It is plain that the Gorbachev reforms are heading away from socialization, away from advancing toward communism, and back toward the older forms of bourgeois and petit-bourgeois private ownership.

This is particularly devastating for the coal industry when it must compete on the world market. The capitalist markets of France, Britain and West Germany are integrated industries that have been rationalized and modernized at the expense of brutal onslaughts against the working class, particularly in Britain, so that they have been able to reduce the price of coal. What the Gorbachev administration wants to do is avoid taking the blame for the losses sustained in competition with the capitalist countries. Instead of letting the all-union socialist government foot the bill, if that becomes necessary, he'd rather make it appear that the losses are incurred as a result of poor management of the individual enterprises. All this might make some sense if the capitalist coal industry were broken up into small units, but this is not likely because the mines in the capitalist countries are if anything more integrated and rationalized and are managed by a combination of bankers and industrialists. It's not at all a case of the old free market, as it

presumably existed in the 19th century. This is finance capital, where competition is not only of a predatory character but is more destructive in relation to any rivals, especially those from a socialist country.

It is no wonder, then, that Valentin Medvedev, secretary of the Central Committee of the Coal Miners' Union, said recently, "Many problems have been aggravated since the introduction of cost accounting and self-financing on January 1 of this year." <sup>4</sup>

Gorbachev told the Congress that "Considerable resources can be freed up by sharply reducing the volume of capital investments in the construction of production facilities." Capital investment means the construction of plants and equipment--in Marxist terminology, the means of production. The Gorbachev regime is headed in the other direction at a time when the imperialist bourgeoisie is speeding up capital investment, enlisting the support of the entire capitalist establishment. In the U.S. the government wants to support capital investment by generous tax credits. For instance, the *New York Times* of August 7, 1989, stated editorially that the most effective way to get corporations to invest more is to reimburse them for a part of the cost of investment. The only point of contention in the bourgeoisie is how to apply the tax credits; some say they should be advanced only to those who are introducing more modern equipment. It indicates how deeply concerned both segments of the capitalist establishment, liberals and conservatives, are about uniting to spur capitalist investment in order to compete on the world arena.

Gorbachev told the Congress he favors "the inclusion of the Soviet economy in the world economy," in other words, the integration of the USSR into the world capitalist market. Regardless of the merit of this scheme, how can that be done when his aim is to cut down on capital investment? It is of course possible that in the USSR some industrial and technological facilities have not proven economical, or have become so-called white elephants. But that only means that the planning has to be perfected, not abandoned. That this should have to be discussed in the year 1989, after so many decades of rich experience in the Soviet Union, speaks ill of the Gorbachev administration.

There has to be a balance, of course, between planning for consumption and production. During the difficult years of World War II and especially the Cold War, when the Soviet Union was virtually blockaded economically as well as politically, the rate of building consumer industries declined, both absolutely and in relative numbers. In order to catch up, it was necessary to pay the greatest attention to them. However, instead of proceeding with a more comprehensive plan to develop consumer industries, Gorbachev has now embarked on a plan to change the relations of production, to reduce socialist planning, to bring about capitalist competition. And what has all this amounted to? Disorder and chaos in the economy.

This holds great danger for the Soviet Union. As the miners' strike shows, the outright bourgeois elements, who have now officially organized themselves as a grouping in the Congress, are able and willing to exploit the grievances of the workers and try and turn them in an anti-socialist direction. All the newspapers in the Soviet Union carried news of how a great number of agitators descended upon the coal miners with advice on building independent unions. Independent of whom? Not of the bourgeoisie, not of the imperialists, not of the capitalist market.

Already the workers are endangered ideologically when they see the Gorbachev administration sanctifying the coalition in Poland between the imperialist-supported, CIA-constructed Solidarity leadership and the Polish United Workers Party based on a program which can only antagonize the majority of the workers. What are the Soviet workers to think when they see what is happening in Poland?

Any way one views it, the time has come for even the staunchest supporters of perestroika to admit that they have to review their strategic conception. The strikes of coal miners and other workers make it very clear that the issue for the leadership now is whether to serve the interests of the working class or to dissipate and erode the achievements of the socialist revolution in the interests of petit-bourgeois schemes to change the property relations in the Soviet Union. This could only provoke civil conflict and ultimately a struggle of the working class against the government as such.

## References

1. See the *Washington Post*, August 4, 1989.

2. Mikhail Gorbachev, report to Congress of People's Deputies, Moscow, May 30, 1989, published in *Pravda* and *Izvestia*, May 31, 1989. Translation of condensed text in *Current Digest of the Soviet Press*, July 19, 1989. (Columbus, Ohio), Vol. 41, no. 25. Extracts below from pp. 2-9.

3. *Sovetskaya Rossiya*, July 22, 1989.

4. *People's Daily World*, July 28, 1989, p. 6.

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## Appendix 1

# THE PLAN TO DIVERT SIBERIAN RIVERS

The growing dependence of the USSR on imported grain has reawakened an old controversy directly related to the character of the restructuring. This struggle is over whether to make the arid regions of Kazakhstan and the Central Asian Republics more fruitful by building a vast canal system to bring down water from Siberian rivers.

Scientists and agronomists supporting this project in the 1970s and early 1980s said it could enable the USSR to become not only self-sufficient in grain but actually an exporter. However, serious ecological objections were raised and in August 1986, shortly after the perestroika economic reforms had gone into effect, the project, on which work had already begun, was discontinued by a decision of the CPSU Central Committee and the Council of Ministers.

We would be eager to ally ourselves with the ecological objections were it not for the fact that this issue is also part of a larger struggle between the conservatives and the reformers, and, more dangerously, between the North and the South, that is, the more developed vs. the less developed areas of the Soviet Union. This puts the issue within the context of the national question at a time when national antagonisms have been raised to a very dangerous level by the restructuring.

The USSR has an abundance of fresh water, but much of it is found in the Siberian rivers which flow north through an area of permafrost and a short growing season. The idea of diverting a portion of the water in the Siberian rivers to the South was first raised almost a century ago. It was seen as an answer to the perennial problem of drought in southern Kazakhstan and the Central Asian Republics. Researchers began studying the feasibility of such a project in the mid-1960s.

