

The Red Flag Still Flies: Workers' Power in the USSR

by Albert Szymanski

I've passed out a sheet that summarizes many of the comments, so I hope everyone either has one or can look on to one. I maintain that the RCP or others who want to show that the Soviet Union is state capitalist have to prove four essential points, and those points are listed and summarized there.

The first point, and this is the essence, the *sine qua non* of capitalism, is that labor power is a commodity, and I think that most of the time Maoists have tried to prove that the Soviet Union is capitalist they haven't shown that. I don't think they've ever shown that. Usually what they show is that things like wages exist. You have to do more than that. Wages of course existed before the mid-50s; they existed in China. They have to do more than show workers are not paid the full value of their labor power. They have to do more than say that workers are motivated by material incentives. Marx made it real clear in *Critique of the Gotha Programme* that in socialism, people are rewarded according to their labor — that's a criterion of socialism, not evidence of capitalism. And Lenin, Marx, and others called it "bourgeois right" that prevailed in a socialist society; not the communist criterion of "each according to his needs."

It's got to be shown that the logic of labor markets operates;

specifically that the logic of $M - C - M'$ predominates. Labor has to be purchased in order to expand value — that's the *sine qua non* of capitalism. Not even commodity production — that's not the definition of capitalism. $M - C - M'$, the purchase of labor power in order to expand value — that's the *sine qua non* of capitalism.

Secondly, it has to be shown that a ruling class exists, a class that's defined by its relations of production, that has comparable prerogatives and comparable privileges to every other capitalist class, the capitalist classes in the West. It must be shown that it appropriates surplus value in amounts comparable to Western capitalists, and that it uses it in its own interests and in comparable ways — *against* the interests of the working class. It's not sufficient to show that someone has a two-room summer cottage, they have access to special shops or boutiques, or they've got fancier clothes, because those people in the West — doctors, lawyers, any middle class kind of person — have those privileges, and that's not proof that doctors and lawyers are part of the capitalist class. It's not sufficient to show that the children of the Central Committee or top managers almost all go to universities and end up in the intelligentsia — that's true of all doctors and lawyers in the United States, and that doesn't prove that doctors and lawyers are part of the capitalist class. The intelligentsia is 15 percent of the population. It's got to be shown that there's a close linkage, generation to generation, of top positions.

If there is a ruling class, it must act like one. It must act like every other ruling class in history, like every feudal ruling class, every ruling class in slave-owning society, every ruling class in capitalist society. It must use its power, and it must use its power in its own interests against the working class. It has to have luxury consumption, it has to use its privileges, and has to pass that on. And if the answer is, "well, they have a new, more advanced form of ruling class," that doesn't have luxury consumption, it doesn't have a lot of privileges, and doesn't pass it on, you have to ask, why not? If they're so powerful, why don't they use that power like every other ruling class does? Don't they care about their children? Don't they care about luxury consumption? And if the answer is they'd be afraid of losing their position if they had luxury consumption or if they passed it on, what you're saying is that they don't have the power to pass it on, they don't have the power to do luxury consumption. In other words, they are *not* the ruling class. So, the RCP and Maoists have to show that there is a *privileged* ruling class that

can pass on those privileges, and not that they can do what doctors and lawyers do in the United States.

Third, it's got to be shown that there's been a qualitative deterioration in the position of the working class, and a qualitative improvement in the position of the *alleged* state capitalists, at the time it is claimed there was a restoration of capitalism — and I believe that the RCP makes that claim for about 1955-56; some people bring it up to 1965. But you have to show there was a qualitative change, and there was evidence of a qualitative change in the direction of labor power becoming a commodity and the logic of $M-C-M'$ taking over, the purchase of labor power in order to expand value, during that time. And of course you also need to show that there was a qualitative increase in the privileges and prerogatives of the *alleged* capitalist class.

You also, of course, need to show, if the claim is that it's an *advanced* capitalism, that it's imperialist, that there was a qualitative change in its international economic relations at that time, from socialist, proletarian internationalist to imperialist. It's not sufficient to show that profit was introduced as a *secondary* criterion of evaluation, one of among fifteen criteria, and a secondary one — that's not evidence of profits in command.

Fourthly, it's got to be shown that the Soviet Union *is* imperialist, and imperialism in the age of monopoly capitalism means the drive for the export of capital and the resultant realization of ever-growing profits from investments in other countries. You have to show that the logic of capital export is predominant, and that on average and in the normal case the Soviet Union is governed by the logic of the export of capital and the accumulation of profit from that process as the normal case — we can't argue about just an exceptional case, as the RCP booklet* points out very well; we have to talk about the average result. It's not sufficient to show that the Soviet Union engages in trade and receives benefit from trade, as one of the articles in the booklet seems to claim, because of course the Soviet Union engaged in trade in the 1930s, and even during the Cultural Revolution China engaged in trade. It's a rather strange argument in the booklet that if you're really socialist or maybe a communist country, you have to be self-sufficient. Where in the world did this idea come from? Marx himself was very strong in ar-

* *The Soviet Union: Socialist or Social-Imperialist?* (Chicago: RCP Publications, 1983).

going for *free* trade in his lifetime; he was even against *tariffs*, never mind for autarky. What kind of world would it be if the working classes in different countries didn't trade with each other? It's a bizarre, un-Marxist notion that autarky is somehow more revolutionary than the exchange among working classes.

It's not sufficient to show that Soviet foreign aid requires partial payment. We have to make sure in order to claim that it's imperialism that there is *exploitation*, there is systematic exploitation. We can't use circular arguments — I think much of the RCP position is circular. The claim that Cuba is not socialist because it's allied with the Soviet Union, which is imperialist, and the Soviet Union is imperialist because it trades or aids Cuba, which is not socialist. I mean, we get that kind of circular argument too much. We have to have independent criteria of what imperialism is and what socialism is, and we can't argue in that kind of circular way.

