

**Charles
Bettelheim**

**Class
Struggles
in the
USSR**



Second Period: 1923-1930

[Section 4 -- Sec. 4,
5 and 6 of Part 3]

NOTE: *The translation of this book into English has given the author the opportunity to check a number of his references and, as a result, to revise parts of the text.*

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Prepared © for the Internet by David J. Romagnolo, [dj@marx2mao.org](mailto:djr@marx2mao.org) (February 2001)

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Key to abbreviations, initials, and Russian words used in the text

| | |
|-------------|--|
| Artel | A particular form of producers' cooperative |
| Cadet party | The Constitutional Democratic Party |
| CLD | See STO |
| Cheka | Extraordinary Commission (political police) |
| Glavk | One of the chief directorates in the Supreme Council of the National Economy or in a people's commissariat |
| Gosplan | State Planning Commission |
| GPU | State Political Administration (political police) |
| Kulak | A rich peasant, often involved in capitalist activities of one kind or another, such as hiring out agricultural machinery, trade, moneylending, etc. |
| Mir | The village community |
| Narkomtrud | People's Commissariat of Labor |
| NEP | New Economic Policy |
| NKhSSSRv | National Economy of the USSR in (a certain year or period) |
| NKVD | People's Commissariat of Internal Affairs |
| OGPU | Unified State Political Administration (political police) |
| Orgburo | Organization Bureau of the Bolshevik Party |
| Politburo | Political Bureau of the Bolshevik Party |
| Rabfak | Workers' Faculty |
| Rabkrin | See RKI |
| RCP(B) | Russian Communist Party (Bolshevik): official |

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| | |
|----------|--|
| | name of the Bolshevik Party, adopted by the Seventh Party Congress in March 1918 |
| RKI | Workers' and Peasants' Inspection |
| RSDLP | Russian Social Democratic Labor Party |
| RSDLP(B) | Russian Social Democratic Labor Party (Bolshevik) |
| RSFSR | Russian Socialist Federal Soviet Republic |
| Skhod | General assembly of a village |

| | |
|------------|---|
| Sovkhoz | State farm |
| Sovnarkhoz | Regional Economic Council |
| Sovnarkom | Council of People's Commissars |
| SR | Socialist Revolutionary |
| STO | Council of Labor and Defense |
| Uchraspred | Department in the Bolshevik Party responsible for registering the members and assigning them to different tasks |
| Uyezd | County |
| Volost | Rural district |
| VSNKh | Supreme Economic Council |
| VTsIK | All-Russia Central Executive Committee (organ derived from the Congress of soviets) |
| Zemstvo | Administrative body in country areas before the Revolution |

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4. The integration of state-owned industry in the overall process of reproduction of the conditions of production

While the socialist form of the enterprises belonging to the Soviet state does not suffice to determine the nature of the relations which are reproduced in the immediate production process, it does not suffice either to determine the nature of the relations formed between these enterprises in the course of the overall process of reproduction. These relations retain a more or less capitalistic character so long as they preserve the separation between the direct producers and their means of production and the separation of production units (or groups of production units) from each other, this separation being both "transcended" and reproduced by the *commodity relations* which are established between the enterprises. The existence of these relations simultaneously manifests and conceals the separation between enterprises. When the economic plan imposes from without "direct relations" between the production units, this is not enough to "do away with" the real separation that exists between them, but merely modifies its form. Only socialist cooperation between the production units, a unification of the various immediate production processes based upon the joint activity of the various working groups, can end this separation and ensure dominance for socialist planning.

The dictatorship of the proletariat can create the political and ideological conditions for transition from the separate existence of the production units to various forms of socialist cooperation and planning. However, this transition, which is one of the features of the transition to socialism, is not at all a "spontaneous" affair. It calls for a protracted class struggle

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guided by a political line ensuring the victory of the socialist road. In the absence of such a line the capitalist and commodity relations characteristic of the conditions of functioning of the production units and of the circulation of products among them will continue to be reproduced.

We have seen the extent to which this happened, under the NEP, as regards the social relations characteristic of the immediate production process. Let us now see what happened with regard to the forms of circulation of the products, the material basis of the overall process of reproduction of the conditions of production.

In order to concretize our examination of these forms, let us recall, first, what the form of management of the state-owned enterprises was that was established at the beginning of the NEP. It was essentially through this form (and the changes it underwent) that the state-owned enterprises were integrated in the overall process of reproduction of the conditions of production. This form of management was known as the system of "financial autonomy," or "business accounting" (*khozraschet*).

To understand what was meant by the introduction of "financial autonomy" for the state-owned industrial enterprises, we must recall how the latter operated under "war communism." At that time the production program of such industrial enterprises as were still functioning was aimed above all at satisfying the needs of the front, while ensuring a minimum supply of goods to the population. The problems presented by the development of the productive forces, by accumulation, and by diversification of production were thus either "eliminated" or thrust into the background. Similarly, questions concerning costs of production were almost meaningless in a situation in which what mattered was to obtain at any cost the few products that could still be turned out. Under these conditions the maximum degree of centralization of the management of industry was needed, with the state dictating to the enterprises a certain number of *priority targets*.

The functioning of the economy seemed in those days to be

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dominated by use value. The industrial sector looked like a "single state trust," within which the labor force had to be used not independently by each enterprise but as *a single labor force*: labor appeared to be "directly social." This was how the illusions of "war communism" arose -- "direct transition to communism," immediate disappearance of money and of the wage relation, and so on.

The NEP was based on rejection of these illusions.^[1] It led to the introduction of *khozraschet*, which implied that the state-owned enterprises came out openly as one of the spheres in which commodity and money relations were reproduced. However, the NEP offered no "answer" to the question of how these relations were to be transformed and eliminated.

I. The introduction and development of khozraschet

Khozraschet was introduced by a decree of the Sovnarkom dated August 9, 1921. This decree conferred "financial autonomy" on the state-owned enterprises.^[2] A resolution of the Council of Labor and Defense (CLD), dated August 12, 1921, specified that *khozraschet* implied separation of the enterprises from the state, which entailed also separation of the enterprises from each other.^[3]

After a phase of decentralization, begun in 1921, and then one of temporary recentralization (introduced by a decree of November 12, 1923), the management of enterprises was again decentralized (decision by the Sovnarkom, August 24, 1926). At that time the VSNKh was taking over the general direction of state-owned industry and planning.^[4]

The enterprise (that is, the economic unit possessing autonomy of management) coincided only exceptionally with a production unit -- a factory, for instance. Most often, "financial autonomy" was accorded to a group of production units (a "union" of production units belonging to the same branch of industry, and, especially, a "Soviet trust"). Each factory, with

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the exception of the largest of them, which were officially styled "enterprises," depended on a "trust" or a "union." The trusts and unions were usually the only state industrial organs in contact with the market. At the beginning of the NEP they drew up programs of activity for the factories subordinate to them, taking account mainly of production capacities and possibilities for buying and selling. The factories, therefore, functioned as organs for carrying out a program laid down from above. However, the rise in industrial production during the NEP period was accompanied by a growth in the actual powers granted to the managers of individual factories and transition of the most important production units to "enterprise" status.

The principal characteristics of the way the state enterprises functioned on the basis of *khozraschet* were as follows:

1. Each state-owned enterprise was given a fund of its own, which constituted its capital endowment (the word "capital" being explicitly used, e.g., in the reports of the VSNKh).^[5]
2. Each state-owned enterprise bought its raw material and fuel, as well as its other means of production, and sold its own products; consequently, it was integrated in *commodity and money relations*, in contrast to the situation that prevailed under "war communism."
3. Each enterprise was directly responsible for the employment of its workers: it had to take its own decisions regarding the number of wage earners to be employed and the conditions for the hiring and firing of these wage earners. This principle established new forms of separation between the workers and their means of production.
4. *The financing of the activity of each of the state-owned enterprises was henceforth to depend essentially on its own receipts and on the banking system.*
5. The possibilities for development of the various state-owned enterprises thus depended essentially on their *capacity for self-financing* and on their *capacity to repay* the loans that they obtained either from Gosbank or from the specialist banks which also belonged to the state.^[6]

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(a) *Khozraschet at the beginning of the NEP*

The actual change over by the enterprises to operation in accordance with the principles of *Khozraschet* took place only gradually, starting in the autumn of 1921. In the month of October the state enterprises thus found themselves given permission to dispose freely of an increasing proportion of what they produced, whereas previously their products had been assigned in advance to a state organ which took delivery of them by right.

In the autumn of 1922 the Civil Code endowed each enterprise or trust with civil personality. This sometimes came to be called their "juridical division." Thereafter, each enterprise or trust was able to undertake legal commitments, and became responsible for its commitments under civil law. Its circulating capital could be confiscated if it did not honor its obligations or pay its debts. By the end of 1922 nearly all enterprises were subject to *khozraschet* or, as people then

still said, to the "commercial regime."

The establishment of *khozraschet* was crowned by the decree of April 10, 1923, which declared in its Article I that "state trusts are state industrial enterprises to which the state accords *independence in the conduct of their operations* in accordance with the statute laid down for each enterprise, and which operate on principles of commercial accounting *with the object of earning a profit*." [7]

This decree thus specified that the aim of the enterprise must be to *make a profit*. It ascribed a *certain amount of capital* to each trust, and laid down the *rules for the use of profits* by the enterprises placed under the regime of *khozraschet*. One share, the largest, was to be paid into the Treasury. Another share was to be placed in reserve, in order to ensure the development of the enterprise and the renewal of its equipment. A third share was to be used for *paying percentages to the members of the administration and bonuses to the workers*. [8]

At the time, this financial autonomy and this striving for

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profit possessed very special significance, for great "freedom of action" was left to the state's industrial enterprises in the matter of their relations with the commercial circuits and the prices at which they sold their products.

During the first half of the 1920s the extension of *khozraschet* resulted in the concentration of the tasks of management and of the buying and selling of products in the hands of the leaders of the *industrial trusts*. Statistics for the summer of 1923 show that there were then 478 trusts created by the VSNKh grouping 3,561 enterprises and employing one million workers (which meant 75 percent of all workers employed in the state-owned industrial sector).

Under the federal constitution of the USSR there were All-Union trusts, Republican trusts, and local trusts, which were subordinate, respectively, to the VSNKh, the Economic Council of the particular republic, and the local economic council. These were the organizations which *appointed the directors of the trusts*.

At the head of each trust was a body of directors organized as a council. This council appointed the managers of the various enterprises dependent upon it.

The organs which appointed the heads of the trusts or of the enterprises did not interfere in the way they were run, but were responsible for supervising their accounts through an auditing commission made up of three members, one of whom represented the trade union of the workers employed by the trust or enterprise. [9]

These enterprises and trusts carried out buying and selling operations on the basis of *prices determined by contract*, except in cases where prices were subject to regulation. The rule of *aiming to make a profit* which had been laid down by the decree of April 10, 1923, applied also to those very large enterprises which came directly under the VSNKh.

In a number of statements from 1921 on Lenin explained that the introduction of *khozraschet* signified that the state sector had been "put on a commercial, capitalist basis." He stressed that this meant not merely that "it is absolutely essential that all authority in the factories should be concentrated in

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the hands of the management" (a principle already decided in 1918, and which had been

gradually put into force), but that each of these managements "must have authority independently to fix and pay out wages . . . ; it must enjoy the utmost freedom to manoeuvre, exercise strict control of the actual successes achieved in increasing production, in making the factory pay its way and in increasing profits, and carefully select the most talented and capable administrative personnel, etc."^[10]

(b) The immediate aims being pursued when khozraschet was introduced

At the outset, the establishment of *khozraschet* aimed essentially at ensuring the reactivation of state-owned industry as quickly as possible. To this end it was necessary to allow wide freedom of initiative to the different enterprises, and therefore to break up the ultracentralized system which had prevailed under "war communism" which was no longer adapted to the diversified economic tasks that were now on the agenda.

Under the existing political conditions (the "deproletarianizing" of the working class, penetrated by very many petty-bourgeois elements, the Party's weak position in many factories, etc.), the Bolshevik Party considered that *decentralized initiative* must depend, first and foremost, on *the responsibility exercised by the heads of enterprises*.

Conduct of the enterprises was then subjected to "*control by the rouble*." In principle, the enterprises were no longer to be subsidized. They were to make profits or, at the very least, to balance their expenditure and their receipts. If they should fail to do this then, for the time being, the only thing for them to do was to close down.

Such strict rules corresponded to the situation at the beginning of the NEP. At that time the state's financial resources were drawn mainly from the peasantry and from inflation of the currency. In order that the NEP might "function" there must neither be any increase in the burden of taxes borne by

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the peasants nor any continuance of inflation through the payment of subsidies to enterprises that showed a loss. Financial resources must serve, first and foremost, *the restoration of the economy*: they could not be devoted to keeping alive enterprises that were incapable of surviving *by their own resources*.

The closing down of some enterprises through the working of "balanced management" also corresponded to another aspect of the situation: at that time, the shortage of raw materials and fuel was such that *it was not materially possible for all enterprises to function*. Therefore it seemed necessary to *concentrate the available material resources* on those production units that would use them most economically and make it possible to produce *at the least cost*.

The criterion of "profitability" thus decided whether enterprises were kept alive or temporarily closed down. *This criterion did not, of course, guarantee that the production units which continued to function were necessarily those which could best produce what was socially most necessary*. Only thoroughgoing investigation could have revealed which enterprises ought, from this standpoint, to be kept active. But the social and political conditions needed for such investigations to be carried out without their conclusions being seriously affected by the various private interests involved (including the divergent interests of the workers in different enterprises or localities) were not present at that time. The recourse to the criterion of profitability thus reflected, in the last analysis, *a certain situation in the class struggle and a certain state of class consciousness*.

Consequently, the *requirements of the reproduction of capital* tended to impose themselves, under the specific forms that these requirements assume when the different "fractions" of capital function separately. These forms, when they are not dealt with critically, from the standpoint of a class policy, *tend to give priority to financial "profitability," which may come into contradiction with the long-term requirements of expanded reproduction.* At the beginning of the NEP this was shown, in rapid reactivation of the enterprises producing con-

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sumer goods, whereas the heavy industrial enterprises producing equipment experienced a grave crisis. The former *made big profits and so possessed the means of paying the highest prices for the means of production they needed*, while the latter suffered from great difficulties, and in many cases had to cease production.

In 1921 and 1922 the VSNKh tended to accept this state of affairs as a "necessary" consequence of *khozraschet*.^[11]

The conception of the decisiveness of profitability was upheld for a considerable stretch of the NEP period by the People's Commissariat of Finance and by Gosbank. Bourgeois financial experts were especially numerous in these organs. The theoretical weakness of some of the Party's leaders was particularly marked where financial and monetary questions were concerned. For some years Narkomfin and Gosbank were unwilling to give more than very small subsidies to heavy industry, which experienced hard times. Similarly, these organs opposed the financing on credit of purchases by the poor and middle peasants of the tools that they needed.

The attitude of Narkomfin, especially its opposition to the point of view defended by Lenin,^[12] was expressed, for example, at the Congress of Soviets in December 1922. It was then that the commissar of finance, Sokolnikov, declared that the crisis being suffered at that time by a section of industry would make it possible to "clean up" the state sector, and that *khozraschet* had the advantage that it made the state no longer directly responsible for the level of employment, while enabling "true prices" to be established, prices corresponding to "market conditions" and "costs."^[13]

Consequently, *in the absence of a sufficiently clear conception of the limits within which khozraschet could play a positive role*, financial autonomy of the enterprises could result in an economic development subjected to the conditions of reproduction of the different "fractions" of social capital, a kind of development that would give rise to economic crises.

While uncritical application of *khozraschet* could bring such consequences, it nevertheless remains true that the in-

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roduction of financial autonomy was necessary. In general, during a large part of the transition period, *this form of management facilitates (provided that its limits are clearly understood) measuring, to a certain extent, the way that various enterprises are functioning, and their aptitude to respect the principles of economy which must be observed if part of the product of social labor is not to be squandered.* Furthermore, at the time when it was introduced, *khozraschet* was the only means whereby costs of production could be quickly lowered, so as to create some of the conditions enabling industry to offer its products to the peasants at prices that were sufficiently low and stable.

(c) *The functioning of khozraschet at the*

beginning of the NEP

During the first years of the NEP *khozraschet* did not always bring about a reduction in selling prices, for this period was one of inflation, shortage of goods, and opportunity for state enterprises to make agreements among themselves.

Being at that time relatively free to fix their selling prices, the various state enterprises, or groups of enterprises, tended to *make the biggest possible profits*, appropriating the largest share they could of the surplus value produced in the state sector and of the value produced in the sector of petty commodity production (chiefly by the peasants). In that period *a number of trusts came together to form sales groupings* (or "syndicates" for selling their goods, and in some cases for making purchases, too), which were organized in the form of joint-stock companies.

The first of these "syndicates" was formed in the textile industry on February 28, 1922. It was a company with a capital of 20 million gold roubles (prewar roubles), corresponding to 10,000 shares allotted among the trusts and autonomous enterprises which had subscribed to it. The purpose of this "syndicate" was to coordinate the purchasing, selling, and stockpiling activities of its members, and also their financial activities,

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especially in the sphere of credit. A general meeting of the shareholders was held every six months, and appointed a board of directors and a chairman. This meeting could allocate quotas for production and sales: the board was entrusted with the conduct of current business and *fixing of prices*. This "syndicate" also played a role in international trade, especially in the United States and Britain. The factories under its control employed 535,000 workers in 1924-1925.^[14]

Dozens of sales syndicates of this sort were formed at that time, covering most industries. They soon united hundreds of enterprises, employing altogether nearly 80 percent of the workers in the state-owned industrial sector.

The creation of a "Council of Syndicates" to take the place of the VSNKh was even contemplated at one stage, but was rejected by the Bolshevik Party. If it had been realized, this project would have concentrated enormous economic (and therefore, ultimately, political) power in the hands of the leaders of industry. However, though the original scheme was dropped, the VSNKh agreed to the appointment by the sales syndicates of a Consultative Council to work with it.^[15]

The evolution which has just been surveyed was a significant one. It showed the strength of the current which was then driving toward what was called a "dictatorship of industry."^[16]

The "monopolistic competition" which developed in this way, within the state sector, had a negative influence on the worker-peasant alliance and on industrial production itself.