By 1982, much work had been done by the All-Union Design and Research Institute for Water Resources Construction. A plan was drawn up for a canal 2,200 kilometers long running from the junction of the Ob and Irtysh rivers in Siberia to the lower reaches of the Syr Darya and Amu Darya rivers in Central Asia. The chief project engineer was I. Gerardi, who gave his views in an interview with *Literaturnaya Gazeta* of March 10, 1982.<sup>1</sup>

Gerardi, answering criticisms that had been directed against the project, stressed its "great social and economic importance for the country." He said that only a relatively small amount of water (about 25 cubic kilometers of water in the first stage of the project and 60 cu. km. in the second stage, out of a total average annual water flow of 1,350 cu. km.) would be withdrawn from the Siberian rivers, which could in no way be described as turning these rivers around or reversing their flow. He also said there were no plans to build reservoirs and inundate floodplains in Siberia, as had been charged by the project's opponents.

Gerardi said that by using a very small part of the Siberian rivers' water resources, the sharp fluctuations in agricultural output in the southern regions could be overcome and an additional 25 to 30 million tons of grain a year be produced at the outset, rising to 50 to 60 million tons on the project's completion. With the use of this water potential, Gerardi argued, enough grain could be produced in the semi-arid regions of Kazakhstan and Siberia to feed over 200 million people.

Answering environmental objections to the project, Gerardi said that calculations made by the USSR State Committee on Hydrometeorology and the Environment's Institute of the Arctic and Antarctic showed that the project would not disturb temperature and ice conditions in the Arctic Ocean. If anything would be affected by the withdrawal of water from the Siberian rivers, he said, it is the fish. Estimates made by the State Institute for the Designing of Hydraulic Engineering, Fish Breeding, and Pond Structures predicted the loss of about 7,000 tons of fish a year in Siberia. However, this would be more than made up for by an increase of 27,000 tons a year of fish in the refurbished lakes

along the canal route and in the Syr Darya and Amu Darya deltas.

Critics of the plan say that a great deal of the water carried by the earthen canal over such a long distance would be lost through evaporation and seepage. Gerardi answered that much of the soil the canal would pass through contains clay and is relatively impermeable to water. In sections that pass through sandy and sandy-loam soil, drainage pipes would be laid alongside the canal that would return the seepage either to the irrigation systems or to the canal itself. He estimated that water loss would be less than the usual 5% to 10% for canals in that region.

Some argue that rather than spend money on such a huge undertaking, a more economical approach to the problem would be to invest in reconstructing the present irrigation systems, which lose a good deal of water every year, and in developing more economical methods of irrigation, such as sprinkler and drip irrigation. The two approaches shouldn't be set up against each other, answered Gerardi, adding that the USSR Ministry of Land Reclamation and Water Resources was working on technical improvement of old irrigation systems and that this work should be completed by around the time the Siberian water would be arriving in the area. He added that, as to high cost, the canal was supposed to pay for itself within 10 years.

According to Gerardi, over 150 research and design organizations had worked with the Ministry of Land Reclamation and Water Resources on the technical and economic feasibility studies for the project.

In the same issue of *Literaturnaya Gazeta*, an opposing view was offered by V. Perevedentsev, a Candidate of Economics. He saw a confrontation between the project's planners and research personnel from other departments. He cited as important but unanswered questions the following: What percentage of the water taken from the Ob will reach the regions where it is to be used? What will the mineral content of this water be at the end of the main canal? How will the cold Siberian water's flora and fauna behave in the hot desert climate? What consequences will the water-diversion project have for Siberia? What will the final cost be, and when will it be recouped?

Perevedentsev referred to economist A. G. Aganbegyan, who had said at a conference in Novosibirsk in 1979 that there was no economic justification for the canal. He estimated that the canal would cost about 14 million rubles and that it would take at least 20 years to recover the cost of construction. As an alternative to the Ob-Amu Darya canal, Perevedentsev suggested irrigation of vast areas of Western Siberia and Northern Kazakhstan. For Central Asia, he advocated improved irrigation methods with existing water and introducing a charge for water.

Work on the Ob-Amu Darya canal had begun by January 1985. A group of construction workers from Uzbekistan had arrived in Tyumen Province and had begun setting up housing, building roads, and preparing a production base. Large amounts of machinery, equipment and building materials were arriving. However, it was announced in *Pravda* and *Izvestia* of Aug. 20, 1986, that the CPSU Central Committee and the USSR Council of Ministers had adopted a resolution "On Discontinuing Work on Diverting Part of the Flow of Northern and Siberian Rivers." The resolution discontinued design and preparatory work on diverting part of the flow of northern rivers into the Volga River and any further implementation of design studies related to the diversion of part of the flow of Siberian rivers to Central Asia and Kazakhstan. The USSR State Planning Committee, the USSR State Agro-Industrial Committee and the USSR Ministry of Land Reclamation and Water Resources were instructed to exclude assignments for carrying out this work from their plans for 1986-1990. The money and material resources freed up were to be redirected into the reclamation of land in the Non-Black-Earth Zone of the Russian Republic and into the expansion of work on the reconstruction of irrigation systems in the Volga River basin.

This decision was made against the backdrop of a political struggle in the areas most concerned. On February 27, 1986, the first secretary of the Kazakhstan CP Central Committee, and member of the Politburo of the CPSU Central Committee, D.A. Kunayev, had said in a speech to the 27th Congress of the CPSU that while scientific and technical progress had been made in Kazakhstan due to "the Party's concern for the all-around development of each of the Union republics and to the triumph of the Leninist nationalities policy," some of the national ministries had failed to implement development projects in the area. His talk concluded that "The further development of the economy requires drastic improvement in Kazakhstan's water supply. In this connection, it seems to us that questions connected with saving the Aral Sea and with the ecology and economy of the regions adjacent to it, immediately or farther away, must not be postponed."

On December 17, 1986, Kunayev was removed as first secretary of the Kazakhstan Communist Party and from the CPSU Politburo. He was replaced by an ethnic Russian. The next day, there was a rebellion in Alma-Ata, the capital of Kazakhstan, in which two people were killed.