And it's not sufficient to show that the Soviet Union intervenes in a country. Intervention has never been a criterion of imperialism — the export of capital in order to economically exploit a country, that's the criterion of imperialism, not intervention. In no place in Marx or Lenin was the claim ever made that Marxists don't support intervention. Marx supported the Civil War in the United States, that is, the North's intervention in the South. Lenin intervened actively in Poland in 1920, and in Armenia and Georgia, and in the suppression of the counterrevolution in Central Asia in the early 1920s. The Bolsheviks intervened many times. Stalin intervened in 1940 in sending the Red Army into Latvia, Estonia, Finland, and Lithuania. You have to judge interventions in terms of the line, in terms of their policy, not in terms of some abstract criterion that interventions are bad or good. In other issues the RCP is very good in talking about line decides, but when it comes to interventions the claim is often made that interventions are evidence of imperialism. That's *very* un-Marxist.

It's not a question of trade or aid being imperialist because it spreads capitalist relations. I mean, again, this is a very un-Marxist claim. As some of the quotes at the end of page six of the handouts show, the Communist International, the Leninist tradition, has always said that the development of a national bourgeoisie is progressive; especially the Maoist tradition has argued for the two-stage and four classes theory of revolution — that communists should even ally with the national bourgeoisie. So the alleged argument

that if Soviet trade or aid promotes capitalism in a country, that proves it's imperialist, is silly, because you get an A/not-A argument, as Parenti was arguing yesterday. If it aids the development of a country, it's imperialist because it facilitated capitalism; if the terms of trade are bad and it hinders the development, that proves it's imperialist because it exploits them. Well, I could do that in reverse. I could say that if it holds back capitalist development it's not imperialist because it puts the lid on capitalism. And if it has good terms of trade it's not imperialist because it's aiding that country's development. So A/not-A arguments are no good. What you have to do is say if the country is imperialist, this follows. If the country is socialist, that follows. You can't keep switching the terms of your debate so no matter how the evidence comes out you can prove it, because then both sides can do it, and it's just not logical.

Another inconsistency is that there was an amazing switch in the Maoist critique of imperialism. If you read all the early writings of the Central Committee of the Chinese Communist Party, when they first began their polemics against the Soviet Union, what was the principal evidence they presented that the Soviet Union was social-imperialist? Well the evidence was they gave *insufficient* support to the Algerian revolution, *insufficient* support to Cuba, *insufficient* support to Vietnam. It was that the Soviet Union was not actively supporting world revolution. Now they did a total switch. I mean, the Soviet Union increasingly over the course of the '70s came to support Vietnam, came to support other revolutionary movements around the world. And so now what's the evidence of Soviet social-imperialism? It is that Big Brother intervenes and tries to start revolutions and aid revolutions. So now the problem is they *support* revolutions. Well, you can't have it both ways; make up your mind. Are you imperialist because you don't support revolution, or are you imperialist because you do support revolution, and then we can argue about it — you can't keep switching your terms, because then I could do the same thing in reverse and prove that if it didn't support revolutions it's revolutionary because it doesn't intervene, and if it does support revolutions, its revolutionary because it supports revolutions. You've got to be consistent, you can't keep changing the terms of the debate.

And, again, remember, if you have the Maoist position it means the Soviet Union was internationalist, was proletarian internationalist, before the mid-50s, so you have to present evidence that

it changed. And believe me, virtually all the evidence is very strong that it went the other way, especially in its relationships with Eastern Europe. Before 1953, it bought Polish coal at 10 percent of the world price. In 1953, it went to paying the world price, and in 1956 it compensated Poland for all the cheap coal it had bought before. There maybe were 1,000 or so joint enterprises that the Soviet Union took over that had been the Nazi businesses in Eastern Europe, and they ran them 50-50 supposedly, but a lot of value was transferred to the Soviet Union before '56. And between '53 and '56 they turned over *all* those enterprises but one in Bulgaria to Eastern Europe without compensation. So Soviet relations with Eastern Europe qualitatively changed alright, they qualitatively changed in *favor* of Eastern Europe and away from subsidizing the Soviet Union. I don't argue that the Soviet Union was imperialist before '56 by any means, but the economic change was definitely not in the direction of any kind of social-imperialism after that period.

So, in general Maoists haven't been able to do any of the four things that are necessary, and I think there has been a certain retreat from the classical Maoist position. I also think that Maoist theories are generally based on un-Marxist definitions and un-Marxist theories; that instead most Maoism is *much* closer to the anarchist, the syndicalist, and the New Leftist definitions of socialism — that this idea of autarky is somehow revolutionary reminds me of the "small is beautiful" movement. The anti-authoritarianism of the New Left, anti-division of labor, anti-hierarchy is all inherited from SDS and has really nothing to do with Marxism. And so often socialism is confused with communism. Communism means no division of labor, no money, no material incentives, no state, where workers do things spontaneously out of a high level of consciousness, out of a high level of commitment. We're not talking about communism, we're not arguing whether the Soviet Union is communist — *nobody* claims it's communist. We're talking about is it socialist. Socialism means working class power in an economy that's socialized with distribution according to work, and, yes, the Soviet Union is those things.

