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**ON COMMODITY PRODUCTION  
AND THE LAW OF VALUE  
UNDER SOCIALISM**

**Doctor of Economic Sciences**

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The Soviet people, under the leadership of the Communist Party, are successfully building a communist society. The Party is in this great world-historical cause. It is guided by the all-victorious teaching of Marxism-Leninism, by the historic decisions of the XIX. Congress of the Communist Party of the Soviet Union. The work of J. V. Stalin "*Economic Problems of Socialism in the USSR*" is of great importance in elaborating the question of the ways of transition from socialism to communism. Much attention in this work is devoted to questions of commodity production and the law of value under socialism.

J. V. Stalin showed the reasons for the preservation of commodity production during the period of transition from capitalism to socialism and under socialism, its fundamental differences from capitalist commodity production, the necessity and importance of using forms of value in economic practice. The correct solution of these questions is extremely important for illuminating the conditions and tasks of the gradual transition from socialism to communism in our country and the construction of a socialist economy in the countries of people's democracies.

Previously, there was a lot of confusion and misinterpretation among academic economists and teachers of economic disciplines on these issues. The subjectivist-idealistic notion was widespread that under socialism the law of value in a "transformed form" operates. Many economists tried to solve the problem of the reasons and the nature of the operation of the law of value under socialism, independently of commodity production under socialism, with its boundaries and features, with its fate in the period of gradual transition to the highest phase of communism.

Certain scientific workers, on the sole ground that the law of value operates under socialism, agreed to the point that they proposed to apply in relation to the socialist economy such economic categories characteristic of capitalism as labour power—commodity, surplus value, capital, profit on channel, average rate profit, etc. All these statements have nothing to do with Marxist-Leninist political economy.

The operation of the law of value is inextricably linked with the existence of commodity production. Therefore, first of all, it is necessary to establish why commodity production is preserved under socialism, what are its features and development prospects.

## **The Emergence and Development of Commodity Production**

Commodity production is not production for oneself, not for one's own consumption, but for exchange, production for the market. An exchange product is a commodity. The exchange of goods always means the transfer of the products of labour from one owner to another. Consequently, the existence of commodity production requires two preliminary conditions: first, the social division of labour, in which everyone specializes in the manufacture of some of the products of labour and therefore constantly needs the products of the labour of others; second, the presence of different owners of the means of production and products of labour, which necessitates exchange as a form of economic ties between the owners of the means of production and products of labour.

There was no commodity production and exchange at the early stages of development of the primitive communal mode of production, since there the means of production and products of labour constituted common property. Initially, commodity exchange arose in relations between communities on the basis of social division of labour and communal ownership of the means of production. Only with the emergence of private ownership of the means of production did commodity relations penetrate into the community.

In the early stages of its development, exchange was random. It was not the products of labour specially made for the market for sale that were exchanged, but surplus products of their own production, made for their own consumption. Commodity production in our own

meaning of this word did not exist then. Exchange becomes more regular only with the emergence of the first large social division of labour, namely, with the separation of pastoral tribes. But only the subsequent major public the division of labour, namely the separation of handicrafts from agriculture, served as a solid basis for the emergence and development of commodity production. Craftsmen's products, already in the process of their production, were not intended for their own consumption, but for sale. Accordingly, dealers could receive handicrafts only through exchange for agricultural products.

The transformation of the products of labour into commodities means their transformation into value. The commodity is the unity of use value and value. The use value of a product lies in its ability to satisfy one or another human need. The value of a commodity is manifested in its ability to exchange for other commodities. As a consumer value, a commodity represents the expenditure of a specific type of labour (labour of a carpenter, coal miner, baker, weaver, etc.).

As a value, commodities are lumps of labour regardless of its concrete content, that is, abstract labour, definite amounts of labour time spent.

The value of a commodity is determined not by the individual labour costs of each producer separately, but by the socially necessary labour costs for the production of a commodity, that is, by the amount of labour that, on average, must be spent on the production of a unit of a given type of commodity at a given level of development. public production forces. The value of commodities receives its external expression in the prices of commodities. Price is the monetary expression



of value.

In the conditions of private ownership of the means of production, there is an antagonistic contradiction between the use value and the value of the goods, which expresses the contradiction between private and public labour. The thing is the fact that the labour of a commodity producer is essentially social labour, since due to the social division of labour, various commodity producers work for each other. However, private ownership of the means of production divides people as individual producers and private owners of the products of labour.

As a result, the social nature of the labour of commodity producers remains hidden. Everyone produces himself on your own, at your own peril and risk, guided only by your private interests, not knowing the real needs

society in this type of products of labour, not knowing the size production of other producers. The social nature of the labour of commodity producers is found only in the process of commodity circulation. The exchange of products of labour—goods is the only form of economic ties between commodity producers. This determines the importance of exchange in terms of commodity production.

The development of handicrafts and trade led to a gradual expansion of commodity production. However, under the slave-slavery and feudal modes of production, the role of pogo production was limited, since the bulk of the products of labour was then produced for the own consumption of slave owners and slaves, feudal lords and peasants, and only a relatively small part was produced for exchange.

