

## The Bolshevik *coup d'état* in Russia: 1917—1921

[Select and revised edition of an article written between February and May 1990 and published in the journal *Introducing Communist Review*, Calcutta, May 1990, the article was written by Binay Sarkar, Editor during a period when the *Lal Pataka* group was becoming aware about Bolshevism to be an utter distortion of Marxism. And for that matter, the group was severing relations with the left-communist milieu entirely, and with the *International Bureau for the Revolutionary Party* (the CWO, UK and the PC Int. (BC), Italy) particularly. Since mid-eighties the *Socialist Party of Great Britain* came into contact with *Lal Pataka* through their journal the *Socialist Standard* and correspondence regularly. The group then reorganized themselves as the *Marxist Internationalist Correspondence Circle* towards further international opening. Thereafter in association with the *Socialist Party of Great Britain* the group finally turned themselves into the *World Socialist Party (India)* in March 1-3, 1995.]

In the light of Marxian analytical framework, the most important of all tasks of the revolutionaries today is to bring out the most subtle materialist lessons of the *Bolshevik coup d'état in Russia: 1917–1921*. With the seizure of political power the Bolshevik party tactically used the initial enthusiasm and support of the workers and soldiers and raised itself to the position of the ruling class. What happened thereafter? Why and how did the Bolshevik party despite claiming to be a working class organization that would initiate in Russia the Paris Commune principle, the first revolutionary experience of the “working men’s Paris” – “the glorious harbinger of a new society” (Marx, *The Civil War In France*, Selected Works, 2, Progress, 1969, p, 241), (according to which there remains no ruling party but workers’ mandated socialist delegates *elected bottom up*, at all levels of Soviet structure, who are subject to instant *recall by their electors*) ultimately defeated the class in its battle for democracy, by usurping the soviet system with a bureaucratic state structure *appointed top down*? Secondly, why and how did they fail to define and implement a correct (i.e., scientific) socialist programme – a failure that led them to nowhere but degeneration from within, because, subjectively, for argument’s sake, however honest and sincere the Bolshevik revolutionaries were, objectively their defective programme unfolded their inability to comprehend what was *really necessary* for the emancipation of the productive forces from the clutch of value-based production relations, which had turned into their fetters; hence their failure to touch the heart of commodity production and price-system? Thirdly, we are going to see that War Communism was never a war for communism, neither was the New Economic Policy – anything new, or anything like “the reopening of the market” and “a return towards capitalism.” Instead, they reveal varying forms of survival of the *law of value* holding on to the Bolshevik *subjectivism* or, more appropriately, the Bolshevik *paralogism* which dragged themselves away to be “destitute of all historical knowledge not to know that it is the sovereigns who in all ages have been subject to economic conditions, but they have never dictated laws to them. Legislation, whether political or civil, never does more than proclaim, express in words, the will of economic relations.” (Marx, *The Poverty of Philosophy*, op. cit., p. 147). Or, conversely, they simply reveal diverse responses of the ruling ideas of a ruling party forced to feed the need of the *spontaneous objective law of value*. As to the question ‘How?’ and in order to demolish the lingering false conceptions

within today's working class milieu, despite the very limited scope here to develop an elaborate critique of the rise and fall of Bolshevism, a review of the salient point has become all the more necessary. And this has to be accomplished not by judging individuals by what they think about, and speak of, themselves, or, a period of transformation by its own consciousness, but by judging the class-nature of their programmes in terms of their modes and relations of production from the point of view of the materialist communist consciousness.

## Tactics

In 1924 after Lenin's death Zinoviev spoke for "the union of workers' revolution with the peasant war" as the greatest discovery of Vladimir Ilyich, "The question of the role of the peasantry.....is the basic issue of Bolshevism, Leninism."\* (Quoted in A. Nove, *An Economic History of the USSR*, p. 37). As early as in 1905 in *Two Tactics of Social Democracy in the Democratic Revolution* (mentioned hereinafter as *Two Tactics*) what Lenin observed in bourgeois democratic revolutions of the 19<sup>th</sup> century was that the bourgeoisie is afraid of the proletariat, and due to its very position in capitalist society it is inconsistent and thereby "betrays its own self.....betrays the cause of liberty....is incapable of being consistently democratic." (Lenin, *Selected works*, Vol. I, Progress, 1967, p. 486). Hence for him, the Russian bourgeoisie would work for "frustrating the Russian revolution by coming to terms with czarism" (ibid., p. 493) and impede the establishment of "consistent and full democracy".\* (ibid., p. 492); so the task of the proletariat is "not to keep aloof from the bourgeois revolution....not to allow the

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\* 'Democracy' is not an above class, absolute and abstract ideal. It does not have any inherent intrinsic, 'complete' and 'consistent' connotation. 'Democracy' is, and has always, ever since its inception been, a class-democracy when the bourgeoisie fought for 'democracy' it fought for the 'democracy' of its own class only and instituted the same by removing political anachronism of feudal aristocracy and absolute monarchy. In this respect it is incorrect to say that the bourgeoisie betrays its own cause. Even today when one faction of the same bourgeoisie goes astray, another opposes. Regarding the extension of their 'democracy' to the working class in the West, history shows us that it came about as the outcome of the struggle between the bourgeoisie and the working class, obviously a different one from the other between the feudal aristocracy and the bourgeoisie.

leadership of the revolution to be assumed by the bourgeoisie but, on the contrary, to take a most energetic part in it, to fight most resolutely for consistent proletarian democracy, for the revolution to be carried to its conclusion." (ibid., p. 488). Lenin believed that the peasantry could "consistently and resolutely....stand for a thoroughgoing democratic revolution"; (ibid., p. 529). So, "the only force capable of gaining "a decisive victory over czarism" is the people, i.e., the proletariat and the peasantry\*. ... "The revolution's

(\* In 1917 in Russia the "people" comprised hardly 10% workers, the rest being overwhelmingly peasants.)

decisive victory over czarism means the establishment of the *revolutionary-democratic dictatorship of the proletariat and the peasantry*....But of course it will be a democratic, not a socialist dictatorship." (ibid., pp. 49, 492). Then, how would this democratic dictatorship pass into a socialist dictatorship? Instead of analyzing the programmatic premise, Lenin framed the *tactics*: after "*allying to itself the mass of the peasantry*" and

leading the bourgeois revolution to its conclusion, the proletariat must split the peasantry, ally to itself “*the semi-proletarian elements of the population*” i.e., the poor peasants in order to “*accomplish the socialist revolution*” (ibid., p. 530) the “complete victory...of a revolutionary-democratic dictatorship of the proletariat and the peasantry... will enable us to rouse Europe; after throwing of the yoke of the bourgeoisie, the socialist proletariat of Europe will in its turn help us to accomplish the socialist revolution.” (ibid., p. 515).

### **“A bourgeois revolution”: Lenin’s dilemma**

In April 1917, Lenin returned to Russia and in his famous *April Theses* stated, “In a certain form and to a certain extent” “The revolutionary democratic dictatorship of the proletariat and the peasantry” “has already become a reality.” (see p. 15). But the existence of “dual power” which became “evident in the existence of two governments: one ...the actual government of the bourgeoisie, the “Provisional Government” of Lvov and Co....the other....a supplementary and parallel government, a “controlling” government in the shape of the Petrograd Soviet of “Workers’ and Soldiers’ Deputies,” (pp. 28-29) led him to see “the *interlocking of two* dictatorships: The dictatorship of the bourgeoisie....and the dictatorship of the proletariat and the peasantry....[which] expressed a *transitional* phase in the revolution’s development, when it has gone further than the ordinary bourgeois-democratic revolution, *but has not yet reached* a “pure” dictatorship of the proletariat and peasantry.” (pp. 29-30). Actually, in the *Letters from Afar*, published in *Pravda* on March 21 and 22, 1917, before he returned to Russia, Lenin, had already spoken for the February Revolution as “Ours is a bourgeois revolution” (Selected Works, Vol. 2, p. 9), which would be led by the proletariat “first to the achievement of a democratic republic and complete victory of the peasantry over the landlords....and then to *socialism* which alone can give the war-weary people *peace, bread and freedom*” (ibid., p. 10). So he entreated the workers to prepare the way for their victory in the second stage of the revolution, (p. 9) and drew the organizational line: “we shall strive not only for the agricultural workers to establish their own separate Soviets, but also for the propertyless and poorest peasants to organise separately from the well-to-do peasants. (ibid., p. 10). Clearly, Lenin’s analysis of the February revolution was totally based on his framework of *Tow Tactics* (July, 1905) which he again mentioned in his *April Theses* (p. 22). However, in his *Report on the Current Situation* April 24 (May 7), he said, “If we want to draw the peasantry into the revolution we must keep the proletariat apart from it in a separate proletarian party, because the peasantry is chauvinistic.” (ibid., p. 77). He also said, we cannot be sure that the peasants will necessarily go further than the bourgeoisie (ibid., p. 63) in which case too proletariat’s task would be to escalate the revolution directly to its socialist phase. But how could the material basis for the socialist revolution remain unaffected, when such a problem arises, was not explained by him because he did not apprehend it. “Lenin’s dilemma is lying exposed even within the same span of his *April Theses* when, on the one hand, he argued for “a complete break...with all capitalist interests” in thesis (1) (p. 8) but, on the other hand, declares in thesis (8): “It is not our immediate task to “introduce” socialism”, (p. 10) whereas he also found: “The Soviets of Workers’ Deputies are the only possible form of revolutionary government” (p. 11) which is why he “considered the basic slogan, “the

task of the day” to be to call upon the proletariat: “prepare the way for your victory in the second stage of the revolution” (p. 14), because “ the transfer of state power to the proletariat ... will be the beginning of a “break-through” on a world-wide scale, a break-through in the front of capitalist interest,” (pp. 35-36) “to a new *phase* that became *objectively* essential with the outbreak of the first imperialist world war, which inaugurated *the era of social revolution.*” (p. 44).

This shows that he had also started to conduct his analysis taking world revolution as the point of departure, and whenever he did so he could come out of his captivity of the framework of the “pure” dictatorship of the proletariat and the peasantry” of socialist phase of the revolution (?) and go on to hold ‘correctly’ that the February-March revolution was the beginning of the transformation of the imperialist war into a civil war”, (*The April Theses*, p. 35), i.e., the proletarian revolution and that the next step of the revolution was to resolve the situation of dual power by requiring the proletariat’s direct seizure of power to establish its own dictatorship. But, whenever he treated Russian revolution in isolation, he had to yield to his *Two Tactics* framework, in which there is nothing to be surprised to find Lenin’s theory and practice full of self-contradictions.

It was this theory upon which his postulate of “the weak link” was posited and the latter *practice* of “Workers’ control.” (Russian word ‘*Kontroll*’ means only inspection and checking) stood. Precisely, this is what for which the slogan “All power to the Soviets” was directed. Because, in the same month of June, Lenin wrote, “Everyone agrees that the immediate introduction of socialism in Russia is impossible.” (C.W. Vol. 25, p. 69, quoted in A. Nove, op. cit, pp. 41-42).

### **Programme: Lenin’s idealism**

On the 3<sup>rd</sup> of November (i.e., 21<sup>st</sup> of October according to Julian calendar) in “the historic meeting” of the Bolshevik leaders on the question of fixing the time of the uprising Lenin said: “November 6<sup>th</sup> will be too early. We must have an all-Russian basis for the rising; and on the 6<sup>th</sup> all the delegates to the Congress\* (\*The All Russian Congress of Soviets) will not have arrived ... on the other hand, November 8<sup>th</sup> will be too late. By that time the Congress will be organised, and it is difficult for a large organised body of people take swift, decisive action. We must act on the 7<sup>th</sup>, the day the Congress meets, so that we may say to it, “Here is the power! What are you going to do with it?” (Quoted in John Reed, *Ten Days That Shook The World*, Progress, pp. 67-68). And they acted in accordance with their plan to lead the proletariat to seize the power successfully. Seizure of power is a must, but what to do with it? The Bolsheviks did what they already set out to do. *Two Tactics* stated: “This government will have to enact an 8 hours working day, establish workers’ inspection of factories.” *April Theses* stated: “Such measures as the nationalization of the land, of all banks and capitalist syndicates, or at least, the *immediate* establishment of the Soviets of workers’ Deputies etc. over them, measures which are only steps to words socialism and which are perfectly feasible economically, it will be impossible to heal the wounds caused by the war and to avert the impending collapse. ...”

The seventh party conference endorsed the *April Theses* adopting its proposals as party's programme for the period of the so-called "revolutionary democratic dictatorship of the proletariat and the peasantry". The sixth party congress held in July/August approves the same programme: (1) centralization and 'nationalization'\* of banking, (2) the 'nationalization' of large enterprises, (3) institution of workers' control over production and distribution, (4) the establishment of a system of exchange between town and village.

However, Lenin's programme for the so-called dictatorship of the proletariat and the peasantry was never implemented during the period of dual power.

Then, after the seizure of power, if Lenin understood it to be a bourgeois revolution, as he did on some occasions (as a result of his un-historical method, how could he understand the same non-socialist ("state capitalist" – in his own words) economic programme for the so-called "dictatorship of the proletariat and the peasantry" to be a socialist programme for the "dictatorship of the proletariat"? Lenin gives two answers to it. The first is to be seen in his text: *Can the Bolsheviks Retain State Power?* – published on the eve of the *Revolution*: "The chief difficulty facing the proletarian revolution is the establishment on a country-wide scale of the most precise and the most conscientious accounting and control, of *worker's control* of the production and distribution of goods", (Sel. W. 2, p. 396) (The argument is again repeated in *The Immediate Tasks of the Soviet Government* written by him in April-May, 1918): "The principal difficulty lies in the economic sphere, namely the introduction of the strictest and universal accounting and control of the production and distribution of goods, raising the productivity of labour and *socialising* production in *practice*." (ibid., p. 649). This shows that he resorted to idealism in believing that relying only on subjective will workers could control capital, in not understanding that *under capitalist mode of appropriation* as exchange dominates over the production, so "product enslaves first the producer and then the appropriator" and thus failing to comprehend who controls whom.

