SECOND CARNEGIE INQUIRY INTO POVERTY
AND DEVELOPMENT IN SOUTHERN AFRICA

The socialist alternative
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It is impossible to make sense of the issue of socialism as an alternative social order, in connection with the possibility of eliminating mass poverty in South Africa, without keeping clearly in mind the following factors: (a) the failure of capitalism to eliminate mass poverty; (b) the theory of socialism as enunciated by Marx and Engels; (c) the actual socialist programme, theoretical and practical, of the original Bolshevik leaders of the Russian Revolution, principally of Lenin and Trotsky; (d) the subsequent development of the Soviet Union under Stalin and after; and (e) the extensions of the Soviet experience in other countries that followed the Russian example, or were made to follow the Russian example, e.g. Eastern Europe.

Capitalism

What set Marx and Engels apart from the other socialist critics of capitalist or bourgeois society, is that they brought to the fore, and highlighted, the great, unprecedented, progressive accomplishment of the capitalist class, therefore of capitalist society, in the light of the past history of mankind. The greatest historical accomplishment of the capitalist class is the development of the productive forces of mankind to a degree hitherto unknown. In the words of Marx and Engels,

"The bourgeoisie historically, has played a most revolutionary part. It has been the first to show what man’s activity can bring about. It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals... The bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form, was, on the contrary, the first condition of existence of all earlier industrial classes....
The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country." (Manifesto...)

The consequence of this endless development of the productive forces, at the hands of the capitalist class, is that material abundance has either become a fact, or a real possibility. The result of this situation is that a foundation has been laid for the fullfillment of the age-old dream of mankind: the possibility of the elimination of poverty, human misery, and torments issuing out of material want.

The problem, however, in this type of society, is that the existing, legally enforced property relations, and the entire aim of material production, make it, at best exceedingly difficult, if not impossible, to fulfill this age-old dream of mankind: the elimination of poverty and human misery arising from that poverty. These highly developed productive forces are largely the property of private groups; the material goods produced, even in their hitherto unheard-of abundance, are also property of these private groups; and the whole aim of production is, first and foremost, to make profit for these private groups. The improvement of the material, social, and cultural standard of the masses of members of society, who are the direct producers or labourers, is not the direct and immediate aim of material production — but is, as it were, incidental.

So, on the whole, the mode of distribution of what is produced in capitalist society, does not harmonize with the interests of the masses of members of society, who are not included in the ownership of the productive forces and of the means of subsistence. There is a conflict here between the mode of production, which is increasingly socialized, and the mode of distribution, which is not socialized. This conflict is the root cause of the ever-recurring crises of the capitalist economy, crises which bring heavy suffering and material deprivation upon the lives of the millions of working, propertyless people.

In addition, within the Capitalist epoch, not all regions of the society develop evenly. The development of the productive forces is generally uneven;
while some regions and industries forge ahead, some fall behind, and even decay. In human terms, this means growth and prosperity and jobs for some, and poverty, unemployment and misery for others. This, of course, is due to another key characteristic of capitalist society, expressed by Marx in the following words: "The essence of bourgeois society consists precisely in this, that a priori there is no conscious social regulation of production." (Letter to Kugelmann, July 11, 1868). This, of course, is the so-called anarchy in the social process of production, characteristic of capitalist society, which to all classical Marxists, was to contrast strikingly with the national or society-wide planning, which was to characterize the social process of production in socialist society.

It is important to stress that Marx and Engels did mention and discuss some counter-vailing forces which would help to soften the cruelties of the capitalist economic order upon the masses of working people. They singled out the trade unions, the political movements of the working-classes, and the franchise, which would, in one case, try to protect the working-class against low wages and bad working-conditions, and, on the other hand, involve the power of the state in passing legislation that would shorten working hours, and bring about what today are called 'welfare services'. However, in the opinion of Marx and Engels, even these countervailing forces would not solve the problem of the working-classes, in the long-run. Their awareness of the importance of these countervailing forces and the inability of these forces to solve the problems of the working class, in the long-run, is strikingly borne out in Engels' objection to one statement of the Draft Programme of the German Social - Democratic Party of 1891. The statement of the Draft reads "The numbers and misery of the proletariat increase continuously." Here is Engels' reaction to the statement:

This is incorrect when put in such a categorical way. The organization of the workers and their constantly growing resistance will possibly check the increase of misery to a certain extent. However, what certainly does increase is the insecurity of existence (Selected Works, Vol. 3, p. 431)

Quite clearly, the truth about Marx and Engels' opinion on the fate of the industrial working class in capitalist society, is more complicated...
than the simplistic thesis of 'absolute' impoverishment, often imputed to them by modern commentators. In their view, the 'suffering' or 'oppression' of the working class covered much more than just economic impoverishment. Here is Marx's statement from Capital: "It follows therefore that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse," (Vol. 1)

Be that as it may, the capitalist economic system did expand and grow with dynamism, in West, North, Central, and to some extent Southern Europe, in the European settler colonies outside Europe, and in Japan, notwithstanding the periodic crises and barbarous wars. The world market, and mass production for mass consumption, gave it enormous dynamism, strength, and seeming permanence; and economic well-being spread to very substantial members of the industrial working class.

However, in all the developed capitalist countries, there still remains a substantial mass of people, unemployed, barely employed, and unskilled, who are unable to receive adequate supplies of the basic material goods, health and educational services, to lead a life that can be judged as decent even by the common or average yardstick of what is considered decent in each respective society. Now, this failure of capitalism to eliminate poverty is even more noticeable, indeed, catastrophic, in the former colonial, non-European regions of the world, in the so-called 'Third World'.

The debate, then, between Marxists and non-Marxists, on the possibility of eliminating mass poverty, and meeting the material and development needs of all human beings in capitalist or socialist society, centers on the question, which of the two is the better mechanism for effective allocation of economic resources — is it the Capitalist market, which allows for more or less autonomous, numerous private bodies that make decisions on investments, according to their own private interests? Or is it the mechanism of comprehensive economic planning, according to which investment decisions within the nation are made more or less by a central body, guided by some democratically arrived at determination of society's needs?

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We shall now proceed to a brief discussion of the theory of socialism in the works of Marx and Engels.

Theory of Socialism

Any discussion of Marx and Engels' theory of socialism suffers from the fact that Marx and Engels left us very few statements on the future socialist society. In so far as socialism is concerned, they took more time in showing us and discussing the 'embryo of socialism within the womb of capitalism', just as in their voluminous discussion of capitalism, they took a little time to show us and discuss the embryo of capitalism within the womb of feudalism. So, our brief discussion of the theory of socialism found in their works must begin with a discussion of the embryo of socialism that develops within the womb of capitalism.

This embryo consists essentially of three events: (a) the endless development of the productive forces that occurs within the capitalist epoch; (b) the socialization of the process of production which occurs on an ever increasing scale along with the development of modern industry and science; (c) the emergence and growth of the proletariat and its development over time of a socialist class consciousness.

We have already discussed the historically unprecedented development of the productive forces that takes place within capitalist society; how this makes material abundance a reality or a real possibility, thus laying the foundation for the possible fulfillment of the age-old human dream of the elimination of want, poverty, and the misery arising therefrom. Marx and Engels stressed that socialism is impossible amidst scarcity of the material goods necessary for satisfying the basic human needs. Therefore a high degree of development of the productive forces, to make possible material abundance, is a basic prerequisite for socialism.

The socialization of the process of production is another element of the embryo of socialism within the womb of capitalism: it is another prerequisite of socialism. What exactly do we mean by this phrase? Here is what the late notable historian of the Soviet Union, Isaac Deutscher, says about it:
"Marx describes how modern industry, having replaced the independent craftsmen, artisans, and farmers by hired workers, has changed thereby the whole process by which man sustains his life, the process of production, transforming it from a mass of disjointed individual pursuits into the collective and aggregate activity of great numbers of associated producers. With division of labour and technological advance our productive forces grow increasingly interdependent; and they become, or tend to become, socially integrated on a national or even on the international scale. This precisely is the 'socialization' of the productive process... This type of productive process calls for social control and planning."