Maoist theories about what happened, how capitalism is restored, are virtually identical to theories that are very common among conservative social theorists — Max Weber, Vilfredo Pareto, Michels — the idea that power corrupts, that if people are in positions of authority they kind of have almost a biological power

hunger to abuse their position, and that assumption may be debatable. But Marxists generally argue that people don't have such instincts, and I don't think it's true, you can't substantiate it. But I mean the *grosser* assumption is that even if the leaders were power hungry they would be able as a matter of *will* to transform socialist societies into capitalist societies so easily. I mean, they've done it how many times allegedly? In China; they've done it in Vietnam; they've done it in the Soviet Union and all of Eastern Europe. What is this power of leaders that they can so easily and smoothly transform a whole mode of production, so as most people don't even notice? In no other mode of production...feudalism didn't slip into capitalism, slavery didn't slip into feudalism, without people noticing. This is a very voluntarist as well as an idealist theory, and very un-Marxist. And the idea that heroic individuals, that Stalin, was able to hold back the tide, and when he died bad individuals with bad lines quickly took over. Mao, he was a great, heroic individual, he held back the tide and, you know, the people who came after him....

Marxists don't argue in terms of great individuals making modes of production and unmaking modes of production; Marxists talk about the *logic* of modes of production and about class struggle. These are un-Marxist categories: power hunger and the line of leaders determines everything. We have to talk about the logic of the mode of production. How could it be that virtually nobody in the Soviet Union in the mid-50s, or nobody in China, realized that they had a counterrevolution, that capitalism replaced socialism? In the Soviet Union we agree that for forty years it was basically socialist, or at least that the working class was in power. So the workers in that country had *forty* years of socialist education, were versed in Marx and Lenin, and every place around them they were trained to be socialists, and in 1955 and '56 a couple of people with a bad line take over and restore capitalism and nobody noticed! You know, I can see in the United States if workers grew up under capitalism they could be confused, but in a country where they were educated for forty years in socialism hardly a worker noticed that capitalism was restored — not very likely, not very likely at all, and this would make socialism totally unique from all other modes of production. When you switch from one to another, people not only notice, they *fight* on both sides. It's a very idealist, very voluntarist, and un-Marxist conception that the line of the leaders decides everything.

Maoist theories generally share the "managerial revolution" thesis. It virtually amounts to "convergence theory," the theory of Berle and Means, or Bell, or Galbraith, that it's the power of management — they have control of communications, and bureaucracy, and organization, and it's so easy for them to take over. They're power hungry and they have the ability to organize. People in the '40s wrote books — Burnham — about how Nazi Germany and the Soviet Union and the U.S. were all the same — the managerial revolution. Well, it comes to the same thing. If there are no socialist countries in the world, and every socialist revolution has failed, this amounts to the convergence theory. The same thing — the managers always take over in every country. So it's convergence theory in everything but name.

There is no evidence in fact that a ruling class, even *remotely* comparable in privilege to that in the capitalist countries, exists. The RCP has conceded that point, as far as I can see, and argues that the so-called capitalist class in the Soviet Union does not have the comparable kinds of privileges. But I just want to emphasize that they don't. In fact, the top leaders there have income maybe 2, 3, 4 times at the most the average wage of skilled workers, while in the U.S. it's 100 or 200 times more. You add in all the social wage, yes, it's true that they have access to the car of the enterprise and get a 25 percent bonus, but the amount of fringe benefits, the social wage available to workers is much greater as a percentage. Not only do they get free medicine and free education and virtually free day care and free rent, but the whole pricing structure in the Soviet Union is such as to greatly subsidize the basic foodstuffs and things like children's toys. And cars are extremely expensive; luxury goods are extremely expensive. So somebody did a study that the difference between a skilled worker and top manager in a Soviet enterprise is 2 to 1 in their take home pay, but that what you could buy with it is only 50 percent greater, so if you take into account all the privileges and fringes, the working class is better off than they are in terms of their paychecks.

In the United States, only about 3 percent of the top businessmen and the top managers are from the working class or poor farm families. In the Soviet Union it's 80 percent and constant. That's a qualitative difference — 80 percent of the top managers and top Central Committee people are from the common class, compared to 3 percent in the United States — that's a qualitative difference that

reflects a qualitatively *different* mode of production, because if there was a ruling class there, even a small one, they would *act* like it if they had the power, and they would pass it on. It's idealist to think that they have the power but they don't use it, that somehow they are only secretly capitalist, they are afraid to use it or don't use it — they *have* to use it if they're a ruling class, that's the criterion historically of what a ruling class would be. If they're a ruling class they would act like it.

The egalitarian trends in the Soviet Union are very strong, and the inegalitarianism tendencies in the Soviet Union were reversed in the mid-50s. The exact time when they claimed that capitalism was restored is the time when there was a radical increase in equality — the income spread between the top 10 percent and the bottom 10 percent has been reduced by half in the Soviet Union. And, you know, when you're talking of the people in the top 10 percent it's interesting to see who's there. Probably a majority of the people in the top 10 percent in the Soviet Union are now skilled workers. You don't find many skilled workers in the top 10 percent in the United States. But the RCP is right; the key thing is not the top 10 percent in the U.S. or Sweden, because after all Sweden looks about the way the Soviet Union does if you just look at the top 10 percent. The key thing is the very top economic positions in relationship to the working class, and there it would be better to stick with the top 10 percent because until a couple years ago many top managerial salaries and all top salaries were frozen in the Soviet Union for about twenty years, while the working class doubled its pay. So in terms of any gap between the alleged capitalists and the workers, it has radically shrunk at the same time as they claimed there was a capitalist restoration, and there is no evidence there for any kind of capitalist restoration.