## References

1. A condensed text of Gerardi's remarks, along with a rebuttal by V. Perevedentsev, appeared in English in *The Current Digest of the Soviet Press* (Columbus, Ohio), April 7, 1982.

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## Appendix 2

# THE RUBLE AND THE DOLLAR IN THE WORLD STRUGGLE

The debate in the USSR over the convertibility of the ruble into foreign currencies or gold is probably least understood precisely because its political implications are far more significant than the financial merits of the controversy. When on December 9, 1988, the Soviet finance ministry announced that it had plans to soon make the ruble convertible into other currencies or gold, it startled the capitalist financial world. It also created considerable concern among the Soviet public, because included in the announcement was the news that the ruble would be devalued by 50% over the next two years. This was followed on October 25, 1989, with the announcement that an even more drastic cut in the exchange rate of the ruble would take place, although mainly affecting foreigners in the USSR or Soviet citizens traveling abroad. The initial effect of these measures, should they become fully operational, would be to thrust the Soviet economy further into the world capitalist market. To understand the meaning of this in terms of the overall political struggle, it is necessary to take into account the decade following the scuttling of the projected 1972 trade treaty between the U.S. and the USSR.<sup>1</sup> It was fraught with internal difficulties for the USSR, notwithstanding considerable successes in agriculture that peaked in 1978 with a record harvest of 230 million metric tons of grain. Thereafter, however, the USSR suffered a period of bad harvests resulting from unfavorable weather. It was forced to import more than 30 million tons of grain a year from 1979 on, much of it from the U.S. and other Western nations. As late as 1988, the harvest fell 40 million tons short of the target of 235 million tons, according to preliminary estimates (New York Times, January 17, 1989).

In the early 1970s, the Soviet government had anticipated that the extension of credit by the U.S. Export-Import Bank would make it easier and perhaps less costly to purchase some of its heavy grain requirements. However, that didn't happen. While some credits were obtained from nongovernmental capitalist commercial banks on a short-term basis, longer-term credits from the U.S. Export-Import Bank were not available without a waiver of the Jackson-Vanik Amendment by President Gerald Ford.

The need to purchase such heavy orders of grain is one of the reasons why for many years the USSR has been obliged to maintain a considerable reserve of U.S. dollars in its treasury and also abroad in foreign banks. These huge stockpiles of dollars or other so-called hard currencies, such as the Japanese yen or the German mark, pay no interest and lie idle. Of course, the USSR's hard-currency accounts kept in banks abroad do pay interest, but they usually are deposited for short periods. They are quickly retrieved on demand for quick turnover of foreign trade with capitalist countries.

A matter of considerable political and economic importance in relation to Soviet foreign trade lies in the instability of the capitalist markets. This regularly pounds the capitalist currencies, compelling the USSR to absorb a multitude of capitalist economic and financial contradictions. It would be fine if the USSR, while participating in the world capitalist markets, were able to garner only the economic advantages for itself without also absorbing the inevitable risks and shocks. But that is not the case. As is well known, the USSR obtains much of its hard currency by the sale of huge quantities of gas and oil (the USSR is one of the world's biggest producers of petroleum). In this way it is able to take advantage of the capitalist markets. When the Arab nations instituted an oil embargo, this made it possible for the USSR to sell its oil at higher prices. However, this advantage was soon canceled when the oil market became glutted for an extended period of time.

Overall, the U.S. ruling class has never wavered very far from its basic position that normal trade relations would

result in economic and financial advantages to the USSR over a protracted period. The ruling class had to weigh this boon to the development of the socialist economy against the purely temporary advantages that they themselves would garner from any full-scale agreement to deal with the USSR on an equal footing in commerce and trade. It is in this perspective that the scuttling of the projected 1972 trade treaty has to be seen.

The currency implications for the USSR in foreign trade relations with capitalist countries are of considerable importance, much more than is generally believed. Buying on credit is a recognized form of trade in both domestic as well as international commerce. Few indeed are the commercial transactions which are carried out on a cash basis. Deprived of customary credit terms, except through the large commercial banks that usually take their cue from their respective imperialist governments anyway, the USSR was forced to purchase U.S. grain by the millions of tons on a cash (dollar) basis. The Carter administration (1977-1981), in its reactionary pursuit of an anti-Soviet offensive arising out of the Afghanistan struggle, imposed a total embargo on U.S. sales of grain to the USSR. This was a blatant attempt to starve the Soviet people into submission. But it failed. By the time the Reagan administration was in power, the protests against the embargo, especially from farmers, were so great that the government was forced to abandon it in early August 1982. Reagan explained his action to a group of farmers in Des Moines, Iowa, in these words: "The granary door is open and the exchange will be cash on the barrel head." The lifting of the grain embargo was a classical example of how domestic protest and economic necessity can override a broader political objective of the ruling class.

Although the embargo was lifted, the USSR had to first purchase dollars on the so-called open market in order to buy grain from the U.S. and other countries. It was able to finance these currency purchases primarily through its heavy sales of oil and gas as well as gold and other raw material commodities. However, this was not adequate to counteract the heavy drain incurred from having to keep considerable foreign currency balances in its own treasury. Thus time and again the issue of making the Soviet ruble a convertible currency has come to the fore.

By convertibility is meant the ability of the holder of rubles to exchange them for gold or foreign currencies. Were the ruble to become convertible, it is argued, the USSR would be relieved for the most part of the necessity of maintaining such huge foreign currency reserves. (It should be added in all this that orthodox Marxists, especially in the early 1920s, were always for a stable unit of currency, guarding it against manipulation and inflation.)

Whenever these high priests of bourgeois economics in the USSR talk about foreign currencies, they wax eloquent as though these currencies were the apex of stability. They totally leave out the fact that none of them is convertible to the only true measure of value in bourgeois economics--gold. Why don't they remind their audience that even the most powerful capitalist countries have only a partially convertible currency? The dollar is not fully convertible in the traditional meaning of that term. It can no longer be exchanged for a fixed measure of gold or silver. At one time, the currency said on its face that it was convertible into gold, but not now. Any persons in possession of several hundred dollars, pounds, marks or yen can prove this by going to their respective governments and asking for the equivalent in gold. They'd get a rude answer.

