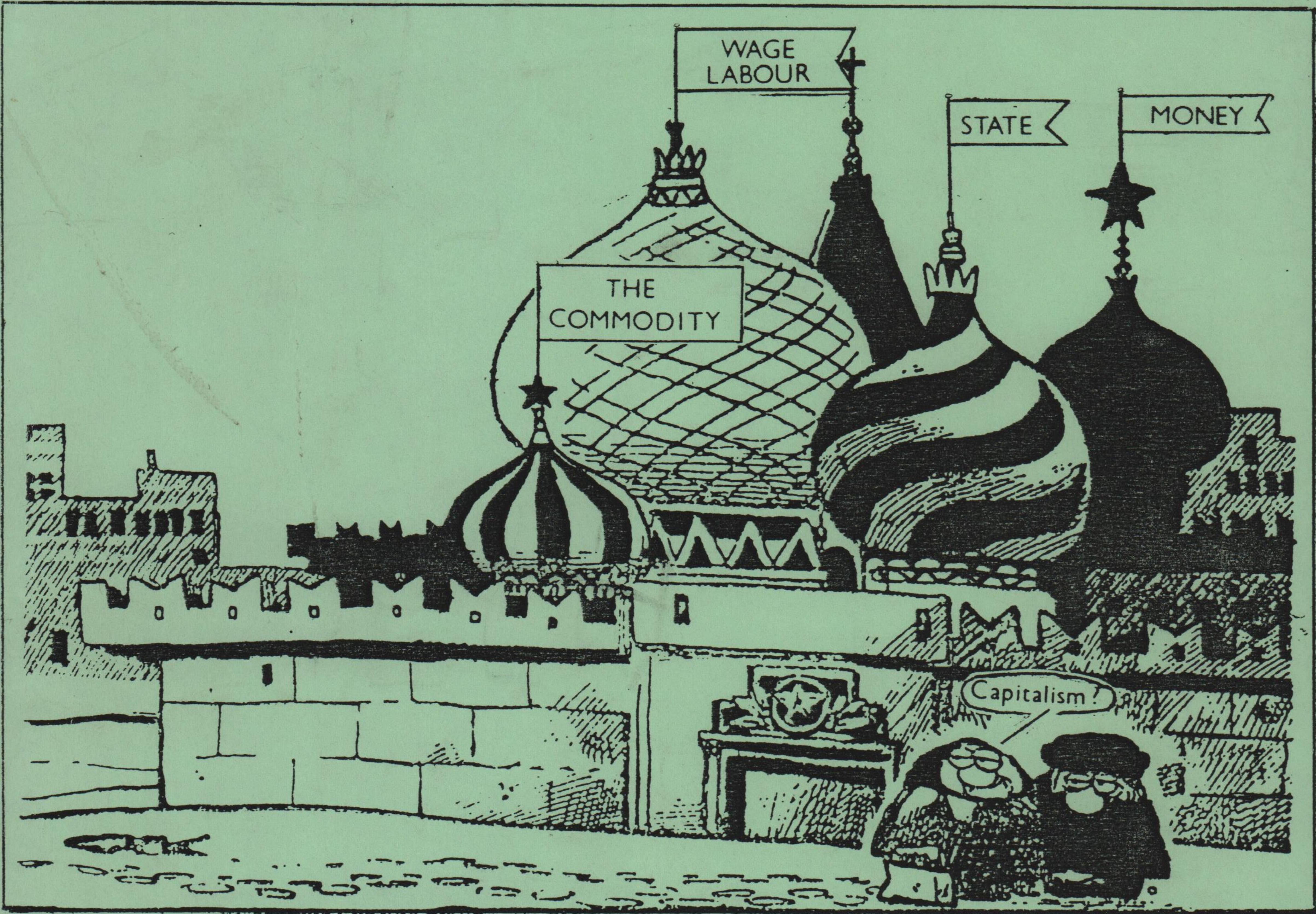


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SUBVERSION

DISCUSSION PAPER No1



Capitalism and class struggle in the USSR

25p

PREFACE

This short pamphlet forms the introduction to a series we are publishing in preparation for a conference in the spring of 1989. The main theme of the conference will be:-

"The Importance of the Market and Bureaucracy for Capitalism and its Enemies"

Each pamphlet will look at a particular country (viz. the USSR, Japan and Britain) to examine in detail the way in which market mechanisms and bureaucratic control interact with each other and relate to the development of the economy and the class struggle.