Now, the RCP has retreated. Let me just quote you just a sentence from *Red Papers* 7, which was done about 1975. The RCP then said, "In the Soviet Union today the distribution of wealth has grown increasingly uneven and the ruling class in every respect is a privileged elite. Expanding differentials in income are coupled with cutbacks in social services." The RCP no longer argues that; the evidence is overwhelming that it's not true. Instead what seems to be now the emphasis, to replace that, is that in the Soviet Union you have accumulation for its own sake, that you have a new, "advanced" form of capitalist who doesn't skim off very much for lux-

ury consumption, doesn't want to pass it on; but essentially in whose interests the surplus is used is the idea — the claim that dead labor commands living labor, that there's mindless accumulation, that you have the process $M-C-M'$. Well, it's not true. In the Soviet Union you have the production primarily of use values and production is focused on the production of use values predominantly for the working class, and the plan, the central plan, is in command and that central plan is geared to political goals, not to maximizing profit, that there is no accumulation for its own sake. And this means that working class politics is in command.

Now let me just outline what socialist accumulation looks like. And what does capitalist accumulation look like? Let's make a model of the two kinds of accumulation. Let's compare capitalism in the West to what, as Marxists and Leninists, we would see as socialist accumulation. I think the bottom line here and the essence is that capital accumulation is governed by the process that you start with money, you buy a special commodity, namely labor power, and you can sell its product and make a profit on it — $M-C-M'$. And the basic criterion of socialist accumulation is that it's guided by a plan that's organized to serve the working class.

And what are the specifics? Well, normally capitalist accumulation implies the use of a reserve army of labor, to make sure there's exploitation, to make sure there's surplus value, and under socialism there's no reserve army of labor. Now somebody claimed the other day that Switzerland doesn't have any reserve army of labor. Please . . . I mean at the same time people claim that there's one unified world capitalist market. I mean, people should know that until recently in Switzerland 25 percent of the working class was Portuguese, Italian, and Turkish. It may be true that if you're a Swiss citizen your rate of unemployment is less than 1 percent, but believe me, the reserve army of labor in Switzerland does not reside, does not have citizenship rights in Switzerland. That area of the world is one unified labor market. While France may have had 2 percent unemployment ten years ago, its unemployed, its reserve army of labor, was in Algeria. Capitalism needs a massive reserve army of labor, and the Common Market found it in the southern part of Europe and the northern part of Africa. It could not have made a profit without a massive reserve army of labor. We should know better than to look at the Swiss unemployment rate. We know more about

world markets than that.

A second thing about capitalist accumulation is that the owners, or the managers if you will, can in fact fire workers, can close factories, can move factories, while under socialist accumulation they could not do that, that is, in the normal course of events, just to maximize profits. Third, capitalist accumulation is guided by only one consideration, and that's maximizing profits, while socialist accumulation is guided primarily by a plan, a central plan, and a plan oriented to serve the needs of the working class.

Fourth, in capitalist accumulation, a good part is oriented toward the production of luxury goods — that is, what Marx referred to as Production Sector III — the production of capitalist consumption goods. So what kinds of means of production are produced in Sector I are in good part guided by the needs of Sector III, and luxury goods have to be a major part of the output, and also waste production. In good part capitalists accumulate capital in order to accumulate capital; that means producing a lot of junky cars that fall apart just because they make profits. So capitalist accumulation, then, is oriented in part to luxury goods consumption by the capitalists, and in part to wasteful things that are just profitable to invest in. And to the contrary, socialist accumulation is geared to the production of use values for the working class.

Capitalist accumulation in the West is unplanned, essentially unplanned. It's accumulation for its own sake and it's accumulation for profit. And prices are pretty much governed by the law of value, though there may be some modifications. Now in contrast, socialist accumulation is planned, ultimately by political criteria, and in a real socialist society those political criteria would include the gradual abolition of the division of labor, would imply the gradual creation of equality, would imply increased social consumption, more and more goods being distributed on the basis of need and not on the basis of money; it would imply increased quality of life and education for the working class. So again we would have a totally different kind of thing. And normally capitalist accumulation also involves trade cycles, certain kinds of contradictions that have an internal logic, inventory logic, investment logic, and you wouldn't expect that kind of logic in a real socialist society. Now what I submit to you is the Soviet Union meets the criteria of socialist accumulation, much more than it meets the criteria of any kind of Western capitalist accumulation. And what we have here is another kind of

A/not-A argument. If there was unemployment in the Soviet Union, if it did produce luxury goods, they would say "Ah hah" . . . , but instead what we have is that it's a capitalism of a new type that has virtually all of the characteristics of classical socialist accumulation. Now what I say is that if it looks like coffee, and it tastes like coffee, and it smells like coffee, it's probably coffee and not tea of a new type.

I want to emphasize that the plan in the Soviet Union, the economic organization in the Soviet Union, is oriented toward the production of consumption goods for the working class *and* the advancement of very definite political goals. Not towards waste that happens to be profitable, and not towards Production Sector III goods, luxury goods. And the evidence for this — I'll just give a couple of strong examples — is the percentage of the wage in the Soviet Union or working class consumption that's consumed collectively on the basis of need has been increasing, and the percentage that is on the basis of material incentives or labor has been decreasing. In the '40s about 22 percent of what a worker consumed came as social consumption; that is, free education, free health care, and subsidized day care. Today it's over a third, about 35 percent for an average worker, and if you're a lower paid worker it's over 50 percent. This comes as rents being one-third of the cost of the maintenance of apartments, and on and on and on in subsidies.