## Capitalist

According to Marxism: "The concept of capital implies the capitalist" and capital is "necessarily" and "essentially" a "capitalist". (Marx, *Pre-capitalist Economic Formations*, pp. 118-19). Capital – i.e., value that "expands spontaneously" (*Capital*, 1, p. 152) "is independent, and has individuality, while the living person is dependent and has no individuality" (*Manifesto*), because, under a mode of production where the producer has the permission to live only as a means to increase value itself and the appropriator as a means to manage its affairs, the person as the appropriator is a *slave of profit* – i.e., the money name of *surplus labour* congealed in *surplus value*, and the person as the producer is a *slave of wage* – i.e., the money name of labour-power congealed in that part of value that is *variable capital*. Thus, even when the person-capitalist cannot control capital, what to speak of "Workers' control"? Lenin speaks out "This is the chief difficulty, the chief task that faces the proletarian i.e., socialist revolution..." (Sel. W. 2, p. 397). As to the question of overcoming it, in his most dishonest pamphlet *State and Revolution* written in August-September, 1917 Lenin

already wished to “reduce the role of state officials to that of simply carrying out instructions as responsible, revocable, modestly paid foremen and accountants”....and in this text he proposed that the apparatus “of accounting and registration work” that “the modern state possesses” “must not, and should not, be smashed. It must be wrested from the control of the capitalists; ... it must be subordinated to the proletarian Soviets; it must be expanded, made more comprehensive, and nation-wide...capitalism has created an accounting *apparatus* in the shape of banks, syndicates, postal service, consumers’ and office employees’ unions. Without big banks socialism *would be impossible*. “Big banks are the state apparatus which we need to bring about socialism, and which we *take ready made* from capitalism;...A single State Bank, the biggest of the big with branches in every rural district, in every factory [cf. Marx’s critique of John Gray’s proposition about a national central bank’s role in instituting his “labour money”] will constitute as much as nine-tenths of the *socialist* apparatus. This will be countrywide book-keeping countrywide accounting of production and distribution of goods, this will be, so to speak, something in the nature of the *skeleton* of socialist society. ...

“The important thing will not be even the confiscation of the capitalist’ property but countrywide, all embracing workers’ control over the capitalists and their possible supporters. ...

“Compulsory syndication, i.e., compulsory amalgamation in associations under state control – that is what capitalism has prepared the way for, this is what has been carried out in Germany by the Junkers’ state, this is what can be carried out in Russia by the Soviets by the proletarian dictatorship.” (Selected Works, Vol. 2, pp. 396-399).

But it goes without saying that in determining and differentiating the class nature of the same economic programme on the basis of the class origins of the person who implement it and their respective motives Lenin’s method stood against Marxism, which instead, on the contrary, is premised upon the relation of production.

Moreover, with *value* and at a given *wage* rate, in cash or kind, “raising the productivity of labour”, amounts to raising the rate *exploitation*.

Lenin’s second answer rests upon *the concept of ‘material basis’*. For Lenin, Russia was “poor” and “backward” hence unripe for socialist revolution. However, Russia had already become the world’s fifth or sixth industrial power with the world’s largest plant Putilov that employed 40,000 workers. Still Russia’s working class constituted hardly 10% of the population\*. Anyway, Tzar was not a bar against; rather, he was a procreator of conditions which environed, the development of capitalism in Russia, and this was why the Russian bourgeoisie felt no urgency to overthrow this

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\*Abolition of serfdom in 1861, that liberated the serfs, gave rise to a regime of extremely small peasant holdings besides other repartitional or hereditary communes. Cancellation of redemption debts in 1905 freed them further. Encouragement of hereditary i.e., private landownership and consolidation of holdings under Stolypin Reforms etc. by the eve of the Revolution, turned agricultural households, regardless of imperial and Church land, to be classified as the following: (1) nobles; (2) peasant ‘separators’ (Khutora households who formed a Kulak i.e., rich peasant class); (3) Otruby households; (4) peasants belonging to communes holding either hereditary or repartitional tenureship. The first two categories operated

commercially employing hired labour and produced bulk of the marketable surplus. Although the households belonging to the last two categories could hardly produce their own subsistence, and in lean years had to purchase food from the market, normally even the poorest ones also contributed a considerable portion of the marketed produce in return for agricultural implements, textiles, footwear and other everyday items such as kerosene, etc., as has been pointed out by A. M. Anfimov, Moscow, 1962/cited in J. L. H. Keep – *The Russian Revolution: A Study in Mass Mobilization, 1976*/ recited in L L MEN, *Two Texts*), Thus, in terms of classes, by 1917 Russian agriculture was being run by a commercialized aristocratic landowners, a kulak class, a large class of marginal and poor peasants, and a small class of landless poor-peasants-turned agricultural labourers. Clearly, the sway of capitalist relation of production was all embracing by uprooting feudalism from the economy, turning agriculture petty-bourgeois, and all this under the regime of an anachronistic absolute monarchy.

monarchy (and this caused the latter confusions regarding the so-called ‘completion’ of the bourgeois democratic revolution). When one proceeds along the course of world history, one reads very clearly that in contrast to *socialist revolution* (which is to be *cent percent class conscious* in which seizure of power only opens up the entrance to socialist era, *all previous class revolutions* (*necessarily spontaneous* in the sense that those were not, and could not be, class-conscious) had to annex the economy in the first place and then become the *coup de grâce* of the political change.

The Bolsheviks might have possessed the revolutionary will, but what they *lacked* was the scientific revolutionary consciousness, i.e., a correct understanding of socialism, namely, Marxist political economy in this case. Spontaneous revolutionary will cannot go beyond the seizure of power. Power, yes, but what to do with it? Was it to be used to uproot capitalist relation of production which always gives rise to capital’s objective laws? Besides revolutionary will a scientific understanding of those laws is all the more necessary. Since, “it is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.” (Marx), whilst the consciousness, in its turn, does influence men’s social existence. And, since socialism isn’t just the negation of capitalism, adoption of a correct communist programme is indispensable and requires a scientific understanding that as a born-spontaneous economic category value cannot be controlled but abolished and that too not by simple subjective will and decrees, but by positing a conscious category in its place – that is an understanding of how labour, instead, and on the contrary, of being obliged to be realized indirectly, can assert itself *directly* through seizure of power to destroy the existing bourgeois relations lock-stock and barrel, to institute and ensure workers’ participatory democracy, to socialize means of production and distribution and to implement socialist economic measures calculated in terms of direct labour-time. This is the dialectical and historical materialist method of Marx and Engels which stands against the idealism of all shades of anarchists, libertarians and pseudo-Marxists, for whom revolutionary will alone is sufficient. Had there been no backwardness and no isolation could an incorrect programme lead to socialism?

As the Bolsheviks fell short of this method, so they failed to find the way out of capitalistic poverty/property, backward/advanced framework; to organise the workers to emancipate themselves by emancipating the productive forces from their captivity of capitalist production relation. And as they did not understand what is to be done to replace indirect labour-time (i.e., value) by direct labour-time in calculating production

and commencing distribution what else could they do than taking into their hands “the management of finance capital”? Obviously, they had had to learn crisis-management, i.e., the management of the same affairs of value and its relations of production and distribution, which caused the crisis and the war that brought about the conditions of the revolution which raised them to the helm of power. Thus, in reality, the Bolsheviks could proceed not a bit beyond the seizure of power towards socialism and eventually turned themselves into a new board of directors of the Russian national capital itself. Russian revolution degenerated due to economic backwardness, isolation and incorrect programme. If, for Marxists, it is the economic infrastructure that determines the whole immense superstructure of the society, given that the proletariat has seized power but has not immediately started to revolutionize the infrastructure, the laws of the infrastructure will not wait long to start obliging the newly formed state into submission. The state functionaries need not be aware that they are succumbing to the laws of untouched capitalist infrastructure. The process proceeds objectively, in spite of, and against or for, the subjective intentions of those involved. Hence, when our comrades of the P.C. Int. (B.C.), Italy, observe that “the revolutionary state took into its hands the management of finance capital,” no matter what its members wished to do, could the state remain “revolutionary” anymore? Was it socialism of any magnitude, and could there be any as such that bore the capitalist society “subdued” into itself? Was Lenin a Marxist when he “emphasized” that “state capitalism” could be directed and administered by the proletarian dictatorship itself” (or by the so-called ‘revolutionary democratic dictatorship of the proletariat and the peasantry’!)? Those comrades who are caught by the justification that: “This was all in the context of the dual perspective of holding on to power whilst waiting for revolutionary upheavals on the international scene” have to answer further questions, such as: Whatever the outcome regarding the second perspective (albeit we know that it didn’t materialize) is it possible for any party, which, in effect, allows value to survive, no matter what its subjective intention is, to hold on to power without being forced by the law of value to satisfy its needs? Can value wait for anybody else “in a mode of production in which the labour exists to satisfy the needs of self-expansion of existing values, instead of, on the contrary, material wealth to satisfy the needs of development on the part of the labourer [who] ... is governed by the products of its own hand” (Marx, *Capital*, 1, p. 582)? That the answer to those entire question *must be ‘no’* can be read from what has been the history of Bolshevism, and that it couldn’t be otherwise was long ago foreseen by Marx, who writes; “The mode of production of material life conditions the general process of social, political and intellectual life,” (Preface, *CCPE*, pp. 20-21). The point of the fact is that Lenin’s theory remained premised upon the horns of a dilemma between the “pure” dictatorship of the proletariat and the peasantry and the dictatorship only of the proletariat. This explains why even a month after the seizure of power, for Lenin, “there was not and could not be a definite plan for the organization of economic life”, whereas on November 7<sup>th</sup>, 1917 he had declared to the Congress of Soviets: “We must set about building a proletarian socialist Russia. Long live the world socialist revolution.” Lenin’s argument that underlay this topsy-turvy in theory which gave rise to the anarchy and chaos that followed in the Bolshevik practice, as is discussed below, was precisely that Russia was unripe for the socialist economic steps; consequently the first task of the soviet state was

to help develop capitalism ('fully' *vis-à-vis* the Western capitalism) until the stage was set for initiating socialist economic measures.

## **Lenin's errors**

But, we find "the question faced by the soviet state was not to consider Russia's own particular level of technology or material well-being that could be produced and gear its economic programme accordingly. The question was rather how to hold on to the revolution whilst awaiting the rescue of the world revolution, which *required*, as a matter of life and death... the immediate institution of the socialist programme, both economic and political". In addition, we can summarize Lenin's errors regarding economic programme: (a) by instituting the class nature of the same economic programme on the basis of the class origins of the persons who implement it and their respective motives instead of the relation of production, Lenin reversed the Marxist method; (b) in assuming that without big banks socialism would be impossible, Lenin went against Marxism; (c) in believing that allowing value to live and depending only on subjective will workers could enslave capital instead of remaining themselves enslaved by it, Lenin resorted to idealism. The history of Bolshevik October and its aftermath lie before all of us for reading how this erroneous method of Lenin was spelt out into erroneous and hence capitalist programme.

The Bolsheviks organized the advanced section of the Russian proletariat in the October seizure of power. As a result, they gained absolute majority in the Central Executive Committee of the All-Russian Congress of Soviets (*VTsIK*). The Left Socialist Revolutionaries – the nominal protagonists of peasant interests initially refused to join the Soviet Government. So, all the portfolios in the Council of people's Commissars (*Sovnarkom*) went into the hands of the Bolsheviks. Yet, while their task was to use the Soviet-power to immediately expropriate the means of production in the major branches of production and to institute "*Co-operation*" (i.e., communism – *Critique of the Gotha Programme*, Marx) following Marx and Engels, Lenin set out to teach them "*How To Organise Competition*" by instituting the so-called "*workers' control*": "Accounting and control, if carried on by the Soviets of Workers,' Soldiers' and Peasants' Deputies as the supreme state power...is the *essence* of socialist transformation, once the political rule of the proletariat has been established and secured," (Lenin, Selected Works, Vol. 2, pp. 514-15). Note again that according to Lenin workers can 'control' the law of value; and the class character of economic measures is determined by the class-origin of their operators.

## **Decree of Workers' Control**

On 16 November 1917 (Julian Calendar) declaration of the *Decree of Workers' Control* and its subsequent organizations at factory, regional and national levels; on 5 December 1917 setting up of the *Supreme Council of National Economy (Vesenkha)* as the institution of the national economy, state finance and central planning; and in early 1918 Vesenkha's setting up of various '*glavki*' – i.e., department for administering activities of various branches of production, introduction of state monopoly trading in

grain and rationing, “*mixed economy*” involving state, private and foreign capitals, application of individual management of factories by managers responsible to the higher economic bodies which appoint them, limited nationalization – mainly of two types – (1) ‘punitive’ and (2) ‘spontaneous’ et. al., were obviously state capitalist measures. The first conference of the All-Russian Congress of Regional Economic Councils held on May 26, 1918 reported that since seizure of power so far only 304 enterprises had been nationalized. This shows that even in the case of nationalization the Soviet Government’s own initiative was very limited. Anyway, Kritsman, one of the first leaders of *Vesenkha*, amongst Obolensky, Larin. Milyutin, wished: “capital i.e., capitalists would be in some sense in service of the proletarian state”.