Thus, commodity production arose and developed to

a certain extent long before the capitalist mode of production. Therefore, it is not associated with only one particular mode of production, but existed and exists under various modes of production. Therefore, commodity production cannot be regarded as something self-sufficient, independent of the surrounding economic conditions. It cannot be equated with capitalist production.

With a change in the content and forms of ownership of the means of production and products of labour, the nature of commodity production, its role in the economic life of society, changes.

For commodity production to turn into capitalist production, it is necessary to separate the means of production from producers, to concentrate the means of production as private property in the hands of capitalists, and to transform labour power into a commodity that the capitalist can buy and exploit in the production process. The capitalist system of production is a system of exploitation of wage workers by capitalists.

Capitalism is the highest stage in the development of commodity production. Under capitalism, commodity production has become the dominant general form of production. There, not only the products of labour take on a commodity form, but also all the elements of social wealth. The labour force itself became a variety. Under capitalism, the principle of sale and purchase dominates everywhere, subordinated to the insatiable desire of the exploiters to enrich themselves.

Capitalism to the extreme develops and aggravates the contradiction between private and social labour, internally with existing commodity production under the domination of private ownership of the means of

production. Under capitalism, thanks to the developed social division of labour, neither with a high concentration of production, the latter acquires an increasingly social character. But this production, social by its nature, is subordinated to the private capitalist form of appropriation of the results of production.

The contradiction between the social character of production and the capitalist appropriation of the results of production is the main contradiction of the capitalist economy. It inevitably gives rise to periodic economic crises. It deepens more and more as capitalism develops, which leads to the ruin of small and medium producers, further concentration of the means of production in the hands of the exploiters, centralization of capital, to a monstrous increase in the exploitation of the working people, to the absolute and relative impoverishment of the masses.

# **Commodity Production During the Transition Period from Capitalism to Socialism**

Capitalist relations of production have long ago entered into antagonistic contradiction with the productive forces and turned into their fetters. The further preservation of capitalist production relations contradicts the needs of the development of the productive forces of society and brings unprecedented suffering to the working people.

In order to eliminate this contradiction, it is necessary, in accordance with the requirements of the economic law of the obligatory correspondence of production relations to the nature of the productive forces, to abolish the system of exploitation, to transfer the means of production into public property, and to abolish bourgeois production relations. and create new, socialist production relations. This is the task of the proletarian revolution.

The Great October Socialist Revolution smashed capitalism in our country. The Soviet state, relying on the requirements of the economic law of the obligatory correspondence of production relations to the nature of the productive forces, abolished landlord ownership of land, nationalized all the land in the country, took away the means of production from the bourgeoisie, and transformed factories, plants, land, railways. banks are the property of the entire people, the property of the whole people. However, this has not yet eliminated the need for commodity production.

To eliminate commodity production, it is necessary to transform all means of production and the entire

aggregate product of production into a public property, which presupposes a high concentration of means of production. Such a concentration is prepared by the capitalist method of production, but it is far from uniform in different branches of production. A particularly large lag is characteristic of the development of agriculture under capitalism. Nowhere but England did capitalism complete the painful process of ruin and proletarianisation of small and medium-sized producers. In all other capitalist countries, along with large, highly concentrated industry, prepared for direct socialization through the expropriation of the expropriators, there is also a large class of small and medium-sized owners—producers in the countryside.

The presence of this class is by no means an obstacle to the victory of the proletarian revolution and the beginning of the construction of socialism. Only the enemies of the working people can argue that the proletariat should not take power into its own hands until capitalism ruins all small and medium individual producers, turns them into farm labourers, thereby concentrating the means of production and in agriculture. This attitude of less wikis and other enemies of Marxism was resolutely swept aside the Bolsheviks.

But even after the victory of the proletarian revolution and the expropriation of large capitalist property for a more or less long period, the private property of small and medium individual producers, mainly peasant farms with their backward technology, remains. To build socialism, it is necessary to overcome the backwardness and fragmentation of agricultural production.

Enemies of the people tried to impose on the Party

the path of expropriation of small and medium-sized producers in the countryside. Such a path would inevitably lead to a split in the alliance between the working class and the peasantry, and thus to the defeat of the proletarian revolution, to the restoration of capitalism. The Communist Party exposed the intentions of the enemies of the people and resolutely rejected these counter-revolutionary proposals.

The only possible and expedient for the victory of socialism is the path of development outlined by V. I. Lenin and fully justified itself in the history of socialist construction in our country. This path is reduced to the following: 1) not to miss favorable conditions for the seizure of power by the proletariat; 2) to expropriate the means of production in industry by means of their nationalization; 3) small and medium individual producers should not be expropriated, but gradually merged into production cooperatives, that is, into large agricultural enterprises, collective farms; 4) by developing the industry in every possible way, fail for collective farms a modern technical base for large-scale production, strenuously supplying them with first-class tractors and other machines; 5) to preserve the economic link between town and country, industry and agriculture commodity production (exchange through purchase and sale), as the only form of economic ties with the city acceptable for the peasantry, developing Soviet trade in every possible way and ousting all and all capitalists from commodity circulation.

Thus, the preservation of commodity production in the period of transition from capitalism to socialism was dictated primarily by the existence of a large class of small and medium-sized isolated producers—peasant farms. But this commodity production was already

fundamentally different not only from capitalist commodity production, but also from commodity production of all earlier socio-economic formations. The transition of the decisive means of production into the public domain through the expropriation of landlords and capitalists gave rise to new, previously unseen economic conditions that determined fundamental changes in the content and purpose of commodity production.