When the British pound went off the gold standard in 1931, that signalled the end of the traditional, stable capitalist system. Then in 1934 President Franklin Delano Roosevelt devalued the dollar. At the same time, he put an embargo on the export of gold except in certain circumstances. No amount of ultraconservative opposition in the U.S. was able in any way to interfere with this momentous decision by the U.S. government. A Supreme Court that was basically hostile to the progressive reforms of the Roosevelt administration nevertheless quickly upheld the abandonment of the gold standard. It also ratified the power of the executive branch of the government to devalue the currency, notwithstanding the clear constitutional provision (U.S. Constitution, Article I, Section 8, Paragraph 5) which states that only Congress has the authority to "coin money and regulate the value thereof."

During the 1980 election campaign, Ronald Reagan used much demagogy and promised to reduce inflation by returning to the gold standard. However, once Reagan got elected, he appointed a 17-member commission to study the question. On March 31, 1982, the U.S. Gold Commission, headed by Donald Regan, later to become secretary of the treasury, concluded that "While there might be a future occasion for the return of the gold standard, the majority of us at this time favor essentially no change." <sup>2</sup>The commission rejected the use of gold in either the domestic or international monetary system. End of demagogy!

The reality of the situation today is that the capitalist economy is so unstable and the currency markets so nervous that it has become a regular part of the agenda of the seven most powerful imperialist governments--the U.S., Britain, France, West Germany, Canada, Italy and Japan--to meet, most of the time in strict secrecy, in order to arrive at some understanding on how far each of them will allow their currency to fluctuate. In effect, they maintain a secret agreement on how to control the stability of their currencies and maintain certain artificial ratios or proportions to one another. They may agree to let the yen or deutschmark rise to a certain extent, or let the dollar fall. Each of them is obligated by this agreement, or conspiracy, to intervene in the currency market by purchasing or selling a massive amount of a particular currency if it rises or falls too steeply.

Of course, this does not always work. Quite the contrary. The currency manipulators worldwide, reflecting the instability of the capitalist system, live in continual fear of an uncontrollable collapse of one or the other currencies and of being unable to rescue it by mere currency purchases. Indeed, the spreading fear in capitalist finance as well as in industry is that the dollar, among the strongest of the currencies, may take the kind of precipitous fall which could set off a chain reaction and signal a collapse of the capitalist economy.

However, important as it is, foreign exchange is only one aspect of the convertibility of the ruble. Its greater significance lies in the domestic aspect. It is notable that the greatest enthusiasm for making the ruble convertible into other currencies comes precisely from those bourgeois reformers in the USSR who are well-known for pushing the extension of the capitalist market, private cooperatives, enlarging the private sector, and much more.

An especially noteworthy article appeared in the Soviet periodical *New Times* with the title "When Will the Ruble Be Made Convertible?"<sup>3</sup> It is an interview with one Grigory Khanin, identified as a prominent economist and statistician. After describing some of the benefits that would result from the convertibility of the ruble, Khanin goes on to conclude, "We have long been thinking about how to make our state-owned enterprises really public." What can this mean? Millions of workers all over the planet have long believed that the state enterprises in the USSR **are** public. Haven't public ownership of the means of production, a planned economy, and a monopoly of foreign trade been the principal characteristics of the Soviet Union as a workers' state? But the way to make the ownership of the means of production public, says this prominent economist and statistician, is the "transformation of state-owned enterprises into joint-stock companies with the participation of the state, employees, and other private citizens and organizations, including foreign ones." That's public ownership, according to the new school of Soviet bourgeois economists!

If that isn't enough, he concludes that: "A stock exchange would be required for the sale of shares and other stocks." The process of reform cannot be accomplished by "bureaucrats in the economy and science," he says, but should be turned over to "economists who have proved their competence and dedication to the ideas of the reform." And who are they? He lists Gennady Lisichkin, Otto Lacis, Vasily Selyunin, Gavrill Popov, Nikolai Shmelyov and Leonid Abalkin. Only poor Tatyana Zaslavskaya has not been included in this clique of bourgeois economists, who are now entrenched in the Gorbachev bureaucracy and have become the principal architects for dismantling the socialist, centralized planning. The example of what is happening in Hungary doesn't deter them at all--on the contrary, it encourages them.

The neobourgeois elements in the USSR, especially economists like Aganbegyan and Abalkin,<sup>4</sup> are interested in making the ruble convertible because they think the prices of such items as food and rent, for instance, are much too low and that a convertible ruble would reveal the true cost per unit. In their view, the government is subsidizing bread and other consumer items at the expense of the more privileged layers of Soviet society, who are not very concerned with the price of such bare essentials. They hope, on the other hand, that the government as it is presently constituted by the reformers will not reveal the true gap in income between the different strata of the population. But all this speculation is based on what has been the apathetic and passive position of the Soviet working class, which is only now being aroused to the possibilities for independent intervention in the political process.

Behind all this talk about the ruble lurks the bourgeois effort to dismantle the socialist economy. This has gone very far, as a report from Moscow in mid-November 1989 shows. Prime Minister Nikolai I. Ryzhkov is said to have told a national conference of students that the government hoped to slash state ownership from 85 percent of the economy to 30 percent! Gorbachev himself, speaking at the same event, affirmed public ownership but left a loophole for private property as wide as the Volga river: "Perhaps later, as our society develops a little bit further and our economy is

reformed, we will develop a new type of economy, perhaps there will appear forms that will in some way resemble small-scale private property." <sup>5</sup>While they were speaking, the Soviet legislature was debating a law calculated to dilute the significance of state ownership.

Of course, one could conceive of a discussion on liquidating state ownership in order to advance to the higher stage of socialism--communism--when state property has been transformed into the property of all the people. But that's the furthest thing from their mind. This law favors a variety of disguised forms of private property, such as leaseholds, private cooperatives, family farms, and so-called workers' shareholding schemes, similar to the ones so badly discredited in Yugoslavia and Poland. Hopefully, this effort at legislating away the public ownership of the means of production, the key characteristic of a workers' state, will meet with a shattering rebuff from the working class and the general public in the Soviet Union at large.