After the end of 1923 the Soviet government opposed, with increasing success, these monopolistic practices. Having ended inflation, it obliged the state enterprises gradually to reduce their selling prices, in accordance with the original aims of the introduction of *khozraschet*.

Nevertheless, when the period of reconstruction ended in 1925, the demands of the restructuring of industry made it necessary to transform the conditions under which *khozraschet* was applied, so as to subordinate the activity of the enterprises to the tasks laid down by the economic plan.

II. *Khozraschet and state planning*

Development of state-owned industry on the basis of *khozraschet* alone would have resulted in its following a road like that of a private capitalist industry placed in similar relations with agriculture and the world market. There would have been priority development of the light industries, the most "profitable" ones, while the basic industries would have developed much more slowly, or would even have regressed (their previous development, in the tsarist period, had indeed been sustained by state aid). From the standpoint of international relations, this type of development *would have placed the Soviet economy in a "semicolonial" situation*: the USSR would have exported mainly agricultural produce, raw materials, and a few manufactured consumer goods, and imported equipment for industry and agriculture from the Western countries which could supply them more cheaply.

Toward the end of 1921 Lenin had criticized the supporters of such a "development," which would emphasize "criteria of profitability" to the exclusion of everything else. Lenin summed up some of these criticisms in the report he gave on November 13, 1922, to the Fourth Congress of the Comintern. In this report he stressed that the Soviet government ought not to take account merely of the profitability of enterprises. He showed that, if they acted on that principle, then heavy industry, the basis for the country's further development, would be doomed, under the conditions of that time, to suffer a very grave crisis. He then presented the problem of *simultaneous development of agriculture, light industry, and heavy industry*, and said:

The salvation of Russia lies not only in a good harvest on the peasant farms -- that is not enough; and not only in the good condition of light industry, which provides the peasants with consumer goods -- this, too, is not enough; we also need *heavy* industry. . . . Heavy industry needs state subsidies. If we are not able to provide them, we are doomed as a civilised state, let alone as a socialist state.^[17]

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Here he expressed in a few words the conflict which was developing at that time between the use of *khozraschet* as a means of current management, which Lenin supported, and a quite different conception, which wanted to *subject the general development of the economy to "criteria of profitability,"* a conception which "put profit in command."

Lenin's interventions set limits to some of the consequences of the latter conception, but it continued to be manifested during subsequent years. On the pretext of "poor profitability" it tended to hinder, to some extent, the development of heavy industry and the equipment of the poor and middle peasants' farms with new means of production, so that these peasants were rendered more dependent upon the kulaks. The class content of this conception comes out clearly in this consequence.

From the end of 1925, when existing industrial capacity had been almost completely brought into use, the question arose in a particularly acute form: should the pace of development of the various industries be determined primarily by their respective rates of profitability, as these resulted from the working of *khozraschet*, or should the state *intervene with a plan*, to ensure the priority development of certain branches of industry, regardless of their "profitability"? This question was, indeed, settled in favor of the plan, but uncertainty still prevailed where some decisive questions were concerned: *what principles* should guide the priority development of this or that industry, what proportion of the investment fund should be allocated to this or that type of development, what limit should be assigned to the investment fund?

These questions possessed *crucial political importance* : the strengthening or weakening of the worker-peasant alliance, the masses' standard of living, and the conditions of production in the factories depended on the way that they were answered. But these questions were not presented in an all-sided way. The practical "answers" given to them were largely determined by a rather schematic notion of the "requirements" of industrialization, of the role of large-scale industry and heavy industry, and also by the growing influence

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wielded by the heads of the big enterprises and by the industrial specialists of the VSNKh. This resulted in the adoption of economic plans the scope and content of which were less and less compatible with the maintenance of the NEP, while, as a consequence of putting these plans into effect, the functioning of *khozaschet* underwent increasingly extensive changes.

These changes acquired decisive importance from 1928-1929 on. They tended to subordinate the relations between the different enterprises no longer directly to the criteria of profitability resulting from the operation of *khozaschet* (which did not disappear, but was merely put in a "dominated" situation), but *to the demands of the economic plan*.

The very conception of the plan was changed. Until then, the annual plan, the only one that was directly operational, had consisted in the "control figures" which were supposed to reflect, in the main, the "spontaneous tendencies" of the economy, and therefore helped mainly to reproduce existing social relations, and which, moreover, had practically no compulsory aspect.

After 1926 the annual plan (and then, later, the Five-Year Plan) included *obligatory targets determined on the basis of political decisions aimed at imposing a certain type of industrial development*. It was no longer merely a matter of trying to "harmonize" certain "tendencies" (corresponding to an extrapolation of past developments, or to the forecasts made by the heads of the trusts), but of defining and imposing targets of a "voluntarist" character which might be very remote from those toward which the proposals of the heads of enterprises would have led industry.

The idea of a plan that was mainly a "harmonization" of the spontaneous tendencies of the economy did not merely correspond to the practice of the first annual "control figures," it also engendered a theoretical conception, called the "geneticist" conception, which was defended by some Soviet economists, such as V. Bazarov and V. Groman. The contrary conception, that of a plan which imposed targets which had been determined by human will, was called the "teleological" conception. It was this second conception, the only one com-

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patible with aims of economic and social change, that had triumphed. Its most resolute supporters were the economists G. Feldman and S. Strumilin. The political leader who defended it most firmly was Kuibyshev, who said: "We can construct plans based not only on foreseeing what will happen but also on a definite will to achieve specific tasks and purposes."^[19]

The victory of the "teleological" conception of the plan did not mean that the plans drawn up were "the expression of the planners' subjectivity." In fact, the plans adopted by the political authorities were *the product of a complex social process* : they were the effect of class relations and class struggles, and were subjected to a series of *social constraints* both during their preparation and during their implementation.

The victory of the "teleological" conception of the plan did not mean, either, *that the actual development of the economy and of industry "submitted itself" strictly to the "demands" of the*

plan. The history of the Soviet plans shows that this was far from being the case. Nevertheless, this victory gave a quite different style to industrial development, and led to the changes in the working of *khozraschet* which were observable mainly at three levels:

1. The investments realized in the various branches of industry and the various state-owned enterprises were less and less determined by the profits that were obtained or which could be expected in these branches or enterprises: they depended increasingly on the *priorities laid down by the plan*. In practice, a growing proportion of these investments were derived from budgetary grants which became integrated in the permanent funds of the enterprises to which they were given; a diminishing proportion were derived from repayable bank loans.^[19] This meant a partial transformation of *khozraschet*.

2. The imperative character of the plan implied that production by each enterprise and each trust was less and less determined by the customers' orders received, with the "most profitable" of these being preferred: it was now determined by *administrative instructions* emanating from higher author-

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ity. In Soviet practice in the last years of the NEP, this heightened role played by the superior administrative authorities in the orienting of production was exercised in several ways:

(a) First, in the working out of the production program of each trust, which was increasingly subject to decisions handed down from above. In 1925-1926 the VSNKh defined thus the procedure for working out the industrial plan:

Inasmuch as the work of every trust, and even more of a whole industry, will be almost entirely determined by the state, which will provide it with a specific amount of supplementary resources, the industrial plan can no longer be constructed by adding up the proposals of the trusts. The proposals of the trusts are moving into the background: into the foreground move the proposals and intentions of the state, which is becoming the real master of its industry. Therefore, it is only the state economic agencies which can construct the industrial plan: the industrial plan must be constructed not from below but from above.^[20]

This procedure for drawing up the plan reduced to very little the contribution made by proposals coming from the factories themselves.

(b) In the course of carrying out their production plan, the enterprises had less and less to consider the customers' orders which they might receive. In fact, toward the end of the NEP, the sales syndicates, which centralized the commercial operations of the industrial enterprises, vanished from the scene. Their functions were usually integrated in the various People's Commissariats charged with distributing the products of state enterprises in conformity with the plan.

The plan of each enterprise was subject, moreover, to a number of variations in the course of the year, owing to frequent reestimations of the *need* for goods and of the possibilities of their production by industry. The leading organs of the economy required, however, that the enterprises provide the production laid down in the last instructions received -- and these instructions were often sent without consulting the enterprises themselves. From this resulted fre-

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quent and important discordances between the targets as signed to enterprises and their actual production capacity.^[21]

3. The imperative character of the plan and the *dual nature* of its targets (in terms of use value and of exchange value) led to enterprises being more and more deprived of the possibility of fixing their prices for buying and selling for themselves. Prices were thus "planned." One of the aims pursued by this planning was to ensure a sufficient degree of coincidence between the forecasts of *physical flows* and those of *financial flows*. Actually, the coincidence was not very well ensured, in particular because the forecasts regarding productivity of labor, wages, and costs of production were very imperfectly realized. The imbalances between supply and demand resulting from this state of affairs made all the more necessary the *regulation of prices*, so that state enterprises might be prevented from getting around the financial discipline of the *promfinplan* by taking advantage of goods shortages to raise their selling prices, which would have threatened to bring about a rush of price increases.

Altogether, toward the end of the NEP period, production by each enterprise was less and less determined by the commodity and monetary conditions governing its integration, *via khozraschet*, in the overall process of reproduction. Henceforth, it depended more and more upon the tasks and means assigned by the plan. However, the tasks allocated to enterprises and the means granted them by the plan depended also on the results that they obtained, both on the plane of physical quantities produced and on that of their "financial performance" (the actual evolution of their "profitability," of their costs of production, and so on).

The contradictions between the frequently unrealistic provisions of the plan and the actual results obtained affected the overall process of social reproduction. The development of these contradictions contributed largely to the creation of certain specific features of the final crisis of the NEP, in particular the increase in inflation and the shortage of numerous consumer goods produced by industry. We must therefore look into the nature of the social relations that underlay the de-

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velopment of these contradictions. This brings us to consideration of the significance of the categories of price, wages, and profit, and their role in the class struggles.

Notes

1. On these points see volume I of the present work, especially pp. 333 ff. and 404 ff. [p. 268]
2. In the following pages we are mainly concerned with industrial enterprises, but *khovraschet* applied also to the other state owned enterprises, in agriculture, trade, banking, etc. [p. 268]
3. *Sobranie zakonov*, no. 59 (1921), art. 403, and no. 63, art. 462. [p. 268]
4. E. Pollock, *Die Planwirtschaftlichen*, pp.184-227, especially pp. 211-212; also M. Dobb, *Soviet Economic Development*, p. 126 and E. H. Carr, *The Bolshevik Revolution*, vol. 2, pp. 302 ff. [p. 268]
5. Carr, *The Bolshevik Revolution*, vol. 2, p. 304. [p. 269]
6. See above, p. 63. [p. 269]
7. Carr, *The Bolshevik Revolution*, vol. 2, p. 308 (my emphasis). In July 1923 the VSNKh repeated that the *making of a profit* must be the principle guiding the work of the Soviet trusts (Carr, *The Interregnum*, p. 9). [p. 270]
8. See the extracts from the CLD decree of April 10, 1923, quoted in T. Lapidus and K. Ostrovityanov, *Outline*, p. 182. [p. 270]
9. Dobb, *Soviet Economic Development*, pp. 135-137. [p. 271]
10. Lenin, *CW*, vol. 33, p. 189 (decision of the CC on the tasks of the trade unions, January 12, 1922) [*Transcriber's Note*: See Lenin's "[The Role and](#)"]

[Functions of the Trade Unions Under the New Economic Policy](#)". -- DJR]; vol. 42, p. 476. [Transcriber's Note: See the "[Journal of Lenin's Duty Secretaries, November 21, 1922-March 6, 1923](#)". -- DJR] [p. 272]

11. See volume I of the present work, pp. 152 ff. [p. 274]
12. See above, p. 277. [p. 274]
13. *X-y Vserossiisky Syezd Sovyetov* (1923), pp. 102-111. [p. 274]
14. Y. S. Rozenfeld, *Promyshlennaya Politika SSSR*, p. 230, *The All-Union Textile Syndicate*, pp. 4-15, quoted in Dobb, *Soviet Economic Development*, p. 160, n. 1. [p. 276]
15. Dobb, *Soviet Economic Development*, pp. 160-161. [p. 276]
16. The expression "dictatorship of industry" was used in *The New Course* (pp. 72-73), Trotsky's pamphlet in which he tried to justify such a dictatorship. He sought to moderate the implications of this expression and to show that a "dictatorship of industry" was not in contradiction with the worker-peasant alliance, on

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the grounds that, ultimately, industry would serve the needs of the peasantry. [p. 276]

17. Lenin, *CW*, vol. 33, p. 426. [Transcriber's Note: See Lenin's "[Fourth Congress of the Communist International](#)". -- DJR] [p. 277]
18. *II-ya Sessiya Ts IK SSSR 4 soyuza* (1927?), p. 246, quoted in Carr and Davies, *Foundations*, vol. I, pt. 2, p. 792. On the discussion between supporters of the "geneticist" and "teleological" conceptions, see *ibid.*, pp. 790 ff.; also A. Erlich, *The Soviet Industrialization Debate*; N. Spulber, *Soviet Strategy for Economic Growth*, and *The Soviet Economy*, especially pp. 218 ff. [p. 280]
19. At the end of 1928 it appears that industrial investment was still being financed mainly by repayable bank loans (see *Ekonomicheskoye Obozreniye*, no. 12 [1928], p. 38). In 1929 this ceased to be so. A decree of May 23, 1930 decided that investments made from the unified budget would be treated as non-repayable grants (*Sobranie Zakonov*, no. 28 [1930], art. 316). On these points, see J. M. Collette, *Politique des investissements et calcul économique*, pp. 51-65. [p. 280]
20. *Perspektivy Promyshlennosti na 1925-1926 operatsionny god* (1925) quoted in Carr and Davies, *Foundations*, vol. I, p. 2, p. 825. [p. 281]
21. The targets of the plan were formulated both in terms of physical quantities and "in value terms," the whole constituting an "industrial and financial plan" (*promfinplan*). See *Torgovo-Promyshlennaya Gazeta*, April 14-15, 1928, and Carr and Davies, *Foundations*, vol. I, p. 2, pp. 825 ff. [p. 282]

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5. The categories of price, wages, and profit and their class significance

The problems considered in this chapter lie at the heart of our analysis of the transition to

socialism. An attempt to deal with them here in an all-sided way would divert us too far from the principal object of our inquiry, namely, the characteristics of the social process which led to the brusque abandonment of the NEP and the changeover to the type of collectivization and industrialization that the USSR actually experienced. It is therefore mainly in order to serve the needs of this inquiry that I shall discuss here the social nature of the categories of price, wages, and profit in the Soviet social formation, and more especially in state-owned industry, during the last years of the NEP period.

The analyses that follow are aimed at revealing the role played by these economic categories -- actually by these *social relations* -- in a concrete historical process. This demonstration requires that account be taken not only of the place actually occupied by prices, wages, and profits but also of the ideological conception of the role played by these categories, for this had a far-reaching influence on the way the concrete historical process developed, especially because it embodied *a contradiction between reality and the awareness of that reality which it was supposed to constitute*.

I. The ideological conception of the role of the categories of price, wages, and profit

A study of the resolutions adopted by the leading bodies of the Bolshevik Party enables us to distinguish various notions

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of the role of the categories of price, wages, and profit, and various analyses of the nature of the social relations which manifested themselves through these categories. This study also enables us to observe that when the central planning organs began their activity (that is, during the last years of the NEP), the dominant conception tended increasingly to treat these categories as "empty forms," seeing them not as the expression of social relations but as, in the main, mere "bookkeeping magnitudes."

The *Outline of Political Economy* by Lapidus and Ostrovityanov offers one of the most systematic expositions of this type of conception, and so I shall turn to it in order to extract some significant formulations.

(a) The conception of price and wages as "integument," with mainly "quantitative determination"

Where the role of value form and price form is concerned, the *Outline* starts from the fact that, in relations between state-owned enterprises, the circulation of goods takes place in the form of purchases and sales (as was aimed at by the introduction of *khozraschet*) which are effected at determined prices. The *Outline* agrees that these operations of buying and selling are *market* operations, but at the same time it denies that they express (or conceal) the same social relations as value. The authors of the *Outline* recall that the enterprises between which the goods circulate are "different enterprises of one and the same state, and not two independent owners; for them the market is by no means the sole form of connexion, and therefore it is not possible to speak of value here." From this follows the conclusion that what obtains is merely the outward form of value, its "integument," concerning which it is said, at the same time, that "despite the absence of value in its content, the superficial form, the 'integument' of value still has a certain real significance. . . ." [1]

As a whole, this exposition shows obvious embarrassment. In substance, it presents price as an "empty form" (the authors

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write of an "integument"), which in plain words means *that it is not the form of manifestation of social relations*. What is said to matter above all is "*the quantitative determination of the price*,"^[2] and they begin by declaring that that determination is "to a certain extent . . . regulated by the state planning organizations,"^[3] only to admit later on that there enters into the fixing of this price a whole series of factors and forces, market forces, with which the state institutions have to reckon.^[4] However, the reservations thus introduced concern only the quantitative determination of the price, leaving unchanged the conception that this price is an "integument" or "empty form."