Earlier, before the victory of the socialist revolution, commodity production was always based on private ownership of the means of production. For the first time in world history after the victory of the Great October Socialist Revolution in the USSR, commodity production began to exist under conditions when the decisive means of production were transferred to the property of society and a large share of the total social product began to be produced in socialist processes.

During the transition period from capitalism to socialism, the economy of the strata was multifaceted. The main socio-economic structures were the socialist structure, which consisted mainly of enterprises based on public property, and the small-scale trade structure represented by numerous small and medium-sized proprietors and producers. Along with them, there was a capitalist structure in the form of kulak farms, private trade, etc. The economy of the transitional period is characterized by irreconcilable struggle between socialism and capitalism according to Lenin's formula "who is who". The entire policy of the Communist Party and the Soviet state during the transition period was aimed at ensuring victory over capitalism, solving the problem of "who is who" in favor of socialism.

Commodity production, exchange through purchase and sale was then, first of all, a form of economic connection between the socialist and small-scale commodity systems, used by the Communist Party to strengthen the economic link between socialist industry and peasants, farms and to strengthen the leading role of the working class and socialist industry in the entire economy of the country. This determined the main features of commodity production and circulation under the new conditions in comparison with commodity production and circulation under capitalism.

Under the conditions of the predominance of the small commodity system in the countryside, a certain freedom of commodity circulation inevitably led to a certain revival of the capitalist elements, striving to use commodity relations to fight the socialist elements of the economy. Therefore, in the period of transition from capitalism to socialism, the use of commodity production and trade by the Soviet state in the interests of the victory of socialism proceeded under conditions of a fierce class struggle.

For these reasons, commodity relations in the transition period from capitalism to socialism were of a dual nature, which distinguishes them from commodity relations under socialism. This stemmed from the specifics of the economic conditions of the transition period and found its expression in the dual character of the NEP.

The enemies of the people, the restorers of capitalism tried to impose on the party a disastrous way of unleashing the market element, arguing that the whole essence of NEP is reduced to the admission of private trade, that trade and money circulation under the conditions of NEP were allegedly imbued with the



principles of capitalism economies remain the same as under capitalism.

J. V. Stalin subjected these assertions to devastating criticism and as early as 1925 showed that under the dictatorship of the proletariat, thanks to the dialectics of our development, the functions and purpose of trade and money circulation change fundamentally, radically, change in favor of socialism, to the detriment of capitalism. In the struggle against the capitalist elements, the socialist elements of our economy mastered the methods and weapons of the bourgeoisie to overcome the capitalist elements, successfully using them to build the socialist foundation of our economy.

This was possible because the nature, role and direction of development of commodity production and circulation in the transition period from capitalism to socialism were not determined by small-scale production, not by its tendency to generate capitalism, and such decisive factors as the concentration in the hands of the proletarian state of economic commanding heights, as the withdrawal of land from the sphere of sale and purchase.

Labour power in socialist industry was no longer a commodity. The basic means of production also ceased to be commodities. With the development of socialist production and the ousting of private capitalist elements from the sphere of production and circulation, the organized market became more and more decisive.

Under the leadership of the Communist Party, the Soviet state used the economic opportunity to put commodity production and trade turnover at the service of socialism, to prevent free play of prices on the market. The Soviet state used commodity production and circulation to fight the capitalist elements, for the

socialist alteration of the small-scale commodity order, for the rapid development and strengthening of the socialist order, for the victory of socialism in the city and countryside.

Thus, already in the period of transition from capitalism to socialism, commodity production and circulation fundamentally and radically differed from commodity production and circulation under capitalism.

## **The Need for Commodity Production Under Socialism and its Fundamental Features**

The rapid growth of socialist industry, the collection of agriculture, and the elimination on this basis of the last exploiting class, the kulaks, led to further changes in the nature of commodity production and commodity circulation.

Not understanding the dialectics of development, the fundamental change in the function and purpose of trade and money circulation after the victory of socialism, some economists came to the anti-Marxist conclusion that the entry of the USSR into the period of socialism makes commodity circulation unnecessary, causes the withering away of trade and money, raises the question of immediate transition to direct product exchange.

Back in the early 1930s, J. V. Stalin showed the groundlessness and harmfulness of these views, the need for the all-round development of Soviet trade to strengthen economic ties between town and country, the need to save money until the end of the first phase of communism—the socialist stage of development.

To strengthen the connection between town and country, it was necessary to supplement the production link between them with a commodity link, which could only be achieved through the deployment of all forms of Soviet trade: state, cooperative, collective farm. The expansion of trade turnover between town and country, between regions of the country, between various branches of the national economy is necessary to stimulate further growth in industrial and agricultural

production.

J. V. Stalin especially emphasized that the development of Soviet trade in the new economic conditions would be completely wrong to regard as some kind of return to the first stage of NEP. Then, at the first stage of the NEP, trade allowed the revival of capitalism and the functioning of the private capitalist sector in trade. Soviet trade, on the other hand, is trade without capitalists and speculators, a trade of a special kind, which history has not known until now.