As well as contributing something to our understanding of the specific nature of capitalism in the countries considered, we hope to draw out some underlying common factors that will assist us in the struggle against world capitalism.

This pamphlet was written to help us understand the background to the rapid changes underway in the USSR. A further pamphlet by the same author will deal with the changing forms of working class struggle in Russia and the USSR since 1917. Examples of what will be covered include: the struggle against labour discipline in the 1930s; the post-war concentration camp revolts; the workers' insurrection in Novocherkassk in 1962; and the long history of strikes and riots which have afflicted every 'Soviet' leader from Lenin to Gorbachev. Attention will also be given to the non-explosive forms of struggle, the daily sabotage, absenteeism and go-slows at which the 'Soviet' working class are self-taught pastmasters.

Under Gorbachev political liberalisation and economic restructuring are leading to more 'modern' ways of disciplining and 'integrating' the working class. We are seeing not only the growth of religious, anti-semitic, national and democratic movements, but also, on our side of the class divide, a tendency for working class struggle to develop in new directions.

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For most of this century "revolution" in the West has usually been equated with the promise or danger of a move towards the social forms that predominate in the USSR, such as State ownership and the politicisation of much of civil society. Recently, in the late 1980s "the Gorbachev revolution" has become a common description of the present Soviet effort to bring the USSR's polity, economy and civil society into line with Western Europe, for example by publicising the State policies recommended by different political tendencies, by prioritising cash-based competition and by encouraging cultural pluralism. In other words, "revolution" in the USSR is painted as being equivalent to at least a partial Westernisation. So it is not surprising that the assertion that East and West are part of one world capitalist society leads directly to theoretical positions which conflict with a large number of generally accepted ideas.

A society divided into two parts, A and B, where all the governments and publicisable oppositions on both sides paint A and B as being mutual revolutionary opposites, is by its very nature totalitarian, because the totality of possibilities is presented as a subset of what already exists. But this and other ramifications of my analysis will not be discussed below. By defining capitalism in what I hope will seem a sensible fashion I shall simply demonstrate that it necessarily follows that the USSR is part of capitalist society. I shall conclude by outlining how such a perspective can shed light not only on the differences between the USSR and the West, but also on the major problems presently being faced by their respective rulers.

CAPITALISM

Commodity exchange

Wherever capitalism prevails, all wealth presents itself as an immense collection of commodities.

Commodities are objects which are bought, sold and compared with each other in quantitative terms. Purchase and sale presuppose not only private property, which itself rests on privative appropriation and the absence of concrete community, but also exchange, which is the foundation of economy. Economy corresponds to the measurement and organisation of human activity according to the quantitative interrelation of objects, i.e. by means of a very real abstraction.

The worth (or use-value) of an object is inseparable from its physical properties, the effort needed to produce it, and the needs and desires of specific human beings, and therefore cannot be quantitatively compared with other use-values. When objects become commodities, however, they confront each other in terms of their value in exchange, which is an abstraction from their use-values and can only refer to what they have in common, which is that they are products of human labour. Not concrete labour, which exists in various kinds which differ qualitatively from each other; just labour itself, labour time. The social character of labour therefore seems like an abstract characteristic stamped on products when they are exchanged among owners.

Wage-labour and proletariat

Commodities predated capitalism. So far I have said nothing about commodity exchange that does not equally apply to bygone societies based on barter, or where commodity production was limited to craft workshops or the luxury goods sector. According to my definition, capitalism was established whenever commodity logic crossed its final historical barrier by taking over production. Things are not only sold, they are produced to be sold, for a profit.

The development of capitalist production implied the spread of monetary economy, which was a means for the quantification and reinvestment of profits. And it relied on the expansion of a class of men and women who own no productive assets apart from their creative capacity (their ability to work). Most of them are consequently forced to sell this capacity, market conditions permitting, in order to be able to buy back the conditions of their own survival. The ability to create, produce and enjoy productive adventure is crushed and smashed into an abstract common denominator by being sold in return for survival.

The flip-side of this is that experience is confined to an environment which itself is produced by alienated labour. So it is clear that alienated labour does not only define what happens within the workplace; it is the basis of a society where there are separations between specific productive activities, and between such activities and the rest of life, and where a class exists for whom life itself appears only as a means for survival. The end of this alienation, this absolute qualitative dispossession, would be the beginning of a world where enjoyment of the environment would no longer be separate from its conscious and pleasurable production and transformation, where the pleasure of one is inseparable from the pleasure of all. Without such a perspective, it is difficult to come to grips with the defining characteristics of capitalism, because the totalitarianism referred to above begins to take its toll in the mind of the unwary theoretician. This is the meaning of Marx's remark that "Criticism is not a passion of the head, but the head of passion."