## References

1. See Chapter 2, "How the Imperialists See Detente."
2. *New York Times*, April 1, 1982.
3. "When Will the Ruble Be Made Convertible?," *New Times* (Moscow), July 25-31, 1989, p. 25.
4. See Article 3, "Joint Ventures and Socialist Planning."
5. *New York Times*, November 17, 1989.

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## Appendix 4

# CHRONOLOGY

[Covers events referred to in this book]

**February 23, 1917:** Revolution in Russia overthrows the regime of Czar Nicholas, sets up a Provisional Government under A.F. Kerensky.

**October 25, 1917:** Second revolution establishes a government of the Soviets of Workers, Peasants and Soldiers Deputies, with Bolshevik Party the leading force.

**January 1918-November 1919:** Period of Civil War; counterrevolutionary foreign intervention begins March 1918 with occupation of Murmansk by British, U.S. and French forces; within a year, White Guards backed by military forces from 14 imperialist countries occupy three-fourths of Soviet territory.

**1918-1919:** Extraordinary political and economic measures taken by the Soviets to mobilize all resources in order to save the Revolution; known as War Communism, these measures include a state monopoly on the grain trade, a prohibition on private trading, obligatory allocation of agricultural stocks to feed the army and the workers in the cities, rationing, and labor conscription.

**March 3, 1918:** Treaty to end the war between Soviet Russia and Germany signed at Brest-Litovsk, under which the Soviet government has to surrender 150,000 square kilometers of territory to Germany, including Poland, the Baltic states and much of the Ukraine.

**November 12, 1918:** Germany and her allies surrender, ending World War I.

**November 13, 1918:** Bolshevik government annuls the Brest-Litovsk treaty; by December, Soviet governments have been established in the Ukraine, the Crimea, the Baltic region and Belorussia.

**February and March, 1921:** Sailors at the Kronstadt naval base near Petrograd (Leningrad) stage a revolt against the Bolshevik government.

**March 1921:** 10th Congress of the Russian Communist Party, on Lenin's initiative, decides to adopt a New Economic Policy utilizing the market to revive the economy

**October 17, 1921:** Lenin elaborates on New Economic Policy in report to Second All-Russian Congress of Political Education Departments.

**April 16, 1922:** Soviet and German governments sign treaty of Rapallo under which Germany agrees to nullify the Brest-Litovsk agreement and renounces its claim to the Baltic states.

**December 30, 1922:** First Congress of Soviets of the Union of Soviet Socialist Republics establishes the USSR as a multinational state composed of equal republics with right of secession.

**April 1923:** 12th Congress of the CPSU passes program on the national question aimed at liquidating economic and cultural inequality between the various peoples of the Soviet Union.

**January 21, 1924:** Lenin dies after illness complicated by an assassination attempt in 1918.

**1926:** Economy of USSR recovers to the pre-war level--that of underdeveloped, czarist Russia.

**May 1929:** Beginning of first Five-Year Plan with emphasis on industrialization.



**1929:** Establishment of first collective farms and beginning of struggle to expropriate the kulaks (rich peasants).

**October 1929:** Collapse of stock market in New York sets off worldwide capitalist depression.

**1933:** Beginning of second Five-Year Plan, one year ahead of schedule.

**September 30, 1938:** Hitler, Mussoline, Neville Chamberlain and Edouard Daladier, without consulting either Czechoslovakia or USSR, sign Munich pact allowing Germany to seize the Sudetenland in Czechoslovakia.

**August 23, 1939:** Foreign ministers Molotov for USSR and Ribbentrop for Germany sign ten-year non-aggression pact.

**August 1940:** Lithuania, Latvia and Estonia incorporated into the USSR as Soviet Socialist Republics.

**June 22, 1941** Nazi Germany invades the USSR.

**1941-1945:** Years of the wartime alliance between the USSR and the Allied imperialist powers against the Axis powers of Germany, Italy and Japan.

**February 2, 1943:** Battle of Stalingrad, which began in the summer of 1942, is won by Red Army in a decisive defeat for the German Command and a turning point in the war.

**February 1945:** Conference of Stalin, Roosevelt and Churchill at Yalta in the Crimea.

**June 5, 1947:** U.S. Secretary of State George C. Marshall outlines the Marshall Plan, under which \$12.5 billion was extended by the U.S. through the Economic Cooperation Administration to rebuild the capitalist economies of Western Europe; it was superseded in 1952 by the Mutual Security Agency.

**August 24, 1949:** Formation of North Atlantic Treaty Organization (NATO) by U.S., Canada, and ten West European nations.

**October 1, 1949:** Victory of Chinese Revolution

**June 25, 1950-July 27, 1953:** War in Korea; military forces from the U.S. and 16 other capitalist countries try to roll back Korean socialist revolution, which has support of USSR and Peoples China; war ends in stalemate at 37th parallel, leaving Korea divided.

**March 5, 1953:** Death of Stalin.

**May 14, 1955:** Warsaw Pact defense treaty signed by USSR and seven East European nations.

**February 1956:** 20th Congress of CPSU; Khrushchev report denounces Stalin and emphasizes peaceful coexistence.

**May 1957:** Khrushchev reorganizes economy, shifting authority from central ministries to regional councils.

**October 4, 1957:** USSR launches Sputnik, world's first satellite in outer space.

**January 1, 1959:** Victory of Cuban Revolution.

**August 3, 1972:** U.S. Senate ratifies the first SALT treaty limiting strategic arms.

**October 3, 1972:** Nixon and Gromyko sign the final documents of the SALT treaty.

**October 18, 1972:** Trade treaty between U.S. and USSR is signed, but is never effectuated because of Jackson-Vanik Amendment.

**June 1979:** SALT II treaty signed in Vienna; is never ratified by U.S. Congress.

**March 1985:** Mikhail Gorbachev succeeds Konstantin Chernenko as General Secretary of the CPSU.

**November 22, 1985:** Presidium of Supreme Soviet announces sweeping overhaul of government, with changes in or abolition of 50 ministries.

**November 19 and 20, 1985:** Summit meeting in Geneva between President Reagan and General Secretary Gorbachev.

**February 25, 1986:** Gorbachev report to the 27th Party Congress says low growth rates due to bureaucracy and conservatism have created a "pre-crisis situation".