Denying the necessity of commodity production under socialism, some economists referred to the formula of F. Engels that commodity production will be eliminated as soon as society takes possession of the means of production. J. V. Stalin explained that this formula of F. Engels was interpreted incorrectly. It was not taken into account that it means the transfer into the public domain not of part of the means of production, but of all means of production, both in industry and in agriculture. It cannot, therefore, be applied to conditions when the national form of ownership is still does not cover all means of production. But it is precisely such conditions that are characteristic of the socialist stage of the development of society.

The completion of the collectivisation of agriculture and the elimination on this basis of the last exploiting class, the kulaks, meant the completion of the socialist socialization of all the basic means of production. But this did not remove the need for commodity production and circulation on the basis of new economic conditions, since at the socialist stage of development of society, public ownership of the means of production and the products of labour is not yet the only and

comprehensive form of ownership.

The level of socialization of the means of production and products of labour in industry and agriculture under socialism is not the same: along with state, that is, national, property, there is collective farm property. Mixing these two: forms of socialist property is not possible.

The state cannot yet dispose of all the production of society and distribute it in accordance with the various social and personal needs of citizens directly, without using commodity exchange. The socialist state can only dispose of the products of state enterprises. As for the products of the collective farms, although the decisive means of agricultural production belonging to the state (MTS machines, land) participate in its creation, but the products themselves are the property of individual collective farms and are at their full disposal.

This is due to the fact that collective farms use their own labour, their seeds and, in fact, dispose of the land transferred to them by the state for eternal use. It should also be taken into account that collective farmers receive in their personal ownership a part of the output of the collective farms, distributed according to workdays, and that collective farmers have their own subsidiary plots on their plots. Surplus products owned by collective farmers are also intended for exchange and enter the market as a commodity.

Disposing of collective farm products as their property, collective farms "... do not want to alienate their products except in the form of goods, in exchange for which they want to receive the goods they need. Other economic ties with the city, except for commodity, except for exchange through sale and purchase, at the present time, collective farms do not

accept. Therefore, commodity production and trade turnover are now the same necessity in our country as they were, say, thirty years ago, when Lenin proclaimed the need for an all-round turnover of trade”<sup>1</sup>.

Commodity production under socialism is the result of the fact that two main production sectors remain in the national economy: state, based on public property, and collective farm, based on group ownership of individual artels with general public ownership of the decisive means of production. This means that commodity production under socialism cannot but differ radically from commodity production under capitalism. It also differs from commodity production in the transition period from capitalism to socialism, that is, in a multi-structured economy.

The fundamental features of commodity production under socialism are as follows.

First, under socialism public socialist ownership of the means of production reigns supreme. Therefore, commodity production and circulation are carried out without capitalists, small and large, goods are produced by united socialist producers - the state, collective farms, and cooperatives.

Secondly, the sphere of action of commodity production and circulation under socialism is limited mainly to articles of personal consumption, since all the decisive means of production do not enter commodity circulation, but are distributed the state.

Third, in view of this, and also as a result of the deification of all means of production and the complete

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<sup>1</sup> J. V. Stalin. Economic problems of socialism in the USSR, pp. 16-17. Gospolitizdat. 1952.

elimination of the system of exploitation, commodity production under socialism cannot develop into capitalist production. Together with its “money economy” it is called upon to serve the development and strengthening of socialist production.

Commodity production under socialism has a planned character, develops in accordance with the plan of the entire national economy, is subordinate to the requirements of the basic economic law of socialism and the law of planned (proportional) development of the national economy.

The goal of commodity production under socialism is not to make profits, but to meet the growing needs of the Soviet people. This determines the constant concern of the Party and the socialist state to expand the production of consumer goods, to comprehensively take into account and satisfy the tastes and needs of society, to pursue a policy of systematic price reduction to increase the level of real incomes of the working people.

These are the features of commodity production under socialism. This is not ordinary commodity production, as the history preceding socialism knew it, but commodity production of a special kind. It is fundamentally different from commodity production under capitalism, it completely excludes capitalists, the transformation of the means of production into capital and labour power into a commodity, excludes the exploitation of man by man.

Thanks to the public ownership of the means of production, the elimination of the system of wage labour and the system of exploitation, thanks to the planned management of the national economy in accordance with the objective economic laws of

socialism, commodity production under socialism does not have such an unlimited and all-embracing distribution. as under capitalism. Scope of the commodity production under socialism is strictly limited and set within the framework.



## **Limitation of the Sphere of Commodity Production Under Socialism**

In a socialist economy, the means of production created at state enterprises are not commodities, since in their overwhelming part they are not sold to any buyer, but are distributed by the state among its enterprises. By transferring the means of production to this or that enterprise, the state in no way loses ownership of them.

The directors of enterprises who received the means of production from the state do not become their owners, but are only authorized by the state to use them in accordance with state plans. Even to collective farms, the state sells only small implements, which do not decide the fate of collective farm production. Such basic means of production as tractors, combines and many other agricultural machines are not sold, not to mention land, which is also completely excluded from the sphere of commodity circulation.

The concentration of the main means of agricultural production in the hands of the state is one of the most important conditions for the rapid growth and improvement of agricultural production.