The value cycle

Since all commodities are consumed or destroyed at the end of their cycle, we must look for the place where exchange-value is created if we wish to find the key to the society's functioning. This can only be where labour is expended and exploited, where representations of exchange-value (cash, credit, bureaucratic privilege, etc.) are invested and where additional (surplus) value is accrued. The protagonist of this saga of exploitation, sale and reinvestment is exchange-value in motion, which is how we define the fundamental category of capitalist society, capital.

We need not spend too much time explaining who dominates this cycle of value. It is not the "Glorious Hard-Working Proletariat". Commodities are owned by their purchasers, and labour-power is no exception. Those who exploit labour-power, whose interests lie in the augmentation of surplus-value, are the men and women who personify capital, regardless of the way they reach and retain their social positions (through bureaucratic connections, family inheritance, clever dealing, entrepreneurial flair, impersonation or by any other means).

Money

Capitalism is not just a system of production, but a cycle dependent on a social relation. Exchange-value doesn't only appear in the form of objects;

in order to be accumulable and investible, it also appears as money. Those who portray the USSR as non-capitalist would tell us that, since its managers and party officials cannot buy and sell enterprises and their products completely at will on the free market, cash doesn't play the same role as it does in the West. This is true, but what is forgotten is that cash is not the only form of money. After all, what is cash but that which can buy commodities? Dollar bills and rouble notes are simply vouchers giving permission to buy. They are a form of exchange-value whose currency depends on the extent of market freedom, which itself depends on the problems, composition, stability and international relations of each particular group of national rulers. The main point is that other forms of permission can and do fulfil the same role as cash.³

It is well known that bureaucratic privilege and connections (blat) in the USSR are central to the distribution of everything from industrial goods to shoes and cucumbers. Like cash, one's privilege and blat depend on one's position in the exchange economy. After all, two "tolkachi" cannot both buy a given batch of goods - the manager or party official in charge of the workers who produce the required batch (or the warehouse where it is stored) will want something in return for having it delivered to one tolkach and not another. The highest bidder will win.⁴

In the USSR bureaucratic competition and wrangling within the exchange economy is in no way restricted to the black or grey economy. No bureaucrat achieves position without cultivating contacts and performing favours for services rendered, without investing so as to be able to gain a return, or without fulfilling conditions such as membership of a well-connected family. Whether these exchange relations are legal, para-legal or illegal is irrelevant to our argument.

The old arguments over which economic indicators to use to measure economic performance in the USSR (parallel to the differences among Western economists over the relative importance of exchange-rates, inflation, government borrowing, and investment in research and training) are really about relating capital ownership (in Soviet terms, bureaucratic and managerial position) to optimal profitability, rather than allowing the telephone and patronage network to take on a logic of its own. "The circuit of capital proceeds normally only as long as its various phases pass into each other without delay."

The USSR: capitalist dictatorship and historical specificity

There is nothing in our definition of generalised commodity economy to imply that it depends on the formal bourgeois free market, nor on the inalienable and inheritable juridical right to private property. On the contrary, it depends on wage-labour and exchange. Only those duped by Soviet propaganda, or obsessed with legal formalities and non-essential details - such as the existence of a free market, or the generalised right of inheritance - could deny the existence of commodity economy in the USSR. And only deliberate falsifiers could deny the continued existence of wage-labour and the presence of proletarians ruled by those who personify the logic of the system that dispossesses them. In short, just as it is unwise to judge individuals by the opinion they have of themselves, so it is wrong to judge a class of rulers by the language of the laws it uses to justify its rule.⁵

The main historical specificity of the USSR is that the weakness of the private bourgeoisie at the beginning of the century, combined with capital's overriding need to destroy the working class revolution (in Russia and the Ukraine) ensured that capitalism was run not by individual bourgeois owners but by a party dictatorship which controlled "the bourgeois State minus the bourgeoisie" (as Lenin frankly admitted) from the moment of its coup d'etat in October 1917. Under Tsarism the State had played a major role in the

development of industrial capital; under the Bolsheviks this role was increased as foreign capital was nationalised and modern forms of economic discipline were introduced.⁶