(The Unfinished Revolution)

Without the socialization of the process of production, a rational, integrated, effective planning of the economy is impossible.

The proletariat is also an indispensable element of the embryo of socialism within the womb of capitalism. According to Marx and Engels, the proletariat is the subjective factor, the historical agent that is to bring about the overthrow of the capitalist order; it is also to be the active, vigilant class that is to lead the creation of socialist society, much as the capitalist class was the active, vigilant class that took the lead in the creation of capitalist society. I shall not at this time go into the reasons mentioned by Marx and Engels as to why the proletariat is slated to play this historical role, nor even go into the discussion of the exact composition of the proletariat.

It suffices here to point out that the most important factor that would impel the proletariat to revolt against the capitalist social order, is the growing anarchy of the capitalist economic system, which would lead society and the proletariat to serious crises, suffering, and catastrophic ruin. Marx, Engels, Lenin, and especially Rosa Luxemburg and Trotsky, warned again and again, that the proletariat faces a choice: either to transform modern society into socialist society, or live to see modern culture, modern society, and millions of human beings, fall to ruin, death, destruction, and barbarism:
"We now realize the absolute truth of the statement formulated for the first time by Marx and Engels as the scientific basis of socialism in the great charter of our movement, in the Communist Manifesto. Socialism, they said, will become a historical necessity. Socialism is inevitable, not merely because proletarians are no longer willing to live under the conditions imposed by the capitalist class, but further because, if the proletariat fails to fulfill its duties as a class, if it fails to realize socialism, we shall crash down together to a common doom."

Thus spoke Rosa Luxemburg in 1918. (On the Spartacus Programme.) The proletarian revolution, according to Marx and Engels, is to take over the productive forces from private hands, and place them under the ownership and control of all society, initially into the hands of the proletarian state, and then organize the social process of production on a rational, planned basis. In his "Introduction" to Dialectics of Nature, Engels makes distinction between Man and animals, and in the process, provides, once more, a striking rationale for the necessity of socialism.

"With Man we enter history. Animals also have a history, that of their derivation and gradual evolution to their present state. This history, however, is made for them, and in so far as they themselves take part in it, this occurs without their knowledge or desire. On the other hand, the further human beings become removed from animals in the narrower sense of the word, the more they make their history themselves, consciously, the less becomes the influence of unforeseen effects and uncontrolled forces on this history, and the more accurately does the historical result correspond to the aim laid down in advance. If, however, we apply this measure to human history, to that of even the most developed peoples of the present day, we find that there still exists here a colossal discrepancy between the proposed aims and the results arrived at, that unforeseen effects predominate, and that the uncontrolled forces are far more powerful than those set into motion according to plan."
And this cannot be otherwise as long as the most essential historical activity of men, the one which has raised them from bestiality to humanity and which forms the material foundation of all their other activities, namely, the production of their means of subsistence, that is, today, social production, is particularly subject to the interplay of unintended effects of controlled forces... In the most advanced industrial countries we have subdued the forces of nature and pressed them into the service of mankind; we have thereby infinitely multiplied production... And what is the consequence? Increasing overwork and increasing misery of the masses, and every ten years a great crash. Darwin did not know what a bitter satire he wrote on mankind, and especially on his countrymen, when he showed that free competition, the struggle for existence, which the economists celebrate as the highest historical achievement, is the normal state of the animal kingdom. Only conscious organization of social production, in which production and distribution are carried on in a planned way, can elevate mankind above the rest of the animal world socially in the same way that production in general has done this for men specifically. Historical development makes such an organization daily more indispensable, but also with every day more possible.

Two more points on the capitalist system are apropos here. One concerns the supervision and management of economic enterprises, on one hand, and the ownership of these enterprises, on the other hand. Marx and Engels were some of the first scholars of the capitalist system to remark on the separation, that was then becoming noticeable, between supervision or management of economic enterprises under capitalism, on one hand, and the ownership of those enterprises, on the other hand. The important point here is that, even though the capitalists started the enterprises, and, at the beginning, personally supervised and managed these enterprises, the further development of capitalism has rendered the capitalists superfluous, as far as the supervision and management of economic enterprises are concerned — much as the rise of professional, paid armies, and state bureaucracies, of the Absolute States in Europe rendered the feudal warrior and governing class (nobility) superfluous.
The actual supervision and management of economic enterprises, in developed capitalist societies, is in the hands of a separate, largely professional managerial and clerical stratum. This stratum controls everything in the life of these enterprises, including investment decisions. In *Capital* (Vol. 3), Marx has this to say on the matter:

"The capitalist mode of production has brought matters to a point where the work of supervision, entirely divorced from the ownership of capital, is always readily obtainable. It has, therefore, come to be useless for the capitalist to perform it himself. An orchestra conductor need not own the instruments of his orchestra, nor is it within the scope of his duties as conductor to have anything to do with the 'wages' of the other musicians."

Engels also remarked innumerable times on this phenomenon:

"All the social functions of the capitalist are now performed by salaried employees. The capitalist has no further social function than that of pocketing dividends, tearing off coupons, and gambling on the Stock Exchange, where the different capitalists despoil one another of their capital". (*Socialism: Utopian and Scientific*)

In his article "Social classes - Necessary and Superfluous", written in 1881, Engels remarks again on this matter. Discussing the management and ownership of the means of communication, he writes:

The railways and a large part of the sea-going steamships are owned, not by individual capitalists who manage their own business, but by joint-stock companies whose business is managed for them by paid employees, by servants whose position is to all intents and purposes that of superior, better paid workpeople. As to the directors and shareholders, they both that the less the former interfere with the management, and the latter with the supervision, the better for the concern. A lax and mostly perfunctory supervision is, indeed, the only function left to the owners of the business."
Thus we see that in reality the capitalist owners of these immense establishments have no other action left with regard to them, but to cash the half-yearly dividend warrants. The social function of the capitalist here has been transferred to servants paid by wages, but he continues to pocket, in his dividends, the pay for those functions though he has ceased to perform them.

The important point here is that it is difficult, on a theoretical as well as practical level, to imagine why these salaried employees of corporations, who are currently supervising and managing these enterprises on behalf of the capitalists, cannot do the same work on behalf of society. The hurdle here seems to be ideological and political, and habit.

The last point I would like to stress, regarding the capitalist mode of production, concerns efficiency. There is no doubt about the fact that in its maturity, capitalism has been the most efficient, economical, and productive of all the modes of production in existence, up to our time. Indeed, Lenin and Trotsky never tired of calling the attention of Russian workers to this fact, during the early years of the Soviet Union. However, they always went on to stress that capitalism itself had laid the basis for even higher rates of efficiency, economy, productivity, and rationality, than could be realized even within capitalism itself; that socialism would even be more efficient, productive, and rational than present-day capitalism. (Trotsky: Towards Socialism or Capitalism?)

However efficient, economical, and productive developed capitalism is, it is grossly irrational and unjust, from the point of view of serving and fulfilling, not market needs, but human needs, from the point of view of the actual possibilities now open to mankind for the satisfaction of human needs, and the development of human beings, particularly on a world scale. One just has to look at South African capitalism, which has done well for Whites, but poorly, if not disastrously, for the majority Black population. The same can be said of U.S. capitalism, when we compare the situation of the Blacks, and other minorities, on the one hand, with that of Whites, on the other hand.
Just think of the problems of housing, education, health services, public transport, the crisis of cities, poverty, unemployment, and crime, in the U.S.A., Great Britain, and South Africa. In discussing the problem of over-production in capitalist economies, Marx makes the following remarks:

"The word over-production in itself leads to error. So long as the most urgent needs of a large part of society are not satisfied, or only the most immediate needs are satisfied, there can of course be absolutely no talk of an over-production of products — in the sense that the amount of products is excessive in relation to the need for them. On the contrary, it must be said that on the basis of capitalist production, there is constant under-production in this sense. The limits to production are set by the profit of the capitalist and in no way by the needs of the producers. But over-production of products and over-production of commodities are two entirely different things." (Theories of Surplus-Value, part II).