Now there's an interesting thing here; the tendency has been strongly to increase the various subsidies, and strongly to increase things that have been distributed on the basis of need, *since* the mid-50s, towards social consumption. For example, in the Soviet Union today, 9 percent of the entire budget of the Soviet state goes to subsidize meat and dairy products — *9 percent*. In 1965 there was hardly any, so there's been a radical increase in the subsidy of meat and dairy products, and the alleged capitalist class can only consume so much milk and so much meat, so we know that the overwhelming majority of that is a subsidy and an increasing subsidy to the working class. And in fact 48 percent of the retail price of dairy and meat in the Soviet Union is the subsidy. They buy food, they buy meat, for example, from the collective and state farms at about \$2.50 a pound, and they sell it in the stores for about \$1.25 a pound, half the price. And no capitalist in the world operates on that basis. In a capitalist country you buy goods at a low price and you sell them at a high price, and that's a profit. In the Soviet Union they're

buying meat and dairy at twice what they sell it for, and that differential has been increasing so it's now 9 percent of the entire budget of the Soviet Union. When they subsidize agriculture, they subsidize the peasants to produce more so as they can give it cheaply in the shops, and that's why they're importing grain — they've *doubled* their grain production in the last 20 years. They're importing that grain to feed those animals, because the working class, whether we like it or not, maybe some of us are vegetarians and if we had socialism here we wouldn't increase meat consumption...but the Soviet workers want meat, and right now their meat consumption is about 70 percent of that in the United States and rising rapidly, and that's what they want. You can go there and argue with them, but the average worker wants meat. And that is working-class politics in command, whether we are vegetarians or not.

But there is a lot more going on than that. Social consumption, the increasing education — it's not simply a question of milk in refrigerators, as was pointed out yesterday. But if the workers want that, that is part of the bigger picture. Socialist accumulation implies that much of that production is oriented to serve the working class, that much of it is oriented to developing a communist future, and both are the case in the Soviet Union.

Now labor is not a commodity in the Soviet Union. There's no reserve army of labor putting pressure on the employed. In fact there's an extreme labor shortage in the Soviet Union. I mean, everybody who's studied it from the West — all the Congressional reports, all the Sovietologists — admit that the Soviet economy has the opposite problem of the Western economies: labor shortage, not labor surplus. Now the RCP suggests that they have kind of a shadow labor market there. I mean, they agree that there's no unemployment pretty much, but they say the plan kind of operates like a labor market. Well, if it did we would expect it then to *behave* like a labor market. I mean, it's possible that during World War 2 or in Nazi Germany, even though there was no unemployed, if the capitalists are in the right position maybe they could organize the economy to behave like a labor market. But then it's contingent on them to show that in fact the Soviet Union behaved like Nazi Germany in how its labor market worked, and it's just not so. The Soviet Union's economy does not behave as though there were a labor market. The wages are set centrally by the plan, so the wages for the same trades are the same for every place in the country, except in geographically

undesirable regions where they are set a little higher. The position of workers continually improves. The pay scales are not the same. Coal miners make much more than engineers in the Soviet Union, so you don't get the same kind of distributions as you get in the West. The highest paid are the top artists — they make much more than Central Committee people or top managers. The differentials between managers and workers are qualitatively less. You don't get the wage spread that develops in any capitalist economy in the Soviet Union. The labor migration patterns are the opposite. The standard labor migration pattern in a capitalist country is that people move from the poor, rural areas to the industrialized regions. In the U.S. for a long time that meant that Blacks and poor whites moved out of the South into Chicago, where today it's making people move from Mexico into the United States. Or in Europe they move from Jamaica to England, or from Algeria to France. But that is not the case in the Soviet Union — the migration patterns are exactly the opposite. They invest capital heavily in the poorest regions in order to bring them up to the European level, and so the labor migration is the reverse, so you get the opposite pattern there.

Workers have far too many rights in their jobs to consider labor power to be a commodity. Workers' participation is qualitatively more than exists in capitalist economies. And furthermore, workers' participation increased considerably in 1957 and has developed since. There are regular mass meetings of the workers that Western observers, anti-Soviet observers, go to and are very impressed at how intimidated managers are. In 1957 they set up Permanent Production Conferences that are elected bodies to participate in the decision-making in the enterprises and the allocation of labor, drafting the plan, etc. Probably the most powerful working-class instrument in the factories in the Soviet Union is the enterprise branch of the Communist Party. Now in the urban areas of the Soviet Union something like 70 percent of the recruits into the Communist Party in the last twenty years have been industrial workers. So that means in a factory — and no matter how many cells they have, or branches they have, like 80 or 90 percent of the people there are working-class people in these cells — they grossly outnumber the managers.

Now the party has real power in the enterprises to examine the books and generally politically supervise the management. In fact, the party, which is mostly working class in the enterprises, has control of appointments. A couple of people here have referred to the

nomenklatura in a totally distorted way, as if you're a party "honor" you get a privileged top job. Well the system of *nomenklatura* was introduced in the early 1930s, and before the 1930s most of the experts in the Soviet Union were not communists. They were people who were holdovers from the Tsarist times, and so the workers had to keep a close eye on them. What happened in the '30s is you had a new generation of working-class intellectuals that were able to take over the management jobs and the engineering jobs. So the criterion of how we can be sure that the sons and daughters of the working class stay loyal to the working class, is that we promote communists to the top positions. From now on you have to be a member of the party, so working-class people can supervise you in the cells, and that's what *nomenklatura* means. Two million positions in the Soviet Union have to be filled by Communist Party members, or at least by people who are approved by the local Communist Party. That's political guidance, and we should all admit that's the way it worked in the 1930s. And so the party is very powerful in keeping the managers in line.