## On wages

However, the economic programme of Lenin and his supporters did not go unopposed. Since March 1918 a minority group of Bolsheviks like Bukharin, Radek, Ossinsky, Lomov, Pokrovsky and others, called ‘Left communists’, wielded a majority in the Petrograd and Moscow party organizations successively and meanwhile from March published a daily called “*Komunist*” from Petrograd, and from Moscow a journal of the same name in April and May as the official organs of their respective party organizations. But, the fourth number of the Moscow journal had to be published privately because, by that time the Bolshevik majority had re-established control of the Moscow party organization and *against all principles of party democracy and consequently of workers democracy suppressed public expression of minority view through party channels*. Ossinsky in his *Theses on the Current Situation*, as Bukharin and Preobrazhensky in *The A B C of Communism*, criticized Lenin’s programme as a social base for the evolution of “state Capitalism”. Lenin was not less aware that it was really so (though some times the same programme became ‘socialist’ for him because it was implemented by a workers’ state). Hence, in his “*left-wing*” *Childishness* published: in May 1918 he ridiculed the “Left Communists” because: It has not occurred to them that state capitalism would be a *step forward* as compared with the present state of affairs in our Soviet Republic...the “Left Communists” do not understand what kind of *transition* it is from capitalism to socialism that gives us the right and the ground to call our country the Socialist Republic of Soviets ... [which] contains elements ... of both capitalism and socialism.” (ibid., pp 693-94). [A transition of a transition! – BS] And he proposed to buy out the whole lot of capitalists – both their property and their expertise especially those cultured capitalists who agree with state capitalism, who are capable of putting it into practice, and who are useful to the proletariat as clever and experienced organizers of the largest types of enterprises. And, already on April 4, 1918 *Pravda* published *The Immediate Tasks of the Soviet Government* in which Lenin said: “Now we have to agree to pay a very high price for the “services” of the top bourgeois experts ....Clearly, this measure is a compromise, a departure from the principles of the Paris Commune and of every proletarian power.” ... (ibid., p.655). Here Lenin also dealt with the problem of “raising productivity of labour” (ibid. p 662) in terms applying “piece-work” and “much of what is scientific and progressive in the Taylor system”, making “wages correspond to the total amount of goods turned out, or to the amount of work done by the railways, the water transport system, etc. etc.” (ibid., p. 664) And to achieve this objective he upheld “the importance

of competition”, because for him: “In fact, it is only socialism which, by abolishing classes, and, consequently, by abolishing the enslavement of the people, for the first time opens the way for competition on a really mass scale.” (ibid., pp. 664-65). Interesting, is it not? Lenin says, in other words, wage-slavery, the need to increase the rate of exploitation, or in value-terms the need to increase the rate of surplus value etc, i.e., all *spontaneous* economic relationship engendered by exchange values, which are born-competitive, will exist; competition of self-expanding values will be further organized “on a really mass scale”; and all these will constitute socialism which will abolish classes and thereby abolish the process of “the enslavement of the people”! And, isn’t it more interesting that Lenin remained silent on the question that his proposal for indexation of wage to productivity and for raising productivity by Taylor system is also the negation of the Paris Commune principle which he did not forget to mention when he proposed “to pay a very high price for the “services” of the top bourgeois experts”?

That Trotsky also held the same view as Lenin’s can be read from his later comment in the third All-Russian Congress of Trade Unions in April 1920: “Wages... must not be viewed from the angle of securing the personal existence of the individual worker [but should] measure the conscientiousness and efficiency of the work of every labourer.” (Quoted in L L M’s Two Texts p 175 from *Solidarity*).

His *Terrorism and Communism*, published in July 1920, also carried the same opinion: “Wages, in the form of both money and goods, must be brought into the closest touch with the productivity of individual labour. Under capitalism the system of piecework and of grading, the application of the Taylor system, etc., have as their object to increase the exploitation of the workers by the squeezing out of surplus value. Under socialist production, piecework, bonuses, etc. have as their problem to increase the volume of social product...those workers who do more for the general interest than others receive the right to a greater quantity of the social product than the lazy, the careless and the disorganizers.” (Quoted in L L M, op. cit., p. 176 from *Ana Arbor*, 1961, p. 149).

Trotsky’s literary twists, turns and juggles also cannot conceal the essence of the matter that under capitalism the labour power is a commodity and as such, normally, owners of labour power are rewarded differently according to their labour-power’s productivity in the same way as commodity producers are rewarded differently according to their productivity. And his model-of ‘socialism’ also adheres to the same law as above.

Actually, in Russia, which were put into effect were those proposals of Lenin and Trotsky. Russia had to recruit “bourgeois experts” into the production process, because it was *necessary* as it was necessary in any other country at that time just as it is also necessary in any country even today. *Necessary*, because everywhere unequal ‘cultural’ levels of workers are the result of *unequal* informative and technological education and training which, under capitalism, is also a property of the bourgeoisie. Isn’t it a fact that today’s high-Tec is the ‘private’ property of the most advanced sections of the world bourgeoisie?

## War Communism

Escalation of the civil war, armed intervention of the ‘imperialist’ entente in the summer of 1918, hyper-inflation, peasants’ sabotages, acute shortage of food (in Petrograd, the bread ration fell in early 1918 to a mere 50 grams a day even for the workers) fuel and raw materials for towns, i.e., the crisis forced the Bolsheviks step into their policies of the so called *War Communism*.

On April 29, 1918 Bukharin and Lenin debated the government’s economic programme in VTsIK. On May 3, VTsIK adopted Lenin’s *Six Theses on the Immediate Tasks of the Soviet Government*.

Now, we find Bukharin standing on the ‘left’ to uphold War Communism to be a milestone on the road of the transition to communism, and, then we will find him to ardently adhere to the so-called New Economic Policy!

## PRODUCTION

In the sphere of production\* (economic infrastructure) [\* Here we deal with only industrial production just for an analytical simplicity.] on June 1918 the Council of People’s Commissars (*Sovnarkom*) enacted the Decree of General Nationalization to cover the major industries and large-scale enterprises. On November 29, 1920 (the Supreme Council of National Economy (*Vesenkha*)) extended the decree to cover all enterprises employing five or more workers where mechanized power was used and enterprises employing ten or more workers where no mechanized power was used. It must always be remembered that for sundry leftists nationalization is synonymous with socialization, whereas for the Marxists nationalization without workers’ democracy and with value leads to state capitalism. Bolsheviks knew it, but they did not know how to abolish value.

Virtually, the Russian economy collapsed during the War Communism. Firstly, the Brest Litovsk Treaty of March 1918 (viewed by the Bolshevik left wing as surrender to German imperialism) obliged Russia to surrender Ukraine under temporary German occupation, which took possession of 40% of Russia’s industry as a whole, 70% of Steel and 90% of Sugar industries. Secondly, escalation of the civil war aided by external armed intervention drastically reduced Soviet command-area, thereby shrinking the sources of supply of food, fuel and raw materials. Thirdly, the entente’s economic blockade impeded imports of machine tools and spare parts. Fourthly, continuous sabotages by the enemies reduced production. As a result of all these in 1920 industrial production fell to below 15% of the 1913 level: whereas money supply rose by two times in 1918, by three times in 1919 and by five times in 1920. Constant over issue of paper currency *vis-à-vis* falling industrial production coupled with the unproductive expenses of the civil war depreciated the purchasing power of Ruble in October 1917. Still, it must be noted that lower the purchasing power of notes, the greater is the need and demand for notes because money as “the ideal measure of value” is “the phenomenal form” – the “socially recognized incarnation of homogeneous human labour” – “a crystal formed in

the course of the exchanges” ( Marx, *Capital*, I, p. 90). Hence, money exists so long as its decisive state of its existence that is the exchange value exists.

## **Ruble was never abolished**

According to Marx value is “the active factor” that assumes “at one time the form of money, at another that of commodities”. It is under the form of money that value begins and ends, and begins again, every act of its own spontaneous generation. ... The capitalist knows that all commodities ... are in faith and in truth money ... a wonderful means whereby out of money to make more money. “Value therefore now becomes value in process, money in process, and, as such, capital. It comes out of circulation, enters into it again, preserves and multiplies itself within its circuit, comes back out of it with expanded bulk, and begins the same round ever afresh”. (ibid., pp. 152-153). Since *money is the ultimate form of expression of value*, which, under capitalism, turns everything else valueless unless married to itself, when money appears to be worthless, it becomes all the more worthwhile. That in February and May 1919 the Soviet Government attempted to introduce a new Ruble to replace the old one is a proof in hand. Ruble was never abolished. Therefore, the claim that it was so in the state sector during War Communism is an ideology. What is its basis? From May 1918, state enterprises were required to deposit all cash with the state bank, which kept their accounts. Exchanges between these enterprises had to be conducted either through cheques, or through bookkeeping in the state bank in terms of Ruble values of the goods traded at their ruling prices. Cash requirements remained confined only to wage payments. Despite the claim that it was a step towards the ‘abolition of money’, in no time some Bolsheviks correctly pointed out that this was not different from bank clearing in Western capitalist financial systems. Yet, the second All Russian Congress of Regional Economic Councils in December 1918 re-affirmed the above measures and “expressed the desire to see the final elimination of any influence of money upon the relations of economic units.” (See A. Nove, op. cit., p. 64). In addition, the inclusion of the same illusion in the new party programme adopted by the eighth party congress held in March 1919 led the measure to cover all state enterprises and institutions, whenceforth the state-budget accommodated all their payments and receipts.

## **‘Naturalization’ and Taxes**

This was the content of the so-called ‘naturalization’ of economic relations i.e., the alleged ‘abolition of money’ in the state sector. In January 1920, the State Bank was closed, not because the money was ‘abolished’ but because the *Vesenkha* usurped its functions through budgetary arrangement. During the First World War like other belligerent governments, Tsar Government had also to depend on the mintage and printing of money. Balanced budget became the objective of the Soviet government since its inception, but the economic disintegration and high costs of the civil war caused large deficits, which were to be covered from other sources. At that time, public debt was impractical. The attempts to raise tax revenues, such as by the Central Executive Committee of the All-Russian Congress of Soviets (VTsIK) decree of 30 October 1918 imposing two new taxes, namely “*Special Revolutionary Tax*” and “*Tax in Kind*”,

miserably failed. Therefore, the only source open was *note printing* which only contributed to spiraling *inflation*. Again, the Marxists must note: Lenin viewed that all communists are against indirect taxation, which is regressive, and are for a progressive direct tax. Whereas in Marx's point of view: "Taxes are the economic basis of the government machinery and of nothing else....Income tax presupposes the various sources of income of the various social classes, and hence capitalist society" (CGP, p. 29). Thus, with the replacement of capitalism by socialism, tax ceases to exist at all.

True, the nationalized concerns did not have to pay any tax during War Communism, and as nationalization proceeded to cover more and more firms leaving only the very small ones, less and less tax was collected. Nevertheless, the view that nationalization deepened the government's budgetary troubles is misleading. Because, the fall in revenue of the state under this head was compensated by the rise in revenue under another head, i.e., the required deposits of the receipts of nationalized concerns. This means, the part of the profits of an enterprise, which was entering into the state's budget in the form of direct tax receipts before the enterprise was nationalized, was, now after its nationalization, directly entering into the state's budget in another form of revenue receipt. This change of form does not change the essence of the matter. The process reached a point by early 1919 when all receipts and payments and hence profits and losses of the state enterprises had to be transferred to the People's Commissariat of Finance (*Narcomfin*). Moreover, before May 1918 the state bank was the source of industrial credit. Since May 1918 following a government decree all credit applications were to be made with *Vesenkha*, approved credits were to be provided by *Narcomfin*, and by the spring of 1919 applications were to be made with *Narcomfin* instead of *Vesenkha*. Thus, the state bank was stripped of its most important function. This was the result of the proposals of placing the state bank under *Vesenkha* and limiting its role to bookkeeping for nationalized enterprises placed before the second All-Russian Congress of regional Economic Councils in December 1918. Finally, in the second half of 1919 the state bank had no work to do. Therefore, in January 1920 it was closed down. Again, it must be noted that this closure implied neither the 'abolition' of the banking system, nor the 'abolition' of money in the state sector. Clearly, the myth that the so-called 'nationalization' of the state sector saw money dying is demolished. However, dwelling at the surface layer does not help us reach the root of the problem. Marxists have to reach the source of motion of any phenomenon for finding out, perforce, when and how it could be rooted out. We know how Marx and Engels have perfectly located the source of motion of money in the heart of commodity that congeals and conceals indirect human labour that is value and, as such, until value is abolished, money cannot be abolished. Thus, the most fundamental question to be asked: Was value ever even a target of attack by the Bolsheviks?

According to Marxian materialist method, the only way to uproot value is *to uproot* the relation that needs the causal-historical-but-spontaneous economic category that is indirect social labour and, at the same time, *to implant* the relation that needs the causal-historical-and-conscious economic category that is direct social labour. As Marx observed, "since now in contrast to capitalist society, individual labour no longer exists in an indirect fashion but directly as a component part of the total labour." (CGP, pp. 14-

15). The point is deeply subtle and dialectically differentiating. In both the systems quantum of social labour embodied in a product is an average magnitude, but what constitutes the basis of capitalism is the indirect labour whereas that of socialism is the direct labour. Division of labour, private property and exchange turn individual labour into indirect social labour, whereas under “co-operative society based on common ownership of means of production” (loc. cit.) individual labour is not exchanged and hence becomes directly social labour. It is understood that the latter system was never introduced in Russia.

In May 1919 at a congress of heads of financial sections, Milyutin said, “A system without money is not a system without payment. On the contrary, the revenue of an enterprise, like its expenditure, must be entered and accounted for in monetary symbols; money must not pass from hand to hand, but must be recoded to the requisite number of millions of rubles; the account of so many millions...” (quoted in E. H. Carr, *The Bolshevik Revolution*, Vol. 2. Macmillan, 1952, p. 266).

Clearly, the basis of and measure for this method of settlement by bookkeeping is prices set by the government. Nevertheless, according to Marx price is nothing but the money name of general labour realized in a commodity. Commodity is the congealed value. Moreover, “the money form is but the reflex, thrown upon one single commodity, of the value relations between all the rests.” Further: “the fact that money can, in certain functions, be replaced by mere symbols of itself, gave rise to that other mistaken notion, that it is itself a mere symbol.” (*Capital*, I, pp. 93-94).