What the *Outline* says about price it says likewise about wages, and here again by referring to the notion of state ownership, the state in question being that of the working class. "If we use such terms as wage-labour in connexion with Soviet industry, they characterise only the superficial forms, behind which is concealed a completely new, a socialist relationship."^[5]

Here we see repeated the conception that there is a form of distribution (in this case, wages) which is a mere "external form," similar to the form assumed by capitalist relations, but having a different, even contradictory "content." This inevitably raises a fundamental question: *why* do the new social relations which are said to exist manifest themselves in the same form as their opposite? Faced with this contradiction, all that the authors of the *Outline* can say is that "there is a contradiction between form and content under capitalism also, and that such contradiction existed during the transition from feudalism to capitalism."^[6]

However, this observation tells us nothing about the significance of such a contradiction, especially as regards the *degree to which the production relations are actually changed*: the reality of such a change is simply identified by the *Outline* with the existence of state ownership and the dictatorship of the proletariat. The problem of the *limits* of this change (at the level of immediate production relations and relations of reproduction) is not raised. Yet it is only the exis-

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tence of these limits that enables us to understand that, if the wages form is present, this is because the actual production relations are a combination of the former relations with new ones, and it is the role still being played by the former capitalist relations which accounts for the existence of the wages form.^[7]

In any case, the formulations quoted above from the *Outline* lead its authors to affirm that "we cannot speak of Soviet industry either in terms of exploitation or in terms of surplus value."^[8]

As regards the absence of surplus value the argument offered is extremely brief, merely referring to the statements made earlier about value, price, and wages being just matters of "outward form." It leads, moreover, to a conclusion that contradicts a resolution of the Bolshevik Party. The Twelfth Party Congress (April 17-25, 1923) declared, in a resolution that was passed unanimously, that "the question of surplus value in state-owned industry is a question on which depends the fate of the Soviet power, that is, of the proletariat."^[9]

In 1928 this resolution seems to have been forgotten, so that the production of surplus value was presented as resulting, in all circumstances, from a process of exploitation, which is not necessarily so.^[10]

(b) Remarks on this conception

The difficulties encountered by the authors of the *Outline* were due to the fact that, for them, state ownership and planning signified the "disappearance" of commodity and capitalist relations. As we have seen, these relations were only very partially altered in the immediate production process (the existence of one-person management and *khozaschet* ensured the reproduction of commodity and capitalist relations, as Lenin had shown). Furthermore, planning, in the form it then took, did not make possible the transformation of the production process as a whole into a really unified process, because it was determined without participation by the masses and imposed upon them.

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Actually, at the end of the NEP the social reproduction process was still, fundamentally, made up of different production processes which were both *interdependent* (in that they were particular "moments" in the social reproduction process) and, at the same time, *isolated and separated* (in that they were not *dominated collectively* by the workers, associated on the scale of society).

As long as the social production process has this structure, even the objects produced in the state sector are still "products of the labour of private individuals who work independently of each other," to use Marx's expression when describing the conditions under which "objects of utility become commodities."^[1] It is precisely the existence of these conditions that accounts for the presence of the value and price forms. These are therefore not at all mere "integuments," but rather the manifestation of production relations about which the *Outline* contents itself with denying that they are still reproducing themselves.

Economic planning as it was practiced in the NEP period -- that is, planning from above -- does not fundamentally alter the *exteriority* of the different branches of labor in relation to each other, or the conditions under which the *immediate producers* participate in them.

True, the *economic plan* is the form under which it is possible for relations of cooperation to develop among the producers on the scale of society, for it facilitates bringing into a priori relation with each other the various production processes, which may thus cease to be "isolated." But not every economic plan leads inevitably to real coordination and control of the various production processes. Economic planning may thus be more effective or less -- it may even be illusory. The effectiveness of planning depends on the development of the socialist elements in the economic basis and superstructure, the social conditions of production and reproduction, and the political and ideological conditions under which the economic plan is worked out and put into operation. *Even under the dictatorship of the proletariat an economic plan which is essentially drawn up by experts, and subject, above*

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all, to the demands of a process of valorization, cannot be socialist in content. Socialist content is determined by the *place that the producers themselves occupy in the process of compiling and executing the plan* and by the way in which the immediate producers are integrated in the production process; it depends on the way that the producers recognize their integration in the production process as a *directly social activity*, and not as a "private" activity destined merely to secure them a "personal income."

An economic plan may thus possess, in different degrees, a capitalist or a socialist character. The actual character of a plan may change, and this changing is part of the battlefield between the two roads, socialist and capitalist. The triumph of the socialist road implies the elimination

of commodity and capitalist relations. It presumes a change, resulting from a class struggle that develops over a long historical period, in the objective and subjective conditions of production.
[12]

In the NEP period this change had hardly begun, and the economic plans were only marginally socialist in character. They could be called "socialist" plans only in the sense that the term "implies the determination of the Soviet power to achieve the transition to socialism."
[13]

We may recall the remark made by Marx regarding the "collective labourer" under conditions of capitalist production, in which collective labor does not find its *principle of unity* in itself, this unity being imposed from without upon the workers, who combine their efforts under the pressure of a will which is not their own.
[14]

Planning develops a socialist character only in so far as its *principle of unity* is the collective will of the workers, with the essentials of the plan *not* being worked out independently of them. This implies that the plan is the outcome of mass activity; and this it can become only through protracted ideological struggle, thanks to which labor becomes directly social, this also being the condition under which the wage form will disappear.

In the *Grundrisse* Marx shows that the existence of wages, of the value form on the plane of distribution, proves "that

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production is not directly social, is not 'the offspring of association,' which distributes labour internally. Individuals are subsumed under social production; social production exists outside them, as their fate; but social production is not subsumed under individuals, manageable by them as their common wealth."
[15]

The value form and the wage relation which develops from it thus imply that social labor is expended as particular labor, that it is not general labor, and general labor time still cannot exist except in the form of a universal object -- namely, money, which ensures the socialization of particular labors.
[16]

The existence of the forms "value," "money," and "wages" thus implies that, despite state ownership of the means of production, the workers remain socially *separated* from their means of production, that they can set these in motion only under constraints which are external to themselves. Under these conditions, productive activity does not have a directly social character, but retains the character of an activity that is *at once* "individual" and social.

Only disappearance of the "private," individual, and particular character of labor
[17] and of the "independence" of the various branches of labor (objectively interdependent), makes it possible to destroy the conditions for the existence of commodity and capitalist relations. This disappearance can be ensured only through development on the social scale of *relations of cooperation between the producers*.

The ideological and political struggle for this cooperation (which is the condition for a change in the immediate production process and in the reproduction process) can alone ensure the transformation of state ownership into *collective appropriation of the means of production*. In so far as this struggle is not carried on, or has resulted only in partial changes, state ownership of the means of production functions still as "collective capital,"
[18] reproducing in a changed form the laws of the capitalist mode of production: this form may be that of *state capitalism* under the dictatorship of the proletariat.

In this case, as in that of the workers' cooperatives, we see, indeed, a *partial break* with the capitalist mode of production,

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but a *break that needs to be taken further* if the effects of the capitalist relations which continue to be reproduced are to be completely eliminated. In connection with the "co-operative factories of the labourers themselves," Marx noted that they "naturally reproduce, and must reproduce, everywhere in their actual organisation all the shortcomings of the prevailing system. But the antithesis between capital and labour is overcome within them, if at first only by making the associated labourers into their own capitalist, i.e., by enabling them to use the means of production for the *employment* of their own labour."^[19]

In the case of the workers in state-owned factories we have production which is production of value and surplus value, which subordinates the agents of this production to specific demands (distinct from the demands of production of mere use-values) and also confers a particular function upon the managers of the enterprises, who may be *at one and the same time* agents of the reproduction of the "collective capital" and proletarian revolutionaries helping to destroy the existing social relations and bring new ones to birth.

By failing to present the problem in these terms, the *Outline of Political Economy* by Lapidus and Ostrovityanov renders incomprehensible the existence of the forms "value," "money," "price," and "wages" in Soviet society. *It cannot point to any road leading to the disappearance of these forms and the development of socialist relations* -- which it regards as already fully existent. Finally, it prevents the reader from understanding the significance of the profit made by the state enterprises, the quantitative aspect of which is alone considered.

(c) *The ideological conception of the significance of the profit made by state enterprises toward the end of the NEP*

Proceeding as it does from the premises mentioned, the *Outline* necessarily arrives at the assertion that the profit made

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by state enterprises is not profit, and it is therefore unable to allow it any "significance" other than as a bookkeeping device: "Inasmuch as there can be no thought of surplus value in the socialised state enterprises, there cannot be any thought of profit either. . . . That is why, in speaking of the 'profit' of Soviet state enterprises we should continually keep in view the fact that the word is used by us conventionally, while in its essence, in its content, it has nothing in common with capitalist profit."^[20]

Such schematic formulations conceal the real role that profit (which is always in the form of definite *social relations*) continues to play in the Soviet economy. In particular, these formulations prevent either raising the problem of *state capitalism* in the NEP period, or understanding *the obstacles set in the path to full use of the powers of labor by the demands of the valorization of capital*, or dealing correctly with the contradictions between these demands and those of a proletarian policy.

II. The wages and profit forms and the evolution of employment and

unemployment toward the end of the NEP

The evolution of industrial employment and unemployment toward the end of the NEP shows clearly that it was subject to the *demands of the valorization of capital*. The reproduction of the wages and profit forms, and the uncritical treatment of these forms, imposed capitalist limits upon the growth in the labor force that could have been employed in industry. These limits were those of the profitability of invested capital -- taking into account, of course, the level of wages. We need here to take a general view of the fluctuations in employment and unemployment.

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(a) A general view of the fluctuations in employment and unemployment

The first years of the NEP were marked by a sharp decline in the numbers employed in industry and a sudden increase in unemployment. The initial decline in the numbers employed in state enterprises was due to the application of the principle of financial autonomy: the enterprises could keep in employment only the number of wage earners corresponding to the money they made which they could spend on wage payments; they were no longer in receipt of subsidies from the state, and very soon, except for *profitable* operations, they were to be deprived of credit. The aim pursued was to put an end to inflation and secure a reduction in industrial costs of production. At that time, indeed, costs of production were partly "swollen" by payments of wages which did not correspond to any productive activity, because the enterprises lacked the raw materials and power needed if they were to operate at full capacity.

The statistics do not enable us to determine the exact extent to which employment declined, but it certainly affected hundreds of thousands of workers. The railways alone saw the number of wage earners on their payroll fall from 1,240,000 to 720,000. In the spinning mills concentration of production in the best-equipped enterprises made it possible to halve the number of workers employed per thousand spindles,^[21] and thereby to make a serious cut in the cost of production. However, in 1923 employment began to recover, thanks to a better supply of raw materials.^[22]

After 1924 industrial employment increased almost steadily.^[23] What calls for attention, however, is that unemployment also increased, steadily and to a considerable extent: the expansion in employment, though rapid, did not suffice to absorb the labor power in search of wage-paid jobs.

Estimates of the number of unemployed are highly approximate. According to the labor exchange figures, 1,340,000 unemployed persons were registered on July 1, 1924, at 70 exchanges.^[24] In 1924-1925 the registers kept by the labor ex-

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changes were "purged" of a large number of persons -- namely, those who had not already been wage earners (which meant mostly young people), those who had been unemployed for three years, and so on. As a result of this "purge" the number of registered unemployed was brought down to 848,000. Even though subjected to operations of this sort from time to time, the labor exchange statistics nevertheless showed a steady increase in unemployment. In 1925-1926 there were, officially, more than one million unemployed; in 1927-1928 nearly 1.3 million; and on April 1, 1929, 1.7 million.^[25]

Actually, these statistics greatly underestimate the numbers unemployed. For example, on January 1, 1927, the labor exchanges reckoned that there were only 867,000 trade unionists out of work -- but, on the same date, the trade unions themselves recorded 1,667,000 members unemployed, or more than double that figure.^[26]

The amount of unemployment and its tendency to get worse constituted a symptom of deepening economic contradictions, of a crisis situation that was more and more acute. In 1926-1927 the Party leaders acknowledged that unemployment was more than a mere passing phenomenon, and that it presented a grave problem. At the beginning of 1927 Kirov went so far as to speak of it as "an enormous ulcer in our economic organism."^[27]

(b) *The way the Bolshevik Party analyzed the causes of unemployment*

However, the Bolshevik Party did not undertake an analysis of *social relations* (and of the *form* in which they manifested themselves) such as could account for the developing contradiction between the increase in the number of unemployed and the increase in *unsatisfied demand* (the growth of "shortages"). The way the Bolshevik Party tried, in 1927, to explain the increase in unemployment, and the political measures which followed from this type of explanation, deserve our attention. Analysis of the social relations in industry and of the

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way these relations were expressed was practically nowhere to be found in the explanations prevalent at that time.

These explanations revolved around two notions. Reference was made, on the one hand, to the "quantitative inadequacy" of the *material factors* of production, and, on the other, to the existence of "*rural overpopulation*" which was seen as the principal "source" of unemployment, owing to the size of the flood of workers migrating from the country districts into the towns.^[28] Some examples will enable us to see how these two notions "functioned," and how their "functioning" was related to the lack of a genuine analysis of the social relations existing in industry.

Let us take as an example the speech made at the Fourth Congress of Soviets (April 1927) by Schlichter, commissar of agriculture in the Ukrainian Republic. Using the notion of "rural overpopulation," he estimated that in the RSFSR 10 percent of the rural population was "surplus," the corresponding figures for Byelorussia and the Ukraine being 16 and 18 percent.^[29] In that period the figure of between 10 and 15 million for the "surplus" rural population was generally accepted.^[30]

What the significance of such figures was is obviously far from clear.^[31] In any case, the notion of "rural overpopulation," used in this way, easily brought up the idea of "shortage of land," which led to the recommending of a policy of migration, of "colonisation" of new lands.^[32]

The second "material factor" invoked to "explain" unemployment was related to the idea that there were not enough instruments of labor available to employ all those who were looking for work, and from this followed the affirmation that unemployment was due to the country's "poverty" and the inadequacy of investment.

Thus, in 1927 the economist Strumilin considered that the figures for investment in industry that were then included in the draft of the Five-Year Plan would not suffice to banish unemployment completely,^[33] for the total amount of this investment, divided by the investment

"necessary" to "create" one industrial job, showed that an increase of only about 400,000 jobs in industry could be expected.

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At the Sixth Congress of the Comintern the economist Varga expounded the same view: "In the Soviet Union unemployment exists only because the economy is poor. If we could provide all the unemployed with means of production there would never need to be unemployment in the Soviet Union."^[34]

This way of arguing is, of course, surprising when it comes from "Marxists." It provokes the question why it was that, for centuries, countries even "poorer" than the Soviet Union of 1927 did not know unemployment, and what "economic law" dictates that a certain amount of investment is needed as the condition for "creating" a job.^[35]

However, the majority in the CC, no less than the opposition, accepted this way of arguing. In varying forms we see it in operation in several of Stalin's pronouncements. Thus, at the Fourteenth Party Congress (December 1925), he said that the future pace of industrial development would have to be slowed down owing to "a considerable shortage of capital."^[36] The link thus proclaimed between the *pace of industrialization* and that of *accumulation* recurs frequently, for example in a speech made by Stalin in March 1927.^[37] Finally, as we shall see in more detail later, this conception led, in 1928, to the "justifying" of the theory that a "tribute" must be levied from the peasantry to finance industrial development.^[38]

The "explanation" of unemployment by "shortage" of land and inadequate accumulation (which slowed down the pace of industrialization) was dominant but not exclusive in the 1920s. The notion that there was a "shortage" of land was especially disputed, most often by pointing to the opportunities for employment and production which could be opened up by more intensive cultivation (changing the system of rotation of crops and bringing under the plough land lying at a distance from the village). Those agronomists who mentioned these possibilities, however, usually found themselves up against the argument that the "resources" needed to realize these changes were not available.

In face of the rise in unemployment, the practical measures decided on by the Party and the government were very diverse, but they were often intended to deal with the overt

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expressions of the phenomenon rather than to attack its social roots.

(c) The measures taken by the Bolshevik Party in face of the rise in unemployment during the final years of the NEP

The first of these measures bore a mainly *administrative* character. It was aimed at discouraging peasants from coming to the towns in too large numbers, to seek employment. Thus, the restrictions imposed on the registering of unemployed persons at the labor exchanges ^[39] aimed not merely at reducing the number of *registered* unemployed but also at *diverting the intentions* of those peasants who were thinking of migrating to the towns. It was supposed that, on leaving the village, if they found it impossible or very difficult to register at a labor exchange, perhaps they would hesitate to make the move. Accordingly, a decree of June 29, 1927, sought to *regulate the arrival in the towns* of workers of rural origin who were looking for seasonal work. By this means the authorities sought to make better appreciated in the rural

areas the narrow limits within which extra labor power could be absorbed by the towns.^[40]

This type of measure proved not very effective. The peasants who were leaving the countryside either had no work at all there or else earned extremely little,^[41] so that they preferred, in any case, to try their luck in town -- even if their conditions of existence there should turn out to be wretched, when they failed to find either a job or a place to live.

On several occasions the authorities tried to send back the peasants who came to the big towns, looking for work, as soon as they arrived at the railway station.^[42] This "method" was particularly unsuccessful, and gave rise to more or less violent clashes. It was used only in exceptional circumstances, since it was in contradiction with the seasonal requirements of labor of certain industries, especially building.

The trade unions, too, tried to discourage the drift into the towns of peasants in search of work, by not accepting into

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membership anyone who had not already worked for wages^[43] and by striving to reserve priority in employment for their members.^[44]

Around this policy a serious struggle was waged, for it was opposed by the managers of enterprises who favored "freedom to hire." In January 1925 they obtained the formal rescinding of the article in the Labor Code which obliged them to hire workers exclusively through the labor exchanges^[45] -- an article which had, moreover, been only very partially respected. Thereafter, the hiring of workers took place more and more frequently "at the factory gate," and this encouraged many peasants to come to town. Some managers even sent "recruiters" into the countryside: they preferred, whenever they could, to employ peasants, who "are less demanding and have more physical endurance." In their striving to increase the profitability of "their" enterprises, certain managers even dismissed some of their workers so as to recruit fresh ones coming straight from the villages.^[46] This helped to increase unemployment in the towns and worked against the efforts being made to reduce rural emigration.

Finally, in 1928, the obligation to engage workers only through the labor exchanges was reintroduced, at least in principle. The increased role thus given to these institutions was connected with the new situation resulting from the projects for industrialization. This situation made it necessary to organize both "struggle against unemployment" and "regulation of the labour-market." A decree of September 26, 1928, modified the statute of Narkomtrud in accordance with these tasks^[47] and strengthened the role of the labor exchanges.

The need to regulate the "labor market" resulted from the fact that the massive unemployment of unskilled workers existed, especially after 1928, alongside partial "shortages" in certain skilled trades. Consequently, the State's economic organizations sought to take administrative measures which would enable them to assign certain workers to the activities and localities where there was considered to be a priority need for their employment.