Tnx. from Capital (Vol. 3.), there is this summary of economy in the capitalist mode of production:

"Capitalist production, when considered in isolation from the process of circulation and the excesses of competition, is very economical with the materialised labour incorporated in commodities. Yet, more than any other mode of production, it squanders human lives, or living labour, and not only blood and flesh, but also nerve and brain. Indeed, it is only by dint of the most extravagant waste of individual development that the development of the human race is at all safeguarded and maintained in the epoch of history immediately preceding the conscious reorganization of society."

In all this, however, the development of the productive forces under capitalism is silently but inevitably laying the foundation for the future socialist management of the economy.
The immense socialization of the process of production going on before our eyes is the material basis for the real possibility of control of the economy by society, and for society-wide planning of the economic life of society.

The increasing involvement or interference of the modern State in the economic life of society, and its attempts at planning, is itself acknowledgement of the real need for comprehensive planning of economic life by spheres outside the economic process. The hurdle to effective planning is, of course, the capitalist property relations, which are protected by the laws and arms of the very same modern State that is making attempts at planning. Incidentally, this increasing involvement of the modern State in the economic life of society, which figures so prominently in contemporary assessments of classical Marxism, which allegedly puts a big question mark on the relevance of classical Marxist theory, was first noted by Marxists themselves. There are some very pregnant, largely unstudied, statements on this matter by Engels in Socialism: Utopian and Scientific; and Rosa Luxemburg also discussed this matter very pointedly, at the end of the nineteenth century, in her answer to Bernstein:

"Capitalist development modifies essentially the nature of the widening its sphere of action, constantly.

imposing on it new functions (especially those affecting economic life), making more and more necessary its intervention and control in society. In this sense capitalist development prepares little by little the future fusion of the state and society. It prepares, so to say, the return of the function of the state to society. Following this line of thought, one can speak of an evolution of the Capitalist state into society, and it is undoubtedly this that Marx had in mind when he referred to labor legislation as the first conscious intervention of 'society' in the vital social process..." (Reform or Revolution)

Needless to say, these and other likewise very pregnant statements of Rosa Luxemburg on the capitalist State remain unstudied, and are hardly ever mentioned in the many critiques of classical Marxism by our contemporary academic scholars, Marxist or non-Marxist.
We are told that the Marxist categories of "base" and "superstructure" are no longer helpful, for the lines separating the two are no longer clear in advanced capitalist societies; consequently, that this is one of the important reasons classical Marxism needs serious "emendations". (Norman Birnbaum)

Be that as it may. From a consideration of all these elements of the embryo of socialism within the womb of capitalism, it follows logically that the countries that would be ripe for socialism are the most advanced capitalist countries. This, however, does not mean that the initial revolutionary explosion had to occur in the advanced capitalist societies. In discussing the revolutions of 1848-1849 on the European Continent, in relation to England, Marx had this to say:

"While, therefore, the crises first produce revolutions on the Continent, the foundation for these is, nevertheless, always laid in England. Violent outbreaks must naturally occur rather in the extremities of the bourgeois body than in its heart, since the possibility of adjustment is greater here than there." (Class Struggles in France)

Nevertheless, Marx and Engels were certain that without the participation of the most advanced capitalist countries, socialism would be another dream, if not worse.

Lenin and Trotsky and the Transition to Socialism

The Russian Revolution of 1917 was led by Marxists, and they were convinced that their revolution marked the beginning of the historical era of world socialist revolutions. The original Bolshevik leaders were all certain that Russia, alone, being an economically backward country, would not be able to achieve socialism. The Russian Revolution was, in Lenin's words, a break in the "weakest link in the chain of international imperialism," and would soon be followed by other revolutionary breaks, above all, in those countries which were already ripe for socialism.
The Bolsheviks felt that their own revolution would be a spur to the onset of other revolutions; and here, they were still speaking the language of Marx and Engels. Discussing the possible fate of the traditional Russian village commune, Engels wrote the following remarkable words on the main issues of the Russian Revolution still being debated in our time:

The Russian revolution will not only wrest the greater part of the nation, the peasants, from their isolation in the villages, constituting their mir, their universe; it will not only lead the peasants out into the large arena, where they will come to know the outside world and with it their own selves, their own condition, and the means of escape from their present misery — the Russian revolution will also give a fresh impulse to the labour movement in the West, creating for it new and better conditions for struggle and thereby advancing the victory of the modern industrial proletariat, a victory without which present-day Russia, whether on the basis of the community or of capitalism, cannot achieve a socialist transformation of society. ("On Social Relations in Russia")

Lenin and Trotsky agreed with every word contained in this statement by Engels.

Alas! the Bolshevik revolution was not followed by revolutions in the advanced capitalist countries. The Russian Revolution, led by Marxists, who were dedicated to creating socialism, was left alone, amidst its economic and technological backwardness.

Lenin, Trotsky, and other leaders of the Bolshevik Party did not, therefore, abandon their dedication to socialism. While still hopeful for eventual proletarian revolutions in the West, they began addressing themselves to the problem of the measures necessary in an economically backward country for a transition to socialism. It is precisely at this juncture that their words and programme become very important, interesting, and suggestive for those concerned with the problem of the transition to socialism in today's poor countries.
Quite clearly, Lenin and Trotsky denied that what existed in Russia at the time was socialism. In fact, right up to the time he died, 1940, Trotsky denied that the Soviet Union of that time had succeeded in constructing socialism, as Stalin proclaimed. Trotsky, referred to the Soviet Union as a 'transitional society: Lenin himself had used that phrase:

"No one, I think, in studying the question of the economic system of Russia, has denied its transitional character. Nor, I think, has any Communist denied that the term Soviet Socialist Republic implied the determination of the Soviet power to achieve the transition to socialism, and not that the existing economic system is recognized as a socialist order" (Collected Works, 32, p. 330)

Russia was then to start its transition to socialist society where it was, with its backwardness and a Marxist political party in charge of the power of the State, a political party that represented the interests of the toiling masses, a party which, to Lenin and Trotsky, was the embodiment of the dictatorship of the proletariat. We may quibble over these words. Suffice it to say that the new political party in charge of the state was no longer interested in safe-guarding and perpetuating the capitalist economic system, but was dedicated to constructing socialism.

Now, what transitional measures were suggested by Lenin and Trotsky? I should preface the discussion of these suggestions with the remark that Lenin and Trotsky's proposals were at the same time an arduous educational task, for they were addressing audiences that largely took it for granted that the road to socialism would be direct, easy, and quick.

First, Lenin and Trotsky stressed that the transitional measures necessary in an advanced industrial country would be very different from those that would be appropriate in a poor, relatively unindustrialized country. Here is Lenin:
"There is no doubt whatever that the transition from capitalism to socialism is conceivable in different forms, depending upon whether big capitalist or small production relationships predominate in the country... Direct transition to communism would have been possible if ours was a country with a predominantly — or, say, high level of large-scale production in agriculture, otherwise the transition to communism is economically impossible." (Vol. 32, p. 233)

Again,

"There is no doubt that in a country where the overwhelming majority of the population consists of small agricultural producers, a socialist revolution can be carried out only through the implementation of a whole series of special transitional measures which would be superfluous in highly developed capitalist countries where wage-workers in industry and agriculture make up the vast majority. Highly developed capitalist countries have a class of agricultural wage-workers that has taken shape over many decades. Only such a class can socially, economically, and politically support a direct transition to socialism. Only in countries where this class is sufficiently developed is it possible to pass directly from capitalism to socialism, without any special country-wide transitional measures. We have stressed in a good many written works, in all our public utterances ... that this is not the case in Russia, for here industrial workers are a minority and petty farmers are the vast majority. (Vol. 32, pp. 214-215)

Let us then be specific about these special transitional measures appropriate in poor, relatively non-industrial countries.