Hence, Milyutin’s “mistaken notion” that the ruble measure used in settling the accounts in the state sector was itself a mere ‘monetary symbol’ and, to use Marx’s phrase, “under this error lurked a presentiment that the money form of an object is not an inseparable part of that object.” (loc. cit.) “But money itself has no price. In order to put it on an equal footing with all other commodities in this respect we should be obliged to equate it to itself as its own equivalent. The price or money-form of commodities is, like their form of value generally, a form quite distinct from their palpable bodily form; it is, therefore, a purely ideal or mental form. ... Every trader knows, that he is far from having turned his goods into money, when he has expressed their value in a price or in imaginary money, and that it does not require the least bit of real gold, to estimate in that metal millions of pounds’ worth of goods. When, therefore, money serves as a measure of value, it is employed only as *imaginary or ideal money*.” (ibid., pp. 98-99, emphasis added).

Since commodity is the congealed value and value of a commodity is the fundamental state of existence of money, as value exists, so exist commodity and money. In Russia as value remained untouched, so remained the necessity of turning the products into commodities and of a “material” for the expression of their values even in the state sector, however naturalized it was. And Marx says, commodities express by their price how much they are worth, and money serves as *money of account*\* whenever it is a question of fixing the value of an article in its money-form.” (ibid., p. 103).

As “*money of account*”, “material” existence of money is not necessary. What is necessary is its “imaginary or ideal” existence. When Milyutin said that a system without money still required monetary symbols to serve as a unit of account for reckoning the commodities in the state sector in terms of prices set by the government, he mistook the imaginary or ideal existence of money to be “monetary symbols”. Change in name of a thing does not change its essence at all. At a later stage of the proceedings of the same congress, Krestinsky admitted, “the ruble may remain as a unit of account even when money has ceased altogether to exist in a material form”. (See Carr, op. cit, Vol. 2, p. 266). Money’s “material form” for Krestinsky is what is money’s palpable bodily form (i.e., currency) for us and for Ruble’s existence as a unit of account implies its imaginary or ideal existence and thereby the existence of money itself.

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\*As a category ‘unit of account’ differs from ‘money of account’. In positivist economics money is merely a unit of measurement which, besides its various other functions, serves as a unit of account. This theory is ideological because it takes money as a ‘neutral’ unit just as various other units of weights and measures, namely, gram, metre, litre, Celsius, Fahrenheit, &c. are, and not as an expression of a social relation of production. On the contrary, ‘money of account’ accurately expresses the social relation which money really is.

Thus, ‘Marxists’ who claim that money was ‘abolished’ in the state sector during War Communism are ‘Marxists’ who abandon Marx’s theory of money to accept the positivist one. As Marx points out, according to positivist economics “Money has been cunningly devised” to overcome “certain technical inconveniences” suffered by commodity exchange. Hence, while criticizing Thomas Hodgskin, Marx says, “Proceeding from this quite superficial point of view, an ingenious British economist has rightly maintained that money is merely a material instrument, like a ship or a steam engine, and not an expression of a social relation of production, and hence is not an economic category.” (CCPE, p. 51).

Thus, in positivist economic ingenuity money is a non-economic category, a product of the idea, a ‘neutral’ “material instrument,” used to reckon economic activities in conformity with ‘natural laws’.

Therefore, by citing the existence of money in the existence of Ruble as the unit of account in Russia, economic ideologues rejoice their victory: in exposing the existence of money even in communism. They condemn Marx’s theory – “money is an expression of a social relation of production,” and hence is “an economic category”, which will cease to exist in socialism – as an utopia towered upon a fundamental error, and thereby firmly positing the ‘natural law’ of money’s indispensability as a ‘neutral’ “material instrument”.

## **Market and Inflation**

Existence of *money*, *commodity* and *value* implied existence of *market* in Russia, though in a form different from that in which it exists in the West. Thus, all exchanges between nationalized enterprises were simple and pure *commodity exchange*, which according to the Marxist method *is not defined by any specific form of expression or state of existence*. In its function as a medium of circulation, money does not require any

palpable bodily form (cf. bank deposits). During War Communism, this function of money was well served by the centralized accounting.

In fact, neither had the Bolsheviks any plan to root out money immediately after the seizure of power, nor did they clearly know its know-how. Yet some of them dreamt money dead, *which others* predicted its inevitable death. Moreover, the VTsIK decree viewed its declaration of the merger of the State Bank in the *Narcomfin* (the Commissariat of Finance) as an attempt “to establish moneyless settlements with a view to the total abolition of the money system”, whereas money and its illusion never lost its sway over society. The revised party programme adopted by the eighth party congress in March 1919 said, “In the first period of transition from capitalism to communism ... the abolition of money is impossible”, but in the same breathe recommended measures “which will widen the sphere of moneyless settlements and pave the way for the abolition of money”. (See Carr, op. cit., p. 265) Upholding this ideology, Bukharin and Preobrazhensky in their *ABC of Communism* published in the Autumn of 1919 insisted on the need for money “in the socialist society” and said that the abolition of money would come when society passed from ‘socialism’ (‘the lower stage of communism’) – [a Leninist fallacy – BS] – to the communism proper. (ibid., p. 262) At the end of 1919, “the demand for currency was so great that factory tokens issued on bits of ordinary paper with stamp of some responsible person of local institution or president of some committee or other passed as money” (quoted in Carr, op. cit., p. 259). Even when money reaches the stage of token money, i.e., symbols of value, ‘its functional existence absorbs, so to say, its material existence,’ yet, says Marx, “this token which functions as money, must have an objective social validity of its own”. Even expanding demand for Ruble compelled the state to follow *a policy of unlimited inflation* via unlimited issue of paper money by resorting to the printing press, which worked to capacity. Despite this fact, Preobrazhensky viewed the money-printing press as “that machinegun of the Commissariat of Finance which poured fire into the rear of the bourgeois system and used the currency laws of that regime in order to destroy it.” While even a positivist analyst like Carr has seen in it as merely “a virtue” “made of necessity”, “an *ex post facto* justification of a course which was followed only because no means could be found of avoiding it”. (ibid., p. 261) In 1920, Zinoviev said, “We are moving towards the complete abolition of money”; Larin dreamt, “the progressive ‘dying out’ of money” grows in proportion to the growth in organization of Soviet economy. Money no longer exists as the sole measure of value. Money as a medium of exchange can already be abolished to a considerable extent. Money as a means of payment will cease to exist when the Soviet state can free the workers from the necessity of flocking to the *Sukharevsky* market [i.e., the ‘black market’]. Both will be realized in practice in the next few years. Money will then lose its significance as a store of value and will remain merely as what it actually is: “coloured paper”. (see M. Dobb, *Soviet Economic Development Since 1917*, p. 122). And in Lenin’s words, it is “the coloured pieces of worthless paper”. (see A. Nove, op. cit., p. 75). Needless to repeat the already raised arguments to show that the above view is also positivist. That a piece of specially “coloured paper” becomes money is not because people wish it to be so, but because the evolution of a given relation of production came about to be expressed in that tangible form. As long as money exists in the form of a “coloured paper”, or in any other form, it actually exists to accomplish all the necessary

functions of the same relation of production that has brought it into being in the first place.

### **Labour-time vouchers?**

The question of replacement of money with “the unit of labour-time” came to the fore towards the end of War Communism not as a deliberate programme, but as a compulsion imposed by rapidly depreciating Ruble and spiraling inflation. At the second All-Russian Congress of Councils of National Economy (*Sovnarkhoz*) in December 1918 one delegate said, “We shall come in the end to doing without any calculations in Rubles, reckoning the energy used by number of days and hours.” (See Carr, op. cit., Vol. 2, p. 264) The search for a stable substitute of unstable Ruble prompted a financial expert at the end of 1919 to look for “the unit of labour-time, which in the future can be converted into a universal unit of account of living energy – the calorie.” (ibid., p. 266) The third Congress of the *Sovnarkhoz*, which met in January 1920 expressed the desire to adopt “as a basis of measurement the unit of labour” and referred this proposal to a commission for consideration. The fact, that the Bolsheviks seized power in 1917 and it was as late as 1920 when they formed only an official committee to consider a scheme of introducing a labour unit, itself proves that it was never a conscious and deliberate policy following Marx’s sketch, all its “defects” notwithstanding.

The nearest ever Bolshevism came to Marx’s *Critique of the Gotha Programme* was in December 1918 when Larin commented: “Today when the whole national economy must be regarded as one whole, the conception of comparative profit or loss becomes senseless. Today the only question can be how many days must be spent to produce how many articles in a given branch of production.” (Quoted in Carr, op. cit., vol. 2, p. 268). This underlay the commission’s work which, however, did not go beyond an academic exercise, although the term ‘tred’ (*trudovaya edinista*) or labour unit became familiar when the economic ‘experts’ remained engaged in their exercises. So far, so good! Ultimately, the project was nipped in the bud by the introduction of the so-called New Economic Policy.

However, even if the Bolsheviks could actually introduce labour units, the same might replace Ruble, but would, of necessity, turn into voucher exchange and accumulation providing money with an alternative form only.

Thus, the Bolsheviks failed to uproot money because they failed to reach the root of money; they failed to make an anatomy of the reproduction cycles of money itself. Obviously, in Russia, in the state sector money always existed, since value existed, because capitalist production relations were never attacked, despite the closure of the state bank, nationalization and centralization of production.

The relation between nationalized enterprises and non-nationalized units rested upon the prices set by the government. Unstable and falling Ruble led to their constant upward revision vis-à-vis bewildering rate of inflation, and to the widening of the gap between the officially ‘free’ and the so-called ‘black market’ prices to fantastic

dimensions. Therefore, various forms of barter and payment in kind occurred, not because Ruble became “worthless” but because it became relatively dearth, which is because, the smaller the purchasing power of money the greater is its amount needed to accomplish the same transactions. That they did not imply any departure from the capitalist mode of circulation could be read from Marx’s comment: “In crisis, the antithesis between commodities and their value form, money, becomes heightened into absolute contradiction. Hence, in such events, the form under which money appears is of no importance. The *money famine* continues...” (*Capital*, I, p. 138, emphasis added).

Possessing a currency while it is constantly depreciating means constant expropriation of its possessor by the state. This was why the non-nationalized units refused to accept payments in Ruble. This proves that their relation with the state sector was being governed, not by the laws of the government, but by the law of value.

In the ‘black’ market too the barter between workers wage in kind and ‘bagmen’s’ grain and other necessities demonstrated precisely how value asserts itself. The moment one forgets that *money* is the *ultimate form of expression* of value and *value* is money’s *original state of existence* is also the moment one is quick-sanded by the phenomenal metamorphoses of value. Moreover, quicksand of phenomena is the death trap for Marxists.

## DISTRIBUTION

Distribution is a product of production, and hence, as long as production remains capitalist, distribution cannot be other than being capitalist.

### Soviet wage policy

The second All-Russian Congress of Trade Unions, which met in January 1919, passed the resolution on *Soviet wage policy* to be based on (1) piece-rate and bonuses and (2) a classified structure. [cf. Lenin’s “equal pay” fallacy in his *State And Revolution*] First, there were three divisions, the top two being reserved for the “highest technical, commercial and administrative personnel” and for “similar personnel of medium grade.” Each division was further *sub-divided into twelve categories* graded according to skill and other qualifications required (i.e., the same capitalist method of indexing wage to productivity). On February 21, 1919 VTsIK decreed it for Moscow and its suburb with retrospective effect from February 1. The decree set the minimum wage at 600 rubles and the maximum at 3,000 rubles per month, and even special higher rates were allowed if so decided by *Sovnarkom* (See Carr, op. cit., Vol. 2, pp. 202-203). Although there was a marginal narrowing of the gap between the two ends in August 1919, the gap was widened again by the third Congress of Trade Unions that met in April 1920. This Congress also endorsed the resolution for instituting a bonus system in kind previously passed by the All-Russian Congress of Councils of National Economy in January 1920, and repeated by the ninth RCP Congress in March 1920. In the next June the Soviet government issued a decree which set up a system of bonuses both in kind and in monetary rewards “to raise the productivity of labour.” (ibid., p. 218). Although a bonus

fund in kind was set up, it remained empty due to scarcity, and the system soon collapsed.

Thus, classified *wage* structure always existed in Russia. “Wages represent also wage-labour.” (Marx. *CCPE*, p. 200). Payment of wages and bonuses in kind in the state sector, which workers bartered with the ‘bagmen’ was also a result of constantly falling Ruble. Here, again, although wage in-cash was partially replaced, wage – the “masked form for the *value, or price, of labour-power*” (Marx, *CGP*. p. 23) – the phenomenal form of *the variable part of value* that creates surplus value – remained intact, but in the form of workers’ own products, i.e., in the elementary form of value, the germ that undergoes a series of metamorphoses to ripen into the price-form, i.e., wage. Here’s Marx’s wage theory in brief:

“the scientific understanding that wages are not what they appear to be – namely, the *value, or price, of labor* – but only a masked form for the *value, or price, of labor power*. Thereby, the whole bourgeois conception of wages hitherto, as well as all the criticism hitherto directed against this conception, was thrown overboard once and for all. It was made clear that the wage worker has permission to work for his own subsistence – that is, *to live*, only insofar as he works for a certain time gratis for the capitalist (and hence also for the latter’s co-consumers of surplus value); that the whole capitalist system of production turns on the increase of this gratis labor by extending the working day, or by developing the productivity – that is, increasing the intensity or labor power, etc.; that, consequently, the system of wage labor is a system of slavery, and indeed of a slavery which becomes more severe in proportion as the social productive forces of labor develop, whether the worker receives better or worse payment. ”

<http://www.marxists.org/archive/marx/works/1875/gotha/ch02.htm>

Also at: Marx, *Critique of the Gotha Programme*, Foreign Language Press, Peking 1976, p. 23

Certainly, the capitalist class always seeks to extract an “Extra profit” as “...an extra gain, a profit exceeding the average, either through exceptional over work, or reduction of the wage below the average, or through the exceptional productivity of labour employed.” (Marx, *Capital*, Vol. III, Progress Publishers, Moscow 1974, p. 179)

In August 1918, rationing was first introduced in Moscow and Petrograd on a three-class system: (1) the former bourgeoisie, (2) ordinary workers and relatives of all workers, (3) workers engaged in heavy work; the third category receiving rations four times, the second three times, as much as the first. However, the process of modifying the classification with as many as *twenty gradations* in some places in the autumn of 1919 led to intolerable bureaucratic complications and widespread anomalies, discontent and jealousies, which were publicly ventilated at a conference of the state organs of distribution in November 1919. In December 1919, the seventh All-Russian Congress of Soviet demanded a “single workers ration”. In April 1920, the government reintroduced the original three-category system. From October 1920, there were free ration (which meant wage in kind, and this was introduced at different times) in some items, which was abolished on January 27, 1921. From January 1920, “free public canteens” were set up in

Moscow and Petrograd for workers and employees of state organs. From December 1920, fuel supply became free for state workers and employees. Clearly, *differential rationing reinforced the differential wage system*. Moreover, rationing is fully compatible with capitalism. During emergencies and shortages governments resort to it everywhere. In addition, the basic principle of rationing could never be: “*to each according to their needs!*”

Extreme scarcity during the civil war compelled the government to pay only the minimum wage to workers, despite their remaining graded differently, as well as to return to its original three category rations and other free rations. In cases of emergencies and shortages, measures of ‘fair’ distribution such as above are common in all types of capitalist states, since, the relation of rationing – one of the forms of distribution – is also determined by the relation of production. Nevertheless, it is this ‘fair’ distribution and ‘equitable’ consumption among workers that motivate the ideology that War Communism was a step towards communism!