The same concern with *priority assignment* to particular

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jobs led to the adoption of the decree of March 26, 1928. This decree provided that persons detained in prison camps could be assigned to work on building sites. Such measures were later on to be adopted on a very large scale.^[48]

For a time the carrying out of a policy of *public works* also played a part in the "struggle

against unemployment." The form assumed by this policy was not specially socialist. It was a question of giving employment to unskilled workers by devoting part of the state's financial resources to the creation of some large-scale building sites. When the industrialization process got under way, the policy of public works was criticized and abandoned, on the grounds that it tied up too much "capital."^[49]

For several years, the idea that unemployment was due to "land shortage" stimulated also a policy of bringing "new" lands under cultivation, or bringing back under the plough lands which had gone out of cultivation. This policy was particularly favored by the People's Commissariat of Agriculture and the agrarian economists. Its advocates stressed the fact that the cultivated area had not increased at the same rate as that of the increase in the rural population.^[50] This had happened mainly because many of the small- and medium-sized peasant farms lacked the means needed for more complete cultivation of all the land they possessed: it was basically a problem of the distribution and use of instruments of labor.

Faced with this situation, two political lines emerged. One aimed at helping the peasants to organize themselves (in particular, to form mutual-aid committees^[51] and cooperatives for cultivation and production) and to acquire means of production that would enable them to extend the cultivated areas, especially those that were remote from the villages. *This line aimed at solving the problems at village level, relying first and foremost on the peasants' own resources.* We know that this line had only very limited results.^[52]

The other line was more "ambitious." It aimed at mobilizing the resources possessed by the *state machine* for undertaking "colonisation" of "virgin lands." This line was put into practice more or less systematically from 1925 on. Thus, a decree issued on September 6, 1926, by the government of the

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RSFSR opened the Autonomous Republic of Karelia to workers who would go there to take up permanent residence.^[53]

The Fifteenth Conference, and then the Fifteenth Congress of the Party (1927) declared for the extension of measures like this to Siberia and the far east.^[54]

In 1928 funds were made available for settling migrants in Turkestan, Kamchatka, Sakhalin, Bashkiria, and Buryat-Mongolia.^[55]

A stream of migration was brought into being by these measures. It involved some 700,000 persons. This was a poor result when compared with the scale of the unemployment problem; but the migration thus organized was aimed not only at "solving" that problem -- it also served the purpose of settling in Asia a population of European origin.^[56]

In fact, the Bolshevik Party considered that the problem of unemployment could not really be solved except by industrializing the country. From its point of view, the various measures taken in other directions, even when economically "useful" (such as the extension of the cultivated areas) could be no more than temporary palliatives.

As we know, the Fifteenth Party Congress (December 1927) and, especially, the Sixteenth Party Conference (April 1929) emphasized more and more the industrialization of the country; so that the question of unemployment could be approached in a new way. We shall see later what political struggles were fought on this subject within the Party. First of all we need to examine how the problem of unemployment as it arose during the NEP was rooted in the very nature of the reproduction process of that period.

III. Unemployment and the contradictory character of the reproduction process under the NEP

On the theoretical plane, the question of unemployment presents itself basically in these terms: was unemployment due to the reproduction of capitalist and commodity relations,

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inside the state sector as well as outside it? Was it not the reproduction of these relations, under the conditions then prevailing, that made impossible the employment of a larger number of workers, this increased employment being subjected to *constraints of valorization* (the need to obtain through increased employment an exchange value larger than would have to be expended in order to give work to the unemployed) which could not then be satisfied?

In other words, did the unemployment situation not signify that, despite the existence of socialist social relations, these relations were not sufficiently developed for the production of additional *use values* (obtainable through putting the unemployed to work) to take precedence over the use of the means of production, for preference, in a way that would ensure their self-valorization, *the production of surplus value*? Or, again, was this situation not a symptom showing that the contradiction between the nascent socialist relations and the commodity and capitalist relations which had not disappeared was *not being dealt with in a way that would make it possible to break through the limits imposed on the volume of employment by the reproduction of commodity and capitalist relations*?

We have to see the question of unemployment in these terms, and to answer these questions in the affirmative -- which leads us to reject the idea that socialist relations were "absolutely" dominant in the state sector. That, however, was the idea held not only by economists like Lapidus and Ostrovityanov, but also by the Party leadership.

(a) The absence of a dialectical analysis of the system of social relations

The absence of a dialectical analysis of the production relations prevailing in the state sector is clearly apparent in many documents produced by the Party leadership, and notably in the political report presented by Stalin to the Fourteenth Party Congress (December 1925). In this report the thesis of the socialist character of the state enterprises was asserted in a one-sided way. The argument offered consisted of a series of

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questions and answers that dealt with the matter undialectically (that is, along the lines of "either this or that," excluding the possibility that something may have a dual nature, being "both this and its opposite"). Speaking of the state-owned enterprises, Stalin asked:

Are they state-capitalist enterprises? No, they are not. Why? Because they involve not two classes, but one class, the working class, which through its state owns the instruments and means of production and which is not exploited. . . .

It may be said that, after all, this is not complete socialism, bearing in mind the survivals of bureaucracy persisting in the managing bodies of our enterprises. That is true, but it does not contradict the fact that state industry belongs to the socialist type of production.^[57]

The speech continued with a discussion of the Soviet state and an argument by analogy in

which reference was made to Lenin's analyses which showed that the Soviet workers' state suffered from many "bureaucratic survivals."^[58]

However, in 1925 the significance actually ascribed to these "survivals," at enterprise level and at state level, was extremely limited. They were regarded as being, so to speak, super-added to the socialist and proletarian relations, and modifying only in a secondary way the effects of these relations and the conditions of their reproduction. Yet the presence of such "survivals" several years after the October Revolution testifies to the existence of a *contradictory combination of proletarian and bourgeois relations both in the economic basis and in the superstructure of the Soviet formation.*^[59] This situation calls for analysis of the way in which these relations were interlinked, and of the forms of domination of some relations over others, and for the problems to be presented in terms not of "survivals" but of the reproduction of a system embracing elements of capitalist relations which could take the form of *state capitalism*.

Without a concrete analysis of the system of contradictions and its development, it is impossible to grasp the complexity of the real situation, or to deal correctly with the contradictions that this situation contains. Under these conditions one

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has to operate through ideological conceptions which prevent one from appreciating that the Soviet state is at once proletarian and nonproletarian. These conceptions also prevent one from realizing that even when an enterprise is socialist in form, the production relations reproduced within it may be capitalist (they can thus be "capitalist enterprises with a socialist signboard"), especially when they are not actually managed by the working class and in conformity with the demands of the building of socialism. The forms of development of industrial enterprises, the *type of technology* used in them, and the *number of jobs* that there can be in them are conditioned not directly by the form assumed by the juridical ownership of these enterprises,^[60] but by the nature of the production relations that are reproduced in them, or by the dominant elements of these relations and by the form that these relations or these elements impose upon the reproduction process, given the changes that this process may undergo as a result of the intervention of class struggles and of action by the ruling power.

The forms of the division of labor which were characteristic of the industrial enterprises in the NEP period, the ways in which they were integrated in monetary and commodity relations, and also the forms of the class struggle and of intervention by the ruling power, had as their consequence that the production relations reproduced in them were, to a predominant extent, capitalist relations. The unemployment that developed in that period was precisely the effect of the reproduction of these relations, of *the separation of the workers from their means of production*.

In other words, *labor power "functioned" mainly as a commodity* of which wages were the "price": as a commodity which was either embodied in the production process, or thrown out of it, depending on whether or not it could contribute to the *valorization of capital*.

This was not a matter of mere "objective necessity," for the socialist aspect of the production relations and the basically proletarian nature of the state power would have made it possible to "set at naught" the "demands" of the valorization

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of capital. Actually, there was a *conjunction* between the existence of capitalist relations and the effects of the failure to make a dialectical analysis, a failure which caused to be mistaken for the demands of *socialist* expanded reproduction what were in reality the demands of the *accumulation of capital*.

(b) *The practical effects of the absence of a dialectical analysis of the existing system of social relations and of the correlative failure to deal adequately with the contradictions associated with the reproduction of this system*

Concretely, as we have seen, under the conditions of the NEP, the dominant aim of production in the state-owned enterprises was to make a profit and to increase this profit.^[61] This was what determined the use that the state enterprises made of their capital: when they invested they had, in principle, to increase their profits. Thus, the process of accumulation tended to favor the most "profitable" investments, to the detriment of others. As between an investment that would enable production to be increased and more workers employed, but which (given the cost at which this additional production would be obtained) would increase only slightly the profit realized, and another investment that would greatly increase the profit realized, while increasing only slightly, or not at all, production and employment, it was the second investment that tended to be undertaken. In other words, if there was a contradiction between increasing production and employment and increasing profit, this contradiction was usually "resolved" in accordance with the capitalist law of increasing profit.

The same tendencies prevailed when it was a question of replacing "obsolete" equipment. Where such equipment existed it was often possible to *continue to use it* (even if, at the given level of prices and wages, the enterprise using it was not very profitable), provided some repairs were done, the

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financing of which would reduce, more or less, the accumulation fund serving to create new production capacities of higher "profitability," but it was equally possible to throw this old equipment on the scrapheap and use the entire accumulation fund to replace it with equipment of "high profitability." Although such replacement operations might not increase production (or might even reduce it), the striving to increase profit frequently led to them being favored, to the detriment of increases in production capacity.

This form of the accumulation process played an important part in the USSR during the second phase of the NEP. Thus, between 1926 and 1928 in the iron and steel industry, a large amount of old equipment was scrapped in order to "modernize" this industry and increase its profitability. The same thing happened in the coal and oil industries in 1928-1929. Similarly, most of the investments made in the textile industry between 1926 and 1928 were aimed not at increasing production capacity but at making the industry "more profitable."^[62]

This form of the reproduction process subordinated the increase in the number of workers employed and the increase in production to the demands of increasing profit. Capital thus *restricted both production and employment*, not because its "quantity" (and the mass of instruments of production that materialized it) was inadequate but because the *demand of its valorization and accumulation imposed a limit upon production and upon the employment of wage labor*.

Thus, unemployment was not connected with the "inadequacy" of the available means of production but with the form of the reproduction process and the demands to which this process was subject.

IV. Expanded reproduction and accumulation

During the NEP the process of expanded reproduction mainly took the form of a process of accumulation, of growth in

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the value of the means of production, which were themselves subject to the demands of self-valorization. This form was determined by the place occupied by capitalist production relations (in the state sector as well as elsewhere) and by the predominance of a system of thought which tended to identify expanded reproduction with accumulation. The ideas put forward by Preobrazhensky in *The New Economics*, and by Lapidus and Ostrovityanov in the *Outline of Political Economy*, correspond to this identification. It was acknowledged in practice by the Bolshevik Party, and it furnished the inspiration of the Party's economic policy.^[63]

This identification had its roots in *confusion between expanded reproduction of the material and human conditions of production and expanded reproduction of capital*, between the process of growth of the quantity of *use values* available and the process of growth of the *value* of the means of production serving a purpose of self-valorization. Under the capitalist mode of production these two processes of growth tend to coincide, without ever doing so completely. (Under that mode of production, growth in the production of use values may also result from changes in the production process which do not require previous accumulation and may even "release" capital.) But *capitalist* growth in the production of use values is always subject to the demands of self-valorization of capital; under the capitalist mode of production the growth of the productive forces is only a secondary effect of the process of accumulation, and the contradictions of this process determine the characteristics of capitalist and the contradictions of this process determine the characteristics of capitalist growth of the productive forces.^[64]

The establishment of the dictatorship of the proletariat and the expropriation of the private capitalists create the beginning of the conditions needed for freeing from the constraints of accumulation *both* the process of growth in the production of use values *and* the entry of fresh labor power into the production process. Thus, a process of expanded reproduction can develop which is increasingly "independent" of the process of accumulation. This development assumes that changes

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take place in the immediate production process, changes thanks to which increases in production can be brought about by the initiatives of the direct producers, who have appropriated their own general productive power^[65] and set themselves the aim of increasing the production of use values. This development also assumes that changes take place in the *social reproduction process*, changes thanks to which the different production units establish a cooperation among themselves that takes priority over the striving to increase the profit realized by each of them. Such changes cannot be "spontaneous": the need for them has to be formulated and systematically worked for, and that presupposes the implementing of an appropriate *political line*.

Actually, for reasons to which we shall return later, such a political line did not take shape during the NEP period, even though the resolutions in favor of developing production conferences and mass criticism and self-criticism^[66] adumbrated embryonic forms of this line.

And so, during the NEP period, expanded reproduction was fundamentally subject to the demands of accumulation and the valorization of capital, and from this there followed, where the evolution of employment and unemployment was concerned, a series of particularly grave

consequences in a situation in which the number of jobless in the towns was tending to increase rapidly owing to migration from the countryside.

V. The characteristics of the relations between classes and the domination of expanded reproduction by the demands of accumulation

If, in the NEP period, the demands of accumulation imposed their constraint on the principal form assumed by expanded reproduction, especially in industry, this was certainly due to the theoretical conceptions that prevailed, and which

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tended to *identify* expanded reproduction with accumulation. But the fact that these conceptions were predominant was itself due to a certain *state of class relations* some essential aspects of which need to be recalled.

The maintenance of what had initially been conceived as *temporary measures* (one-person management, the role of specialists and the resultant hierarchical relations, and *khozraschet*) corresponded to the consolidation of certain social relations and relations between classes. These relations subordinated manual labor to mental labor, ensured the reproduction of hierarchical relations within the "collective laborer," and perpetuated relations of exteriority between the different members of the working groups and between the different working groups subject to the constraints of commodity production and to those of a plan constructed "from above downward." These social relations seriously restricted the possibilities of increasing production on the basis of a process of mass innovation. They tended to give predominance to possibilities of increasing production through changes in the production process initiated from above, in which the means of production were separated from the immediate producers and functioned as capital. In other words, the state of social relations, and the corresponding relations between classes, actually *tended* to subject expanded reproduction to the demands of the accumulation of capital. Moreover, in the absence of a critical analysis of the consequences of these demands -- an analysis presupposing systematization of a sufficient body of historical experience, drawing the balance sheet of a certain minimum of open struggles against the reproduction of existing relations in their then current form -- what was an *objective tendency* was seen as a "necessary law."

The state of social relations and relations between classes which has been described, and the absence of a systematization of open struggles against the reproduction of existing relations such as would have provided the basis for a *concrete criticism* of the consequences of these relations (and not merely a criticism inspired by abstract principles), were the result of a complex historical process. This process was

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marked by the "physical" weakening of the Soviet proletariat consequent upon the civil war and the absorption of the best proletarian forces into the Soviet administrative machinery, and then by the entry into the ranks of the proletariat of new forces, which began, though only toward the end of the NEP period (as we see from the events of 1928)^[67] to challenge certain forms of the immediate production process.

The initial weakening of the proletariat had as corollary the strengthening of the role and functions of those who occupied the leading position in the process of production and

reproduction. These were either former bourgeois or -- and this was more and more the case toward the end of the NEP -- officials of proletarian origin. The functions which these officials, whatever their origin, fulfilled in the process of production and reproduction were *bourgeois functions*, associated with management of processes which were those of the reproduction of a "collective capital" (divided, though, into relatively separate fractions). In this way a social stratum came into being which *objectively possessed a dual nature*. It was proletarian by class origin and, generally speaking, by its devotion to the aims of the socialist revolution. It was bourgeois by the functions it assumed and, sometimes, by the way in which it fulfilled these functions and the way of life it adopted. It thus tended, in some of its objective and subjective features, to *constitute a bourgeois force*. This tendency took shape all the more easily because the working class (which was only in process of reconstitution) did not offer timely opposition to it, and because the Party, lacking experience in this field, and influenced by the conceptions of those of the leading economic cadres who were members of it, opposed the tendency only feebly. This relative passivity was itself an effect of the process of becoming independent of the masses which had affected the state and the Party apparatus alike^[68] -- a process the counterpart of which was the too weak development of that socialist democracy without which no revolutionary transformation of production relations and productive forces can be accomplished. Here, too, politics "commands" economics.

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(a) The development of bourgeois features by the cadres holding posts of leadership in the economic apparatuses, and the form of the reproduction process

The development of bourgeois features by the cadres holding posts of leadership in the economic apparatuses affected in many ways the form taken by the reproduction process. Here I shall make only a few points.

In the first place, this development hindered the rise of mass initiatives and criticism from below, and blocked the development of new production relations which could allow new, socialist forms of labor and of the productive forces to assert themselves. Under these conditions, the immense potential of latent productive forces contained within the Soviet social formation contributed only very little to the actual increase in production. This increase therefore continued basically to depend above all on the process of accumulation.

The scrapping of "obsolete" equipment was due, also, to *both* the theoretical notions which have already been mentioned^[69] and to concrete intervention in the process of production and reproduction by the heads of the large state-owned enterprises.

In a situation where mass unemployment existed, the "obsolete" equipment which the state enterprises ceased to use for reasons of "profitability" could, instead of being turned into scrap iron, have been used by unemployed workers organized in cooperatives and by small local industrial enterprises in the rural areas, for which peasants, perhaps working part time, could have provided the work force. Use of the equipment in this way would have enabled its potential for production and employment to be conserved. If the state factories had handed over their relatively obsolete equipment to workers' cooperatives or small-scale rural industries, this would have increased total production capacity, employment, and resources for future accumulation. Operations of this sort

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have been carried out on a large scale in the People's Republic of China.

In the USSR, however, both in the NEP period and subsequently, such handing over of "obsolete" equipment took place but rarely. Furthermore, the heads of the large state-owned enterprises were, as a rule, *hostile* to the workers' cooperatives and local peasant industry, and tried to restrict their field of activity. They often succeeded in doing this, despite the attitude or principle maintained by the Party, which, throughout most of the NEP period, declared itself in favor of local industry.