The first issue here is that of the correct policy with respect to nationalization. It is normally taken for granted by many of our radicals or socialists, who have not studied Marx, Engels, and Lenin, that a movement which makes a socialist revolution must immediately nationalize all economic enterprises in the country, large and small.
This is the basis of the harsh criticism of Prime Minister Mugabe, whose government has not yet embarked on such wholesale nationalization, as well as of "Red China", where capitalists were receiving payments even during Mao Tse Tung's reign.

The fact is that nowhere in the works of Marx and Engels is there a recommendation for immediate, total nationalization of enterprises. In the Manifesto, Marx and Engels speak of the victorious proletariat wresting 'by degrees' the enterprises of the bourgeoisie, and they single out first and foremost, the big centralized, crucial ones, such as the Banks, means of communication. In one of his letters in the 1890s, Engels speaks of the victorious proletariat "gradually" beginning the socialist reorganization of society. (Letter of August 21, 1890, to Otto von Böenigk)

Even the Bolshevik leaders at first spoke of nationalizing the 'commanding heights' of the economy; it was the political resistance, and sabotage, and resort to civil war tactics, of the Russian bourgeoisie and landlords, which forced the Bolsheviks to nationalize more than they had intended initially. Lenin and Trotsky made this point quite clearly a number of times. Here is Trotsky at the Fourth World Congress of the Comintern:

"It is perfectly obvious that from the economic standpoint the expropriation of the bourgeoisie is justified to the extent that workers' state is able to organize the exploitation of enterprises upon new beginnings. The wholesale, overall nationalization which we carried through in 1917-18 was completely out of harmony with the condition I have just now mentioned. The organizational potentialities of the workers' state lagged far behind total nationalization. But the whole point is that under the pressure of Civil War we had to carry this nationalization through. Nor is it difficult to demonstrate that had we sought to act more cautiously in an economic sense, i.e., to carry through the expropriation of the bourgeoisie at a 'national', gradual pace it would have been the height of political irrationality and the greatest folly on our part."
Such a policy would not have enabled us to celebrate our Fifth Anniversary.... Indeed, had we been able to enter the arena of socialist development after the victory of the revolution in Europe, our bourgeoisie would have quaked in its boots and it would have been very simple to deal with it ... In that case, we would have tranquilly taken hold only of the large-scale enterprises, leaving the middle sized and small ones to exist for a while on the private capitalist basis; later we would have reorganized the middle-sized enterprises, rigidly taking into account our organizational and productive potentialities and requirements. Such and order would unquestionably have been in harmony with economic 'rationality' "...


All the classical Marxists, including Lenin and Trotsky, knew very well that nationalization and centralized planning only makes sense when economic enterprises have become large and interdependent; in other words, when the socialization of the process of production has reached a high degree. Again, Trotsky, in 1922:

"In point of theory we have always maintained that the proletariat would, upon conquering power, be compelled for a long while to tolerate alongside the state enterprises the existence of those private caterprises which are technologically less advanced and least suited to centralization". (Ibid., p. 241)

Political necessity, the Civil War, sabotage, and the many serious forms of resistance of the bourgeoisie forced Lenin's government to extend nationalization even where it should not have been extended. Two or three years later Lenin openly admitted that this was a serious mistake.
"... the vastness of our agricultural country with its poor transport system, boundless expanses, varying climate, diverse farming conditions, etc., makes a certain freedom of exchange between local agriculture and local industry, on a local scale, inevitable. In this respect, we are very much to blame for having gone too far; we overdid the nationalization of industry and trade, clamping down on local exchange of commodities. Was that a mistake? It certainly was." (Vol. 32, p. 219)

I should also point out that Marx and Engels emphatically stressed that force should not be used to expropriate the small-owning peasantry. Collectivized large-scale farming is the aim of Marxist agricultural policy, but small farmers were to be left to themselves, to see the advantages of large-scale, collective farming, 'by dint of example', as Engels put it. (Engels: "The Peasant Question in France and Germany")
Lenin and Trotsky stressed again and again, that, as long as the advanced capitalist countries have not passed over to socialism, revolutionary workers' governments in backward countries shall be forced - indeed, shall be wise - to utilize, for revolutionary socialist purposes, capitalist methods, and create links with the capitalist world, for the purpose of rapidly developing their productive forces. Small-scale production, of the artisan or small peasant type, cannot operate effectively on any other basis than exchange, the local market, and, consequently, money-relations. Under normal circumstances, wholesale nationalization of small production units is economically and politically unwise. One of the important points made by Marx and Engels, is that private property was necessary at certain stages of development of the productive forces:

"Our investigation hitherto started from the instruments of production, and it has already shown that private property was a necessity for certain industrial stages ...... In small industry and all agriculture up till now property is the necessary consequence of the existing instruments of production; in big industry the contradiction between the instrument of production and private property appears for the first time and is the product of big industry: moreover, big industry must be highly developed to produce this contradiction. And thus only with big industry does the abolition of private property become possible". (The German Ideology)

This is ABC of Marxist theory. The Bolsheviks violated this principle in the first four years of their revolution only because of the exigencies of Civil War, and because they took it for granted that any day the advanced capitalist countries were going to join and assist them in the world-wide construction of socialism.

After the Civil War, and the stark realization that Russia would have to remain alone, on the socialist path, for many years, and after seeing the ominous crisis in the peasant economy, they corrected their mistake. Lenin and Trotsky openly announced, amidst.
great objections and condemnation from the radical left, that the country would have to return back to local exchange, the local market, money relations, - i.e. to capitalist methods, whether of the individual or State sort. This was a capitalism, however, which was to be vigilantly watched over by the revolutionary workers' government, and channelled into the direction of state capitalism, then socialism, and finally to communism. Here is Lenin:

"Since the spring of 1921, instead of this approach (war communism), plan, method or mode of action, we have been adopting ....... a totally different method, a reformist type of method: not to break up the old social economic system - trade, petty production, petty proprietorly capitalism - but to revive trade, petty proprietorship, capitalism, while cautiously and gradually getting the upper hand over them, or making it possible to subject them to state regulation only to the extent they revive" (Vol 32 p. 512)

Seeing that Russian industry had been destroyed, lay idle, and that Russia lacked the economic and scientific resources to revive and further develop these industries, Lenin's government openly invited world capitalism to come to Russia to open business on capitalist profit basis. I quote Lenin: "We shall not grudge the foreign capitalist even a 2 000 per cent profit, provided we improve the condition of the workers and peasants. It is imperative that we do it". (Vol. 32, p. 315). This was the policy of concessions. What exactly was this policy? Again, here is Lenin:

"I come now to concessions. They signify a bloc with capitalism in the advanced countries. We must be clear in our minds about the nature of concessions. The signify an economic alliance, a bloc, a contract with advanced finance capital in the advanced countries, a contract that will give us a slight increase in products, but will also result in an increase in the products of the concessionaires. If we give the latter ore or timber, they will take the lion's share and leave us a small share. But it is so important for us to increase the quantity of products at our command that even a small share will be an enormous gain for us.

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Even a slight improvement in the condition of the urban workers, which will be guaranteed in the concessions agreement, and will not present the slightest difficulty to foreign capital, will be a gain and will serve to strengthen our large scale industry". (Ibid, p 236)

Lenin pointed out again and again, that the Workers' government shall in the future, be able to repossess these industries. This shows clearly that Lenin and Trotsky were not doctrinaire at all, as far as this issue was concerned. The only issues over which they were uncompromising is that of State Power remaining in the hands of representatives of the working class, i.e the dictatorship of the proletariat, and the policy of the Workers' state retaining monopoly over foreign trade.