There was a national debate several years ago in the Soviet Union in the press about whether or not managers should be elected by all the workers in the factory, or whether or not they would essentially just be approved by maybe the 25-30 percent of the workers in the factory who are members of the Communist Party, and the arguments on both sides of it were sharp, and it was decided that it would be best to continue having the Communist Party members/workers approve the selection of the managers. There's an Attestation Committee in Soviet factories, with representatives of the Young Communist League, the trade union, and the party that again closely monitors the performance of the managers and has the power to remove managers. The unions are very active; they sign collective bargaining agreements every year, and if there is a disagreement they appeal to the trade union committee. If things ever get stuck and they go to the labor courts, workers come out very well; they win at least 50 percent of the time.

It's clear that the workers have qualitatively more participation, not participation, *power* in the workplace, even through the central plan, than they have in the capitalist countries. You combine the heavy level of participation with the fact that there's no reserve army of labor, and all the political mechanisms I may not have time to discuss right now — but I outlined I think on page four or five of

the sheet I passed out — and labor power in no way remotely resembles a commodity in the Soviet Union. You do not have $M-C-M'$, you don't have capital accumulation, you don't have the purchase of labor power in order to accumulate profit for its own sake.

It was also claimed that the Soviet Union, its economy, is determined in good part by its participation in the world market. Apparently the argument is something like you can't really have socialism in one country as long as that country trades or participates in the world capitalist economy. That's nonsense. The Soviet Union's participation in the world capitalist market is very marginal, and has very little relationship to any internal processes. Its internal processes are in no way a product of the world capitalist market. Its trade with the West amounts to 2 percent of its net material product, and virtually all of that 2 percent is marginal. The Soviet economy has been organized for virtual self-sufficiency for fifty years, so what it does in the world market is that — and I'll even admit that this is commodity production, but it's *simple* commodity production, and not expanded reproduction — it mines gold. It's got no use for gold (they could do like Thomas Moore suggested and make toilet seats out of it), so what they do is sell that gold to the West, and they import feed grain for animals so as to increase meat consumption. Or, there's three kinds of technology they've been trying to import primarily, and that's lumber mills, chemical factories, and petroleum and refinery equipment. But rather than have to rediscover and re-invent everything in the West, it's easier for them to do things like export their gold that's useless in a socialist country, or export their surplus petroleum, and buy stuff that increases the living standards of the working class and accelerates the logic of their development. But that's again marginal — they can live perfectly fine; they've doubled their own wheat production in the last twenty years or so, and they can develop all their own technology if they have to — that's no sign of real integration into the world market.

The plan is in control, and the way the trading enterprises operate is that there's no relationship between the domestic prices in the Soviet Union and world prices. Each year the plan says, look, if we've got to import this much feed grain we have to sell that. So the Soviets are basically organized to export in order to import, where any capitalist country has the opposite logic. In a capitalist country, what's a positive balance of trade? You export more than you import; you want to export, you don't want to import — that's the op-

posite logic of trade incorporated in the very term "positive" balance of trade. So the linkages are quite marginal. And I have trouble differentiating this argument — that since the Soviet Union exists in a capitalist world, you can't have socialism in one country — from Leon Trotsky's argument. I think that argument was proven to be incorrect a long, long time ago, and I think it's silly to re-raise it at this point.

If the Soviet Union is capitalist, capitalism today means imperialism, and imperialism today means guidance by the export of capital. Now it is true that the Soviet Union — I'll confess — the Soviet Union does have investments in the less developed countries. It's got \$18 million worth of investments in the less developed countries in 1979, according to the U.S. Congress' very thorough study. Almost all of this is in things that facilitate trade, like a little advertising thing or something else that facilitates Soviet trade; but there are six Soviet investments, *six*, in natural resource extraction, in the terms of the Joint Economic Commission of the U.S. Congress. Six! Ah hah, we've got them for social-imperialism! What are these six? Six fish processing plants, worth about a half million dollars each. They are 50-50 arrangements with the local countries. The Soviet fishing fleet brings in their stuff and the fish are processed and it goes half to the local country — and that's *it* for Soviet natural resource extraction. Well, U.S. investment in other countries is 3,000 times greater than Soviet investment, and it's qualitatively different. The U.S. likes to have its transnational corporations own and control, have the controlling interest in its investments, and they're not interested in fish processing plants for the U.S. fishing fleet, believe me.

Because the Soviet Union has no (or virtually no) investments in any less developed countries it has no stake in preserving private property in those countries, and that makes it qualitatively different than all of the Western imperialist countries that have a major stake in preserving the pro-capitalist and right-wing regimes there. Now some people say, "yeah, but Soviet foreign aid builds enterprises in India and the Soviets take the goods from those enterprises, and that's just like an American enterprise." Well, come on, folks. I mean, the Soviets get a 2.5 percent interest rate on their loans, and those interest rates are payable in the goods produced by a steel mill that's built by Soviet aid. Now what's the opportunity cost of Soviet aid? According to people who have studied this to find out, had the

Soviets built the steel mill in the Soviet Union they would have increased their output by 15 percent. So then when they build it in India and get 2.5 percent interest on it, they are losing 12.5 percent. Some imperialism, that on the average loses 12.5 percent! Now everybody pretty much knows in India or any of these countries that this kind of aid — when you don't have to use hard currency, that goes to build up the state sector, that goes to build development — is very advantageous, and it simply has no relationship to any kind of imperialism. And it's not. The Soviets maintain no rights in the enterprises. They train a new staff. It's qualitatively different; it has no relationship to any kind of export of capital. It's a subsidy, it's foreign aid for these countries.