The feebleness of the help given to workers' cooperatives and peasants' local industry was due, certainly in part, to ideological reasons (to a bourgeois conception of "technical progress") in the name of which a connection was made between "socialism" and the "advanced state" of technology, leading to condemnation of the use of "obsolete" technical means. This was what lay behind a statement like Kuibyshev's in October 1927 that "socialism is a *technically* higher stage of development of society"^[70] -- a one sided interpretation of certain formulations by Lenin which appear sometimes to ascribe a major role to "the development of technology."

But it was not ideology that was the most important factor in this conflict between large-scale state-owned industry, on the one hand, and the workers' cooperatives and peasants' local industry, on the other, a conflict of which two immediate effects were increased unemployment and the flight from the countryside. The principal factor here was the action taken by the heads of the state enterprises (and those of the state economic organs with which they were connected), aimed at keeping control over all industrial activity. Their action sought to increase the scope of the operations for which they were responsible, and sometimes also the income they derived from them (particularly in the form of percentages).

Such action can be observed at a number of levels.^[71] It enabled large-scale state-owned industry to keep at its disposal a more numerous industrial reserve army than would otherwise have been the case, and one which included skilled workers. It made possible a tightening of factory discipline

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and higher "profitability" for the big enterprises, which also helped to establish the idea that the big enterprises "functioned better" than the small ones.

The measures taken by the central economic organs to the advantage of the big enterprises favored the most highly developed forms of the capitalist division of labor and the subordination of expanded reproduction to the accumulation of capital, thus contributing, in the given conditions, to an increase in unemployment.

This type of development was thus based upon the predominance in industry of expanded reproduction of the social relations and relations between classes that were characteristic of the large-scale enterprises. This predominance was facilitated by the limited nature of the proletarian class actions directed against the existing forms of division of labor and by the absence of a critical analysis.

(b) The level of wages, the "profitability" of different techniques, and the problem of unemployment

Under NEP conditions the development of unemployment seems to have been determined by the very limited size of the accumulation fund, by the will to invest this fund preferably in "profitable" techniques, and by the fact that only those investments appeared "profitable" which

made possible the installation of "up-to-date" equipment. Investments like these absorbed a large proportion of the investment fund while not directly engendering more than a limited number of jobs.

But the "profitability" of different types of investment is not a "technical datum": it is bound up with the levels of prices and wages and with the type of discipline prevailing in the production units. Throughout the NEP period, the wage level rose steadily, despite the amount of unemployment and its tendency to increase. This rising wage level created an incentive -- in the name of "profitability" -- for those techniques to be preferred which were comparatively costly in terms of capital but which "economized" on living labor. This being so, we need to look into the reasons determining the

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increase in wages which took place regardless of the campaigns that were continually being waged to "stabilize" them and prevent their increase from swelling the costs of production.

To a certain extent, this increase in wages taking place in spite of the presence of unemployment may seem to be linked with the position held by the working class as a result of the establishment of the dictatorship of the proletariat. Such an interpretation is problematical, however, in that *the form assumed by expanded reproduction was such that the increase in the wages of those who had jobs produced a negative effect on the standard of living of the proletariat as a whole*, by stimulating an increase in unemployment.

Actually, concrete analysis shows that, in general, wage increases were effected contrary to the provisions of the annual plans, and were connected above all with the development of the contradictions within the production units. In so far as the heads of enterprises restricted the workers' initiative and opposed the development of movements of mass criticism, wage increases served as a means of appeasing the discontent of the workers motivated by the conditions in which they lived and worked. The increases granted in 1927 and 1928 had their source, fundamentally, in this system of contradictions. They were the result of a particular form of class struggle, and were the corollary of the absence of changes in the form of the immediate production process. This absence had also some effects on the inequalities in wages.

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(c) *The predominant form of labor discipline and the type of technological development*

The existence of the contradictions just mentioned means that the dominant aspect of *labor discipline* in the state-owned enterprises was at that time a capitalist type of discipline -- with which the recourse to piece wages and material incentives was connected. The strengthening of this type of discipline also tended to favor the adoption of those forms of the labor process in which the machine is used as a means of

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imposing "its own discipline" upon the direct producers.[73]

In other words, the failure to develop a genuine socialist labor discipline combined with the role played by the striving for "profitability" led, under the conditions that prevailed in the NEP period, to *identifying the outlook for technological changes in the Soviet factories with the changes which had taken place in the capitalist countries*. It is particularly significant that the *Outline of Political Economy* by Lapidus and Ostrovityanov, in a section which, since it is

entitled "Socialist Technique," leads the reader to expect at least some indication of the distinction between "socialist technique" and capitalist technique, puts the problem like this: "What are the main lines of technical development in the Soviet Union? They follow from the tendencies which we pointed out in analysing capitalist technique."^[74]

Which amounts to saying that "socialist technique" has merely to *follow the road of capitalist technique*. To be sure, the *Outline* is able to refer to various passages in Lenin to "justify" this conception^[75] -- but these passages had been written seven years earlier, before the task of restoring the Soviet economy had been accomplished. The fact that once this task had been accomplished, and the tasks of reconstructing industry were being faced, no new prospect appeared in the field of technique, shows that *the existing social relations and relations between classes did not allow the question of a radical transformation of technical development to be put on the agenda*.

Thus, to the dominance of the capitalist form of expanded reproduction there corresponded *predominance of the capitalist forms of technical change*, or, more generally, of the *capitalist form of development of the productive forces*.

VI. The form of the reproduction process and the nature of the relations between classes

Taken as a whole, the form assumed by the reproduction process under the NEP was determined by the historical

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limits within which the class struggles unfolded in the Soviet Union: it was within these limits that the changes undergone by the process of production and reproduction occurred. The limits themselves were set, on the plane of social forces, by the weakness of the Soviet proletariat. This weakness was not so much "numerical" as ideological. It was a matter of the slight extent to which the proletarian ideology had penetrated the masses,^[76] a circumstance itself connected with the poor development of socialist democracy. On the plane of theoretical ideology it was connected with the absence of a rigorous analysis of the nature of the existing production relations and of the need to struggle to change them so as to make decisive progress toward socialism. This "ideological limitation" was rooted in the history of the class struggles and in the effects that these struggles had had upon the changes in the Bolshevik ideological formation. The forms taken by these class struggles did not allow the development of a rigorous analysis of the social relations and relations between classes existing in the NEP period.

It is difficult to analyze production relations and class relations under the NEP because of the extremely contradictory nature of these relations and of the completely new forms that they assumed. Even today, when we possess a much longer and broader historical experience, together with the lessons drawn from it by Mao Tse-tung and the Chinese Communist Party, this analysis can be made on only a certain level of abstraction. But even so limited a type of analysis is indispensable if we are to grasp the movement of the contradictions.

One of the essential points is this: that the existence of what Lenin called "the system of the dictatorship of the proletariat"^[77] did not cause the proletariat to "disappear," but *modified* its form of existence and its *relations* with the other classes of society.^[78]

In the NEP period, this system retained the essential features it had possessed in 1921, though the expansion of the machinery of state, the development of *khozraschet* (in the form in

which this was then practiced) and of the banking and

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financial apparatuses, together with the strengthening of factory discipline, had changed the forms of *separation of the working class from its means of production*.

It was because of this separation that the working class was *still a proletariat* : the proletariat cannot disappear until all forms of separation between the direct producers and their means of production have disappeared. However, the existence of the system of the dictatorship of the proletariat implies the *destruction of part of the previous relations of separation*, in particular, because, *through the system of its organization* (Party, trade unions and soviets) the proletariat is united with its means of production and is able, to some extent, to determine the use that is made of them. In other words, the Soviet working class *is at once a proletariat and not a proletariat* : a proletariat, in so far as it is separated from its means of production and integrated in a system of capitalist relations which have undergone only partial changes; not a proletariat, in so far as it is united with its means of production and dominates them through the development of *new social relations* [79] *in the superstructure and in the economic basis*.

The specific features assumed by this dual nature of the proletariat change as a result of class struggles: the destruction of the relations of separation consolidates the dictatorship of the proletariat and at the same time helps to put an end to the conditions that make the working class a proletariat.

In the NEP period, the Soviet proletariat, at the level of the immediate production relations and of the dominant form of the reproduction process, remained fundamentally separated from its means of production: the domination it exercised over the latter was effected essentially through certain of its organizations -- actually, above all, through the Bolshevik Party as the organized vanguard of the proletariat (which it was in so far as its ideology and its ties with the masses enabled it to serve effectively the historical interests of the proletariat and thereby of all mankind).

Since the proletariat had not disappeared, neither had the bourgeoisie, though its form of existence and its relations with the other classes had been *modified*. The chief modification

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concerned the agents who played a leading role in the reproduction of capitalist production relations in the state sector. They constituted *a bourgeoisie which was at the same time not a bourgeoisie* : a bourgeoisie, in so far as it carried out its directing task on the basis of the reproduction of (more or less altered) capitalist relations; but not a bourgeoisie, in so far as it carried out this task under conditions that were entirely new, that is, in so far as it was *subordinated ideologically and politically to the dictatorship of the proletariat*.

Here, too, the specific features assumed by the dual nature of this bourgeoisie, which is at the same time not a bourgeoisie, change as a result of class struggles: the destruction or strengthening of the relations of separation depends above all upon the struggle of the workers themselves and the correct guidance of this struggle. The successes won in this struggle affect social relations in their entirety. They contribute to the elimination, stage by stage, of the ideology and practices which tend to be reproduced on the basis of the existence of production relations that have as yet been only partially transformed.

The elimination of bourgeois ideology and practices is a condition of the changing of the production relations themselves: hence the decisive role played by the ideological class struggle, especially as regards style of work and leadership, and socialist democracy. This

struggle is of decisive importance not only in the production units but also in all the ideological apparatuses.

To the dual nature of the proletariat and the bourgeois which characterizes the socialist transition (and which assumed specific features in the NEP period) there corresponds *the struggle between the two roads* which is inherent in this transition. The socialist road triumphs in proportion as capitalist social relations and the corresponding social practice are destroyed. Historically, this destruction is indispensable if the dictatorship of the proletariat is to be consolidated: as Marx noted, "The political rule of the producer cannot coexist with the perpetuation of his social slavery."^[80] The "perpetuation" of social slavery is bound up with the repro-

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duction of capitalist relations on the plane of production and reproduction. If the class struggle of the workers themselves does not put an end to this, it tends necessarily to undermine their political domination and put an end to *that*.

To the dual nature of the classes in the NEP period corresponded the dual nature of the State, of the Party (in which was concentrated the struggle between the proletarian line and the bourgeois line), and of the process of production and reproduction.

On this last point, it must be emphasized once more that the *production of surplus value* (connected with the reproduction of the value and wage forms which ensure the merging of the expenditure of necessary labor with the expenditure of surplus labor) ceases to signify *exploitation* in so far as the use made of the surplus value is no longer dominated exclusively by the laws of the capitalist mode of production, but is directed by the system of the dictatorship of the proletariat -- for which profit and accumulation, even if they continue to be means serving the development of production, cease to be production's purpose.

VII. The changing of the form of the reproduction process at the end of the NEP

At the end of the NEP period two decisive factors came into play which modified the form of the reproduction process. These two factors were interconnected, but it was the second that played the *determining role*, because it was directly connected with a change in the relations between classes.

(a) The extension of the domain of planning

The first factor which altered the conditions of reproduction was the extension of planning. This does not mean that planning became more "precise" and more "coherent" (on the

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contrary, the First Five-Year Plan, with the subsequent modifications and the annual plans of that first quinquennium, were particularly lacking in coherence), but that the imperatives of the plan now extended, in principle, to all aspects of economic activity, and in particular to the bulk of investments, which thereafter passed through the state budget. This extension restricted the effects of *khozraschet*, in so far as the latter had intended to maintain a certain connection between the profitability of each enterprise and the amount invested in it. The overall

investment plan aimed to break this connection and to subject the process of accumulation to demands other than those corresponding to the making of the maximum profit by each enterprise, or to the equalization of the rates of profit in the various branches of industry.

Planning sought to realize the largest possible overall accumulation and to ensure the fastest possible growth of industry, on the basis of priority development of heavy industry. True, the concrete conditions in which the plans were drawn up, revised, and put into effect did not make it possible to say that the tasks thus assigned to planning were actually fulfilled, but the aim that planning pursued did tend to alter radically some of the effects of the "separation" between state enterprises instituted by *khozraschet*.

In place of a distribution of investments that depended, more or less, on sectoral "profitability" there was substituted a distribution dominated by a striving to achieve *acceleration of the growth of production*, and, in the first place, of production by heavy industry. In the language of the period, the demands of "profitability" at the level of enterprises and branches were superseded, in principle, by the demands of "profitability on the scale of society as a whole."

This meant a break with the previous form of the reproduction process. To a certain extent, this break took place in the direction of *a socialist development of the economy*, but it nevertheless remained *subject to the demands of the valorization process*: it was only the scale of this process that was enlarged.

Maintenance of the demands of the valorization process was

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expressed in the importance still accorded to *economic calculations in terms of prices*, and, even more, in *the overall limits which the amount of accumulation set to increased employment*. These limits implied that "unprofitable techniques" still tended to be eliminated, even when they made possible increases in employment and production.

The existence of these limits was manifested in the various drafts and successive variants of the First Five-Year Plan.^[81] *These different drafts all made provision for the retention of a considerable number of unemployed*. It was only with the "great turn" that unemployment vanished: thereafter, indeed, the poor capacity of state industry for *internal accumulation* tended to be made up for by "*primitive accumulation*" connected with levying of "tribute" from the peasantry. Actually, this tribute had already begun to be exacted by means of the "emergency measures," which enabled deliveries of agricultural produce to be obtained without the counterpart of deliveries to the peasants of industrial goods of the same value. The tribute was subsequently increased by the exactions forced out of agriculture through the framework of collectivization.^[82]

(b) *The recourse to "primitive accumulation" and the change in class relations*

Ultimately "the extension of planning" (in the sense given to this expression) was made possible by a *radical change in class relations*, through the elimination of private trade and industry and through collectivization, which put an end to the individual peasant farms of old.

The elimination of private trade and industry and of traditional individual peasant farming signified *a victory of socialist economic forms*, a victory of the proletariat *over the private bourgeoisie*. However, as will be seen in the next volume, *the means employed to achieve this*

end were not, in the main, proletarian means -- the changes were brought about "from above" -- and this limited the political and social

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significance of the changes effected, strengthening the capitalist elements in the production relations that were reproduced in the state and cooperative sectors, and strengthening the bourgeois aspects of the state machine.

If the victory of the socialist forms resulted mainly from the carrying out of measures taken "from above," this was because it was not the culmination of a broad struggle by the masses. It was essentially the result of the *contradictions in the process of accumulation*, of the fact that, in the absence of a mass struggle, it had not proved possible to free the process of reproduction from the *constraints of accumulation*, and so the limits of accumulation had had to be shifted by bringing into play *constraint by the state*.

For this reason as well as for others (connected with the absence of sufficiently thoroughgoing internal changes in the functioning of state industry), the victory of socialist economic forms was not accompanied by the disappearance of the limits that the demands of accumulation imposed upon expanded reproduction. But though these *limits* did not disappear, they were shifted through the extension of socialist economic forms. This shift entailed in its turn *a series of contradictory effects*, due to the very conditions under which it had been made. On the one hand it strengthened the dictatorship of the proletariat, by ensuring a rapid increase in the size of the working class, abolishing unemployment, and enabling the Soviet Union to become a great industrial power. On the other, it weakened the dictatorship of the proletariat by causing a split in the worker-peasant alliance, starting an unprecedented crisis in agriculture, and giving rise to the development of apparatuses of coercion and repression which extended their activity to the broad masses and set back socialist democracy.

An upheaval in relations between classes, the historical implications of which can be estimated only through concrete analysis of all its consequences, was the ultimate content of the final crisis of the NEP. This crisis was led up to by the failure really to consolidate the worker-peasant alliance and the impossibility of freeing the reproduction process from the

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constraints of the process of accumulation. These two factors in the final crisis of the NEP were related also to the ideological and political relations in which the Soviet proletariat and its vanguard, the Bolshevik Party, were integrated, and so to the forms of organization of the working class.

Notes

1. Lapidus and K. Ostrovityanov, *Outline*, p. 176 (my emphasis -- C.B.). [p. [286](#)]
2. *Ibid.*, p. 177 (my emphasis -- C. B.). [p. [287](#)]
3. *Ibid.* [p. [287](#)]
4. *Ibid.* [p. [287](#)]
5. *Ibid.*, p. 98. [p. [287](#)]
6. *Ibid.*, p. 99-100. [p. [287](#)]

Without entering upon a discussion of all the problems involved here, let us

7. merely recall these few formulations by Marx:

Wages represent also wage-labour, which is examined in a different section; the particular function that labour performs as a factor of production in the one case appears as a function of distribution in the other. If labour did not have the distinct form of wage-labour, then its share in the product would not appear as wages. . . . The structure of distribution is entirely determined by the structure of production. Distribution itself is a product of production, not only with regard to the content . . . but also with regard to the form, since the particular mode of men's participation in production determines the specific form of distribution, the form in which they share in distribution. (*Critique of Political Economy*, p. 200.)