Perhaps, the most striking proof that Lenin was not dogmatic at all as far as the utilization of capitalist methods at a certain stage of economic development is concerned, is revealed in his advice to the republic of Georgia former (zarist Russia which lay to the East, areas that were even more undeveloped than European Russia. Lenin wrote some letters to the communist leaders of these republic, letters which should be very thought-provoking to anyone concerned with strategies of development in the poor countries today. To the Georgian communists he wrote:

"... there is need for a special policy of concessions with regard to the Georgian intelligentsia and small merchants. It should be realized that it is not only imprudent to nationalize them, but that there is even need for certain sacrifices in order to improve their position and enable them to continue their small trade .......... Please bear in mind that Georgia's domestic and international position both require that her communists should avoid any mechanical copying of the Russian pattern. They must skillfully work out their own flexible tactics, based on bigger concessions to all the petty-bourgeois elements." (vol. 32, p. 160)
In another letter to the leaders of Asiatic Russia, he writes:

"you will need to practice more moderation and caution, and show more readiness to make concessions to the petty bourgeoisie, the intelligentsia, and particularly the peasantry. You must make the swiftest, most intense and all possible economic use of the capitalist West through a policy of concessions and trade. Oil, manganese, coal and copper are some of your immense mineral resources...

What the Republics of the Caucasus can and must do, as distinct from the RSFSR (USSR), is to effect a slower, more cautious and more systematic transition to socialism...

Do not copy our tactics". (Vol 32, p. 316 - 18)

These remarks of Lenin should be very thought-provoking to anyone concerned with development strategies and tactics to be followed by revolutionary governments in the poor regions of the world.

Obviously, there is no uniform pattern of socio-economic and political development foreseen for all countries of the world, particularly for those countries at different stages of development of their productive forces. While Marxism insists that human history is subject to certain laws of development, which are ascertainable, it also maintains that it is the same laws which can explain the great diversities in socio-political structures and cultures. In his criticism of Sukhanov's notes on the Russian Revolution, Lenin writes that people like Sukhanov are:

"complete strangers to the idea that while the development of world history as a whole follows general laws it is by no means precluded, but, on the contrary, presumed, that certain periods of development may display peculiarities in either the form or sequence of this development ....... Our European philistines never even dream that the subsequent revolutions in Oriental countries, which possess much vaster populations and a much vaster diversity of social conditions, will undoubtedly display even greater distinctions than the Russian revolution". (Vol. 33, pp. 477-480)
Engels also allowed for some striking peculiarities in the development of non-industrial countries in our epoch. Linking them up with the process of socialist construction in the advanced industrial countries, he wrote that

"... it is not only possible but certain that after the victory of the proletariat and after the means of production become common property in the West European nations, the countries which just begin to be affected by capitalist production and in which gentile institutions or remnants of them still survive, can use these remnants of common property and the corresponding national customs as a powerful means of substantially shortening their development towards a socialist society and of avoiding the greater part of the suffering and struggle which we in Western Europe have to experience. But an indispensable condition of this is the example and active assistance of the present-day capitalist West. Only when capitalist economy is superceded in its place of origin and in the countries where it has reached its climax, only when such an object lesson has shown the backward countries 'how it is done', how modern industrial forces of production are turned into public property and made to serve the whole society, only then can they attempt this shortened process of development. Then however they can be sure of success. And this applies to all pre-capitalist countries, not only to Russia". (Afterward to "On Social Relations in Russia")

But, still, Engels was unwilling to speculate on the specific socio-political structures these countries may adopt in the process of socialist construction:

"But as to what social and political phases these countries will then have to pass through before they arrive at socialist organization, I think we today can advance only rather idle hypotheses". (Letter of September 12, 1882, to K Kautsky).
Stalinist Methods of Soviet Development

In the minds of the classical Marxists, the successful construction of socialism in backward countries was directly linked to the assistance such countries would get from the revolutionary socialist regimes of the industrial Western countries. Without such assistances, efforts to construct socialism in poor countries would be fraught with enormous contradictions and difficulties. This, indeed, was the fate which befell the Soviet union. The isolation of the Soviet Union, amidst her technological and economic backwardness, her inability for long to utilize effectively the world capitalist market, the lack of assistance from the advanced industrial nations, and, indeed, the hostility of the West towards her, and military exigencies, all played a not insignificant role in determining the methods and patterns of development that became characteristic during Stalin's reign. Two quotations are apro-pos here. One is from the work of E.H. Carr, the late Cambridge historian of Soviet Russia: "Great Britain and the Soviet Union are alike (and unlike most other industrial countries) in having industrialized without the benefit of foreign capital". ("Soviet Industrialization", in Socialism, Capitalism and Economic Growth, edited by C.H. Feinstein). The other is from a speech given by Stalin in 1931. "We are fifty or a hundred years behind the advanced countries. We must make good this lag in ten years. Either we do it or they crush us". (quoted by Isaac Deutscher in his political biography Stalin)

In The Revolution Betrayed, written in 1936, Trotsky formulated what to me is the key characterization of the developmental pattern of the Soviet Union under Stalin: "The application of socialist methods for the solution of pre-socialist problems - that is the very essence of the present economic and cultural work in the Soviet Union". The "socialist methods" referred to here consist of centralized national planning; the operation of the economy on the basis of public or State ownership of the productive forces; a state that is in the hands of the representatives of the working-class; and the official ideology of Marxism. The "pre-socialist problems" refers to the creation, almost from the start, of the 'embryo of socialism': i.e bringing about industrialization; the transformation of a largely peasant, agricultural society into an
industrial society; laying the material foundation for abundance; the socialization of the process of production; and the growth of the working-class, with the requisite intellectual and cultural development.

Bolshevik leaders, particularly Lenin and Trotsky, liked to make a distinction between the political forms of the proletarian regime, and the economic-social content, or foundation, of socialism. The political form here refers to the new way of management of political or state power, ushered in by the socialist revolution: the control of the state by the working-class, and full Soviet democracy (see Lenin's *State and Revolution*). Marxists were convinced that this was to be a form of management of political power, which was to be more advanced and more truly democratic than any form of parliamentary government found in the advanced capitalist countries. The economic-social content, or foundation, of socialism simply referred to the 'embryo of socialism' already discussed above. Lenin and Trotsky were convinced that the political forms existing in the Soviet Union were more advanced and truly democratic than those existing in the West. But they were equally convinced that the economic-social content or foundation of socialism was lacking in the Soviet Union; that the specific economic-social content of the Soviet Union over which they presided was backward, and did not match, correspond, or support the advanced political form already in existence in their land. They often made mention of the fact that while the political forms of socialism were already in existence in the Soviet Union, the economic-social content existed in Germany; hence the importance they attached to the German socialist revolution. In 1918, Lenin expressed this idea in a very striking manner.

"And history ..... has taken such a peculiar course that it has given birth in 1918 to two unconnected halves of socialism existing side by side like two future chickens in a single shell of international imperialism. In 1918, Germany and Russia had become the most striking embodiment of the material realisation of the economic, the productive and the socio-economic conditions for socialism, on the one
In his remarkable essay "Culture and Socialism", written in 1926, Trotsky referred again to this problem, but now, instead of 'political forms' and 'economic-social content', he spoke of a contradiction existing in the Soviet Union between social forms, on one hand, and the technological foundation of Soviet culture at that time; and in a warning, he expressed in a heavily concentrated form the germ of his theory of Stalinism:

Our social forms are transitional to socialism and consequently are incomparably higher than capitalist forms. In this sense we rightly consider ourselves the most advanced country in the world. But technology, which lies at the basis of material and every other kind of culture, is extremely backward in our country in comparison with the advanced capitalist countries. This constitutes the fundamental contradiction of our present reality. The historical task that follows from this is to raise our technology to the height of our social formation. If we do not succeed in doing this, our social order will inevitably decline to the level of our technological backwardness.