The Soviets support for the most part a qualitatively different type of regime than do Western imperialist regimes. Most of their aid either goes to the relatively more progressive countries in the world, or occasionally it goes to try to split the capitalist camp. And this is an old thing — the very first country in the world to recognize the Soviet Union was the Emir of Afghanistan in 1920, and Lenin said he would ally with the devil himself if the devil was opposed to British imperialism. Lenin and Stalin brought the German army into the Soviet Union in the 1920s to train it. So there's a long history of Stalin and Lenin trying to split the imperialist camp. So it is true that they gave a little bit of aid to the Shah or Indonesia, but then again it's a question of whether trying to split the imperialist camp is a legitimate goal, and the tradition is certainly that it is. But the great bulk of Soviet aid is to Vietnam, Cuba . . . it's to progressive countries, and that's qualitatively different than imperialist aid. And there's almost nobody in Chile that confuses whether or not Pinochet is the same as Fidel; there's nobody in Vietnam that would think Thieu is the same as Ho Chi Minh. Its only Maoists who would say that there is no difference. I mean, this is ridiculous. Whether you are capitalists in those countries or whether you are workers in those countries, there's a qualitative difference between these kinds of regimes, and you can't judge a country by if it takes aid from the Soviet Union it's capitalist. That's again a kind of circular argument.

In a lot of this debate, you find out that in terms of trade or aid they talk about India, as if India could show typically what happens with Soviet trade. Well, it's important to realize that of all Soviet trade, about 1 to 2 percent of it is with India. So why is it that so

much of this debate, this massive eighty-page article in this booklet, is about India? Why wasn't it about Poland? Why wasn't it about Cuba? Over 50 percent of Soviet trade is with Eastern Europe, and the reason people don't talk about it is that there's consensus, everybody knows that there's been a massive subsidy component since 1956 in trade with Eastern Europe. Every U.S. Congressional study, every Sovietologist admits that there's a massive subsidy component, that the Soviets provide oil and energy much cheaper than any place else to Eastern Europe. They buy their goods at a much higher price than Poland could get in the West for them. And that's 50 percent of Soviet trade. Only 14 percent of Soviet trade is with all the less developed countries, and most of that is with Cuba and Vietnam, and there is no question that the Soviets buy Cuban sugar at 2½ times the world price — it's a heavy, heavy subsidy. But even in India, the case that they try again and again to use, it's only 1 or 2 percent, there's no evidence that the terms of trade are less favorable for India than they are from the West, that there's any exploitation component, and sometimes to show it they cite things out of context. I've cited a few quotes on the last page at the top from Datar who is anti-Soviet, who worked for, what is it, the World Bank or the United Nations, I forget, and she's got to admit that there's no evidence for that. The Communist Party of India (ML) studied India's fifteen leading export commodities and found that the Soviets consistently paid higher than the world price, I think on twelve of the fifteen or eleven of the fifteen. There's just no evidence, even with India.

I think there's a lot of ways that the working class has power in the Soviet Union, and again I outlined on page four or five what I call both structural and instrumental mechanisms. And there's a lot of confusion, I think a lot of New Leftism or a lot of syndicalism has entered into this, confusion of the day-to-day operational managerial control with the question of fundamental power. If capitalists in the West can hire managers, does the fact that McNamara was president of Ford Motor Company make him part of the ruling class? No, the Ford family can *hire* McNamara. So in the U.S. there's no confusion that being a manager does not make you part of the capitalist class. So it's completely possible the working class can hire a manager. We're not in a syndicalist model or the anarchist model where workers have to self-manage and have direct participation in every aspect of their lives. That's almost like a quote from Tom Hayden or

SDS or something — we know more than that. We're talking about class power, so socialism theoretically could be very centralized or somewhat decentralized. The only question is, is it working-class power in a socialized economy with distribution according to work?

Now, again, the theory that the managers may want to be capitalists, that they may want to have privilege, that they're personally ambitious, granted just for the sake of the argument that that's true, that the managers are power hungry, that they like to boss people around, and they secretly would like to be capitalists, in the real world how would they do that? Say if McNamara when he was head of Ford Motor Company wanted to keep his privilege and wanted to increase his income, how would he do that? He does that by maximizing profits for the corporation, by maximizing profits for the Ford family. Because that's the logic of the capitalist mode of production. So what would happen in a socialist economy if the managers want to keep their jobs? Well, they're going to have to maximize the logic of the socialist mode of production. The parameters of the situation put great structural constraints on the leaders — they channel ambition. So if they were secretly capitalists, they would have to *act* like socialists in order to keep their jobs. And that's good enough for me, and I think that's good enough for most of the workers. If the leaders of the country act as if they were socialists, again, if it smells like coffee, and tastes like coffee, and looks like coffee, even if secretly it's tea, it's more likely to be coffee than tea of a new type! It's not a question of the secret motive or even of the line. It's a question of what they do, what's the logic of the mode of production, what's the result, what class is in power. And all the evidence points to the evidence being much stronger that the working class is in power in the Soviet Union than any kind of new capitalist class being in power in the Soviet Union.

I don't have time to elaborate on the different kinds of mechanisms. I just want to call your attention to a few things. Again, the fact that 80 percent of the leaders of the Soviet Union come from the working class or peasant backgrounds, compared to 2 or 3 percent in the United States, is a strong mechanism of working class influence in that country, and the fact that 58 percent of new recruits to the Communist Party in the last fifteen years have been from the working class, that today 45 percent of the members of the CPSU are workers, compared to 32 percent in 1956, that workers play a much greater role in the party than they did then. In terms of either

the local Soviets or the Supreme Soviet, in the mid-50s about 14 percent of the delegates were full-time workers; I mean, they were working, had jobs, took short leaves. Today it's over 40 percent. It is not reasonable to say, well only 5 percent of the Central Committee are steelworkers — that's a silly argument. How can you be a leader of a country and put forty hours in a steel mill, and then go and do everything that a Central Committee person has to do? Obviously you can't. You can't have two full-time jobs, and it's silly to think that you can, right? The question is, what class do they come from and much more importantly, what class do they serve? Not, do they actually come in and do the Central Committee's work at night. You couldn't have an efficient country — did Lenin or Stalin work in a factory for forty hours, then go do political work? And did you judge their line because they didn't? Of course not.