Again:

The wage presupposes wage-labour, and profit -- capital. These definite forms of distribution thus presuppose definite social characteristics of production conditions, and definite relations of production-agents. The specific distribution relations are thus merely the expression of the specific historical production-relations. . . . Capitalist distribution differs

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from those forms of distribution which arise from other modes of production, and every form of distribution disappears with the specific form of production from which it is descended and to which it corresponds. (*Capital* [Moscow], vol. III, pp. 860-861.) [p. 288]

8. Lapidus and Ostrovityanov, *Outline*, p. 99. [p. 288]
9. *K.P.S.S. v rezolyutsiyakh*, vol. I, p.689. This resolution also noted that if industrial accumulation was to be achieved by means of subsidies from the budget, this would mean it was being achieved at the expense of the peasantry. [p. 288]
10. See above, pp. 291-292. [p. 288]
11. Marx, *Capital* (London), vol. I, p. 165. [p. 289]
12. See Bettelheim, *Economic Calculation and Forms of Property*, pp. 67-68. However, in this passage there is too one-sided a stress laid upon the objective conditions, resulting in underestimation of the necessary role of the ideological class struggle in the changing of the production relations themselves. [p. 290]
13. These were the terms used by Lenin to describe, in 1921, the nature of the "socialist republic of soviets," an expression which he said did not signify "that the existing economic system is recognized as a socialist order" (Lenin, *CW*, vol. 32, p. 330 [*Transcriber's Note*: See Lenin's "[The Tax in Kind](#)". -- *DJR*]; see also volume I of the present work, p. 445). [p. 290]
14. On this point see Marx, *Grundrisse*, p. 470. [p. 290]
15. *Ibid.*, p. 158. [p. 291]
16. *Ibid.*, p. 168. [p. 291]

- The *partial* disappearance of this character (connected with the existence of
17. state ownership of the means of production and actual use thereof in conformity with the economic aims of a state of the dictatorship of the proletariat) does indeed give rise to new, socialist relations, but, so long as it remains partial, it permits the survival, in changed (but nevertheless possibly dominant) form, of commodity and capitalist relations or elements of these relations. This was what Mao Tse-tung meant when he spoke of "socialist relations of production" being "still far from perfect" in China ("On the Correct Solution [Handling -- *DJR*] of Contradictions Among the

- People," in *Four Essays on Philosophy*, p. 94). [p. 291]
18. The notion of "collective capital," resulting from state ownership, is found in Marx and Engels -- e.g., in *Capital* (London), vol. I, p. 779. [p. 291]
19. Marx, *Capital* (Moscow), vol. III, p. 431. I have italicized the word "employment" (in the French version, "*mise en valeur* ") [p.]

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- because it is precisely in the subordination of labor to the production of exchange values, and not to the production of *use values* for the satisfaction of *collectively calculated social needs*, that the line of demarcation runs between the situation of these "co-operators" and that in which all the means of production are "in the hands of associated producers" (ibid, p. 430). [p. 292]
20. Lapidus and Ostrovityanov, *Outline*, pp. 178-179. [p. 293]
21. On the layoffs at the start of NEP, see S. G. Strumilin, *Na khozyaistvennom fronte*, p. 86, and *Na novykh putyakh*, III, p. 14, quoted in E. H. Carr, *The Bolshevik Revolution*, vol. 2, p. 321. [p. 294]
22. *Narodnoye Khozyaistvo SSSR: statistichesky spravochnik*; and A. Baykov, *The Soviet Economic Systems*, p. 147; also *Voprosy truda v tsifrah i diagrammakh 1922-1926 gg.* [p. 294]
23. According to a statistical source of 1929 (*Ekonomicheskoye Obozreniye*, no. 9 [1929], p. 124), the number of workers (including office workers) employed in census industry rose from 2,678,000 (a figure close to that for 1913) in 1925-1926 to 3,366,000 in 1928-1929 -- an increase of nearly 700,000, or 27 percent, in three years. During the same period the total number of wage earners, including those employed in the administration, rose from 10,173,000 to 12,168,000 -- an increase of about two million, or nearly 20 percent. The rate of increase in employment was highest in the building industry, where it more than doubled, reaching the figure of 918,000 (Carr and Davies, *Foundations*, vol. I, pt. 2, p. 955). Out of more than 12 million wage earners employed in 1928-1929, 2,500,000 were employed in the administration and services (education, health, justice, the economic administrations) and two million in agriculture, forestry, and fisheries. At that time the urban population was 29 million and the rural population, 125.3 million (ibid., pp. 454, 955). [p. 294]
24. *Sotsialisticheskoye Khozyaistvo*, no. 4 (1925), p. 413. [p. 294]
25. Carr and Davies, *Foundations*, vol. I, pt. 2, p. 456, and *Voprosy Truda*, July-August 1935, p. 46. [p. 295]
26. *Pravda*, November 29, 1927. [p. 295]
27. *Pravda*, January 29, 1927. [p. 295]
28. The size of this "flood" was certainly substantial. Thus, at the Fifteenth Party Congress it was admitted that in 1927, 500,000 peasants from Tambov region had been obliged to try and find work in industry, and that 220,000 peasants from Ryazan region had had to go to Moscow, Leningrad, and other towns in search of seasonal employment (*XV-y Syezd VKP [b]* [1962], vol. 2, pp.

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- 1094, 1254, 1256; quoted in Carr and Davies, *Foundations*, vol. I, pt. 2, p. 453, n. 3). [p. 296]
29. *SSSR: IV Syezd Sovyetov* (1927), pp. 428-429. [p. 296]
30. Carr and Davies, *Foundations*, vol. I, pt. 2, p. 927. [p. 296]
31. Those who talked of "rural overpopulation" and of "land shortage" did not deny that the exodus from the countryside was mainly an exodus of landless and poor peasants, and that a fresh division of the land might, therefore, have slowed down the flow of rural migrants, though without stopping it altogether, since, in any case, the average amount of land per peasant was regarded as being "insufficient." However, there was no question, in the

1920s, of carrying out a fresh division of the land, for it was accepted that only peasant farms of a certain size were capable of providing the marketed production that was indispensable for the feeding of the towns. [p. 296]

32. See above, pp. 300-301. [p. 296]
33. Strumilin, *Na Plamovom Fronte*, pp. 448 ff. [p. 296]
34. *Sechster Kongress der Kommunistischen Internationale*, vol. III (1928), p. 519, quoted in Carr and Davies, *Foundations*, vol. I, pt. 2, p. 466. [p. 297]
35. No less surprisingly (but to be explained likewise by the conjuncture of the class struggle), *the chief obstacle to a substantial increase in the number of wage workers* was only rarely mentioned in the discussions about unemployment, though it was more or less taken into account in the "control figures" drawn up by Gosplan from 1925 on. This obstacle was constituted by the quantity of goods available on the market. If one was not to allow phenomena of shortage and price increase to develop, it was not possible to allow a mass of incomes to be formed that would be larger than the available counterpart (at the given level of prices) in the form of purchasable commodities. And, given the *difference in income* between the *poor* peasants (who were the peasants who were looking for jobs in industry) and the workers, the "conversion" of "too many" of the former into wage workers would risk causing an increase in shortages (unless this conversion was carried out under conditions different from those which were then characteristic of state industry and guided its development). [p. 297]
36. Stalin, *Works*, vol. 7, p. 322. [*Transcriber's Note*: See Stalin's "[The Fourteenth Congress of the C.P.S.U.\(B.\)](#)". -- DJR] [p. 297]
37. *Ibid.*, vol. 9, p. 177.. [*Transcriber's Note*: See Stalin's "[Speech Delivered at a Meeting of Workers of the Stalin Railway Workshops, October Railway](#)". -- DJR] [p. 297]
38. *Ibid.*, vol. 11, p. 167.. [*Transcriber's Note*: See Stalin's "[Plenum of the C.C., C.P.S.U.\(B.\)](#)". -- DJR] [p. 297]
39. See above, p. 194. [p. 298]

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40. *Sobranie Zakonov*, no. 41 (1927), art. 410. [p. 298]
41. The *average wage* of an agricultural worker was 313 roubles in 1928, when the *average wage* in industry was 823 roubles (*Trud v SSSR* [1936], statistical handbook, pp. 10, 97, quoted in O. Hoefding, *Soviet National Income and Product in 1928*, p. 67). From 1926 on there was an increase in the proportion of workers coming from the rural areas who retained their holdings in the villages: In the Donbas mines 37.4 percent of the workers taken on between 1926 and 1929 kept their land, and this was the case with 28.4 percent of the workers in the Moscow metal industry (*Sostav fabrichno-zavodskogo proletariata SSSR* [1930], quoted in Carr and Davies, *Foundations*, vol. I, pt. 2, p. 455). [p. 298]
42. Carr and Davies, *Foundations*, vol. I, pt. 2, p. 459. [p. 298]
43. *Trud*, October 26, 1926. [p. 299]
44. This contributed to increasing the proportion of young persons among the unemployed. In 1928 43.6 percent of the registered unemployed were aged between 18 and 24, and 30.8 percent aged between 24 and 29 (*VIII-oy Syezd Professionalnykh Soyuzov SSSR* [1928], p. 323). [p. 299]
45. *Izvestiya*, January 14, 1925. [p. 299]
46. *Trud*, December 1, 1926. [p. 299]
47. *Sobranie Zakonov*, no. 62 (1928), art. 563. [p. 299]
48. On the decree of March 26, 1928, see *Yezhenedelnik Sovyetskoy Yustitsii*, nos.46-47 (1928), quoted in Carr and Davies, *Foundations*, vol. I, pt. 2, p. 465, n. 5. [p. 300]
49. *Kontrolnye tsifry 1928-1929 gg.*, p. 20. [p. 300]
50. In 1927 the area actually cultivated was 97.4 percent of what it had been in

1913. Between these same years the rural population had grown by 7 percent, and the number of farms by 21 percent (S. Grosskopf, *L'Alliance ouvrière*, p. 381). [p. 300]
51. After the October Revolution there were various types of peasants' mutual-aid committees (*Krestkomy*, or KKOV). In the RSFSR a decree of March 29, 1926, provided for land to be placed free of charge at the disposal of these committees, but they did not come to much. A report presented to Rabkrin in the spring of 1928 pointed to their stagnation (*Pravda*, April 7, 1928). [p. 300]
52. See above, pp. 99 ff. and 105 ff. [p. 300]
53. *Sobranie Uzakonenii*, no. 70 (1926), art. 548. [p. 301]
54. *XV-taya Konferentsiya VKP(b)* (1927), pp. 253-254. [p. 301]
55. Carr and Davies, *Foundations*, vol. I, pt. 2, pp. 927-929, and G. von Mende, *Studien zur Kolonisation der Sowjetunion*. [p. 301]
56. To some extent this "colonization" meant settlement by rich

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- peasants who had the personal means needed in order to establish themselves on new land (R. Lorenz, *Sozialgeschichte der Sowjetunion 1917-1945*, p. 140). [p. 301]
57. Stalin, *Works*, vol. 7, p. 312. [p. 303]
58. See volume I of the present work, especially pp. 33 ff. and 490 ff. [p. 303]
59. We know that in December 1920 Lenin counterposed to the oversimplified conception put forward by Trotsky, who spoke of the Soviet state as a "workers' state," without analyzing its contradictions, the following observation: "The whole point is that it is not quite a workers' state." He then spoke of the "bureaucratic distortions" of the Soviet state, which made it necessary for the workers to defend themselves against the workers' state (Lenin, *CW*, vol. 32, pp. 24, 48 [Transcriber's Note: See Lenin's "[The Trade Unions. The Present Situation and Trotsky's Mistakes](#)" and "[The Party Crisis](#)". -- DJR]). Soon afterward, opposing the positions then maintained by Trotsky and Bukharin, Lenin made more explicit the content of his own position, by recalling that "Dialectics requires an all-round consideration of relationships in their concrete development but not a patchwork of bits and pieces" (ibid., vol. 32, p. 91 [Transcriber's Note: See Lenin's "[Once Again on the Trade Unions. The Current Situation and the Mistakes of Trotsky and Bukharin](#)". -- DJR]). The pertinence of these formulations makes it inadmissible that, after several years' existence of the Soviet state and the state-owned enterprises, anyone should be satisfied to talk, "on the one hand," of their socialist character and, "on the other" of "bureaucratic survivals." It necessitates consideration of these realities in all their aspects and connections, in their development and their contradictions (ibid., vol. 32, p. 94). [p. 303]
60. This form belongs to the political level: it makes *possible* under certain conditions, a certain *transformation of the production relations*, but it does not directly determine such a transformation. [p. 304]
61. The dominance of this aim did not, of course, drop from heaven, but reflected the objective conditions of reproduction: the low level of development of socialist relations effectively subordinated the expanded reproduction of the productive forces to an accumulation which, in the given conditions, depended above all on *the self-valorization of the capital functioning in the state sector*. At the beginning of the 1930s the attempt to increase the "tribute" levied from the peasantry was to "free" (temporarily and partially) from this constraint the expanded reproduction of the productive forces. [p. 305]
62. Carr and Davies, *Foundations*, vol. I, pt. 1, p. 417. [p. 306]
63. This identification led to the assertion that, as regards the internal functioning of the state sector, *increased employment* was determined in the last analysis by *increased profit*. [p. 307]

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64. Under the capitalist mode of production the principal aspect of the process of accumulation is that it is a process of exploitation, a process of bourgeois class struggle for increased exploitation of the proletariat (see A. D. Magaline, *Lutte de classes et dévalorisation du capital*). [p. 307]
65. See above, p. 50 ff., the quotation from Marx's *Grundrisse*. [p. 308]
66. See above, p. 290. [p. 308]
67. See above, pp. 222-233. [p. 310]
68. See volume I of the present work, pp. 255, 285, 303, 309, 399, 408. [p. 310]
69. See above, p. 306. [p. 311]
70. *II-ya Sessiya TsIK SSSR 4 Soyuz* (1927?), p.250, quoted in Carr and Davies, *Foundations*, vol. I, pt. 1, p. 415 (my emphasis -- C. B.). [p. 312]
71. See above, pp. 202 ff. [p. 312]
72. See above, pp. 248 ff. [p. 314]
73. On this see H. Braverman, *Labor and Monopoly Capital*, pp. 169 ff. [p. 315]
74. Lapidus and Ostrovityanov, *Outline*, p. 485. [p. 315]
75. *Ibid.*, pp. 485-486. [p. 315]
76. See volume I of the present work, pp. 93-94. [p. 316]
77. See volume I of the present work, p. 97 ff. [p. 316]
78. See also Lenin's "[Economics and politics in the era of the dictatorship of the proletariat](#)," in *CW*, vol. 30, p. 115. [p. 316]
79. These new social relations concern also the *political relations*, the forms of *proletarian socialist democracy*. The actual development of these forms (the decisive importance of which Lenin showed in his [The State and Revolution](#)) determined changes in the relations between the producers and the means of production belonging to the State, and this development helps to change the economic basis and is a condition of the strengthening of the dictatorship of the proletariat. [p. 317]
80. Marx, [The Civil War in France](#), in Marx and Engels, *Selected Works in Three Volumes*, vol. 2, p. 223. [p. 318]
81. On the successive drafts of this plan see Carr and Davies, *Foundations*, vol. I, pt. 2, pp. 837 ff. [p. 321]
82. In fact this "tribute" was soon exhausted, and the accumulation fund had to be increased by way of increased prices and the lowering of real wages. This development will be analyzed in volume III of the present work. [p. 321]

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6. The forms of organization of the working class

The ideological relations in which the working class was integrated in the NEP period were complex and diverse. There is no lack of "sources" for them, but these are, generally speaking, indirect, and also more or less "controlled," so that there is practically no expression in them of certain ideological currents. These "sources" consist of readers' letters published in the newspapers; novels and short stories in which the workers' lives are "described," with their reactions to everyday problems, to the decisions taken by the Party and the government, and so on; and also reports presented to congresses, conferences, and other meetings of the Party and the trade unions; and internal reports of the Party and the OGPU, some of which have been published. Nevertheless, it is not easy, and is sometimes even impossible, to succeed by means of such sources (the content of which can usually not be dissociated from the ideological or political purposes aimed at by those who composed or published them) in grasping the diversity of the ideological currents running through the different strata of the working class, and the changes these currents underwent in the course of a period so lively as the NEP years.

However, the chief ideological currents running through the working class were reflected, even if only partially and in an inevitably impoverished or simplified form, in the activity and the decisions of the organizations of the working class, and also in the open demonstrations in which the active elements of this class took part. It is at this level, the one most directly linked with the taking of political decisions, that I shall endeavor to define certain aspects of the ideological changes undergone by the Soviet working class in the NEP period, and especially toward the end of it. We therefore need

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to pay attention here, first and foremost, to the principal forms of working-class organization and to the place occupied by the workers in these organizations.

I. The development of the Bolshevik Party

The Bolshevik Party was the vanguard of the Soviet proletariat by virtue of its class basis, its ideology, and its political line. The last two factors are of vital importance in this context. Theory and practice alike teach us that *the fact that a party is rooted in the working class is not enough to make it a proletarian party*. There are many examples of "labor parties" which, because of their ideology and political line, are actually in the service of the bourgeoisie and therefore constitute what Lenin called "bourgeois labor parties." Conversely, the working class members of a proletarian party may be relatively few (especially in a country where the working class itself is not large) without that circumstance damaging its proletarian character, which is determined by its ideology and political line. It is very important, all the same, to analyze the class composition of the Bolshevik Party, because the presence in the Party of members who did not belong to the working class exerted constant pressure upon its ideology and its political line.

We shall examine in the last part of this volume the principal aspects of the ideological and political struggles waged in the Bolshevik Party between 1924 and 1929. For the moment, we shall confine ourselves to looking at the ways in which the working class and other classes or social groups were present in the Bolshevik Party.^[1]

(a) The increase in Party membership

In 1929 the Bolshevik Party was profoundly different from what it had been before Lenin's death. It had then taken a big step toward becoming transformed from a Party made up of

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revolutionary militants (which it had been in 1917) into an organization possessing some of the characteristics of a mass party. This transformation, which had begun (but only begun) in Lenin's lifetime, started to take definite shape in 1929: the change was bound up with the new and numerous tasks which the Party had to carry out once the dictatorship of the proletariat had been established.

Two figures enable us to perceive the magnitude of the quantitative change referred to. On January 1, 1923, the Bolshevik Party had 499,000 members; on January 1, 1930, it had 1,680,000.^[2] We thus see that in seven years the Party's membership had more than trebled -- which means, among other things, that towards the end of the NEP the majority of the members had only a very brief experience of the political life of their organization.

The initial impetus to this rapid expansion was given in 1924, immediately after Lenin's death, with what were called the "Lenin enrollments."^[3] As a result of the entry of these recruits, on January 1, 1926, the Party had 1,080,000 members -- more than twice as many as in 1923.^[4]

The official aim of the recruitment campaign of 1924 and 1925, and also of that of 1927 (the "October enrolment"), was to *proletarianize the Party* -- that is, to *strengthen its working-class basis*.