**September 1986:** Ministry of Foreign Trade authorizes some enterprises to negotiate export and import arrangements directly with foreign buyers and sellers.

**December 17, 1986:** Dinmukhamed A. Kunayev is removed as First Secretary of the Communist Party of Kazakhstan and replaced by an ethnic Russian.

**December 18, 1986:** Rebellion in Alma-Ata in Kazakhstan in which two people are killed.

**January 1, 1987:** Joint venture law enabling individual Soviet enterprises to negotiate foreign trade goes into effect.

**January 27, 1987:** Gorbachev report "On Reorganization and the Party's Personnel Policy" to plenary meeting of the Central Committee of the CPSU attacks "wage leveling".

**June 25, 1987:** Gorbachev report "On the Tasks of the Party in the Radical Restructuring of Economic Management" to plenary session of the CPSU Central Committee lays out plan for perestroika.

**June 1987:** Magazine Novy Mir publishes article by economist Nikolai Shmelyov advocating elimination of central planning in favor of capitalist free market.

**October 1987:** Geidar Aliev, Politburo member from Azerbaijan, removed from his post, reportedly for opposing the reforms.

**February 1988:** Outbreak of heavy fighting in Armenia and in Sumgait, Azerbaijan, over the status of the enclave of Nagorno-Karabakh.

**May 15, 1988:** Beginning of withdrawal of Soviet troops from Afghanistan.

**June 1, 1988:** U.S. and USSR sign the Intermediate Nuclear Force (INF) treaty.

**June 1988:** 19th All-Union Party Conference of the CPSU.

**September 1988:** Plenary session of CPSU Central Committee; Gorbachev admits reforms are going slowly; state structure is changed to make Gorbachev Chairman of Supreme Soviet as well as General Secretary; Gromyko, others dropped from Politburo; Medvedev replaces Ligachev as head of ideology; steps taken to decollectivize farms.

**December 7, 1988:** Gorbachev speaks to United Nations General Assembly in New York, stresses "universal human values".

**May 30, 1989:** Gorbachev speaks to newly elected Congress of People's Deputies, calls for austerity measures, talks of changing forms of ownership.

**July 10, 1989:** Massive strike of coal miners begins in western Siberia over deterioration of living conditions; soon spreads to other major mines throughout USSR.

**August 2, 1989:** Railroad workers on Leningrad-Vyborg line walk out in brief strike.

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## Appendix 3

# GLOSSARY OF TERMS AND NAMES

**Andropov, Yuri V.** (1914-1984): Elected general secretary of the CPSU November 1982 following death of Leonid Brezhnev. Also became president of the USSR in June 1983. Died Feb. 9, 1984.

**Bolsheviks:** The word derives from the Russian *bolshinstvo*, meaning majority. The Bolsheviks under the leadership of Lenin were the majority group at the Second Congress of the Russian Social Democratic Labor Party (1903). Became separate party in 1912. Led October revolution in 1917. Party changed its name in 1918 to the Russian Communist Party (Bolsheviks) and in 1924 took on the name it carries to this day--Communist Party of the Soviet Union (CPSU).

**Bourgeoisie:** The capitalist class. From the Communist Manifesto: "By bourgeoisie is meant the class of modern capitalists, owners of the means of social production and the employers of wage labor."

**Brest-Litovsk:** Treaty concluded in 1918 between revolutionary Russia and Imperial Germany. German terms were accepted under duress and Russia had to concede a huge indemnity and relinquish a large amount of territory. At the time Lenin said that without a revolutionary uprising inside Germany, Russia was in no position to wage a revolutionary war and needed a breathing space to consolidate the Revolution and build a people's army. Trotsky led the Soviet negotiating team.

**Brezhnev, Leonid I.** (1906-1982): Became General Secretary of Central Committee in October 1964. In May 1977, became President of the USSR. Led Soviet Union until his death on Nov. 10, 1982.

**Bukharin, Nikolai Ivanovich** (1887-1938): Joined Bolsheviks in 1906. Leading member of Bolshevik Central Committee during October Revolution. Editor of Pravda (1919-29). President of Comintern (1926-29). Leader of Right Opposition to Stalin in 1928. Executed after March 1938 Moscow trial.

**Bureaucracy:** The apparatus of administration in the armed forces, judiciary and other government organs and institutions. Early in the USSR, the conditions of underdevelopment and isolation contributed to the development of a privileged and parasitic bureaucracy which stifled the revolutionary initiative of the masses. Lenin said of the bureaucracy: "I hate it heartily. Not the individual bureaucrat, he may be a capable rascal. But I hate the system. It paralyzes and corrupts from above and below."

**Chernenko, Konstantin U.** (1912-1985): Succeeded Yuri Andropov as General Secretary of the CPSU, February 1984. Died March 10, 1985.

**Cold War:** Policy of U.S., West European and Japanese imperialism toward the Soviet Union following World War II. Period of active hostility to socialist countries, including subversion, sabotage and acts of terrorism with counterrevolutionary wars fought against emerging independence movements in Asia, Africa and Latin America. Called a cold war since the imperialist powers, particularly the U.S., did not openly invade the Soviet Union or bomb it with nuclear weapons, but instead engaged in so-called lower intensity actions around the world.

**Collectivization:** A change in property relations from private ownership to group ownership, a step below ownership by the state. Policy of compulsory collectivization of agriculture was announced on December 27, 1929, by Stalin; it began on February 1, 1930. At the time the kulaks had seized the Soviet state by the throat, organizing a veritable strike against food supplies for the cities.

**Comintern:** See Communist International.

**Communist International:** Founded in 1919 in Moscow to unite world Communist parties and coordinate revolutionary struggles. Also known by the shortened name Comintern. Dissolved by Stalin in 1943.

**Communist Party of the Soviet Union (CPSU):** See Bolsheviks.

**Denikin, A.I. (1872-1947):** Czarist general and prominent counterrevolutionary in the Civil War.

**Entrepreneur:** French word which translates roughly as "enterpriser." In capitalism, a speculator who invests capital in stocks, land and machinery, as well as the exploitation of wage labor, in the pursuit of profits.