(My emphasis - H.W.V)

Left alone, in its technological-economic backwardness, and scarcity, forced to develop without the assistance of foreign capital; what's more, forced to develop in a context of increasing international tensions, the socialist 'political forms' did indeed descend to the level of technological-economic-cultural backwardness of the country. Specifically, what did this descent of political forms, or of the social order; mean? Essentially the following: the violation of the principles of Soviet democracy; the arbitrary dictatorship of the individual, Stalin; the omnipresence of the police; illegal imprisonment, deportation, and execution of masses of people; forced labor camps; a general state of terrorism; and, not least, the falsification of historical records. I should add here that there is nothing new in this list, which was not mentioned in Khrushchev's discussion of Stalin's crimes in 1956—although Khrushchev's explanation of these events lacks any sociological-historical dimension altogether.

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Since, we are most likely talking here to 'democrats' of the Western type, a word may be in order on the phenomenon of 'democracy' itself. To Marxists, democracy has a socio-economical-historical context. The nature of its existence changes according to changed social-economic-historical conditions. There was what we may call 'tribal democracy', which was a democracy without a separate, distinct organization called the state; when there was that fusion of the state and society alluded to earlier by Rosa Luxemburg. This was a society without distinct social classes. There existed here a very wide population basis for participation in the decision-making process affecting the life of society.

With the division of society members into social classes, and the concurrent emergence of a distinct, separate organization called the state, participation of society members in the decision-making process become considerably restricted. Indeed, more often than not, there was arbitrary political rule over the masses of society members all over the world. This situation lasted for centuries upon centuries, until the beginnings of industrialization, when the new urban classes, the middle classes, and particularly the working-classes, fought for the widening of the basis for political participation, and for the rule of law. Participation, however, remained indirect, in the form of the franchise. Modern democracy, therefore, is directly linked to industrialization. It is modern industries and factories, and offices linked to them, which have forged new kinds of men and women who have the self-confidence and desire to participate in the decision making process of social life. What of peasants, who during Stalin's reign formed the majority of Soviet citizens, and who today form the majority of societies of the poor continents of the world? In the absence of industrialization of agriculture, the capacity and scope of participation by peasants in the decision-making processes of social life are very limited. No one stressed this more than Karl Marx, in his 18th Brumaire:

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"The small-holding peasants form a vast mass, the members of which live in similar conditions but without entering into manifold relations with one another. Their mode of production isolates them from one another instead of bringing them into mutual intercourse. The isolation is increased by France's bad means of communication and by the poverty of the peasants. Their field of production, the small-holding, admits of no division of labour in its cultivation, no application of science and, therefore, no diversity of development, no variety of talent, no wealth of social relationships. Each individual peasant family is almost self-sufficient; it itself directly produces the major part of its consumption and thus acquires its means of life more through exchange with nature than in intercourse with society. A small holding, a peasant and his family; alongside them another small holding, another peasant and another family. A few score of these make up a village, and a few score of villages make up a Department. In this way the great mass of the French nation is formed by simple addition of homologous magnitudes, much as potatoes in a sack form a sack of potatoes. In so far as millions of families live under economic conditions of existence that separate their mode of life, their interests and their culture from those of the other classes, and put them in hostile opposition to the latter, they form a class. In so far as there is merely a local interconnection among these small-holding peasants, and the identity of their interests begets no community, no national bond and no political organization among them, they do not form a class. They are consequently incapable of enforcing their class interests in their own name, whether through a parliament or through a convention. They cannot represent themselves, they must be represented. Their representative must at the same time appear as their master, as an authority over them, as an unlimited governmental power that protects them against the other classes and sends them rain and sunshine from above. The political influence of the small-holding peasants, therefore, finds its final expression in the executive power subordinating society to itself."
This is one of the key points we have to keep in mind when we discuss that descent of socialist political forms to the level of technological economic backwardness.

Looking at the total picture, now, what is the balance sheet as far as the Soviet developmental experience is concerned? How has the "application of socialist methods in the solution of pre-socialist problems" fared? I have't referred to the 'descent of political forms; and what this meant in concrete historical experience; namely, immense suffering, imprisonments, deportations, forced labour, exploitation, executions, and police terrorism experienced by millions of Soviet citizens under Stalin, during the period of what Preobrazhesky in the 1920s called "Primitive socialist accumulation."

We must also look at this immense human suffering concurrent with Soviet industrialization in comparative-historical perspective. We must put by its side, not as justification, the immense human suffering that was concurrent with capitalist industrialization in the West. In looking at Soviet industrialization, we had to look mainly within borders of the Soviet Union; but in looking at capitalist industrialization in the West, we have to look at the entire world, since capitalist industrialization depended upon the world market and the world human and natural resources. The immense human suffering attendant upon Soviet industrialization was concentrated within the borders of the Soviet Union, and has become better known thanks to the ideological war between Marxism and capitalism. The immense human suffering that was concurrent with capitalist industrialization in the West was spread across countries and continents; and it was well over a century ago, so that we are apt to forget it. I would like here to mention the immense human suffering that was in the form of the slave trade, and the enslavement of Blacks in the Americas.
Liverpool waxed fat on the slave-trade...
Whilst the cotton industry introduced child-slavery in England, it gave in the United States a stimulus to the transformation of the earlier, more or less patriarchal slavery, into a system of commercial exploitation".

In 1847, in *Poverty of Philosophy*, Marx gave this assessment of the importance of slavery for capitalism:

Direct slavery is just as much the pivot of bourgeois industry as machinery, credits, etc. Without slavery you have no cotton; without cotton you have no modern industry. It is slavery that gave the colonies their value; it is the colonies that created world trade, and it is world trade that is the precondition of large-scale industry. Thus slavery is an economic category of the greatest importance. Without slavery North America, the most progressive of countries, would be transformed into a patriarchal country. Wipe North America off the map of the world, and you will have anarchy - the complete decay of modern commerce and civilisation. Cause slavery to disappear and you will have wiped America off the map of nations".

The measure of the immense human suffering, entailed in slavery, is not exhausted by considering the suffering and fate of those individuals, numbered in the millions, who actually served and died as slaves; it also takes into account the uncounted numbers of those who died in the passage between Africa and the Americas; as well as the untold damage to the social structures of Africa, that lost millions of men and women at the prime of their lives; as well as the tragic heritage of slavery on relations between Blacks and Whites in the USA, in particular; and the continuing poverty and suffering of America Blacks up to our time. It is timely here, too, to mention that, 120 years after the end of Black slavery in the USA, US capitalism has not been able to raise the millions of Blacks in America to the same economic and social status as the Whites.
Bringing to mind the immense suffering of Blacks, that was concurrent with capitalist industrialization in the West, and after, is not to justify the immense human suffering that was attendant upon Soviet industrialization. It is simply to enable us to make a larger, more balanced statement, about the immense cost, in human lives and suffering, that were attendant upon the first major experience of industrialization in both social systems. This particular score does not allow for any bragging, or wagging of the finger, by either side.

Now, is the immense human suffering attendant upon Soviet industrialization the only factor we have to mention in the balance sheet of the Soviet experience? It does not appear so. I shall quote again the noted and highly respected late Cambridge historian of the Soviet Union, E.H. Carr:

The Russian Revolution for the first time explicitly proclaimed the goal of increased production and identified it with socialism: Lenin's remark that socialism meant electrification plus the Soviets was the first primitive formulation of this idea. It was repeated over and over again by Lenin and other Bolsheviks that the test of socialism was that it could organize production more efficiently than capitalism .......