Yet, that it is a bit away from the reality has to be read in Marx’s position in *A Contribution to the Critique of Political Economy*, written between the end of August and the middle of September 1857, which reads: “Distribution itself is a product of production (p. 200) ... Distribution according to the most superficial interpretation is distribution of products; it is thus removed further from production and made quasi-independent of it. But before distribution becomes distribution of products, it is (1) distribution of the means of production, and (2) (which is another aspect of the same situation) distribution of the members of society among the various types of production (the subsuming of the individuals under definite relations of production) (p. 201) ... A distinct mode of production thus determines the specific mode of consumption, distribution, exchange and the *specific relations of these different phases to one another*. Production *in the narrow sense*, however, is in its turn also determined by the other aspects... There is an interaction between the various aspects. Such interaction takes place in any organic entity,” (p. 205). Again, in April and early May 1875 Marx writes in his *Critique of the Gotha Programme*, “it was in general a mistake to make a fuss about so-called *distribution* and put the principal stress on it. The prevailing distribution of the means of consumption is only a consequence of the distribution of the conditions of production themselves; the later distribution, however, is a feature of the mode of production itself. ... Vulgar socialism ... has taken over from the bourgeois economists the consideration and the treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally to distribution.” (CGP, p. 18).

“Vulgar socialism” “resolves primarily round the question of distribution”, and believes that the goal of socialism is the equalization of distribution rather than socialization of production.

But: “In a co-operative society” based on socialized means of production “producers do not exchange their products,” since abolition of “bourgeois condition”\* means “abolition of buying and selling”. Only with the end of capitalism, there is the end

of commodity production and commodity exchange. “If the material conditions of production are co-operative property of the workers themselves, then there likewise results a distribution of the means of consumption different from the present one.” (Marx, CGP, p. 18).

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\*Abolition of capitalist relation of production and introduction of socialist relation of production would be dialectical and dynamic aspects of a simultaneous evolutionary process. They are in no way two unrelated and alienable tasks; they cannot be accomplished separately. To negate the former is to posit the latter. Replacement of money that is indirect labour implies placement of direct labour. Many revolutionaries speak of the abolition of money and the price forms, even more, they occasionally mention the necessity of the abolition of the law of value, but very few tell us why, how and by what means!

## Money

As for “the basic Marxist lesson” for Marx, “Money is not a thing; it is a social relation ... money relation [is] a production relation like any other economic relation, such as the division of labour, etc.” (loc. cit.); it is defined neither by its “nominal form” nor by its economic “role” or functions, nor is it “called upon to carry out” the same by some extraneous agent so to say. Money is spontaneously born out of a spontaneous and indirect relation of production and exists spontaneously, autonomously in accordance with the objective law of value. “Money is a crystal formed of necessity in the course of the exchange,” says Marx, “whereby different products of labour are practically equated to one another and thus by practice converted into commodities”. (*Capital*, 1, p. 90) It is the ultimate form of expression of value – the “embodiment of abstract, undifferentiated and therefore equal human labour” (ibid., p. 93), the dimension of which is established by “a social process that goes on behind the backs of the producers” (ibid., pp. 51-52), “in an indirect fashion” (Marx, CGP, p. 15), “in a roundabout way” (Engels, *Anti-Dühring*, p. 365 & 367). Briefly, money is the ultimate form of self-assertion of indirect social labour. “Marx has shown in *Capital* (Accumulation) how at a certain stage of development the laws of commodity production necessary engender capitalist production with all its chicanery” (Engels, *Anti-Dühring*, p. 420) – how *price categories*, the money-names of “goods”, in their chequered and bizarre phenomenal formations definitively manifest their basic *value categories* which in course of their “autonomous” development engender the totality of their own relations that we call *capital* “and that *no force whatever* is needed for that purpose,” (Engels, loc. cit.) whereby, *perforce*, all *labour, necessary or surplus*, must first be turned into value, the only means by which labour, as private property of ‘private’ or ‘collective’ [“the associated capitalist (joint-stock companies)” or state capitalist] individuals, can, and does, realize itself. Thus money that represents prices – the ultimate form of expression of exchange value – does, therefore, express capital i.e., the value (V) that expands spontaneously, in accordance with its own law – being constantly internally metamorphosed into its components: (1) past (dead) impersonal – indirect labour (c), (2) present (living) indirect *necessary* labour (v), and (3) present indirect *surplus* labour (s), in a process which appears as if money breeds money. Historically, value is born long before capital and it is at the moment when alienated labour-power is turned into an exchangeable value that the process of self-expansion of value in terms of money becomes “money capital” as such. As for Russia, value – that is indirect social labour – remained untouched since direct social labour was not instituted

to replace it ; Soviet government alienated itself from the proletariat, and the Bolshevik party turned itself into a ruling party by rapidly destroying the Paris Commune principle and thereby impeding the possibility of proletariat's self-emancipation and self-transformation into "the co-operative society based on common ownership of the means of production", because, nationalization measures could never assume the form of socialization since the producers remained alienated from the means of production. This, the form of existence of individual labour in an indirect fashion or, in other words, "the commodity form of the product of labour – or the value form of the commodity," remained "the economic cell form" in Russia during, as before and as after, War communism.

## **Nationalization**

Nationalization of the means of production and central planning of production based on the alienation of the producers from the means of production, whereby labour power is alienated from the labourer and turned into a commodity, lead only to the open form of Eastern-style state capitalism, which transforms the state functionaries into *de facto* state bourgeoisie and the producers into proletarians. Although means of production appear to be socialized, concealed beneath this remain the capitalist private property, exchange and market. Capitalistic productive consumption and capitalistic consumptive production have to take the form of market – open or hidden – 'free' or 'black' – (1) that of means of consumption and non-human means of production and (2) that of labour power. Under state ownership it is this latter kind of market that presents capital – which is "not a personal" but "a social power" and which "is independent and has individuality" – as a 'national' buyer, workers as individual sellers, in terms of an exchange that emerges out of and relies upon a trajectory of the typical market relation whereupon capital establishes and ensures its domination through a price-instrument, namely, *wage*. So the existence of wage, no matter what its form, implies the existence of *capital*, and hence capitalism, because "the buying and selling of labour power is," to use an appropriate paraphrase used by Mr P. Sweezy, "*the differentia specifica* of capitalism". (see *The Theory of capitalist Development*, p. 56) which is made of Marx's expression in the following passage:

"The historical conditions of its [capital's] existence are by no means given with the mere circulation of money and commodities. It can spring into life, only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour power. And this one historical condition comprises a world's history. Capital, therefore, announces from its first appearance a new epoch in the process of social production. [The capitalist epoch is therefore characterized by this, that labour-power takes in the eyes of the labourer himself the form of a commodity which is his property; his labour consequently becomes wage-labour. On the other hand, it is only from this moment that the produce of labour universally becomes a commodity]" (*Capital* 1, p. 167).

## **Planning**

However, Mr. Sweezy fails to apply the criterion of “the *differentia specifica* of capitalism” in characterizing the Russian economy, because of his failure to get to the bottom of the law of value itself. This has already been demonstrated by himself in his book referred to above just behind a few passages from the above and therein a pseudo-“contrast” between capitalism and socialism has been posed under the caption: ‘LAW OF VALUE’ vs. ‘PLANNING PRINCIPLE’ to say, “it follows that in so far as the allocation of productive activity is brought under conscious control, the law of value loses its relevance and importance; its place is taken by the principle of planning. In the economics of a socialist society the theory of planning should hold the same basic position as the theory of value in the economics of a capitalist society. Value and planning are as much opposed, and for the same reason, as capitalism and socialism,” (ibid., pp. 53-54). Mr. Sweezy has taken over “this contrast” from Preobrazhensky with the following note of acknowledgement: “This contrast is correctly drawn by the former Soviet economist Preobrazhensky: ‘In our country where the centralized planned economy of the proletariat has been established and the law of value limited or replaced by the planning principle, foresight and knowledge play an exceptional role as compared with capitalist economy.’ E. Preobrazhensky. *The New Economics* (1926, in Russian, p. 11). I am indebted to Mr. Paul Baran for calling my attention to this passage.” (loc. cit.)

According to the *Marxist materialist method* ‘planning principle’ in itself can be no more than a pseudo alternative of the ‘law of value’, centralized planning itself being a super-structural category, cannot constitute the foundation of production, but can itself be entirely founded upon the law of value and thereby obliged to remain as a spontaneous form of production as the law of value itself. Planning-in- itself is not, and cannot be, a conscious measure; neither is it opposed to value. Planning means acting with a purpose. But on what basis? Purpose (or a motive) does not define the principle of planning which, when set in terms of state-set prices, which too express the indirect social labour, well serves the interest of capitalist production, whereas, when set in terms of direct social labour, does really become the conscious method of socialist production, which only would come under the conscious and pre-arranged control of society. Planning in the former case by no means becomes conscious for the reason that price, that is the money name of value, always remains a *spontaneous* economic category, because, setting of prices and determining of prices are quite different things. Set though they are by the governments’ orders, *determined* they are not by governments’ orders, but by value’s orders, “behind the backs” of the governments, “in an indirect fashion”, “in a roundabout way,” which is why value remains *unreckonable, unobservable, and incontrollable* whereby and hence, set prices are reset, fixed are re-fixed, and term-plans are appraised mid-term, whereby defined targets are rewind backward, now and then, here and there, no matter what the governments’ subjective intentions are. With private property and commodity exchange it is not possible to say how many hours of social labour are congealed in a commodity. It is for this reason, that ‘price-administration’ engenders an immense range of ideologies. The lack of understanding this leads many like Preobrazhensky and their latter day admirers like Sweezy, Baran et. al. to take (or mistake) ‘socialism’ (state capitalism) for socialism. In the economics of socialist society “the theory of planning” *must be premised upon direct social labour*, which replaces indirect social labour that is value. Thus, value and planning are not opposed to each

other; 'planning principle' is not the anti-thesis of the 'law of value'. Value "loses its relevance and importance" – actually is uprooted – and "its place is taken not "by" the 'planning principle' as such, *but* by the direct social labour which, when underlies "the principle of planning" that the planned economy becomes really conscious, therefore proletarian, and thereby socialist. It is not the "foresight and knowledge" in general but the "foresight and knowledge" in particular of the categories of direct social labour in the antithetic setting: *Indirect Social Labour vs. Direct Social Labour*: that one is able to distinguish between capitalism and socialism.

In Russia, the capitalist relation of production remained untouched, which thus went on reproducing itself and thereby reproducing capitalist relations of distribution and exchange. The struggle for individual existence remained unresolved. The need to transform individual labour into indirect social labour i.e., value, the surplus labour into surplus value and its appropriation by the state remained unaffected. The state came out as the single largest capitalist and its functionaries as the new collective bourgeoisie set to handle the "distribution of the means of production" and thereby the "distribution of products". This appropriation of the surplus value by the state had nothing in common with Marx's method in the CGP. What the state was defending was a burgeoning bourgeoisie regime.

Regarding the nature of *wage*, in so far as it exists, no matter whether it is paid in kind, or in cash, or in any combination of the both and even under 'labour conscription' that occurred in Russia during War Communism, it exists as the expression of *the value embodied in variable capital*. The free grain and other rations allotted to workers and their families which are quite identical to those provided by the so-called 'welfare states' are also to be considered as components of variable capital. Payment of wage in kind and free rations did not alter the character of wage as variable capital also because, with value, products of state enterprises were congealed value. Similar will be the analysis if one considers free rations as expenses of surplus value appropriated by the state. However, such a consideration will give rise to questions involving first the category of social wage *vis-à-vis* the ideology of the 'welfare state' and next the constituent components of variable capital (v) in the rate of exploitation (s/v) in the era of state capitalism.

This is not to say that War Communism had no difference with the normal situation under capitalism. Law of value asserted itself quite differently, details of which belong to history. But the character of society is determined by its relations of production and not by the purposes, not by the motives or behaviour patterns of those involved. L. L. MEN says, "The civil war was a product of the entente's attempt to militarily overthrow the soviet regime. It pushed the Russian economy to the brink of total collapse. However, just as even the best economic environment could not have prevented the revolution from degenerating in the absence of a correct programme, the economic difficulties engendered by the civil war did not *by themselves* contribute to the degeneration of the Russian Revolution... the material basis for taking the initial steps toward uprooting capitalist relations of production and building socialism did not exist. ... Thus, it is absolutely useless, if not totally ideological, to abstractly say, as a lot of

people do, that the Russian Revolution's isolation was the major cause of its ultimate complete defeat. The relationship between these two events (isolation and defeat) must be analyzed correctly on the solid basis of the Marxist materialist method. When we do so, we see that ... the only effect that isolation had on the Russian Revolution's development was that by accelerating (not engendering) the destruction of the Paris Commune principle during War Communism ... it accelerated the *de facto* separation of the producers from the means of production. ... Many comrades bewitched by the superficial resemblances between War Communism and communist ideals, saw the NEP as a "return (sic) to capitalism. (CWO, "Russia")." (*Two-Texts*, pp, 195-96).