**Five-Year Plan:** The first Five-Year Plan for industrialization and collectivization went into effect in the Soviet Union in 1929. It was completed in four years. This was despite the stock market crash on Wall Street and the world capitalist collapse at the time, which had considerably reduced the market for Soviet goods and the foreign currency desired to complete the plan. In economic history, it was the first comprehensive plan to cover the rate and scale of a country's economic and social development. Five-Year Plans set targets as the basic framework for planning a socialist economy.

**Glasnost:** Policy introduced by Mikhail Gorbachev in the USSR in 1985. While perestroika is a change in the economic policies, glasnost is a shift in political practices. Glasnost is described by Gorbachev as a program for openness and democratization.

**Gorbachev, Mikhail (1931- ):** Elected General Secretary of the CPSU March 1985; became President of the USSR in September 1988.

**Gorky, Maxim (1868-1936):** Prominent Russian writer. Joined Bolsheviks in 1905. Helped organize first legal Bolshevik paper. Headed state publishing after revolution until 1921. Works include the play *The Lower Depths* (1902) and the novel *Mother* (1906).

**Gotha Program:** See Ferdinand Lassalle.

**Gosplan:** The State Planning Commission of the Soviet Union. The word is formed from the first syllables of the words of the title.

**Imperialism:** The highest, and last, stage of capitalism. As defined by Lenin, imperialism is the merging of bank capital with industrial capital to create finance capital; industry is increasingly dominated by monopolies; the export of capital becomes more important than the export of commodities; super-profits are obtained by imperialist super-exploitation of the less developed countries.

**Intelligentsia:** Intellectuals, usually referring to professionals such as writers, lawyers, doctors, engineers, professors, scientists. The intelligentsia is a middle stratum between the bourgeoisie and proletariat. Generally has greater ideological links with the bourgeoisie, but vacillates between the workers and capitalists. In a workers' state, the intelligentsia usually has elements with ties to the old bourgeois order.

**Kautsky, Karl (1854-1938):** Assistant to Engels. Leader of German Social Democratic Party and Socialist (Second) International before first world imperialist war. Became a reformist and pacifist centrist, refusing to condemn the right-wing of the German party which supported the German government in the imperialist First World War. Vocal opponent of Russian Revolution.

**Kerensky, Alexander F. (1881-1970):** Prime Minister of the Provisional Government that was overthrown by the October Revolution in Russia.

**Kolchak, A.V. (1873-1920):** Russian czarist admiral, monarchist and, with the help of British, French and U.S. imperialism, one of the main leaders of the counterrevolutionary White Guards in the 1918-19 Civil War.

**Kolkhoz:** Collective farm.

**Khrushchev, Nikita** (1894-1971): First Secretary of the Central Committee from March 1953 until October 1964. Premier of USSR from June 1958 until October 1964.

**Kronstadt:** Naval base where sailors staged a counterrevolutionary uprising in March 1921 against severe measures of War Communism. Lenin's New Economic Policy was adopted shortly after the uprising was suppressed.

**Kulak:** A Russian term meaning fist, popularly used to refer to rich peasants who owned land and hired poor peasants to work it. Lenin described the kulaks as "exploiters and profiteers who used their surplus grain to enrich themselves at the expense of the starving non-agricultural parts of Russia."

**Lassalle, Ferdinand** (1825-1864): Participant in 1848 German revolution. Founder and president of General Association of German Workers, first labor party in that country. Killed in a duel. His followers joined with Marxists in 1875 to form German Social Democratic Party, which adopted the Gotha Program. The program was severely criticized by Marx.

**Left Opposition:** Faction led by Leon Trotsky in the Communist Party of the Soviet Union as well as the Communist International. Formed in 1923.

**Lenin, V.I.** (1870-1924): Central theoretical and political leader of Bolsheviks from 1903. Participated in 1905-7 Russian revolution. Organized Zimmerwald Left in 1915-17 which brought together working class representatives from various European countries who issued a manifesto condemning the First World War and calling for a revolutionary struggle against the war. Led Bolshevik Central Committee during October Revolution. Chairman of the Council of People's Commissars (premier). Central leader and founder of Communist International.

**Levelers:** Historically, during the English Civil War, a movement of independent farmers with a radical program calling for a democratic republic and political and religious equality. The Levelers, led by John Lilburne, and their left-wing program were defeated by the increasingly conservative Oliver Cromwell. Today the term is used derisively by the Gorbachev grouping in the Soviet Union to characterize those who support raising the lot of the lower paid to achieve economic equality.

**Mensheviks:** From Russian word for minority. Formed in 1903 at Second Congress of the Russian Social Democratic Labor Party as a minority opposition to the position of Lenin and the Bolsheviks (majority). Became the right-wing of the party and split with Bolsheviks in 1912. Opposed the 1917 October Revolution.

**Molotov, Vyacheslav Mikhailovich** (1890-1986): Joined Bolsheviks in 1906. Candidate member of Politburo in 1921, full member in 1926. Premier of USSR 1930-41. Foreign Minister 1939-49 and 1953-56. In 1939, signed nonaggression pact with Nazi Germany.

**Monopoly capitalism:** The era of the domination of monopolies that control, sometimes completely, production of commodities. Period of large-scale production with the concentration and centralization of capital. The substitution of free competition by monopoly is a fundamental feature of imperialism. Giant banks are fused with the monopoly industries to form finance capital. Lenin says, "The growth of monopoly and the growth of finance-capital put the entire fate of the capitalist world in the hands of small groups of the biggest capitalists. The merging of bank capital with industrial capital brings about a situation where the biggest bankers begin to manage industry, and the biggest industrialists are admitted into bank directorates. The fate of the entire economic life of every capitalist country lies in the hands of a numerically insignificant group of bankers and industrial monopolists."

**Moscow Trials:** Three major purge trials held in Moscow between 1936 and 1938. All the surviving members of the Politburo of the Communist Party during the Revolution, except for Stalin, were tried and convicted of frameup charges. All except Trotsky, who was in exile, were executed or were alleged to have committed suicide.

**New Economic Policy (NEP):** The policy introduced in Soviet Russia in 1921 which allowed a certain revival of capitalism. It replaced War Communism, the economic policy pursued in the period of the Civil War. The NEP was introduced as a temporary measure to help overcome the economic destruction resulting from the first world imperialist war and the subsequent Civil War and invasion by the imperialist powers, including the U.S. armed forces.