The success of the Soviet campaign for industrialization, which in 30 years, starting from a semi-literate population of primitive peasants, raised the USSR to the position of the second industrial country in the world and the leader in some of the most advanced technological developments, is perhaps the most significant of all the achievements of the Russian Revolution. Nor can the achievement be measured purely in material terms. In the time span of half a century, a population almost 60 per cent urban has replaced a population more than 80 per cent peasant; a high standard of general education has replaced rear illiteracy; social services have been built up; even in agriculture, which remains the stepchild - or problem child - of the economy, the tractor has replaced the wooden plough as the characteristic instrument of cultivation.

It would be wrong to minimize or condone the sufferings and the
horrors inflicted on large sections of the Russian people in the process of transformation. This was a historical tragedy, which has not yet been outlined, or lived down. But, however the reckoning is made, it would be idle to deny that the sum of human well-being and human opportunity is immeasurably greater in Russia today than it was fifty years ago. It is this achievement that has most impressed the rest of the world and has inspired in industrially undeveloped countries the ambition to imitate it.


E H Carr wrote this for a symposium on the fiftieth anniversary of the Soviet Union. Another striking assessment of the Soviet Union's fifty years of development, was made by the late historian of the Soviet Union, Isaac Deutcher, in his George Macaulay Trevelyan Lectures, delivered at the University of Cambridge in 1967. Deutcher underlines the fact that in the Soviet Union it was the State, rather than private enterprise, or the big capitalist corporations, which has been in charge of industrialization and modernization:

This fact has determined the dynamics of Soviet economic growth and the character of the social transformation ... We all know that the Soviet Union has risen from the position of the most backward of the great European nations to the rank of the world's second industrial power... Before we proceed any further we ought, perhaps, to remind ourselves that these fifty years have not been a single uninterrupted period of growth and development. Seven or eight of the fifty years were taken up by armed hostilities which resulted in severe setbacks and widespread destruction, unparalleled in any other belligerent country. Another twelve or thirteen years were spent on replacing the loses. The actual periods of growth cover the years from 1928 to 1941 and from 1950 onwards, about thirty years in all. And in these years an unusually high proportion of Soviet resources, about one-quarter of the national income on the average, was
absorbed in the arms race that preceded and followed the Second World War. If one could calculate the advance in ideal units of truly peaceful years, one would conclude that the Soviet Union achieved its progress within twenty or, at the most, twenty-five years. (The Unfinished Revolution).

In the eyes and minds of many people, this striking economic performance of the Soviet Union seems to confirm the effectiveness of "Socialist methods" - or perhaps to be more accurate, of non-capitalist methods, in bringing about economic development.

In all this, I do not want in anyway to minimize or overlook the economic problems currently existing in the Soviet Union. The actual operation of the economy is characterised by some striking contradictions, which largely issue out of the fact that the economy is too rigidly, too bureaucratically controlled from the centre. It is important to stress that these problems, irrationalities, and disproportions of the Soviet economy do not in my opinion, derive from the principle of national planning or from the public ownership of the key productive forces of the country. What is lacking in the Soviet Union is democratic control of the Soviet economic system (workers' control); which, of course, has to go hand in hand with truly democratic control of the Soviet political system. (Soviet democracy).

Associated with this issue is that of a flexible balance between the plan and market forces, about which classical Marxists were never dogmatic. They all admitted that at a certain stage of development of the productive forces, the market as a mechanism for the distribution of resources is inevitable. The market cannot be abolished politically the way the publication of a newspaper can be stopped on a specific day. The discussions in the Soviet Union about the necessity of economic reforms are largely about these issues; and it is striking that these critics of the Soviet economic system are simply restating, in so many words, the arguments found in Trotsky's about the Soviet economy in the 1930's. (See The Revolution Betrayed, especially Chapter IV). In other
words, among the earliest, most eloquent, and educated critics of the actual operation of the Soviet economy were Marxists themselves. Here are the words of the modern Belgian Marxist economist:

"There is no evidence, whether theoretical or empirical, to demonstrate that a centrally-planned, collectivized economy under genuine, democratic workers' management would utilize economic resources less efficiently than a capitalist economy based on competition and the race to maximize profits. In the absence of democratic control of planning, production, and distribution by the associated producers themselves, however, a centrally-planned, collectivized economy can be run only through a contradictory combination of the drive for material self-interest on the part of the 'managerial' layer of the bureaucracy on the one hand and the political control exercised by the State apparatus on the other. Experience has confirmed what Marxist theory could have predicted: given such a combination, the Soviet economy will constantly function below its optimal rate of growth; periodic and explosive disproportions will arise between various branches of the national economy ..."

Bureaucratic management - in whatever form - will therefore always lead to waste of resources in a variety of ways: concealment of reserves, transmission of false information; inflation of input requirements, production of low-quality outputs unrelated to consumer needs, theft of productive inputs for use in 'grey' or 'black' market production, etc. Neither systematic recourse to terror, as under Stalin, nor partial restoration of market mechanisms; as during the post-Stalin period, can eliminate the ultimate root of this waste, which is the conflict between the material self-interest of the privileged managerial bureaucracy on the one hand and the need for optimal use of the economic resources freed by the abolition of private property in the means of production and of the rule of the law of value on the other hand. The collective interest of the overwhelming majority of the producers,
however, requires just this optimal utilization of resources. Only democratically-associated producers receiving 'social dividends' from stepped up economic growth or increased labour productivity would have a genuine, material interest in global social optimization of the use of economic resources". (Ernest Mandel: Revolutionary Marxism Today).

It is interesting, by the way, that most academic critics of the Soviet economic system in the West do not question public ownership of the means of production in the Soviet Union. (See the works of Alec Nove: "Soviet Economic Prospects", in New Left Review No 119, Jan-Feb. 1980; The Soviet Economic System)

The big question now before us is whether the utilization of 'socialist methods' can eliminate poverty, and the grounds for believing that such methods are more capable of eliminating poverty than the capitalist methods.

The first point to stress is that the use of 'socialist methods' is oriented towards serving the public interest, first and foremost; whereas the use of 'capitalist methods' is oriented, first and foremost, towards serving private interests. Further, the utilization of 'socialist methods' has a specific social class foundation: the Socialist State rests on the support of the majority members of society who have been economically, socially, politically, and culturally deprived during the capitalist epoch, compared to the economically, socially, and politically most powerful classes or groups in the previous society. The crucial social class support-base of the Socialist State is mainly the working-class, in alliance with the peasantry. It follows, then, that, under normal circumstances, the needs of the working class and the peasantry will have top priority status on the agenda of the Socialist State. This is alluded to in an interesting remark of Professor Alec Nove on workers and professional classes in the Soviet Union:

"Engineers, technologists, teachers, doctors, office staffs of most kinds, have another source of discontent. They have lost ground in the 'wages league', and many earn less
than skilled workers. Much 'class analysis' of Soviet Society suffers from a strange anti-intellectual bias ..... Yet far from being privileged, the mass of 'intellectual' professions are poorly paid, with none of the privileges of high officialdom. Doctors, teachers, middle-grade qualified engineers, most office staff, earn less than bus-drivers. It is true, sadly, that there is a wide gulf of mutual incomprehension between them and the workers ..... the regime can appeal to the anti-intellectual prejudices of the masses, and in the past has frequently done so". (Nove: "Soviet Economic Prospects", New Left Review, No 119, Jan. Feb 1980; also see Nove: "Income Distribution in the USSR: A Possible Explanation of Some Recent Data", in Soviet Studies, Vol. XXXIV, No. 2, April 1982; and A. McAuley: "Sources of Earnings Inequality A comment on A. Nove's Income Distribution in the USSR, in Soviet Studies, Vol. XXXIV, No 3, July 1982)

This does not mean, however, that in the transition period, before the abolition of the distinction between manual and mental labor, the interests of intellectual workers are neglected. The Socialist State will need their services as much as the capitalist class and the capitalist state needed them. "We are still in need of technicians, agronomists, engineers, chemists, architects, etc., it is true," so wrote Engels, "but if the worst comes to the worst we can always buy them just as well as the capitalists buy them ........" (Engels' letter of Aug. 21, 1890, to Otto Van Boenigk). This 'buying' of the services of intellectual workers may mean definite concessions on the part of the Socialist State to these workers, concessions which may at times put them in a better material situation than that of workers and peasants.