J. V. Stalin showed the profound error of the proposal of some economists to sell the main implements of production of the MTS as the property of the collective farms. This would mean bringing back the wheel of history. The sale of the basic, decisive means of production to the ownership of the collective farms would drive the latter into great losses and ruin them, undermine the mechanisation of agriculture and reduce the rate of collective farm production. At the same

time, it would lead to an expansion of the sphere of commodity circulation, would place the collective farms in an exceptional position, which no state enterprise has, and would alienate collective farm property from public property. All this would lead not to an approach to communism, but, on the contrary, to a distance from it.

Thus, relations between state socialist enterprises cannot be subsumed under the category of commodity relations, and the supply of state socialist enterprises with the means of production cannot be attributed to the sphere of commodity circulation.

The preservation of commodity production under socialism is caused by the existence of two forms of socialist property: state, public, and collective farm-group property. Therefore, commodities under the conditions of a socialist economy are, first of all, the surplus of collective farm production (including the products of subsidiary farms of collective farmers on personal plots), which are alienated by collective farms and collective farmers in the order of purchase and sale and thus are included in the system of commodity circulation.

This surplus consists mainly of agricultural raw materials and personal products (grain, meat, oil, vegetables, cotton, beets, flax, etc.). Being the public property of collective farms or the personal property of collective farmers, these products of collective farm production are transferred to the disposal of the state in the order of agricultural procurement (obligatory deliveries, contracting, procurement by state organizations and cooperatives) or sold collective farms and collective farmers on the collective farm market.

If surpluses of collective farm products are

commodities and are alienated by collective farms through purchase and sale, then products produced by state industry and intended for the rural population should also be alienated through purchase and sale. This means that under socialism it is impossible not to be a commodity that part of the output of socialist industry, which in the order of sale and purchase is transferred to the public property of the collective farms and to the personal property of the collective farmers. This mass of commodities mainly consists of items for personal consumption and, in a small part, of small inventory, fertilizers, etc.

But it is quite obvious that it is impossible to ensure the exchange of one part of the products of state enterprises by means of sale and purchase for the products of collective farm production, without converting into goods that significant part of the corresponding products intended for the consumption of the urban population. In other words, the use of commodity circulation for the exchange of products of state socialist industry for products of collective farm production necessitates purchase and sale, commodity circulation in the matter of supplying consumer goods to the entire population of the country.

Therefore, all products of personal consumption are produced by socialist industry as commodities. Thus, goods under socialism are all that part of the products of socialist industry (mainly personal consumption items), which in the order of purchase and sale is transferred to the public property of collective farms and to the personal property of citizens.

Finally, goods under socialism are all those products of socialist production (including the means of production) that are sold abroad. By exporting these

products, the state transfers ownership of them to buyers,

The transformation of the products of labour into commodities under socialism also means their transformation into values. And under socialism, a commodity is a unity of use value and value. But there are no antagonistic contradictions between these two sides of the commodity under socialism, since as a result of the socialization of the means of production and the planned organization of the production process, labour has become directly social. Concrete labour, which creates use values, is no longer opposed to abstract labour, which forms the value of commodities, just like private labour to social labour.

The goods produced by socialist enterprises are directly products of social labour. The labour expended on their production does not need any special social recognition through exchange. In a socialist economy, goods are produced not for the sake of their value, but in order to maximize the satisfaction of various needs. members of society. This means that, by its economic nature, a commodity under socialism is fundamentally different from a commodity under conditions of private ownership of the means of production.

This determines the extremely important importance in socialist production of the use value of goods, all-round care for the assortment and quality of products. At the same time, a systematic reduction in the cost of goods and their value by increasing labour productivity through the introduction of more advanced technology and better methods of organizing socialist production is of great importance for socialist society.

Revealing the nature of commodity production under socialism, J. V. Stalin showed the need for a strict

distinction between the content of the economic process and its form, between deep-seated development processes and superficial phenomena.

“The point is,” wrote J. V. Stalin, “that in our socialist conditions, economic development does not take place in the order of upheavals, but in the order of gradual changes, when the old is not simply canceled out completely, but changes its nature in relation to the new. preserving only its form, and the new does not simply destroy the old, but penetrates the old, changes its nature, its functions, without breaking its form, but using it for the development of the new. This is the case not only with goods, but also with money in our economic circulation, as well as with banks, which, losing their old functions and acquiring new ones, retain the old form used by the socialist system”<sup>1</sup>.

As a result of this development, we have retained mainly the form, the external appearance from the old categories of capitalism. In essence, however, they have radically changed in accordance with the needs of the development of the socialist national economy. The significance of these instructions of J. V. Stalin is especially clearly seen in the example with the characteristics of the economic the nature of the means of production under socialism.

Outwardly, from the formal point of view, the means of production are almost indistinguishable from the articles of consumption if viewed from the point of view of value and its forms. As is known, in a socialist economy:

- 1) prices are set for all products of labour, including

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<sup>1</sup> J. Stalin. Economic problems of socialism in the USSR, p. 53.

means of production, although the latter are not commodities;

2) the distribution of not only personal consumption goods, but also the means of production, which under socialism are not goods, takes place using the principle of payment, that is, in the form of purchase and sale;

3) a monetary calculation of the costs of each enterprise for the manufacture and transportation of any product is carried out, the cost of all products, including the means of production, is established;

4) profitability, that is, profitability, is established for all enterprises, including enterprises that produce the means of production, and this profitability is determined by comparing the cash receipts for the production of the enterprise with the cost of production.