**Nepmen:** During the period of the New Economic Policy, traders and businessmen emerged. These profit-mongers became known popularly as nepmen. Lenin described them as the new bourgeoisie.

**October Revolution:** Russian Revolution of October 25, 1917. The date was based on the old czarist calendar. Today it is celebrated by the current calendar on November 7.

**Oppressed nations:** See self-determination.

**Paris Commune of 1871:** First workers' government. Existed from March 18 to May 28, 1871. Replaced standing army with universal arming of the people. Made all offices in the courts and civil service elective, decreeing that salaries should not exceed workers' wages. On May 21, the troops of Thiers' counterrevolutionary government broke into Paris and massacred the workers; 30,000 were killed, 50,000 arrested.

**Pilsudski, Josef** (1867-1935): Landowner and general in Poland. Between 1918 and 1922, headed Polish regime that brutally persecuted the revolutionary movement in that country. Led invasion of Soviet republic in 1920. Right-wing dictator of Poland 1926-35.

**Politburo:** Short for political bureau. The executive committee of the Central Committee of the Communist Party. The Central Committee is elected by the Party Congress, the highest body in the party.

**Proletariat:** Wage workers. From the Communist Manifesto: "By proletariat [is meant] the class of modern wage laborers, who, having no means of production of their own, are reduced to selling their labor-power in order to live."

**Rapallo treaty:** German-Soviet treaty signed April 16, 1922, that nullified the 1918 Brest-Litovsk treaty.

**Rykov, Aleksei Ivanovich** (1881-1938): Joined Russian Social Democratic Party in 1899. Succeeded Lenin as Chairman of the Council of People's Commissars 1924-30. With Bukharin, part of Right Opposition. Sentenced to death in third Moscow trial in 1938.

**Ryzhkov, Nikolai I.** (1929- ): Prime Minister of the Soviet Union beginning September 1985 and Chairman of the Council of Ministers.

**Scientific-technological revolution:** Restructuring of industry and economic infrastructure based on the introduction of new high-tech systems of production, often relying on computerization and robotics. Like the introduction of the assembly line in the 1920s, the scientific-technological revolution in the 1980s has brought a dramatic upheaval in the workforce in the capitalist countries. In the U.S., the changed character of the working class can be seen in the emergence of women and Third World workers as the new majority in the workplace.

**Self-determination:** A nation can be roughly defined as a people with a common language and history who inhabit a definite area, though there are exceptions to this. Oppressed nations are those forcibly subjugated by another nation, a key feature of the emergence of capitalism and imperialism. Self-determination is the right of oppressed peoples to govern themselves, including the right of nations to independent existence as sovereign states. Marxists support national liberation movements seeking to end national oppression while at the same time promoting working class unity. The right of self-determination was a key part of the Bolshevik program for dealing with the many nationalities in czarist Russia. For the first time in history, the Bolsheviks in 1923 established a bicameral government with two equal bodies--the Soviet of the Union and the Soviet of Nationalities--to guarantee representation for the more than 100 nationalities in the USSR. The constitution adopted at that time stated in Article 6 that the right of secession could not be repealed, nor could the boundaries of the republics be changed without their mutual consent.

**Soviet:** Russian word meaning council.

**Sovkhoz:** State farm.

**Stakhanovite movement:** On August 30, 1935, coal miner Alexei Stakhanov was reported to have mined a record 102

tons in a single shift, 14 times the normal quota. Publicity of this event was used to encourage socialist emulation in production, known as the Stakhanovite movement. It helped to spark rapid industrialization in the Soviet Union at a time when the capitalist world was suffering its worst depression. However, it also was seen by many workers as a form of speedup that undermined socialist solidarity.

**Stalin, Joseph** (1879-1953): Bolshevik from 1903. Member of Central Committee 1912. People's Commissar of Nationalities after October Revolution. General Secretary of Central Committee from 1922 until his death in 1953. Lenin called for his removal in January 1923, but this letter was suppressed. Stalin led centrist faction in Party after Lenin's death, eventually eliminating all opposition. Purged Party of Old Bolsheviks, staging frameup trials in Moscow in 1930s. Led Soviet Union in historic victory over invading Nazi army in the second world imperialist war.

**State:** In its essence, the instruments by which the class in power suppresses another or other classes, i.e., the army, police, judiciary, etc.

**Thermidor:** The eleventh month in the calendar adopted by the French Revolution in the 1790s. On the ninth of Thermidor (July 27), 1794, Robespierre was overthrown, starting shifts to the right in the government that opened the way for Bonaparte and the destruction of the First Republic. Thermidor has become the name of a period of reaction when it follows a revolutionary upsurge.

**Tomsky, Mikhail Pavlovich** (1880-1936): Joined Russian Social Democratic Party in 1904. Chairman Soviet trade unions 1922-29. Member of Politburo from 1922. Allied with Bukharin in Right Opposition. Died during first Moscow trial.

**Trotsky, Leon** (1879-1940): Proponent of world revolution. Leader of Russian Revolution in 1905, president of St. Petersburg Soviet (later to be called Petrograd). Supporter of Zimmerwald Left in 1914. Joined Bolsheviks in 1917, elected to Central Committee. As president of the Petrograd Soviet of Workers' Deputies, led the October Revolution together with Lenin. Commissar of Foreign Affairs 1917-18. Led Red Army 1918-25, organizing defeat of invasion by U.S., England and other imperialist countries as well as victory in Civil War. Leading figure in Communist International, writing many of its principal statements during the first five years. Led Left Opposition in 1920s. Expelled from Party 1927, exiled abroad 1929. Main defendant, in absentia, at 1936-38 Moscow trials. Assassinated in Mexico June 1940 by agent of Stalin.

**War Communism:** The name given to the economic measures that prevailed while the Russian Revolution was fighting for its survival during the Civil War. It involved nationalizing and centralizing the economy more extensively and sooner than the Bolsheviks had originally planned. The produce of peasants was requisitioned or confiscated to feed the workers in the cities and the Red Army. Private trading was prohibited and distribution of goods was on the basis of rationing. Replaced by the New Economic Policy.

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