There is reason, however, to question the *actual class consequences* of the mass-scale recruitment carried out between 1924 and 1930, especially in the first years of the NEP. Until about 1925-1926 the persons working in the factories were often far from being genuine, long-established proletarians. Lenin drew the Party's attention more than once to this situation. At the Eleventh Party Congress, on March 27, 1922, he said: "During the war people who were by no means proletarians went into the factories; they went into the factories to dodge the war. Are the social and economic conditions in our country today such as to induce real proletarians to go into the factories? No. . . . Very often those who go into the factories are not proletarians; they are casual elements of every description."^[5]

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The day before he made this speech, Lenin had sent a letter to the members of the CC in which he warned against the possible effects of mass recruitment. The reasons for this warning were those he set out in his speech of March 27, but he also mentioned another, of a more permanent order -- namely, the danger of infiltration into a "ruling party" of bourgeois and petty-bourgeois elements motivated by careerism, and prepared to disguise themselves as "workers" in order to get into the Party. Lenin wrote: "It must be borne in mind that the temptation to join the ruling party at the present time is very great."^[6] And he added that, if the Party achieved fresh successes, then

there will be a big increase in the efforts of petty-bourgeois elements, and of elements positively hostile to all that is proletarian, to penetrate into the Party. Six months' probation for workers will not diminish this pressure in the least, for it is the easiest thing in the world for anyone to qualify for this short probation period. . . . From all this I draw the conclusion that. . . . we must without fail, define the term 'worker' in such a way as to include only those who have acquired a proletarian mentality from their very conditions of life. But this is impossible unless the persons concerned have worked in a factory for many years -- not from ulterior motives, but because of the general conditions of their economic and social life.^[7]

Lenin proceeded to lay down a number of requirements aimed at ensuring a truly proletarian recruitment, and emphasized the need for "*reducing*" the number of Party members.^[7] Actually, the requirements specified by Lenin were not observed, and the Party's membership,

instead of being reduced, was very quickly increased. In principle, as has been said, the purpose aimed at was to *broaden the working-class basis of the Party*. It is far from certain that this purpose was attained.

In December 1925, at the Party's Fourteenth Congress, some counsels of caution were drawn from the evolution of the Party's membership since 1924. A resolution declared that

Congress rejects the policy leading to an excessive swelling of the Party's ranks and its becoming filled with semi-proletarian

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elements which have not been through the school of the trade unions and of the proletarian organisations in general. Congress rejects such temptations, since they have nothing in common with Leninism and are a negation of the correct relationship between the Party, which is the vanguard of the class, and the class itself, and would make Communist leadership impossible.^[9]

In practice this resolution had little effect on the actual recruitment policy followed. At the end of 1926 and, especially, in 1927 (with the campaign for the "October enrollment") the Party again began quickly to increase its membership, so as to ensure that 50 percent of the members were workers actually working in industry.^[10] This target was reaffirmed in a resolution of November 1928.^[11]

(b) The working-class membership of the Bolshevik Party

The changes in the numbers of factory workers, the quick turnover of this personnel, and the tendency for nonproletarian elements to pass themselves off as workers in order to gain entry to the Party make the statistics for the number of workers who were Party members rather unreliable. This unreliability is enhanced by the vague and fluctuating definitions of class which were used and by the inadequate checking of applicants for membership.^[12]

When analyzing statistics dealing with the social composition of the Party it is also necessary to distinguish between "social position," meaning the position a person had occupied for a more or less lengthy period before joining the Party, and his actual occupation at a certain moment. This distinction is important, for a significant proportion of those who joined the Party as "workers" ceased to perform manual work and became office workers and officials.

By the criterion of "social position," the number of worker members of the Party increased from 212,000 in 1923 to 1,100,000 in 1930. It thus increased five times faster than the increase in total membership.^[13] From this standpoint there was undoubtedly a broadening of the Party's proletarian basis,

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although a certain vagueness still prevailed as to the genuinely "working-class" character of some of the members.

Using the criterion of "actual occupation," the relative increase in the number of workers was also very rapid -- even more rapid since, after 1924-1925, a smaller proportion of the worker members became office workers.

(c) The Party's social composition

However, the Party's social composition was affected not only by the influx of worker members but also by that of elements from other sections of society, and by the transformation of worker members into office workers. Looked at from this angle, the proletarian character of the Party's social basis, while on the whole becoming stronger during the NEP, was markedly less well defined than if one takes into account only the "social position" of the members.

In 1927, according to the census taken on January 10, the Party was made up as follows: 30 percent workers in industry and transport, 1.5 percent agricultural workers, and 8.4 percent peasants, while "office workers" and "others" represented 60.1 percent of the members.^[14]

Thus, the numerically most important social group in the Party consisted of the office workers and "others." In fact, the specific weight of this group in the Party's current activity was much more considerable than is suggested by their mere percentage. To this group belonged the cadres of the Party and the administration, that is, those who held positions of authority and whose activity contributed largely to giving their true significance to the decisions of principle and guidelines adopted by the Party's leading organs. This was a new aspect of the process whereby the Party and the State acquired independence, a process that had begun earlier.^[15]

Many discussions, and, especially, the purges to which the administrative organs of the Party and the State had to be subjected (the chief posts in the state organs were filled by nomination of Party members to them^[16]) show that the group of members who were "office workers" (or officials) consisted

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not only of revolutionary militants devoted to the cause of socialism but also of petty-bourgeois elements who were, as Lenin put it, "hostile to all that is proletarian."^[17]

The number of "scandals" which gave rise to investigations and sanctions shows that these were not merely isolated cases, but constituted a phenomenon of social significance. This was concretized in the presence within the Party of a social stratum which led a life different from that of the workers in the factories and the fields, arrogated privileges to itself, and was unaware of the real problems faced by the masses. Those who belonged to this stratum were actually cut off from the working class, even if they had come from it. They often tended to form cliques whose members covered up for each other -- what are called in the USSR, "family circles." At the Party's Fifteenth Congress Stalin said:

Often we settle questions . . . by the family, domestic-circle method, so to speak. Ivan Ivanovich, a member of the top leadership of such and such an organisation, has, say, made a gross mistake and has messed things up. But Ivan Fyodorovich is reluctant to criticise him, to expose his mistakes and to correct them. He is reluctant to do so because he does not want to 'make enemies.' . . . Today I shall let him, Ivan Fyodorovich, off; tomorrow he will let me, Ivan Ivanovich, off. . . . Is it not obvious that we shall cease to be proletarian revolutionaries, and that we shall certainly perish if we fail to eradicate from our midst this philistinism, this family-circle method of settling highly important questions of our work of construction?^[18]

Thus, mainly among the office-worker members of the Party (a group including a high proportion of the cadres), contradictory social forces developed. On the one hand were those who identified themselves with the proletariat, constituted as a ruling class becoming master of its conditions of existence. On the other were those who, by the practices they developed and by their relations with the means of production, formed a bourgeoisie and a petty bourgeoisie in the process of becoming. That bourgeois and petty-bourgeois social forces should exist, and be present in the Party, is inevitable in the transition to socialism: it corresponds to the con-

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tradictory nature of the social relations characteristic of that period. It is just this that makes indispensable continued class struggle, the development of the workers' initiatives, socialist democracy, and strengthening the Party's implantation in the proletariat and among the poor peasantry and the less well-off strata of the middle peasantry.

During the NEP such reinforcement of what constituted the firmest foundation of the Party hardly occurred at all, as may be seen from the fact that in 1927 only 30 percent of the Party members were actually workers in industry and transport. Hence the effort constantly being made to increase recruitment from the working class, and hence the target defined for this recruitment, that at least 50 percent of the Party membership be actual workers. In fact, this target was not attained.^[19]

The difficulties encountered in broadening the Party's proletarian base bring us to the problem of the Party's concrete relations with the working class.

(d) The Party's relations with the working class

With the information at present available, and keeping within the limits of the problems dealt with in this volume, we can give only partial indications here of what the Bolshevik Party's relations were with the working class. Some of these indications are of a "statistical" order, and so possess an appearance of precision, while others are qualitative, which inevitably means that there is room for a wide margin of interpretation. There is another reason, too, why these indications are very approximate, namely, that relations between the working class and the Bolshevik Party varied considerably from one region or town to another, and from one period to another: consequently it is dangerous to generalize, or to extend to every year and the whole country what may seem true for a particular moment or in a particular locality.

One thing is certain: the social mass basis of the Bolshevik Party and the Soviet state was the proletariat. Without the active support given to the Bolshevik Party and the Soviet government by the live forces of the proletariat by its advance

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elements and the larger part of its intermediate elements, it would not have been possible to consolidate the changes made by the Revolution, or to bring about the extremely rapid recovery that the Soviet economy experienced under the NEP.

This support does not, of course, imply that the Soviet working class as a whole was constantly in complete agreement with all the decisions taken by the Party and the government. Such unanimity would have been incompatible with the contradictions that existed in the working class itself; the more so because at different times (and, in particular, on the morrow of the civil war) this class contained many elements of petty bourgeois origin who were not proletarianized ideologically, and who had an attitude that was either passive or hostile toward the Soviet government and the Party. Moreover, even among the genuinely proletarian elements, hesitation or discontent was expressed at certain moments. During the NEP period such phenomena seem to have been connected mainly with the reappearance of private capitalists and merchants and the strengthening of the influence of the kulaks. But they were also connected, especially in the second part of the NEP period, with the appearance of persons in leading positions (in particular, in the enterprises) who developed authoritarian relations with the workers and sought to smother their criticism. The way the production conferences were conducted^[20] illustrates this aspect of the matter.

The consolidation of relations of trust between the Party and the working class is determined

by the correctness of the Party's political line and by the way in which this is actually applied. It depends on the concrete actions stimulated by the Party and by the direct presence of the Party in the working class -- hence the importance of the increase in the worker membership of the Bolshevik Party.

At the Fourteenth Party Congress, in 1925, Stalin said that the proportion of workers who were members of the Party was 8 percent, as compared with 7 percent at the time of the Thirteenth Congress.^[21] In 1927 the corresponding figure was estimated at a little under 8 percent.^[22]

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Altogether, from 1925 on, the increase in the working-class membership of the Party had difficulty in keeping ahead of the rate of growth of the total number of workers: hence the stabilization at around 8 percent of the proportion of the working class who were Party members. However, the "presence" of the Party among the workers varied a great deal as between industries. In the principal industries it averaged out at 10.5 percent, with a maximum figure of 13.5 percent in the oil industry and a minimum figure of 6.2 percent in the textile industry,^[23] which was largely staffed by women.^[24]

The percentage of Party members was higher in the industries where skilled workers were employed than in those where the work force consisted of unskilled workers. Observable also are big geographical variations: the percentage of Party members in the working class was very high -- 19 per cent, in Leningrad, as against only 9 percent in Moscow and much lower percentages in most of the other cities.

These figures show why the campaigns aimed at ensuring that 50 percent of the Party's membership was made up of actual workers did not succeed. Two reasons were of major importance here. First, the speed with which the number of "office workers" who were members of the Party increased: there were more "office workers" than "workers" in the Party, though the total number of office workers in the population, which was 3.5 million in 1926-1927, was smaller than the number of manual workers (4.6 million). Second, the fact that, despite the efforts made by the Party organizers, most workers hesitated to join the Party. From this resulted the development of practices, condemned by the Party leadership, such as "collective adhesions" -- which were followed, moreover, in the months succeeding the campaigns that produced these "adhesions," by a considerable number of the new members dropping out.^[25]

The unwillingness of many workers to join the Party seems to have been due mainly to the fact that the bulk of the workers who had entered industry only recently, and had no tradition of organization, did not feel ready to take on the responsibilities of Party membership. In particular, they were

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not inclined to add to their production tasks those tasks incumbent on Party activists,^[26] which they were often called upon to do. We know that in this period such a combination of tasks frequently amounted to a heavy burden which told seriously upon the health of many activists, who suffered from tuberculosis, anemia, or nervous disorders.^[27]

The workers' reluctance to respond more positively to the recruitment campaigns was due, also, to yet another factor, especially during the second half of the NEP period. It frequently arose from the fact that the members of the Party's basic organizations were assigned mainly executive tasks, and played only a very minor role in the forming of decisions, not only as regards general problems but even where local affairs were concerned.

The results of an investigation made in 1928 showed that one of the reasons often mentioned by workers to explain their failure to join the Party was that they had the impression that its basic organizations -- the ones about which, as workers, they had first-hand knowledge -- were incapable of combating the defects in economic work and in the work of the soviets and other organs, or of defending the immediate interests of the workers. On the last point, especially, they noticed that the representatives of the Party apparatus who attended production conferences rarely supported proposals put forward by the workers: this was one aspect of the defective functioning of socialist democracy. They also noticed that relations between the local Party cadres and the workers were bad, with the workers sometimes accusing these cadres of profiting by their position to acquire various personal advantages.^[28]

Reluctance to join the Party must not be confused with hostility to it as the organ leading the dictatorship of the proletariat -- as may be seen by the positive reaction generally forthcoming from the workers to the Party's slogans, and the fact that many of them were prepared to give active support to its initiatives, even though they would not join it. Thus, only about 30 percent of worker "activists" were members of the Party,^[29] and these activists were even sometimes called "non-Party Communists."^[30]

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It is therefore necessary to distinguish between the membership of the Party and the support given to it, including active support, for this did not necessarily imply a decision to become a Party member.

(e) The Party's relations with the bourgeoisie

The proletarian character of the Bolshevik Party does not mean that it was "guaranteed" against penetration by bourgeois and petty-bourgeois elements. On the contrary, as we have seen, such penetration was inevitable. Already in 1922 Lenin had pointed out that, as "the ruling party," the Bolshevik Party was subjected to a constant threat of infiltration by bourgeois and petty-bourgeois elements.^[31] If such infiltration developed, it would affect the Party's relations with the masses, its practices, its political line, and its ideology. It might even result in the Party losing its proletarian character and becoming a bourgeois Party -- changing, in fact, into its opposite.^[32]

The Party was thus the battlefield of a struggle between the proletariat and the bourgeoisie, of a struggle in which *what was at stake was the class character of the Party and the government.*

The presence in the Party of the bourgeoisie or its representatives assumed a variety of forms, corresponding to the defense of interests which were to some extent contradictory. Thus, during the NEP period, the interests of the kulaks and the Nepmen -- that is, of the private bourgeoisie -- found more or less conscious defenders in the Party, for defense of these interests could be presented as defense of a political line favorable to "faster" development of production, especially agricultural production. But defense of the interests of the bourgeoisie might also show another face. It might take the form of struggle to "strengthen" the state sector and for "sound management" of this sector. This was the reason given for demanding that greater power be granted to the experts and technicians and also to the heads of state enterprise, with

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subordination of the immediate producers to the orders of the specialists, and so on. This form of struggle tended objectively toward the constituting and strengthening of a state bourgeoisie

who had the means of production at their sovereign disposal, and decided what use was to be made of the accumulation fund. This form of struggle was developing already in the NEP period, but it was with the 1930s -- when the private bourgeoisie had been practically eliminated -- that it acquired decisive importance.

II. The broadening of the mass basis of the trade unions and the acquisition of independence by the trade-union apparatuses

Unlike the Party, which organized the vanguard of the proletariat, the trade unions were mass organizations, and so their membership was much larger. During 1926 the Soviet trade unions had some 9,300,000 members, and in mid-1928 more than 11,000,000 which meant about 80 percent of all wage earners.^[33]

The trade unions were organized in accordance with branches of activity. They could recruit not only the *workers* in a given branch, but also the *technical personnel* and the office workers. About one-third of the trade-union members were nonmanual workers.^[34] It was not compulsory to join a union, and those members who did not pay their dues regularly were expelled. The high proportion of trade-union membership testifies to the workers' attachment to this form of organization. Nevertheless, being a member of a union did bring various material advantages (because the unions were in charge of certain social services, and because they tended to give priority to the defense of their members' interests) so that it would be wrong to see the high level of unionization as a sign of mass approval by the workers for all aspects of the activity of their trade unions.

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However, direct influence by the rank and file on trade union activity was relatively limited, for the trade-union cadres formed an apparatus the composition of which was not directly controlled by the mass of the workers. The practice of appointment from above to responsible posts prevailed. It led to the consolidation of a body of trade-union officials who often had been remote from manual work for a long time.^[35] This was an aspect of the process whereby the instruments of the dictatorship of the proletariat acquired independence -- a process which had begun before the coming of the NEP.^[36]

The role played by the trade unions was twofold. On the one hand, they defended the immediate interests of the workers. On the other, they were an agency of proletarian education: they helped to bring the ideas of socialism into the working class and to support the policy of the Bolshevik Party. This dual role, defined by the Party at the close of the "trade-union discussion" in the winter of 1920-1921,^[37] was regularly reaffirmed by the Party and by the unions. However, emphasis was placed differently at different times upon one or the other of these roles, and their concrete significance might vary.

In general, it can be said that during the first phase of the NEP, emphasis was fairly widely placed on the unions' role as defenders of the workers' immediate interests, especially when the collective labor agreements were being concluded each year. From 1925-1926 on, when the drive for industrialization was developing, emphasis fell more and more upon the educative role of the trade unions -- and this was interpreted as meaning, above all, that they must *give direct backing to increasing production and fulfilling the economic plan*.