Obviously, having ceased to be commodities, the means of production have retained, however, the outer shell of the commodity. This is reflected in the calculation of the cost of production means, in the establishment of prices for them, in the implementation of monetary settlements when the means of production are transferred from one state enterprise to another, etc. The concepts of “cost”, “cost” , “price”, etc., are applied to the means of production only in this sense.

The situation is different if the movement of the means of production goes beyond the limits of intrastate turnover. In the field of foreign trade, the means of production produced by socialist enterprises are indeed are goods actually sold.

Thus, to determine the essence of an economic phenomenon, it is necessary to take not the form, but its inner content, considered in inseparable connection with the forms of property, which most fully express the

essence of production relations. Within the country, even in relations between state enterprises, the turnover of production means is carried out in commodity form, as well as foreign trade turnover. But in the field of foreign trade turnover, the means of production produced by socialist enterprises retain the properties of goods both in essence and in form, while in the field of economic turnover within the country, the means of production retain only the external stock of goods.

It follows from what has been said that under socialism there remains an objective economic necessity for commodity production and commodity circulation. However, the sphere of commodity production is limited here mainly by items of personal consumption. As for such economic categories as commodity, money, profit, interest, etc., under socialism they retain the old form used by the socialist system, but the function and purpose of these categories have radically changed.

The law of value as the law of commodity production and exchange. The reasons for the existence of the law of value under socialism.

The peculiarities of commodity production in the USSR also determine the peculiarities of the operation of the law of value under socialism, since the law of value is the law of commodity production and exchange.

The law of value occupies a special place among economic laws. It cannot be attributed to laws that are valid in all socio-economic formations, since it acts only under certain economic conditions. But at the same time, it is not a law that operates only in any one social formation. As the law of commodity production and exchange, it is valid for many modes of production.

What is the role of the law of value under socialism?

In order to answer this question, it is necessary to say a few words about the operation of the law of value in the conditions of a capitalist economy.

It has already been pointed out above that under conditions of private ownership of the means of production, the social character of labour remains hidden. It can manifest itself only through the market equating of the products of labour - goods. Only in the market, in the process of exchange, the commodity producer learns to what extent the individual costs for his commodity correspond to the socially necessary costs. Being a monetary expression of the value of a commodity, a form of its manifestation, price is at the same time an instrument of the spontaneous action of the law of value.

In all social formations, production ultimately serves consumption. But with the domination of private ownership of the means of production, the immediate goal production is not the satisfaction of the needs of people, but the creation of value in order to obtain in exchange the products of labour of other commodity producers (in simple commodity production) or to extract surplus value (in capitalist production). This determines the actions of the law of value as a spontaneous regulator of commodity production. By means of spontaneous fluctuations in prices, spontaneous deviations of the prices of goods from their value, the law of value regulates the distribution of social labour between branches of production.

Capital always rushes to those industries where profits are highest, and, conversely, leaves those industries that are less profitable. In all cases when the price of a commodity turns out to be higher than its value (or rather, higher than the price of production,



which is a capitalistically transformed form of groaning), the production of a given commodity becomes more profitable. Additional capital rushes to this industry, hence additional amounts of labour and means of production.

This entails the expansion of the size of production, ultimately, the overflow of the market and a fall in the price of this product. The fall in prices makes the production of this commodity less profitable, which causes either the introduction of various kinds of technical improvements aimed at increasing the exploitation of workers in order to extract more surplus value, or the outflow of capital from this branch of production to other branches.

This is, in the most general outline, the mechanism of action of the law of value as a spontaneous regulator of commodity production. The operation of the law of value leads to an enormous increase in the exploitation of labour by capital, to the impoverishment of the broad masses of the population, to the concentration of wealth in the hands of a small group of capital magnates. This process is especially intensified at the modern, monopoly stage of capitalism, the main features and requirements of the basic economic law of which is to ensure the maximum capitalist profit by exploiting, ruining and impoverishing the majority of the population of a given country, by enslaving and systematically robbing the peoples of other countries, especially backward countries, finally, through wars and the militarization of the national economy, used to ensure the highest profits.

Thus, the law of value is a law that spontaneously regulates the distribution of social labour between branches of production in accordance with the needs of

society through fluctuations in commodity prices around value (or around the price of production). Main requirements of the law costs consist in the fact that the individual expenditures of labour for the production of goods must receive social recognition as definite (in qualitative and quantitative terms) shares of total social labour. The obligation to recognize individual labour costs as an expenditure of a share of total social labour manifests itself as market pressure, as a coercive force of competition.

This is how matters stand with the law of value under conditions of domination of private ownership of the means of production.