And, once again, our comrades of P. C. Int. (B. C.) are caught by the same ideology when they see: "The gradual appearance of capitalism transformed the state from an overseer of the gains of revolution into the process of capital accumulation," whereas they are aware: "If wages exist then capital exists". How can they reconcile these two statements without abandoning the Marxist materialist framework? The question is: Have wages ever ceased to exist in Russia? If yes, they have to show how and when. If no, that capitalism has never disappeared in Russia is a *must*, and that our comrades confusedly imply this can be read from their statement: "Either the juridical relations must impede the development of capitalism or, in the long term, capitalist productive relations would gain superiority over the original thrust towards socialization." And in that case "the gradual appearance of capitalism" belongs to the category of superficiality. Moreover, when, and if, the only real gain the Bolshevik October achieved was the seizure of power – a point up to which any spontaneous movement may reach – as "an overseer" of such a gain what else the state, that rapidly alienated itself from the proletariat and thereby kept the producers alienated from the means of production, could do than turn itself into the *de facto* "committee for managing the common affairs" of the bourgeoisie, although at the level of individual affairs, and in terms of juridical relations, the old set of 'private' capitalists was replaced by the new set of state capitalists? Further, in drawing the contrast: "Either the juridical relations must impede the development of capitalism or, in the long term, capitalist productive relations would gain superiority over the original thrust towards socialization" – our comrades fail to comprehend that: "The capitalist system pre-supposes the complete separation of the labourers from all property in the means by which they can realize their labour" (Marx, *Capital*, 1, p. 668), and as long as capitalist production is on its legs, "it not only maintains this separation but reproduces it on a continually extending scale" (*loc. cit.*), which explains why it is also improper to consider the nationalization movement as "the original thrust towards socialization". Capitalism is a non-natural but spontaneous mode of production which has its own law of motion – the law of value. Therefore, the "development" (or degeneration ?) of capitalism cannot be impeded by "the juridical relations", because, instead, they themselves are determined as well as impeded by the "productive relation", and for the same reason, the task of the proletarian state is not to enact laws to impede the development [or degeneration?] of capitalism "for a long term" but to begin immediately to replace "the capitalist productive relations" by the socialist ones so that any possibility of the capitalist infrastructure's regaining "superiority over" the proletarian state itself can be timely and effectively rooted out.

## NEP (New Economic Policy)

True, the NEP struck partial return to the *status quo ante* of June 1918 i.e., pre-War Communist programme, both of which differed from the War-communist programme; but, this view, the same as the view that the given pattern of state capitalism as appears in the ‘socialist’ countries is truly socialist, stems from the ‘*pure*’ or *positivist economics* which takes appearance as the essence of a thing: whereas positivist economics pursues its *ideological object* in the usual terms of allocation of resources, *Marxist political economy* pursues its *materialist object* in terms of relation of production. Thus, though in former terms these different programmes were different indeed, in terms of the latter they were no more and no less capitalist.

At the outset, the NEP was introduced as a ‘reform’ of relations with the peasantry. During War Communism the relation between town and village stood on (a) state sponsored compulsory requisitioning (in effect, without compensation), and (b) spontaneous ‘black’ market. This dichotomy reached its end with the end of the civil war, when Lenin found the crux of the existing difficulties to be resting upon the question of restoration of *Smytchka* with the peasantry through just legalization the ‘illegal’ market by allowing petty-bourgeois ‘privateers’ (latter known as ‘Nepmen’) to operate freely. It was then, in order to replace the system of compulsory requisitioning, that the proposal of an agricultural tax in kind (which was replaced by a money tax in 1924) leading to the so-called NEP was submitted to, and approved in principle by, the 10th party Congress (inaugurated on March 8, 1921).

Thus, same Lenin, who spoke of suppression of the market and of solving the food crisis “by military methods, with absolute ruthlessness, and by absolute suppression of all other interests”, (see A. Nove, op. cit., p. 77) and even as late as on 27 December 1920 told his comrades to do what clearly meant – confiscate (ibid., Nove, p. 76), himself showed his helpless surrender to ruthless sway of the law of value the very same day when he contradicted himself by proposing bonuses in kind for the peasant households who produced more – a line that very soon reached the point of the so-called New Economic Policy that finally turned *the market* from ‘black’ to ‘white’! So far, requisition, in one form or another, remained virtually the sole legal method of obtaining grain. However, it came about as the only practicable state policy *vis-à-vis* the extreme dearth of “the coloured pieces of worthless paper” (Lenin) necessary for a reasonable return (i.e., exchange value) for the peasants’ grain [just as it was the same “*money famine*” that forced Lenin to speak for reconstruction by voluntary extra work, the so-called *subbotniki* (see A. Nove, op. cit., p. 81) which, with value, simply means voluntary extra surplus value, i. e., voluntary increase in the rate of exploitation].

By the autumn of 1920, the economic condition became catastrophic. Hence the mushrooming of the illegal underground market defying all efforts to control it. Alongside barter that expresses elementary form of exchange value in which “the whole mystery of the form of value lies hidden” (Marx, *Capital*, 1, p. 55), it went on sucking money away, corrupting the whole apparatus alike – right from the functionaries posted atop “the commanding heights” down to the proletarians toiling at the bottom of the

economy. Simply because, value's law does not depend on constitutional laws or decrees; it asserts itself in its own unique way. If one tries to control one form of its expression, it forces its hand in another.

## **Tax in kind**

Had there been no exchangeable values and, therefore, their *relation of individual exchange* that we call *market* in existence, there would have been no economic necessity of the NEP as such. As already said, certainly, there were nationalization measures which in themselves were in no way synonymous with "socialization of the means of production" simply because, the state power, that nationalized not all but major portions of capital held by individual entrepreneurs, itself became the sole property of the party that usurped the same by destroying the Paris Commune principle, whereby the proletariat remained proletariat under "a "particular" kind of capitalism – state capitalism" "directed and administered by" a new set of "national bourgeoisie" – the "collective capitalist" – still called the Bolshevik party which subsequently christened itself – the 'Communist Party of the Soviet Union'! But in April 1921 Lenin wrote: "The tax in kind is one of the forms of the transition from that peculiar War Communism, which was forced on us by extreme want, ruin and war. ... It was not, and could not be a policy that corresponded to the economic tasks of the proletariat. ... The alternative ... is not to try to prohibit or put a lock on the development of capitalism, but to channel it into *state capitalism* [i. e., the pre-War Communism economic programme] ... Can the soviet state and the dictatorship of the proletariat be combined with state capitalism? Are they compatible? Of course they are. This is exactly what I argued in May 1918." (*The Tax in kind*, Sel. Works 3, Progress, 1967, pp. 594-96). The 11th party conference (May 1921) implemented the NEP with such measures as: (1) to increase production of commodities of daily use for the peasants, (2) to allow non-state 'private' (i.e., in the sense of individual capitalists) individuals and bodies to lease state enterprises from the state, (3) to give the large-scale enterprises operational autonomy, (4) to support and encourage 'privately' operated medium and small scale enterprises. Enterprises were instructed by *Sovnarkom* to be operated in accordance with "principles of strict economic accounting", implying: (1) profits made and losses incurred were to be the sole responsibility of the enterprise concerned, in contrast to the centrally planned allocation, (2) products were to be sold in the usual market and the supplies were also to be obtained from the same, (3) credit was to be applied for and obtained from the State Bank (re-opened on November 16th, 1921). Credit applications were to be assessed according to commercial principles. Alongside greater autonomy, however, syndication went on. Formation of trusts numbered 422 by August 1922, with a difference that *Glavki* bureaucrats were now replaced by 'red managers'.

In terms of price categories, such as revenue/cost, income/ expenditure, profit/ loss, budget etc., the NEP differed from the War Communism in this: under War Communism communist pseudonyms marked their forms of reproduction and the bulk of industrial production was centrally planned whereas the NEP arrived as the recognition of the reality that it was no longer possible, nor necessary, for the *cost-price-culture* to hide behind communist sounding phrases. The NEP measures of 'privatization' were scaled in

accordance with Lenin's line in which the state itself held onto "the commanding height" of the economy [obviously a so-called 'mixed' economic line]: banking, foreign trade, large-scale industry. Although the state owned Large-scale enterprises numbered only 8.5% in contrast to 88.5% 'private', the state enterprises produced 92.4% of all industrial output and employed 84.5% of all workers in March 1923.

### **'Red managers and red industrialists'**

It was all in the *long-term* interest of the newly-born state- bourgeoisie and state capitalism that the 'privateers' were allowed to own and operate some capital, that centralized production was abandoned, that even some ex-fellows of the former bourgeoisie were welcomed to join its ranks [the 'red managers' and 'red-industrialists' were invited to join the 'communist' party to become "vanguards of the proletariat"!] and foreign capitalist were called in to operate oil fields, exploit timber resources and so on. Now, the Nepmen got the business and the 'communists' had to learn business the way Lenin directed: "There is much that can and must be learned from the capitalists" (i. e., trade and commerce). The party workers summoned to learn "trade" (!) in the 11th party conference (May 1921) in accordance with the NEP heard Lenin asserting that the NEP was intended "seriously and for a long time". (See Nove, op. cit., p. 120). And the same conference – that resolved it to be "established for a long period to be measured in terms of years" – also heard Lenin out to learn that it was a "retreat". A few months later Lenin referred to it as "a defeat and retreat for a new attack". It is this topsy-turvy that might have engendered the misconception that NEP was a temporary evil to be overcome as quickly as possible. (See Carr, op. cit., 2, pp. 276-77). Herein lies the root of the P. C. Int. (B. C.)'s mistaken view that it was "a step backwards towards capitalism... a sort of temporary defensive shield" in the face of "... the uncertainty of this delicate period of waiting and programmatic retreat into a triumphant take off point towards the building of socialism.". The history lies before all to see which was what. When Lenin himself treated both the pre-War-Communism and the post-War-Communism economic programmes to be state capitalist and "excessively sweeping nationalization", "over centralization" etc. during War Communism as "errors and stupidities" – as "non-proletarian measures," does his theory of "retreat" withstand even a positivist scrutiny, not to question its tenability in terms of a correct programme. The fact remains that the NEP was neither a "temporary" measure, nor a "retreat", even less "programmatic".

P. C. Int (B. C.)'s error consists in their un-Marxist method of taking (mistaking?) Lenin true to his words. But if Lenin himself spoke in self contradictory terms, all who speculate about "Lenin's great worry" and "all Lenin's efforts" are methodologically trapped into an insurmountable dilemma, because, they lack the *a priori* method of judging what is what – hence of understanding in advance what is *necessary* for changing what of the social process (that goes on behind the backs of the producers) on account of changing conditions – and thereby lack the appropriate "worry" and "efforts" to change it before it forces itself upon them without their being conscious of it, or desiring it, or even against their desiring otherwise. If one truth of Lenin's falsified another of his – one claim declaimed another, one "effort" expelled the other, and all these came about in relation to the same event in the same context, did, and could, Lenin remain true to his

“worry” and efforts” as such? The fallacy of the method of speculation is spectacular. Even if one or, its opposite, the other, finally came out to be true, such an *ex post facto* truth does in no way establish the righteousness of the method itself. *Speculation can never be a category of science*. The science of a politico-economic programme consists *not* in speculating about all the programmer’s “worry” / “efforts” / motives / desires / wishes / ideas and conceptions [since, it is *not* the conceptions of people which create the conditions of life, but the other way round: “How *real* people behave and did behave depends and always did depend on the historical conditions under which they lived,” (Engels, *Anti-Dühring*, p. 409)], *but* in precisely demonstrating the class nature of the relation of production that regulates all the programmer’s programmes. As Marx says in CCPE, Marxists do not judge “an individual by what he thinks about himself” and “a period of transformation by its consciousness”. (p. 21).

When products have to be turned into value, per force, it is the value that has to be distributed. Because, what is to be distributed has to be produced first. Hence, the appropriation and distribution of the surplus value amongst the various kinds of owners, and the distribution of variable capital amongst the workers are the distributive functions of the superstructure premised upon value production. The NEP-form of distribution of variable capital replaced the “makeshift” (Lenin) measures of War Communism, such as ‘free’ services and public utilities were abolished one after another.

### **Classified rationing**

Classified rationing system – to begin with a three class system, then a twenty-class system during 1919 and early 1920, and again the initial one until its abolition on 10 November 1921 – reveals the existence of the wage system in a different way. (However, grain rationing was retained until the end of 1922, because, the 1921 harvest was even worse than 1920’s due to severe draught, and the NEP was not introduced in time to have any effect on 1921 harvest. But the grain ration remained free only nominally, since the workers had to pay for it by accepting deductions from their wages for the same.

In 1922, a seventeen class wage-structure along with a productivity (performance) based bonus-and-fine system came into force. This normalized the labour-market that had to hide behind a form of forced-labour under War Communism. Thus, it occurred, no later than in January 1923, that the newly-born state-bourgeoisie received in salaries more than 68 times the minimum wage received by workers, exclusive of profit-sharing and so called ‘personal’ (i.e., extra salary) income. The magnitudes of the last two items were kept as state secret. On top of that there was also non-monetary income, not to mention other perks. At the 13th party conference in January 1924, Mikoyan revealed the following: One enterprise attempted to recruit a ‘red manager’ by offering the following (on top of monetary income): a house with four rooms, a horse-carriage with horse, to month’s annual leave and a summer resort house at the coast of the Black Sea. But the ‘red manager’ turned the offer down because he had found an even better one elsewhere. According to Mikoyan, similar conditions of service were quite common. (See LLM, *op. cit.*, pp. 199-200, where he refers to Carr, *The Interregnum*, 1954 pp. 41-42) “Outrageous as the luxurious lives” the-then so-called “vanguards of the proletariat” enjoyed were, not

to speak of the recent revelations of the pomp and grandeur of power and wealth and the lavish life style of the ill-famed ‘communist rulers’ like Ceausescu, Honecker et. al., around the world, what the proletariat must never forget is that the only source of consumption of the ‘red’-statesmen, like any other of their class, who manage the affairs of value, is the exploitation and appropriation of surplus value – the most fundamental function of the capitalist relations of production.