The "East-West" continuum

A cursory glance at the ruling ideas in the USSR and the West will show us that, whereas the ideology of individual rights corresponds to bourgeois rule under an "ideal" free-market system, the ideology of indivisible collectivity corresponds to bureaucratic rule under an "ideal" State-run system. In practice, though, each national ruling class relies on a combination of both of these ideologies, and complex capitalist needs have their reflection in the relative extent to which individualism (human rights, market freedom, democracy, broader share ownership) and collectivism (Statist and para-Statist populism, "public" provision, plebiscites and parades) are encouraged within the framework of daily life. Furthermore, there are of course many "hybrid" forms of identity which bridge the gap between individualism and collectivism.

As in the realm of ideas, so it is in the economic sphere. There are several "Eastern" countries where State firms are extremely dependent on the free market, such as in Yugoslavia and China. Everywhere, the varying importance of cash in the money economy seems to be related to the modes of organisation and reproduction of the ruling classes, and it is clear that this observation can facilitate our understanding of the Gorbachev reforms. Secondly, considering such examples as Italy, Hungary, Japan and South Africa, as well as the "third world" countries, the position of each country on the bourgeois-bureaucratic scale seems also to be proportional to the size of each State's share of its national capital.

Nevertheless, whilst the planet should not be seen as divided into two absolutely distinct brands of capitalism, we should reach a better understanding of the whole if we concentrate our attentions on regions at either end of the scale.

CAPITAL'S THREE PROBLEMS, EAST AND WEST

Capitalism everywhere knows two primary laws: a "law of value" and a "law of command". The law of value is manifested by the need to maintain efficiency and competitiveness by encouraging investment in modern sectors and the sprucing up of lagging sectors, thus equalising profit-rates across the whole economy. In other words, this "law" tends to pull prices into rough correspondence with production costs. The law of command is the term I shall use to denote the need of specific ruling strata to keep a grip on political power, to maintain structure and order in the economy, to mobilise a non-revolutionary working class, and (whenever the free market mechanism proves inappropriate) to channel investment where the logic of capital has the most need for it.

According to our definition, however, capital is only one pole of capitalist society. The other pole is the dispossessed class. The individuals in this class, who are not all workers, do not only share the absolute qualitative dispossession of which I spoke above. They also share daily resistance to the imperatives of the society that dispossesses them, regardless of the extent to which they themselves reinforce it in acts and ideas. It is the absolute nature of their dispossession, combined with the worldwide social inter-connectedness developed by capitalism, that provides them with the potential

to abolish alienation. Capital's most basic problem is not the operation of either of the two "laws", but the strength of the dispossessed. However well a regime has coped with the two "laws", manet sors tertia caedi. The third evil remains.

Objective laws can cause crises of regimes, management, organisation and structure, but a crisis endangering the existence of capital itself can only arise from the struggle of the class on whose dispossession it depends.

This is not to say that the interplay of the two "laws" outlined above does not depend on specific capitalist needs and structures as well as on the strength and type of working class resistance. For example, Stalin's "dash for growth", which prioritised capital's need to command over and above its need to establish a uniform profit-rate, was obviously conditioned both by the history of his party and by the history of capitalist management in the country. But, from the viewpoint of governmental and would-be governmental groups, to cope with the two "laws" is simultaneously to form a class policy for capital. Indeed one could redefine the "laws" in terms which make this explicit: capitalist rulers need not only to atomise the working class, but also to organise it.

To summarise, we can state that the universality of capital's twin needs for both generalised competition and structured order corresponds to an economic and social contradiction which afflicts capitalist society on a permanent basis and is not amenable to "hybrid" solutions. The more a regime tries to encourage economic organisational forms which comply with one of the two "laws", the more trouble it will experience with the operation of the other "law". This is in addition to the perennial problem of the existence of the dispossessed class, a class which capital cannot abolish (by definition). We shall illustrate this with two examples.

SOVIET BUREAUCRACY AND WESTERN BANKS: TWO PARALLEL CRISES

Stalinism and after

First we shall consider the USSR. Under Stalinism, not only were prices set administratively, but entire economic sectors (most notably heavy industry) were developed not on the basis of any particular accounting system or plan, but simply on the basis of a maximal mobilisation of resources. In one part of the economy slave labour replaced the labour of workers traditionally "free" to choose their bosses, and the labour market was restricted in various ways which affected almost everybody.