For a long time, the idea has been widespread among economists that the law of value does not work in the socialist economy. The denial of the operation of the law of value under socialism was the result of a dogmatic interpretation of some of the remarks made by K. Marx regarding the fate of commodity production and the law of value after the socialist socialization of the means of production. The law of value was mistakenly considered exclusively as a spontaneously acting force inherent in an anarchic capitalist economy, but supposedly completely incompatible with the planned nature of our national economy. It turned out to be an absurd situation: there are goods and money, there is value, but there is no law of value,

Some economists have put forward and tried to substantiate the position that the law of value is eternal, since it supposedly acts as a permanent regulator of production; therefore, this law will also exist under communism. This assertion reproduced the Bukharin's "theory of labour costs", long exposed and discarded as anti-Marxist. As you know, the right-wing

restorers of capitalism needed such a “theory” in order to “justify” the unleashing of the market element, subordinate the Soviet economy to the spontaneous action of the law of value, and give freedom for the growth of capitalist elements in our country.

The statement about the eternity of the law of value in essence meant a fetishisation of this law as an elemental force, the actions of which are inevitable. It turned out that the task of national economic planning is reduced only to identifying those proportions in the distribution of social labour, which are determined by the law of value as a supposedly eternal regulator of production, and to facilitate the implementation of these proportions.

It was widely believed that the law of value under socialism operates in a “transformed” form. The basis of this view was voluntarism, wrong the idea that the Soviet state and its governing bodies can “abolish” the existing economic laws, “transform” them, “create” new economic laws. The formula for the “radical transformation” of the law of value meant, in essence, a refusal to deeply investigate the causes and limits of the operation of this law in the socialist economy.

All these erroneous ideas were deeply criticized in J. V. Stalin’s work *“Economic Problems of Socialism in the USSR.”*

J. V. Stalin explained that where there is a commodity and commodity production, there cannot be no law of value. At the same time, he showed the historical nature of the law of value, the dependence of its existence and action on certain economic conditions. Value, like the law of value, is a historical category associated with the existence of commodity production. With the disappearance of commodity production, value

with its forms and the law of value will disappear. The law of value is the regulator of production only under certain economic conditions characteristic of the capitalist mode of production and absent in socialist society.

J. V. Stalin showed the objective nature of economic laws, the inconsistency and harmfulness of voluntarism, which leads to the denial of economic science, and thereby to the denial of the possibility of scientific foresight, the true leadership of economic life. The law of value even under socialism has an objective character, it is a reflection of the processes of economic life that take place independently of the will of people.

The fundamental mistake of many economists who studied the operation of the law of value under socialism was that, instead of investigating the reasons for the preservation, the nature, features of commodity production under socialism, which determine the operation of the law of value, took as a starting point the provisions of the qualitative heterogeneity of labour and the impossibility at the socialist stage of development of society to commensurate various types of labour directly in units of working time. Various explanations for the need for cost commensuration of labour costs have led some economists to various erroneous “concepts” regarding the reasons for the preservation of the law of value under socialism.

In the light of J. V. Stalin’s work “*Economic Problems of Socialism in the USSR*” it became quite obvious that in all these “concepts” the question of the operation of the law of value under socialism was replaced by the question of the use of forms of value. The fact that the forms of value (money, cost, price,

etc.) are successfully applied throughout the national economy has been deeply mistaken by some economists as an indicator of the universality of the law of value.

In reality, however, the strictly limited action of the law of value under socialism is due to the preservation within certain limits of commodity production and commodity circulation, which, in turn, are caused by the existence of two forms of socialist property - state (public) and collective farm (group).

## **Limiting the Scope of the Law of Value Under Socialism**

The specific features and limits of commodity production under socialism also explain the specific features and limits of operation of the law of value in socialist society. The limited nature of commodity production predetermines the limited operation of the law of value. Features of commodity production determine the features of the operation of this law.

During the transition period from capitalism to socialism, the law of value did not have the same scope under socialism as it did under capitalism, where it is the regulator of production. The scope of the law of value and the degree of its impact on production under socialism are strictly limited.

The decisive economic conditions that limit the scope of the law of value under socialism are such factors as public ownership of the means of production in town and country, the elimination of the system of wage labour and the system of exploitation, the operation of the law of planned (proportional) development of the national economy in accordance with the goal determined by the basic economic law of socialism.

Consequently, the operation of the law of value is also limited by annual and long-term plans and the entire economic policy of the Communist Party and the Soviet government, based on the requirements of the law of planned (proportional) development of the national economy. Under these conditions, the law of value can in no way be a regulator production.

The directly social nature of labour under socialism

excludes the operation of the law of value as a regulator of socialist production. The goal of socialist production is not profit, but a person with his needs, not an increase in value, but the creation of the largest possible amount of labour products of better quality and assortment. Socialist production is subordinated to the requirements of the basic economic law of socialism - ensuring the maximum satisfying the constantly growing material and cultural needs of the entire society through the continuous growth and improvement of socialist production on the basis of higher technology.

Socialistically organized labour does not need any special social recognition through the market. Systematically organized labour costs for individual enterprises and in various branches of production directly act as a share of total social labour. The distribution of labour between branches of production under socialism is determined not by the law of value, but by the requirements of the basic economic law and the law of planned (proportional) development of the national economy, which are reflected in annual and five-year plans. This is confirmed by the entire course of development of the Soviet economy, by the entire practice of socialist construction.

The operation of the law of value, if it played the role of a regulator of production, would have to be expressed, first of all, in the priority development of those branches of production that are most profitable, give the greatest income per ruble of costs or per unit of output. It is to these branches of production that material, labour and monetary resources should be directed first of all, if the law of value was a regulator of production. As for the less profitable, less profitable branches of production, on the basis of the regulatory

action of the law of value, they would have to develop more slowly, and unprofitable and, moreover, completely unprofitable enterprises should be closed.