The NEP had already normalized the labour-power market in 1921, the government recognized it by a law on 9 February 1922, and in December 1923, VTsIK’s labour decree empowered the enterprises to retain only the necessary number of workers and to shed surplus staff (who were disguised under War Communism’s forced labour), to operate efficiently and accountably on commercial basis.

## **Unemployment**

Consequently, *labour mobility* and the problem of *unemployment*, which remained disguised under War Communism’s forced labour, reappeared on the economy’s surface. The *phenomenon* of unemployment, an *effect* of capitalism, *may disappear under state capitalism* via work-sharing and poverty distribution. Full employment may be achieved by a government if it so wants, but that would neither help accumulate capital, nor help improve the living standard of the world proletariat as a whole. Mattick has shown this in his works – *Marx and Keynes* and *Splendour and Misery of the Mixed Economy in Economic Crisis and Crisis Theory*. This is also the substance of Keynesianism. As the CWO points it out: “To Keynes the Second World War proved that any economic system could have full employment if it so wished, and he was frightened that the end of the war would only bring back unemployment on a scale of the Thirties. However, in the immediate term he need not have worried. The massive destruction of the productive forces during the second World War provided a new basis for economic recovery.” (see *The Economic Foundations of Capitalist Decadence & Money, Credit and Crisis*, p. 38). This does occur when the economy turns to stand on a war footing, moves along the course of the war and its aftermath – the transient recovery phase of the accumulation cycle of world wars – the necessary form of the most coercive law of competition on a global scale in the era of capitalism’s decadence. Therefore, disappearance of unemployment doesn’t necessarily imply *disappearance* of capitalism. In so far as *employment* – i.e., an exchange of values between the owners of means production and consumption and the owners of labour-power – exists, no matter what its form, capitalism exists, which is why the analysis of a social process has to start from its relation of production, its *cause*, and not from *effects*.

## **First five year plan**

While criticizing the CWO’s claim that compared with the period of War Communism, the NEP led to “a grave deterioration of the living standard of the working class” as a whole (CWO – “Russia”) which actually opposes the fact shown by Carr in *The Interregnum* and *The Bolshevik Revolution* Vol. 2, LLM puts forward the following caution: “Phenomena easily bewitch if we do not hold fast the Marxist materialist

method. We do not need Marxist revolutionaries to peddle the ideology that War communism was “proto-communist” while the NEP “restored capitalism”. Bourgeois ideologues such as Carr are competent enough to propagate such ideologies” (see *Two Texts*, pp. 202-203). NEP reached its end in October 1928, when the first five year plan replaced it reinforcing the ‘left’/‘right’ wrangle, even though, in essence, the economic programme of the Bolshevik *left* (Trotsky, Preobrazhensky, Radek, Zinoviev, Kamenev et. al.) had no difference with that of the Bolshevik *right* (Stalin, Bukharin et. al.). Whatever the subjective intentions of these leaders, neither of their programmes was proletarian, neither would touch the law of value, both were bourgeois in that both were concerned with the question: What would be the best way to reconstruct Russian Capital? As LLM points out, while the left programme upheld the state planning with top priority for heavy industry and bottom for agriculture (called trickle down method in bourgeois economics), the ‘right’ found it alright with market – ‘socialism’ based on a reversed priority order (called percolate up method in bourgeois economics). The history of ideological wrangle, camp changing in the higher echelon of the Bolsheviks obviously reflected bourgeois factionalism: Stalin and the Bukharin faction temporarily joined hands in the mid-twenties; Zinoviev and Kamenev found it politic to support in 1923 in a struggle against the ‘left’ opposition, but in 1925 they invented virtues in their alliance with the ‘left’ faction led by Trotsky; in 1928 when Stalin turned ‘left’, Preobrazhensky left the ‘left’ to let out his support for Stalin’s leftism! Those leftists who viewed the NEP as a forced and a highly undesirable “retreat” “a compromise with the bourgeoisie” – as well as an ideologue like Preobrazhensky who invented in the NEP a struggle between “the law of value” and a fantastic theory of his – the “principle” of “primitive socialist accumulation” – i.e., a struggle between capitalist and ‘socialist’ elements (!) – found this five year plan to be the point of departure from such a situation, and hence got reason to support Stalin. Since, Stalin’s economic programme of centrally planned production was identical to that of the Left opposition / United opposition, Trotsky was criticized for opposing Stalin, whereas Trotsky’s ideology of “degenerated workers’ state” was itself founded upon the implicit axiom that those programmes, including Stalin’s, were basically ‘socialist’. But the method that has deciphered the enigma of War Communism is also the method that would take no time to demolish those ideologies.

## AGRICULTURE

Theory tells us that the character of a proletarian revolution cannot be determined by the peasants’ struggle. History shows us that the class character of the Bolshevik October was not, and could not be, determined by the peasants’ struggle.\* the Bolsheviks had no programme of socialization of agriculture. We have already seen that the proletarian power in Russia, as it was at beginning only, never reached the countryside.

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\* For its proof compare between the relation of production in the Russian countryside prior to the October Revolution of 1917 and that in the French countryside prior to the French Revolution of 1789 and between the struggles of the French peasantry in 1789 and that of the Russian peasantry in 1917 – which demonstrates how in terms of the relations of production Russia in 1917 was becoming capitalist with a predominantly peasant economy.

Bolsheviks faced the problems of how to hold on to their ‘revolution’, how to ‘socialize’ production in the industrial centres and cities while at the same time try to

spread (export) ‘revolution’ to the countryside and how to devise and implement a centralized method of exchange between the ‘socialized’ sector of the economy with its ‘non-socialized’ sector of the peasantry.

### **Agrarian programme**

In order to realize the ‘pure’ stage of the so-called ‘revolutionary democratic dictatorship of the proletariat and the peasantry’, Lenin put forward the following “agrarian (land) programme” in *The April Theses*:

- (i) “the nationalization of *all* the land” that would simply transfer the title of ownership to the state while the peasant would remain “the tenant, i.e., the tiller” – that is to say, the land would be leased to the peasants for cultivation;
- (ii) the prohibition on transfer of lease-rights (on “all subletting of land”) by the peasants;
- (iii) “the *disposal* of the land, the determination of the *land regulations* governing ownership and tenure of land ... be placed ... wholly and exclusively in the hands of the regional and local *Soviets of Peasants’ Deputies*”;
- (iv) “to secure the transformation of every confiscated landed estate into a large model farm controlled by the *Soviet of Agricultural Labourers’ Deputies*.” (pp, 33-40). Whether this nationalization in the above sense would cover “*all* the land” without exception or only the land of the big-landlords was not clarified by Lenin in this text. It was in the same month when the Seventh Party Conference adopted by and large the same programme that it was clarified that this nationalization would cover only the land of the big land owners, the church and the royal family.

In July 1917, the Seventh Party Congress endorsed this programme.

For Lenin, thenceforth – just as it was the case with his industrial programme of state capitalism so was it also with his agricultural programme – the same programme became the programme for the so-called ‘dictatorship of the proletariat and the poor peasants’. [It is to be noted in the passing that these measures do not constitute a programme by themselves.]

On 26 October 1917 (Julian calendar) the second All Russian Congress of Soviets passed the *Decree on land* saying inter alia: “1. Landed proprietorship is abolished forthwith without any compensation; 2. The landed estates, as also all crown, monastery, and church land with all their livestock, implements, buildings, and everything pertaining thereto, shall be placed at the disposal of the volost land committees and the uyezd Soviets of Peasants’ Deputies. ... 5. The land of ordinary peasants and ordinary Cossacks shall not be confiscated.” (Lenin, Sel. Works, 2, pp. 467-70). The clause 4 of the Decree annexed the “Peasants Mandate on the Land”, originally compiled and published on August 1917 (Julian Calendar) by the *Izvestia* (the Right Socialist Revolutionaries’ news paper published in Petrograd from May to December 1917) to “serve everywhere to guide the implementation of the great land reforms”, wherein the mandate ‘6’ makes out the condition; “the employment of hired labour is not permitted.”

Clearly, the Bolshevik agricultural programme – a programme for the small peasantry – was the prototype of the “Peasants Mandate”. As to the question why, Lenin retorted while facing interruptions during his reading the decree to the second Soviet Congress by posing his practical reason behind his acceptance of the text drawn up by the Socialist Revolutionaries: “Voices are being raised here that the decree itself and the Mandate were drawn up by the Socialist-Revolutionaries. What of it? Does it matter who drew them up? As a democratic government, we cannot ignore the decision of the people, even though we may disagree with it.” (ibid, p. 470).

Lenin was extremely honest but could he not be? A reply ought to be superfluous. Agricultural labourers employed by the kulaks in Russia in 1917 were not proletarian in the sense of the agricultural proletariat under large-scale mechanized farms producing commercial crops. They were land-hungry and along with the small peasants they demanded only small plots of land (“equalitarian land tenure”) for each of their households.\* Socialization of agriculture was neither the programme of the Bolsheviks nor the issue of the agricultural labourers and small peasants. How could a proletarian revolution have a power base in the countryside under such circumstances? This explains why the Bolsheviks accepted the agricultural policy of the Socialist Revolutionaries.

Soviet government proclaimed the so-called *Socialization of Land* decree on 19 February 1918. Although it spoke of a transition to collective farming\*\* that it was essentially a petty-bourgeois measure is evident from its provision of land tenureship for those who worked the land with their own labour. Out of the total nationalized land the government kept 11% (invariably this was the land originally cultivated with crops unsuitable for small-scale farming, on which production, however, was not socialized) and distributed 86% to the peasants (see LL.M., op, cit., p. 205). After this distribution, land holdings varied causing classification into well-to-do (kulak), middle and poor peasants (batraks). (see Carr, op, cit., 2, p. 160).

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\*Just as is to be seen in the peripheral country sides around the world today and it is this hunger for land that sustains and, in turn, is sustained by the ideologies of bourgeois leftism.

\* \* The root of the subsequent collectivization programme!

Secondly, the most crucial problem – the economic crux of War Communism consisted in the establishment of a centralized system of exchange between the cities and the countryside.

### **“Crusade for bread”**

On 24 May 1918, Lenin’s call for a “crusade for bread” gave rise to “food dictatorship” – a centralized collection and distribution of food. The state monopolized grain trade, which, however, collapsed soon.

As already pointed out, the government’s payments to the peasants for their grain supplies in term of the quickly falling Ruble meant taxing the peasants through an unequal exchange. As a result the peasants were refusing to sell their grains at a loss. This

contributed to the rapid growth of the so-called 'black' market. The kulaks and the middle peasants only had surpluses which they profited in the 'black' market. Marxists know well that such counter-revolutionary acts are bound to occur. Under Brest Litovsk treaty Russia's most fertile region Ukraine went into the German fold. Grain shortage in the towns became more acute when "rapidly spreading emergency of the civil war made the collection of grain from the peasants for the towns and for the army a matter of life and death". (See Carr, op. cit., 2.p. 148) and when it had become impossible for the government to obtain resources it needed through normal process of the market even with extensive use of the money-printing press, the government was compelled to adopt coercive measures. When the Bolsheviks resorted to the printing press they argued, however, that it was a deliberate communist measure in order to destroy money itself. Was it really like that? Then, when the crisis-ridden governments around the world are helplessly resorting to their presses today are they also destroying money and becoming communist thereby? Why then resort to coercive measures? On 11 June 1918 it decreed "the committees of poor peasants" with the objective of separating the poor peasants of each locality to work as an arm of the Bolshevik government in the villages in order to denounce kulak irregularities or evasions. "None the less, the institution failed to work." (See Carr, op. cit., 2, p. 158). As to why, let us proceed. This obviously practical measure, theoretically, also fell in line with Lenin's (erroneous) thesis concerning the nature of the Russian revolution: the proletariat allied to itself the poor peasants in a struggle against the bourgeoisie in the countryside thereby completing the socialist phase of the revolution. For this reason, Lenin himself, later in 1919, put June 1918 as the time when the socialist phase of the revolution spread to the countryside. At the same time the people's Commissariat of Supply (*Narkomprod*) organized a large number of *grain requisition detachments of armed workers* from towns to the villages. Actually, there was no alternative but to intensify the method of requisition through the machinery of workers detachments and committees of the poor peasants. Even though the peasants were being paid (in cash or on credit) for their grains with the falling Ruble in terms of government-fixed prices, Lenin had to admit that it was not different from requisitioning without compensation. The peasants resorted to selling in the booming 'black' markets, concealing their grain stocks to avoid requisitioning; and when they could not avoid they desperately resisted and sabotaged the official moves which led to the epidemic of riots. Thus, when the institution became practically ineffective, "the committees of poor peasants" were dissolved by a decree on 12 December 1918. Thus Lenin fell from his utopia where the poor peasants, the so-called semi-proletarians, were to be the comrades-in-arms of the proletariat!

Therefore, during the civil war the government had to depend only on the armed requisition squads for confiscation of 'surplus' grain. The peasants went on hiding their grain for profiteering in the mushrooming 'black' market or illegal barter which, at certain moments, had to be legalized by the government itself, because commodity exchange, value and market system forced its way through, no matter whether one calls it 'black, or 'white'. That the peasants did not, and could not, submit to the Soviet decrees admits of the compulsion of the law of value. If value is abolished, confiscation may be a necessary and justified and hence revolutionary measure; but confiscation with value existing means expropriation of value by value – of the value at the disposal of the

peasants by the value managed by the state. Confiscation *vis-à-vis* value compelled the peasants to the little reason in producing more than their own requirements. As a result, the sown area drastically shrank to three-quarter of the total arable land (halving that in Siberia and reducing it to as little as a quarter in parts of Volga region and Caucasus) causing a shrinkage of the total crop yield by a third or more to the effect of a fall in the harvest of 1920 to only 54% of the average harvest of the pre-War quinquennium. This was the reason why at the end of the period of War Communism an extension of coercion from the peasant's surplus produce to his sown area was under discussion, proposed by Ossinsky in the form of compulsory minimum sown area to be assigned to each farm.