Most individual commodity prices did not in any way correspond to production costs plus an average rate of profit; they merely reflected bureaucratic relations among central and local officials. This was the extreme case of bureaucratic-administrative State capitalism. So did this mean that everything was produced "on command", that exchange-value production had been replaced by State despotism? Far from it! Each bureaucrat had his own capital to defend - not in the form of "inalienable" property, but in the form of partial control over particular productive forces, sometimes in the form of a formal directorship, sometimes in the form of a party secretaryship, but always mediated through Byzantine party and ministerial apparatus and always policed by the OGPU/NKVD, which itself controlled vast productive assets.

What had virtually disappeared in most of the economy was "current" money, i.e. freely equivalent cash whose owners were free to decide what to spend it on. For the organisers of the economy, money (the abstract representation of exchange value) existed predominantly in the form of specific bureaucratic grants of permission for specific projects of accumulation or distribution. Each bureaucrat used his own (usually precarious) position, his specific powers and privileges, the information he was privy to, his connections and his blat,

to try to ensure that he was given easily fulfillable targets, special deliveries of raw materials, promotion and other "returns". Competition had in no way disappeared: private property and exchange cannot simultaneously exist without it.

One result of the system of administrative targetting and police terror was the most concentrated and terroristic phase of capital accumulation the world has ever seen. Another was enormous waste, structurally built into the bureaucratic set-up. The most obvious examples were and are the dismal quality of manufactured goods, and the enormous repair sector. Bottlenecks and shortages reached unprecedented levels. This was the law of value taking its toll.

The law of value is not a "law" which can be introduced or abolished by decree. Its effects can be gauged by the chaos which results whenever individual commodity prices vary too widely from "ideal" levels which would hypothetically be set by a free market where owners equalise profit-rates by moving their money around at will. Gorbachev is the most recent of a long line of reformists in East and Central Europe (as well as in some Western countries!) who want to restrict bureaucratic waste by making competition more fluid and more cash-based.

Some aspects of the Gorbachev reforms

Not only is Gorbachev beset by the law of value, he is also beset by Problem Three, the working class. He surely knows this, and is trying to cope in ways which are more far-reaching than Andropov's police raids on cinemas and bath-houses in search of absentee workers.

It will be worthwhile to take a look at unemployment in terms of our definitions. Unemployment means competition for jobs (among the involuntarily unemployed at least), and the absence of a high demand for labour-power. In countries where the demand for labour-power is relatively low, such as Yugoslavia, Peru, Brazil and Ethiopia, the unemployed are forced to beg, scavenge, migrate or starve. Generally they do compete for jobs, thus lowering wages and breathing oxygen into the economy, for which the welfare of the dispossessed is of course a mere cost. Often they are paid money by the State on condition that they are willing to work whenever their labour-power is required, but the rise of long-term unemployment in some countries is presently creating a "dependency" which governments are set on doing away with.

In the USSR, however, things are a bit different. Most workers spend the equivalent of several days per month being relatively unemployed inside their workplaces, where they are paid the normal wage as long as they work at an increased pace in the days preceding each month's plan fulfilment. Most observers of Gorbachev's reform plan agree that it will almost certainly involve the replacement of this state of affairs with the creation of formal mass unemployment, which for 55 years has been impossible in the USSR due to the extremely rushed nature of capital accumulation under Stalinism and because bureaucratic waste has over-stimulated local bosses' demand for labour-power.

This would amount to a major change in the way of coping with the "law of command". A freer labour market would partially replace the police and the "humiliation board" as a means of industrial discipline. This will be bound to produce a large-scale reaction by the workers under threat from it, i.e. most of them.

Strikes have increased in number in the USSR ever since Krushchev put an end to the huge camp system and was forced to rush supplies to Noverchassk in the wake of the 1962 uprising.⁷ Nowadays, when individual forms of workers' resistance (such as absenteeism, sloppy work and drunkenness) are under attack as part of the rulers' assault on waste, collective forms of

resistance are likely to expand greatly, especially now that the Stalinist methods of discipline are hardly feasible for prolonged periods in this age of hi-tech and the parcellisation of industrial skills.⁸

The Western banking crisis

We have outlined above how Gorbachev's predecessors came into trouble by concentrating on the law of command and trying to ignore the law of value, and how Gorbachev hopes to cope with the resulting problems. Perspective on the USSR's place in world capitalism⁹ should be enhanced if we take a brief look at the current Western banking crisis, where attempts to ease the operation of the law of value in neglect of the law of command are leading in the direction of a major crisis.