The auxiliary police in the Soviet Union, and the popular militia, have increased significantly in their importance in the last twenty years. There are now about six million people in the popular militia in the Soviet Union, and about seven million in the auxiliary police. In the Soviet Union it's all dependent on a fairly high level of participation. And so that puts great limits on how much manipulation would even be possible on the part of any alleged capitalist class, because people there now are very educated, and the working class is very big. And it would really show contempt for them, again, to think that forty years of socialist education up and through the mid-50s, and the capitalists could take over, and there's not even, except in Georgia which had a couple of demonstrations against the de-Stalinization, a demonstration on the part of the workers, never mind armed struggle. It shows real contempt for how easily workers can be manipulated (and workers that grew up with a socialist education).

So, again, the increasing equality in Soviet society is strong evidence of the increasing participation, and not only in the people's militia and the auxiliary police, and in the Supreme Soviet, and in the Communist Party, but up and down the line — in the People's Control Commissions, in the running of apartments, every place workers are participating much more than they were 30 years ago. The fact that that participation is associated with a radical improvement in the working class position relative to the elite is strong evidence that that participation is real and not manipulated, especially given the educational level of that population.

So then the movement of Soviet society has got to be understood to be a product of the structural logic of its social formation, and not of the subjective desires of its power elite, nor of its power hunger. The socialist mode of production is a viable mode of production. It's as viable as any other mode of production and you have to understand any mode of production in terms of its own logic. Another couple of the very important structural mechanisms: Even if the leaders secretly want to be capitalists and secretly had power hunger, they would have to act as if they were socialists to keep their positions because the socialist ideology is taught to the people, it so permeates the media. To keep productivity up without a reserve army of labor they have to mobilize people. They have to realize the social justice that's taught to everybody as the goal of the government and the goal of the party. They have to increase the participation, they have to increase the equality in the society or else you'll get a de-legitimation crisis; you'll get a failure of confidence, the country wouldn't work unless the leaders acted like socialists.

And so again, if it acts like a socialist society. . . . Physicists sometimes talk of a black box, and if we don't know exactly what's in it, we have to have hypotheses about what's in it, on the basis of its output. And personally, looking at it that way was what changed my mind, from being a Maoist to understanding and finally coming to the conclusion that the Soviet Union was a socialist country. If you look at what's happening, what its output would be, again, what would socialist accumulation look like, and you list the ten points and my god, that's how this black box behaves. What would a foreign policy look like? Well, that's what this black box seems to be behaving like. Would there be increasing equality? Would there be an increasing social wage and less material incentives? Just about everything I could think of. It behaves as if it were socialist. So then the most likely hypothesis is that what's in the black box actually *is* socialism, right? And that all the participation there that is claimed to be the mechanism of working-class power is probably valid, rather than it being capitalism of a new type that behaves as if it were socialist and in which the leaders are secretly capitalists even though nobody notices it.

So in conclusion, I think I've shown that the Maoist arguments and definitions of socialism are un-Marxist, that they are idealist, and that they don't employ basic Marxist categories, and they have far more in common with classical conservative social theory like

Michels and Max Weber than they do with Marx or with Lenin. Maoism has been unable to prove not only any of the four things that it must prove to show that there was a capitalist restoration. It's failed to give any substantial evidence that the accumulation process in the Soviet Union has any parallels with capitalism, and in fact it's a mere assertion that this is accumulation for its own sake, and it's a mere assertion that labor power is a commodity. In every respect when we look at labor power, or we look at the economic process in the Soviet Union, it behaves as if it were socialist. There's no evidence for the other position. That in fact there is essentially working-class power in the Soviet Union, and furthermore that that working class' position in the country improved, and almost improved qualitatively — I wouldn't say qualitatively because it didn't change its mode of production in the very period that it was claimed that capitalism was restored — and furthermore that Soviet international relations have an essentially socialist and internationalist character.

The Maoist argument completely falls apart. On theoretical grounds it's un-Marxist, and there's no empirical data for it, and it's full of these contradictions. If A it is, if not-A it is, or circular arguments. So I think all that basically the Maoist argument does is appeal to our prejudices. And where do we get these prejudices? Most all of us grew up in some anti-communist country, where we took in anti-Sovietism and anti-communism with, so to speak, our mothers' milk, and every day the media and the television tell us how bad the Soviet Union is, how terrible it is. When I became a Maoist in SDS days in the late '60s it was very easy to identify with the Cultural Revolution, because I never had to challenge my anti-Sovietism. Everything they said about the Soviet Union was true. Mao Tsetung said it, and in China we had something like an SDS Columbia strike. It was against authority, against the division of labor, the professors have to work — it was so easy not to have to challenge what the media always told us. Now I think it's about time that we began critically evaluating things, actually began to carefully study the Soviet Union, to challenge all these media prejudices, to purge out of our heads all of the concepts that have come in through monopoly capitalism. Monopoly capitalism has permeated even the thinking, even the categories of Marxists, and this should end.

All the evidence is incompatible with the Soviet Union being state-capitalist. In fact, however distorted by the role of the intelli-

gentsia in the Soviet Union, or the Nazi invasion, or any other problems, and all the sufferings of being the first socialist country in the world, the Soviet Union is in essence a socialist country and a friend of the world's revolutions. Thank you.

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