Above all, the use of 'socialist methods' means that reason and rationality from the standpoint of human needs in society-at-large, rather than 'market rationality', prevails in the determination of
what is to be done with the human and material resources of society. It is well to keep in mind that a lot of socially neglected human needs in capitalist society, actually adding up to poverty, are mostly precisely those which are not profitable ventures, from the point of view of capitalism. Indeed, most of the human welfare services are not profitable; that is the reason that they fall into the responsibility of the state, even in capitalist society. This includes housing, health services, education, public transport, etc. Capitalist business people find it very difficult to invest their capital in such ventures. Does it not stand to reason that mass provisioning for health and education, and other welfare measures, are more available in the socialist states than in capitalist societies? But these precisely are actions aimed at eliminating poverty. The issue of unemployment is also relevant here. Here is the Belgian economist Ernest Mandel, again:

"I am struck, for example, by the really light-minded, even irresponsible way in which many Western observers speak of the economic crisis supposedly 'striking the Soviet economy, just as it has struck the Western economy, and by the way in which others ... consider unimportant the little difference that although there has been a terrible new rise of unemployment in all the industrialized countries of the West, there is no unemployment at all in the industrialized countries of Eastern Europe. They escape these difficulties with formulas that are truly nothing but frivolities, diversions without serious theoretical content. They say, for example, 'yes, but there is concealed unemployment hidden within the factories, in the Soviet Union'. The only 'difference' is that the Soviet workers continue to be paid, while the unemployed workers in the West are out on the street. And why does the ruling class in the industrialized capitalist countries, even though these are richer than the Soviet Union, lack the will or ability to eliminate 'manifest' unemployment by replacing it with hidden unemployment?" (Mandel: Revolutionary Marxism Today).
I doubt very much if anyone can deny the fact that unemployment is one of the important causes of poverty and misery in any society; and that any social system that succeeds in eliminating unemployment has taken a giant step towards eliminating poverty and misery among members of society.

In addition to all this, we should also keep in mind that there are certain strictly economic ventures which capitalists find not very luring, for a number of reasons; ventures which end up being operated wholly by the State, or receive heavy State subsidies, even if run on a capitalist basis. Agriculture, for example, in the highly developed capitalist societies, has reached the stage at which disaster, from the standpoint of capitalist farmers, can only be averted by huge State subsidies. We have reached the absurd point of seeing governments giving farmers huge amounts of money for not producing more agricultural products, or for leaving the lands unused - simply because, from the point of view of the capitalist market, there is too much food. In the meantime, hundreds of millions of people around the world are facing starvation.

On the other side of the pole, agriculture in underdeveloped areas of the world also requires heavy State subsidies to be viable and successful - sometimes direct State ownership. Capitalistic methods are simply unhelpful in this area of economic activity. For example, the raising of productivity in the rural areas inhabited by Blacks in South Africa can only occur with massive injections of State funds. The free capitalist market here will not do at all. It may be interesting or helpful here to bring to our minds the development experience of the Asiatic republics of the Soviet Union, which at the time of the Russian Revolution were still largely possessed tribal, semi-patriarchal, and feudal modes of production. In sixty to seventy years, the utilization of 'socialist methods' has brought industrialization to these regions, eliminated illiteracy, and all the indices usually associated with poverty and underdevelopment. The University of Glasgow expert on the Soviet economy, Alec Nove, has described the development experience of these regions as "impressive", and has further concluded: "In a free-enterprise setting ..... it is very doubtful if there would be rapid industrial growth in these
regions". (Alec Nove and J.A. Newth: *The Soviet Middle East: A Communist Model for Development*, p. 45, quoted by V. Solodornikov and V. Bogoslorsky, *Non-Capitalist Development*). I should add here that Professor Nove is emphatically not a Marxist, and is a critic of the present Soviet economic system.
I should end this paper with a few remarks on South Africa. First I want to note that South African rulers in the twentieth century once faced a serious problem of poverty among Whites, and they determined that this problem had to be solved once and for all, if they were going to continue to count on the allegiance of all Whites in containing and controlling the Blacks of the land. In solving this problem, they did not rely on the methods of the free capitalist market, but used - rather imposed - largely non-capitalist methods. It was the State, the "concentrated force of society", as Marx put it, which played the major role in eliminating White poverty. The problem, of course, was solved at the expense of the Black majority of the land, and the poverty of Blacks was left unattended to.

Now we are gathered to talk about the problem of poverty among Blacks, and we wish that a determination should be made to eliminate it once and for all. I submit that in the solution of this problem, we in South Africa shall not, likewise, be able to rely on the methods of the free capitalist market. At this stage of the development of the South African economy, and of the South African problem, we shall have to utilize 'socialist methods'. Poverty among Whites was a product of the development of capitalism in South Africa; and the solution of the problem did not issue out of the laws of the development of capitalism. Poverty among Blacks is equally a product of the development of capitalism in South Africa; and the solution of this problem likewise cannot issue out of the laws of the development of capitalism.

One last point. South African capitalism not only produced poverty, but also that vilest of the scourges that ever afflicted mankind - the hatred of man for man because of skin colour - what we call racism.
Racism arose only at a specific historical period. Its emergence coincided with the growth and maturity of the capitalist mode of production. Racism - the discriminatory practices of one group against another, or others, based solely on physiological features (mainly skin colour and/or hair texture) - is a phenomenon of the late 17th century, the 18th, 19th, and 20th centuries.

What exactly is the peculiar feature of the capitalist mode of production, which gives rise to racism? It is not class conflicts, as such, since conflicts between classes have existed in previous epochs, without, however giving rise to racism. It is class conflicts within this peculiarly capitalist context:

(a) the removal of all the "guarantees of existence" (Marx) offered by all the previous modes of production to the average member of society.

(b) Competition among the individual members of society, first and foremost, over the material means of existence, and spilling over to other aspects of social life. This individual struggle for existence fosters feelings of distrust, hostility, bitterness, and hatred, etc., among the members of society; and, as is well known, the first casualty of every struggle, or of war, is the truth, the truth about oneself, and about one's adversary. (lies, e.g., which sink deep into our consciousness, about the meaning of skin colour).

(c) Endless crises, and increasing "insecurity of existence" (Engels), flowing from the anarchy in the process of production.

(d) Alienation of man, which reaches its height in the capitalist epoch: particularly, here, the alienation of man from the human community itself, and alienation of man from other individual human beings.
The peculiarity of the context of capitalism, which is responsible, among other things, for racism, is expressed graphically by Engels in Anti-Dühring. He tells us that with the rise of the capitalist mode of production:

".... the old, peaceful, stable condition of things was ended. Whenever this organization of production was introduced into a branch of industry, it brooked no other method of production by its side. The field of labour became a battleground. The great geographical discoveries, and the colonization following upon them, multiplied markets and quickened the transformation of handcraft into manufacture. The war did not simply break out between individual producers of particular localities. The local struggles begot in their turn national conflicts, the commercial wars of the seventeenth and eighteenth centuries. Finally, modern industry and the opening of the world market made the struggle universal, and at the same time gave it an unheard-of virulence. Advantages in natural or artificial conditions of production now decide the existence or non-existence of individual capitalists, as well as of whole industries and countries. He that falls is remorselessly cast aside. It is the Darwinian struggle of the individual for existence transferred from Nature to society with intensified violence. The conditions of existence natural to the animal appear as the final term of human development. (My emphasis - H.W.V)

Thus, the adoption and utilization of 'socialist methods' are not only the only way of eliminating poverty in South Africa, but also the only way of eliminating the very roots of racism, which is the biggest and vilest scourge that ever afflicted mankind.
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