The reduced emphasis on the unions' role as defenders of the workers' immediate interests corresponded to explicit political orientations, which were expressed first by the VSNKh and its

press (especially the TPG) and then supported more and more by the Party and the Komsomol, in connection with the demands of rapid growth of industrial production. The gradual transition to centralized fixing of wages and work norms also restricted the field in which the unions could

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operate directly at enterprise level. Along with this there was a fall in the number of workers involved in disputes between unions and managements -- from 3,212,300 in 1925-1926 to 2,463,000 in 1926-1927 and 1,874,300 in 1927-1928.^[38] The relative fall was, of course, much greater, since the number of wage earners increased rapidly during those years. It was clearly connected with a less demanding attitude on the part of the unions, for those years saw frequent increases in work norms, which provoked demonstrations of discontent on the part of the rank and file of the workers. Disputes between unions and managements were settled by the mediation of a number of organs: the chief of these organs, the commission for settling disputes, RKK, dealt in 1928 with 84.9 percent of the disputes arising. If they were not settled at this level, disputes were referred to a conciliation board, and then, if need be, to an arbitration tribunal. These organs were responsible in 1928 for settling 20 percent and 80 percent, respectively, of the disputes not settled at the lower level.^[39]

After 1926 the number of strikes (or, at least, of officially recognized strikes) declined markedly. At the Eighth Congress of the Trade Unions (December 1928) it was mentioned that in 1926, 43,200 workers had participated in strikes (32,900 of these being in state-owned enterprises). The number had fallen in 1927 to 25,400 (of whom 20,000 were in state-owned enterprises) and to 9,700 (of whom 8,900 were in state-owned enterprises) during the first half of 1928. Only about 2 percent of these strikes had taken place with the agreement of the unions ^[40] -- the rest broke out "spontaneously" and without union approval. In January 1927 a secret directive from the chairman of the Central Committee of the Woodworkers' Union specified that "the strike must be sanctioned beforehand by the Central Committee of the Trade Union, without which the calling of a strike is categorically forbidden."^[41] This circular noted that "the most important task of the trade union organs is to take preparatory measures in time in order to prevent a strike movement in state enterprises."

Strikes did not disappear altogether, but they became ex-

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ceptional, and were hardly mentioned anymore in the newspapers. Generally speaking, the trade unions succeeded in conforming to the task indicated in the circular quoted above. They were helped in this by the enthusiasm for production which, at the start of the Five-Year Plan, took possession of a large section of the working class; but also by the repression applied to persons responsible for forbidden strikes. When there were serious reasons for discontent, this expressed itself in either "unofficial strikes" (rarely) or "go-slows" or increased absenteeism (more often).

However, the trade-union leadership which was in office during most of the NEP period, and which was headed by Tomsky, put up a certain amount of resistance to the demand presented to it by the leaders of industry, to play a more active role in raising the productivity of labor and combating absenteeism, together with various forms of indiscipline.^[42]

Eventually this resistance was denounced by the Party. On April 23, 1929, the CC accused Tomsky (together with the two other leaders of the "Right" in the Party) of cherishing "trade-unionist" tendencies consisting of giving priority to promotion of the workers' immediate demands over the tasks of economic construction.^[43] A little more than a month-later, on May 29, 1929, the Central Trades Union Council relieved Tomsky of his post as chairman and

appointed Shvernik secretary of the trade unions.^[44] Thereafter, it was officially declared that the primary task of the unions was to fight for fulfillment of the targets of industrialization.^[45]

Thus, the former trade-union leadership's refusal to accept the demands imposed upon the workers by the policy of rapid industrialization led to great changes in the makeup of the trade-union apparatus. These changes were carried out "from above," without consultation with the rank and file. This method brought serious contradictions with it. Nevertheless, for the moment, it entailed no obvious negative consequences, for, as a whole, the workers were convinced that rapid industrialization was needed, in order to put an end as soon as possible to unemployment, to provide a firm foundation for

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socialism, and to improve the standard of living. Many of them were therefore ready to let the leadership of the trade unions be taken over by the supporters of a productionist line.

III. The working class and the activity of the soviets

One of the slogans of the October Revolution had been: "All power to the soviets!" In a formal sense, this slogan was realized during the October days; but very soon, with the coming of the civil war, this became true, in the main, for the central soviet organs only, whereas the activity of the local ones was greatly reduced. At the end of the civil war, at the moment when the Kronstadt rebels took as their slogans, "Soviets without Communists!" and then at the very beginning of the NEP, the activity of the Soviet organs was essentially concentrated in the leading organs of the soviets of the republics.^[46]

The conditions under which the soviets were operating at the end of the NEP resulted from the efforts made to "revitalize" them,^[47] starting from the situation just described, and from the obstacles encountered by these efforts. The successes obtained were uneven, being more definite in the case of the soviets at the top of the pyramid than in that of the soviets at the bottom, the ones which, in principle, should have been most directly linked with the masses.

It is necessary, indeed, to recall that the organization of Soviet power was pyramidal in structure. At the base of the pyramid were the local soviets. The deputies to these local soviets were chosen by direct vote of the majority of the electors in each constituency. The voters were presented with lists drawn up by the Party after consultation (in principle) with meetings of non-Party people. These lists did not consist of only Party members: the policy of "revitalizing" the soviets even called for a broad appeal to candidates who were not members of the Party. The deputies elected to the local

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soviets then elected deputies to the higher-level soviets (those of subdistricts, districts, and so on, up to the soviets of each republic and of the USSR as a whole, this last having some 2,000 members).

Most power was held by the soviet of the USSR. In the NEP period, this soviet met twice yearly. Between these meetings, its executive committee (the VTsIK) met three or four times. "Permanent" power, however, was vested in the Presidium of the VTsIK. The soviets of the republics, regions, districts, and subdistricts worked in more or less the same way as that of the USSR. The powers of these soviets were smaller, but they, too, were concentrated in the hands of executive committees, or rather, in those of the presidiums of these executive committees.

In practice these soviets were assemblies to which their executive committees and the governments (where the soviets of the USSR and of the Union Republics were concerned) reported on their activities, receiving the comments and criticisms of the deputies.

In 1929 members of working-class origin did not quite constitute the majority in the VTsIK of the USSR,^[48] but they did in the VTsIK of the RSFSR (52 percent) and in the urban soviets (53.4 percent).^[49] However, we must distinguish between those who were merely of working-class origin and those who were still actually workers. When this distinction is made, we find that the proportion represented by those who were actually workers was markedly less. Thus, an inquiry made in 1928 into a sample of urban soviets in the RSFSR showed that, while 47 percent of the deputies were workers by social origin, only 37.9 percent were still working in production.^[50]

In principle, the most direct action affecting everyday conditions of existence (outside workplaces, at any rate) was exercisable by the basic soviets -- where the working class was concerned, by the urban soviets.

In fact, already at the end of the NEP period, and despite the decisions taken from July 1926 on,^[51] these urban soviets did not always even exist. It was only on February 8, 1928, that

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a decree of the VTsIK of the Soviet Union called upon the Executive Committees of the republics to establish soviets in all towns of 100,000 inhabitants and upward, and to endow them with real powers, together with a minimum of financial resources.^[52] In spite of this decree, relations between the urban soviets and the soviets of the subdistricts and districts continued to be strained, because the latter kept up their tutelage over the former. The urban soviets were not allowed to elect executive committees: they had only a presidium, whose activity was subject to supervision by the Executive Committee of the next-higher soviet.

Despite the obstacles put in the way of their development by the higher level administrations, whenever urban soviets came into being they showed remarkable vitality and gave opportunities to tens of thousands of workers to take part in the management of local affairs.^[53] Yet, regardless of the decisions of principle taken by the Party, these urban soviets remained very poor in material and financial resources.

This situation is instructive, for it shows what a struggle was waged by the members of the higher apparatuses to keep hold of as much power and authority as possible, a struggle that caused them frequently to obstruct orientations given out by the central bodies of the Bolshevik Party. One of the matters at stake in this struggle was the control to be exercised over day-to-day conditions of existence *either* by deputies who largely came directly from the working class and still lived in the midst of that class, *or* by a body of functionaries who, although generally members of the Party^[54] had become administrators, separated from production and tending to form an independent group that escaped from direct control by the working masses.

The outcome of this struggle, which was one of the aspects of the struggle for Soviet democracy, was not determined merely by the "decisions" of principle taken by the leading organs of the Party regarding the "division of competences" between the different organs which together made up the structure of soviet power. The struggle was decided by the

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overall process of the class struggles. It was decided, in the last analysis, by the expansion or the decline of the role played by the direct producers in the production units themselves. It was overdetermined by the Party's general political line, and in particular by the place that this line

accorded to rank-and file initiative or to centralized decision-making. And, toward the end of the NEP period, the turn that had been made toward giving priority to modern large-scale industry, and to maximum accumulation, created conditions that were less and less favorable to strengthening the role of the basic soviets. The problem of the forms of participation by the working class in the soviets cannot therefore, in the end, be considered in isolation from the struggles that went on within the Bolshevik Party, struggles through which the Party's political line be came defined and transformed.

Notes

1. The question of the peasantry's relations with the Party will be touched on only briefly here, since it has been examined earlier (see above, pp. 163 ff.). [p. 331]
2. T. H. Rigby, *Communist Party Membership*, p. 53. These are round figures. The source quoted by Rigby is *Partiinaya Zhizn*, no. 19 (October 1967), pp. 8-10. Generally speaking, these figures are based on reports sent up from the basic units. They are usually a little higher than those obtained from the censuses of Party membership which were carried out from time to time. There were other official estimates, but the differences are not, as a rule, very large (see *ibid.* p. 54). [p. 332]
3. There were two of these, in 1924 and in 1925. [p. 332]
4. Rigby, *Communist Party Membership*, p. 52. All these figures embrace both full members and "candidates," who had to undergo a period of probation. [p. 332]
5. Lenin, *CW*, vol. 33, p. 229. [Transcriber's Note: The correct reference is p. 299. See Lenin's *Eleventh Congress of the R.C.P.(B.)*. -- DJR] [p. 332]
6. *Ibid.*, vol. 33, p. 256. [Transcriber's Note: See Lenin's "[Conditions for Admitting New Members to the Party](#)". -- DJR] [p. 333]
7. *Ibid.*, vol. 33, p. 257. [p. 333]
8. *Ibid.*, vol. 33, p. 258. [p. 333]
9. *K.P.S.S. v rezolyutsiyakh*, vol. 2, p. 81. [p. 334]

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10. Molotov's report and the CC's decision at the end of 1926 (*Izvestiya Ts.K.*, nos. 47-48 [December 2, 1926], quoted in Rigby, *Communist Party Membership*, p. 165), and the resolution of October 19, 1927, "on the regulation of the growth of the Party in connexion with the Party census" *Izvestiya Ts.K.*, no. 39 [October 22, 1927]; and Carr and Davies, *Foundations*, vol. II, p. 110). [p. 334]
11. *K.P.S.S. v rezolyutsiyakh*, vol. 2, pp. 545-547. [p. 334]
12. In August 1925 a circular signed by Molotov, as secretary of the CC, noted that the inadequacy of the definitions used made it impossible to regulate the social composition of the Party. This circular laid down the principles that were thereafter to be observed in social classification. It brought some clarity into the statistics, but allowed a degree of vagueness still to prevail, especially as regards the checking of statements made by applicants for membership. The circular distinguished between "workers," mainly employed as wage earners performing manual labor in production, transport, and agriculture: "peasants," working independently or in a family or collective enterprise in the sphere of agriculture (or stockbreeding, fishing, etc.); and "office workers," working in the apparatuses of administration, the economy, cultural activity, etc. The classification included a heading "others," to cover students, individual craftsmen, etc. (*Izvestiya Ts.K.*, no. 34 [September 7, 1925], summarized in Rigby, *Communist Party Membership*, pp. 159-160). [p. 334]
13. Figures calculated from the total membership and the percent ages of class

- composition, according to Rigby, *Communist Party Membership*, pp. 52, 116. [p. 334]
14. Ibid., p. 162. It will be noted that the current figures based on reports from basic units showed a higher percentage of workers (and of peasants) than the census, which was regarded as more precise. According to the current figures, the proportion of members who were workers in industry and transport was 36.8 percent -- 22.6 percent more than was shown in the census. [p. 335]
 15. See volume I of the present work, pp. 307 ff. and 408 ff. [p. 335]
 16. The practice of *nomination*, and no longer of *election* (which often continued in a purely "theoretical" way) to very important positions in the Party and the administration came in gradually. It may be regarded as having become consolidated by 1926, when it was in the hands of one of the Party's administrative organs, the *Orgraspred* -- in principle under the supervision of

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- the CC, but in practice controlled by the Secretariat. The *Orgraspred* was the organ which in 1924 replaced the *Uchraspred*. A list of posts which were to be filled only by the *Orgraspred*, or with its consent, was drawn up: this was what was called the *nomenklatura*. (The files on Party members who were eligible to fill posts listed in the *nomenklatura* were held by the *Orgraspred*, and the list of these persons is also sometimes referred to as the *nomenklatura*.) Included were posts which in theory were supposed to be filled by election (see Carr, *Socialism*, vol. 2, pp. 203-212, and Carr and Davies, *Foundations*, vol. 2, p. 122). [p. 335]
17. See above, p. 333. The Quotation from Lenin, *CW*, vol. 33, p. 256. [Transcriber's Note: See Lenin's "[Conditions for Admitting New Members to the Party](#)". -- DJR] [p. 336]
 18. Stalin, *Works*, vol. 10, pp. 338-339. [Transcriber's Note: See Stalin's "[The Fifteenth Congress of the C.P.S.U.\(B.\)](#)". -- DJR] [p. 336]
 19. Rigby, *Communist Party Membership*, p. 116. [p. 337]
 20. See above, pp. 217-234. [p. 338]
 21. Stalin, *Works*, vol. 7, pp. 353-354. [Transcriber's Note: See Stalin's "[The Fourteenth Congress of the C.P.S.U.\(B.\)](#)". -- DJR] [p. 338]
 22. Rigby, *Communist Party Membership*, pp. 52, 163 (census figures). [p. 338]
 23. Carr and Davies, *Foundations*, vol. 2, p. 108, quoting *Sotsialny i Natsionalny Sostav VKP(b)* (1928), p. 51. [p. 339]
 24. In 1927, only 10.5 percent of Party members were women (Carr and Davies, *Foundations*, vol. 2, p. 103). [p. 339]
 25. Ibid. p. 114, n. 1. [p. 339]
 26. The Party activists ran the Party cells, held meetings for discussion and explanation, and took on responsibilities in the commissions of the soviets (in the cooperative and cultural organizations), and so on -- all of which might add up to a considerable number of hours over and above their day's work in the factory. The activists were not Party "functionaries" but continued to get their living by working in production. As a rule, those workers who became Party functionaries, or who were appointed to posts of administrative responsibility, were recruited from among the activists. [p. 340]
 27. Rigby, *Communist Party Membership*, pp. 117-118. [p. 340]
 28. See *Izvestiya Ts.K.*, October 31, 1928, pp. 2-3, quoted in Carr and Davies, *Foundations*, vol. 2, pp. 112-113. [p. 340]
 29. Rigby, *Communist Party Membership*, p. 166. [p. 340]
 30. Carr and Davies, *Foundations*, vol. 2, p. 128, quoting *Pravda*, February 20, 1927. [p. 340]
 31. See above, p. 333. [p. 341]

32. See volume I of the present book, pp. 296 ff. [p. 341]
 33. *VII-oy Syezd Professionalnykh Soyuzov SSSR* (1929), p. 57. [p. 342]

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34. Ibid., p. 77. [p. 342]
 35. Carr and Davies, *Foundations*, vol. 1, pt. 2, 547. [p. 343]
 36. See volume I of the present work, pp. 408 ff. [p. 343]
 37. See volume I of this work, pp. 289 ff. [p. 343]
 38. Carr and Davies, *Foundations*, vol. 1, pt. 2, p. 563. [p. 344]
 39. Ibid., p. 565. [p. 344]
 40. *Professionalnye Soyuzы SSSR, 1926-1928: Otchet k VIII Syezdu* (1928), pp. 358-360. [p. 344]
 41. Fainsod, *Smolensk*, p. 318. [p. 344]
 42. See, for example, *Torgovo-Promyshlennaya Gazeta*, September 7 and 12, 1928, quoted in Carr and Davies, *Foundations*, vol. 1, pt. 2, p. 554. [p. 345]
 43. *K.P.S.S. v rezolyutsiyakh*, vol. 2, pp. 429-447. [p. 345]
 44. On these questions see also p. 236 above and pp.453 ff. below. [p. 345]
 45. *Trud*, June 2, 1929; and Carr and Davies, *Foundations*, vol. 1, pt. 2, pp. 562-563. [p. 345]
 46. See volume I of the present work, pp. 255 ff., 294 ff., 333 ff., and 447 ff. [p. 346]
 47. The slogan of "revitalizing" the soviets applied mainly to the local soviets, whose activity had in many cases become purely formal. The slogan was put forward insistently from October 1924 on. After being featured by *Pravda* on October 11th, it was the subject of decisions by the TsIK of the RSFSR in the form of decrees, corresponding decrees being issued in the other republics of the Soviet Union. The CC meeting of October 25, 1924, treated the question as one of great importance, focusing its attention upon the problems of the rural areas (see *KPSS*, vol. 1, pp. 906 ff.). The same problems were the subject of discussions and decisions in January and April 1925. In July 1926 the Party put the emphasis on reactivating the urban soviets. The question was taken up again in January, April, and July 1927, and then again in February 1928 and January 1929 (Carr and Davies, *Foundations*, vol. 2, pp. 264-266). The need to keep coming back to the question of reactivating the soviets, and the discussions to which this question gave rise, show the strength of the resistance encountered by any attempt on the part of the local soviets to take effective charge of the matters that concerned them (see above, pp. 167 ff). [p. 346]
 48. Their percentage was 46.5, as against 20.8 percent for members of peasant origin and 32.7 percent for the "other" social categories, which meant mostly "office workers" (*Bolshaya Sovyetskaya Entsiklopediya*, 1st ed., vol. 11, p. 542). [p. 347]

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49. Ibid., p. 542. [p. 347]
 50. *Izvestiya*, May 23, 1928, quoted in Carr and Davies, *Foundations*, vol. 2, p. 264, n. 2. [p. 347]
 51. See above, p. 352, n. 2. [p. 347]
 52. *Sobranie Zakonov*, no. 10 (1928), arts. 86, 87. [p. 348]
 53. Carr and Davies, *Foundations*, vol. 2, pp. 268 ff., especially p. 269, n. 1. [p. 348]
 54. In general, in 1929 at least 70 percent of members of Executive Committees were Party members. The percentage of Party members in the urban soviets in the same year was 46.1 percent (*Bolshaya Sovyetskaya Entsiklopediya*, 1st ed., vol. 11, p. 542). [p. 348]

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