## **Tax in kind**

In February 1920 Trotsky proposed to the party politbureau to replace confiscation with a tax in kind,\* which however, was rejected by fifteen votes to four.

It was only after the autumn of 1920 in the face of the epidemic of peasant revolts, when on 8 February 1921 Obolensky proposed to the party central committee that prodrazverstka should be abolished and Lenin apparently approved, that Lenin turned to propose to the politbureau the same tax in kind as a substitute for confiscation. Reinforced by his arguments in *Pravda* on February 17 and 26, Lenin penned a draft, which was approved by the Central Committee on March 7, subsequently endorsed by the 10<sup>th</sup> Party Congress, and then on March 21 VTsIK decreed it. This decree stipulated: (a) a harvest based progressive tax, (b) rebates for those who expanded sown area and increased productivity, (c) free selling of surpluses in the free market after the tax payment, (d) free leasing of land, (e) abolition of the prohibition of wage-labour employment imposed by the *Land decree*. The objective of the last two stipulations were to help develop large scale agriculture in order to increase productivity, and thereby, actually, to help develop the kulak class. Lenin openly admitted it at the 10<sup>th</sup> Party Congress.

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\*On October 30, VTsIK issued two decrees: (1) as "extraordinary revolutionary tax" and (2) a "tax in kind" – a levy from all peasants of the surplus of production over their household needs. However, this tax in kind was introduced as an experiment, and not as a substitute of, but as a supplement to, grain monopoly.

And, earlier in November 1919 at a party conference on the party work in the countryside, while debating on the question of engaging "old exploiters" as farm managers and technicians, Lenin said, "if you yourselves do not know how to organise agriculture in the new way, we must take the old specialists into our service; without this we shall never escape from beggary." (See Carr, op, cit., 2, p. 166).

## ***Kulak economy***

In December 1921 at the 11<sup>th</sup> Party Conference Preobrazhensky warned that a *kulak economy* was being established in the villages and, in course of the Central Committee's preparation for the 11<sup>th</sup> Congress, submitted a set of theses concerning the "emergence of an agricultural bourgeoisie". As the harvest time was nearing, the

apprehension that any possibility of a policy change might enrage the peasants to destroy the crop led the Bolshevik majority under Lenin to disallow a general debate on the issue at the congress.

In fact, farm output began to rise as a result of the tax in kind: in 1921 due to a draught harvest reached 45% of the pre-War level and in 1922 after the NEP came into effect the harvest escalated up to 75% of the pre-War level.

The tax in kind was in force till Stalin 'collectivized' agriculture.

## **Tactics**

Thus, the Bolshevik agricultural programme – land distribution in accordance with consumption or labour norm, right to free leasing of land, right to use wage-labour etc., gave rise to a *kulak economy* in the village. Were there no land-leasing and no labour-hiring the growth of the kulak class would have been hindered but, as long as the Bolshevik Revolution remained isolated and socialist economic measures were not put into effect, that would only pave the way towards a more petty-bourgeois periphery of Russian capital. In either case, Russian villages would have remained a bourgeois entourage concerning which the proletariat could do nothing about. Therefore, those agrarian measures – a programme by themselves as applied within the peasant sector would fall under the category of tactics, such as, devising the most appropriate method to subdue the peasant's animosity against the 'proletariat's dictatorship' and to ensure the flow of food and raw materials to the towns.

Be that as it might, we have already criticized Bolshevism as programmatically incorrect. In so far as these peasant policies are concerned, the Bolsheviks can be criticized not on programmatic grounds, but only on tactical grounds. Never the less, there was one element that was programmatic, i.e., organizing a system of *centralized exchange* between the state and the peasantry. First it attempted to monopolize grain trade, which collapsed with the outbreak of the civil war. Then the state resorted to compulsory requisitioning, perhaps the only way open under the circumstance. It does not require Marxism to see what any empiricist like Carr can see that War Communism in Russia was "the product of a special emergency". But it requires Marxism to get to the bottom of that "special emergency" to discover its determinant was the law of value. That War Communism in no way was a war for communism also lay bare as Kritsman compared it with much of what was sometimes called "war socialism" in Germany (cited in Carr, *The Bolshevik Revolution*, 2, p. 271). And, we ask right away should we then conclude that Germany was spontaneously moving towards socialism? We say 'spontaneously', because, the inception and expansion of value that has culminated into capitalistic production proceeds spontaneously and the German state was capitalist, whereas socialist production can be instituted only consciously. It has been claimed by supporters of Bolshevism that compulsory requisitioning had a "proto-communist" nature. True, it acted against the interests of the peasants and, to a certain extent, helped keep the cities from starving. But, on what basis can we say that it possessed a "proto-communist" character? As far as its nature it concerned, compulsory requisitioning can

either be regarded as pillage or credit given to the state by the peasants at gun point which would never be repaid. Pillage is not an economic category and thus cannot be endowed with any politico-economic nature at all. As to credit, what “proto-communist” nature does it have? Whether we regard compulsory requisition as pillage or credit, its effect on the peasants was the same: it alienated them.

By the time NEP was introduced the transformation of the soviet state into a bourgeois one was complete.

As already said whereas in 1847 Marx and Engels understood that “the proletariat *alone* is a *really revolutionary class*” [emphasis added] and the peasantry along with other petty bourgeois fractions are “not revolutionary” but “conservative,” “reactionary” – simply because they “fight against the bourgeoisie, to save from extinction their existence as fractions of the middle class”, “they try to roll back the wheel of history”, (*Manifesto*, pp. 55-56), more than half a century latter Lenin simply tried to wish away the *Manifesto*’s position by idealizing peasantry’s support to be a necessary condition for survival of the new regime in Russia, which really survived despite the peasants’ sabotage. The ideology, as it were, that the peasantry could be won over to the proletariat and become its ally, lay at the root of his erroneous position that the proletariat and the peasantry could share the same dictatorship that would establish socialism; as though the peasantry *per se* could have a socialist programme! And it is this that engendered all doubts about the nature of the Bolshevik October. As theory tells us so history shows us that in the era of capitalism’s decadence peasantry is counter-revolutionary. Since it is the life that determines consciousness, the very mode of survival of classes like the slaves, the serfs, the peasants, by no means could make them class conscious, which is why they could never have any independent programme and organization on their own account. Most of their revolts were, and had to be, spontaneous. In the bourgeois revolution peasants were always drawn by the bourgeoisie as an auxiliary in order to unseat feudal anachronism.

In epitome, the Bolsheviks agricultural programme had no bearing with the Bolshevik degeneration. The grain monopoly or compulsory requisitioning, devoid of any socialist element themselves, served no socialist objective. Nor did tax in kind indicate any step backwards to capitalism, because, after, as before, the Bolshevik October, Russia’s economic run remained capitalist since the so-called transitional programme of the Bolsheviks always remained capitalist whereby the law of value was never to be dislodged. As a result of the workers’ remaining alienated from the means of production and being also alienated from the state power the nationalization movement since mid-1918 simply transformed the soviet functionaries into de facto owners. Owning means of production connected by value-relations under capitalism means owning capital. Thus, the soviet members became a new capitalist class. A capitalist is a capitalist not because he/she is a devil – greedy of profit, but because in holding on to his/her given position in the social relations of production he/she is obliged to respond to capital’s need. As Marx says, “Capital is essentially a *Capitalist*; but at the same time production in general is *Capital*, as an element in the existence of the capitalist quite distinct from him.” (*Pre-Capitalist Economic Formations*, International Publishers, New York 1975, p, 119).

Since Capital is value that expands, existing production in general is production of self-expanding value which constantly reproduces the condition of existence of the capitalist on the one hand and the wage-worker on the other. This occurs *objectively* irrespective of the capitalist's subjective intentions. *Subjectively* though the Bolsheviks might have believed that they were safeguarding and extending the interests of the 'Revolution', *objectively* as members of the Russian state they were simply responding to the needs of capital – the totality of Russian national capital. Moreover the extinction of the Paris Commune principle in the state structure implied usurpation of the power of the proletariat by the members of the state, i.e., the Bolsheviks, who turned the state into a dictatorship *over* the proletariat. While responding to the need of capital as members of the state they had to use the state for the same purpose, thereby to turn the state into a bourgeois state and themselves into a state-bourgeoisie.

Anybody who comprehends, *per excellence*, the meaning of workers' democracy as is derived from the Paris Commune principle, *per se*, can read from history of Russia how the Bolsheviks themselves began to demolish the basic principle of workers' democracy in no time than their seizure of power or, conversely, how they accomplished the alienation of the proletariat from the so called "pure" dictatorship of the proletariat and the peasantry' (or what? the only dictatorship of the proletariat ?) and finally presided over its funeral at KRONSTADT in March 1921.

## **Kronstadt Revolt**

The *Kronstadt Revolt* began on 28 February 1921. (Sec A. Nove, op. cit., pp. 78, 83, 84). The naval squadron stationed at Kronstadt outside Petrograd – "the pride and glory" – of "the Russian Revolution" since March 1917, which supplied contingents to every fighting front during the civil war – was eventually *gagged* and *dragged* to a "rebellion" against: "the new Communist slavery" ... "the bureaucratic trade unions and the oppression of peasants; and for: election of Soviets. (Cited by M. Dobb, op. cit, pp. 119-120). [Also, see Carr, op. cit, 2, p. 271-2 and the footnote thereat.]

The disorganized state of the Russian economy brewed *unrest and dissatisfaction*: epidemic of peasant uprisings and workers' protest meetings. Petrograd Workers' protest meetings were dispersed by the Government – which forced them to resort to strike action in order to get their demand heard. On 27 February, they proclaimed:

"A complete change is necessary in the politics of the Government. First of all, the workers and peasants need freedom. They don't want to live by decrees of the Bolsheviks: they want to control their own destinies.

Comrades, preserve revolutionary order! Determinedly and in an organised manner, demand:

Liberation of all arrested socialists and non-partisan working-men;

Abolition of martial law; freedom of speech, press and assembly for all those who labour;

Free election of shop and factory committees (*Zahvkomis*), of labour unions and soviet representatives;

Call meetings, pass resolutions, send your delegates to the authorities and work for the realization of your demands!

(Quoted by Alexander Berkman: "The Kronstadt Rebellion," 1922).

Arrests and suppression were Lenin's only answers to these demands. The Government Committee of Defence of Petrograd issued an order: "In case crowds congregate in the streets, the troops are ordered to fire; those that resist are to be shot on the spot." (See *Introduction* by Editors, *The Kronstadt Revolt* by Anton Ciliga, Freedom Press, London Reprint, July 1942, pp. 3-4).

Disturbed by the events in Petrograd the crews of the warships *Petropavlovsk* and *Sevastopol*, which in 1917 had been in the forefront of Bolshevik seizure of power, began a sympathy movement that spread throughout the fleet and then to the Red Army and workers in Kronstadt. They sent delegates to Petrograd to report. Then the Petropavlovsk resolution was presented to a mass meeting of 16,000 sailors, Red Army and workers, and was passed unanimously except three votes of: Kuzmin – the Commissar of the Baltic Fleet, Vassilov – the Chairman of the Kronstadt Soviet, and Kalinin – would be President of the USSR.

The Kronstadt resolution infuriated Lenin who sent Trotsky who gave the infamous order to the Red Army to "shoot them like partridges". This forced the Kronstadters prepare to resist by force of arms, and this turned the peaceful resolution into a "rebellion against the Soviet Power". "Throughout, however, they abstained from taking the offensive, as they could easily have done."

"But in addition to the brutal suppression by the Red Army, and subsequently by the Cheka, during which 18,000 workers were killed.

Lenin also instituted a campaign of calumny against the Kronstadt workers. The delegates of the 10<sup>th</sup> Party Congress, which was going on at the same time, were assured that "the White Generals played a big role," that "it was the work of the Social Revolutionaries and the White Guardists from abroad." The Kronstadt workers had asked that delegates of the workers and soldiers be sent to inquire into these charges. The Petrograd Soviet, under the chairmanship of the Bolshevik leader Zinovieff, refused." (ibid, pp. 4-5).

As stated above, the Kronstadt workers stood against the growing political repression and miserable conditions of living imposed by a regime that had alienated itself from the proletariat and thereby transformed itself from becoming the voluntary 'vanguard of the proletariat' into the coming into being of an involuntary capitalist class and unintentional bourgeois party. Proletarian though the uprising was, it was not to be "the Third Revolution of the toilers" as the Kronstadters claimed, since the uprising had no socialist economic objective to achieve, nor was it at all a 'white guard plot' supported by the entente as the Bolshevik propaganda put out just to justify the merciless massacre of this eventual proletarian rebellion against the Bolshevik misrule. Thus, the alienation of the producers from the state power and their decisive defeat at Kronstadt were accomplished not without blood and life. This brutal and bloody suppression shows that the hands of the predecessors of both the Stalinists, and the Trotskyites were stained with

the blood of the proletarians long ago in 1921. The Stalinist and the Trotskyite factions did not emerge out of a primordial hell that had existed from eternity elsewhere beyond Bolshevism. Neither were they the products of an 'accident by chance'. They were the logical culmination of the same historical process of degeneration of Bolshevism itself. Ideologues as they had always remained and exploiter and oppressor of workers as they had to become, no matter what their predecessors and they had thought about and spoken of themselves, they had to find themselves among the warring factions of a fully-fledged bourgeois class evidently since March 1921.

Thus, the fact remains that the revolt was neither a White Guardist plot aided by the entente as the Leninist calumny put through to justify the massacre, nor was it to be "the Third Revolution of the toilers" as the Kronstadt workers wished.