Modern multinational banking (and other forms of financing, such as "creative accounting" within multinational corporations) is based precisely on the free circulation of money. Billions of dollars, or the equivalent in other tradeable currencies, fill the coffers of the big banks. Money which isn't being invested in its owners' forms is almost always lent to banks or governments in order to "earn a return" for both parties. The result is that money capital is increasingly taking on a logic of its own. Eurodollars are lent to "unreliable" borrowers (e.g. in Latin America), and good money is poured after bad. In the US billions of dollars are printed in order to cover huge domestic arms purchases. These in turn require high interest rates which have led to an exchange-rate still high enough to have drastic effects on the US trade balance, even despite the plummet of the dollar against the yen and the deutschmark. Western European banks are left holding billions of dollars which they proceed to pour into black holes such as Peru and Venezuela.

This process leads to permanent crisis in many of the debtor countries, and to a precarious state of affairs best illustrated by the increasing lack of faith that original debts will actually be repaid. This is the law of command taking its toll.

CONCLUSION

Capital can be defined as a cycle of snowballing exchange-value nourished by the exploitation of wage-labour. It exists alternately as a "sum" of money and as a collection of commodities. Money exists not only in the form of cash, but also in the form of various types of permission and bureaucratic clout. Attempts to directly administer commodity production on the Stalinist model have the effect of whittling down the currency (i.e. fluidity) of money, thus precluding capitalist efficiency based on optimal pricing. But whenever systemic licence is given to the free flow of money, finance tends to obey its own logic, in neglect of the concrete long-term needs of specific capitalist units.

FOOTNOTES

(1) For the sake of readability I have refrained from using inverted commas around the word 'Soviet', a word which I use solely to denote the USSR. No connection is implied with the insurgent soviets of 1905 and 1917.

(2) According to our definition, capital need not be ruled by a class; the only class that need exist is the dispossessed class. However I choose to call the Soviet ruling group a class because it has always controlled its own reproduction.

The fact that it has only become hereditary since Stalin is irrelevant to this classification. I thus disagree with the views of Mary McAuley, Politics and the Soviet Union, Penguin, 1977, pp. 314-6.

(3) For excellent accounts of the nature of value and money, see Jean Barrot and Francois Martin, Eclipse and Re-emergence of the Communist Movement, Black and Red, Detroit, 1974 and Geoffrey Kay, The Economic Theory of the Working Class, Macmillan, 1979.

(4) In the USSR a tolkach (or "pusher") is a well-paid commercial agent who works full-time arranging purchases for an enterprise. Martin Weitzman, in his book The Share Economy, Harvard, 1984, compares the high status of Soviet tolkachi (purchasers) with that of Western salesmen. He explains that in the West price is usually higher than marginal cost, but in the USSR it is usually lower. An interesting perspective on scarcity! (pp. 36-7).

(5) The astute observer cannot fail to notice the way many Western analysts (of left and right) have uncritically adopted Soviet phrases which are in fact denials of the truth. (See Note 1 for a comment on the use of the word "Soviet"). Many are those who use such terms as "Marxist-Leninism" and who believe that Marx was in favour of a "socialist State", or that he believed that there could be a "transitional society" between capitalism and communism, or that he made any distinction between socialism and communism. See the first page of Geoffrey Hosking's Introduction to his A History of the Soviet Union, Fontana, 1985, where he implies that Soviet society is the result of the application of Marx's "doctrine".

(6) See Maurice Brinton, The Bolsheviks and Workers' Control, Black and Red, 1975, and Voline (Vsevolod Eichenbaum), The Unknown Revolution, Detroit/Chicago, 1974, for accounts of the Bolshevik counterrevolution.

(7) See Hosking, op. cit., on how the crisis of the labour camp system was partly brought about by uprisings of the inmates (pp. 326-32).

(8) "When the task is simply carrying bricks from one point to another a policeman can ensure its successful completion. But no policeman can ensure that the wall of bricks is built straight, or that complex, specialised and interconnected industrial operations are carried out as they should be." (Hillel Ticktin, "Andropov: Disintegration and Discipline", in Critique 16, 1983).

(9) See Adam Buick and John Crump, State Capitalism: The Wages System Under New Management, Macmillan, 1986 for an analysis of some aspects of Soviet capitalism.