There was nothing of the kind and is not present in the Soviet economy. On the contrary, heavy industry has developed and is developing in our country faster than light industry, despite the fact that the current profitability (that is, profitability at a given time) of heavy industry enterprises is often significantly lower than the current profitability of light industry. And this loses because the proportions of the distribution of labour between different branches of production are regulated not by the law of value, not by the profitability of individual enterprises and branches of production, but by the basic economic law of socialism, which determines the primacy of the production of means of production over the production of means of consumption. as a condition for the continuous growth of production.

It is quite obvious that it is impossible to explain the features of the socialist industrialization of our country, if we proceed from the regulating role of the law of value in production,

Recognition of the law of value as the regulator of socialist production would mean the rejection of the primacy of the production of means of production in favor of the production of means of consumption and, thereby, the elimination of the possibility of continuous the growth of our national economy.

The operation of the law of value as a regulator of production under capitalism inevitably leads to periodic crises of overproduction, as is the case in all capitalist countries, despite low rates of production growth in these countries. In economic crises, the destructive



actions of the law of value as a spontaneous regulator of capitalist production are most clearly manifested.

In the Soviet economy, on the other hand, with its continuous and rapid growth of socialist production, not only are no economic crises observed, but their very possibility has been eliminated.

This is ensured by the socialisation of the means of production and the ensuing actions of the law of planned (proportional) development of the national economy, which replaced the law of competition and anarchy of production under capitalism.

The operation of the law of planned (proportional) development and planning of the national economy in accordance with the requirements of the basic economic law of socialism provide the highest form of lasting and constant profitability of the economy, saving us from economic crises and ensuring continuous and rapid economic growth. It is this highest and constant profitability, viewed from the point of view of the entire national economy in the context of many years, and not the level of current profitability (profitability at a given time) of individual enterprises and sectors of the economy is the main criterion for the planned distribution of labour between branches of production in a socialist society.

The law of value does not play the role of a regulator in our country also in the sphere of selling the means of production and supplying them to socialist enterprises. The operation of the law of value would be regulating in this area only if the prices of means of production were determined by their value and the sale of means of production would depend on the level of prices for them and on the profitability, profitability of their use.

In fact, the wholesale prices at which the means of production are placed at the disposal of state-owned enterprises do not have any significant effect on the distribution of the means of production and are not set on based on the law of value, and in such a way as to provide enterprises with the necessary profit and stimulate a more rational and efficient use of the means of production in order to fulfill and overfulfill plans.

When setting prices for means of production, the state takes into account their cost, but this accounting has nothing to do with the operation of the law of value as a regulator.

The socialist state does not sell the means of production to any buyer, but systematically distributes them among socialist enterprises. The distribution of the means of production, along with the distribution of labour resources, is known to be of decisive importance in the entire process of reproduction.

The law of value is the regulator of production only in the presence of private ownership of the means of production, in the presence of competition, anarchy of production. None of this not in the socialist economy. Therefore, the law of value can in no way be a regulator of socialist production.

The law of value remains valid under socialism only in that to the extent that there is a commodity circulation, exchange through purchase and sale. Only in the sphere of commodity circulation, the law of value and under socialism retains, within certain limits, the role of the regulator. These limits, and thus the degree of influence of the law of value as a regulator within the sphere of commodity circulation, are different in view of the fact that this sphere itself is far from homogeneous.

The sphere of commodity circulation includes: 1) procurement of agricultural products of collective farm production, 2) retail state and cooperative trade and 3) collective farm trade.

Procurements of agricultural products of collective farm production (not counting payment in kind by collective farms for work performed by machine-tractor stations) are included in the sphere of commodity circulation because here the products of labour are transferred from the ownership of collective farms and collective farmers to the ownership of the state in the order of purchase and sale. Prepared agricultural products represent certain types of means of production (agricultural raw materials - grain, cotton, flax, wool, etc.) and consumer goods (meat, milk, vegetables, fruits, etc.).

The buyer here is the state and, on its behalf, cooperation. The consumers of the means of production in socialist society are almost exclusively socialist enterprises. Agricultural blanks are a method of planned concentration of agricultural products in the hands of the state in the order of purchase and sale for subsequent distribution among enterprises in order to be used as raw materials or for sale to the population through the retail trade network. Distribution of agricultural raw materials, as well as other means of production, are not regulated by the law of value. All this determines very narrow boundaries of the impact of the law of value in this area of commodity circulation.

J. V. Stalin proved the complete inconsistency of the assertion that the law of value regulates procurement prices for agricultural raw materials. There is no such regulatory impact and cannot be because 1) the prices for raw materials are set by the

state in a planned manner and although the state takes into account the cost, the level of procurement prices does not determine the size and composition of the blanks; 2) the size of the production of agricultural raw materials is determined not by the elements of the market and not by any random moments, but are established in a planned manner, proceeding from the needs of society and available opportunities; 3) the instruments of production necessary for the production of agricultural raw materials are concentrated in the hands of the state.

Not being a regulator of prices for agricultural raw materials, the law of value at the same time affects the formation of these prices, is one of the factors of pricing. In setting the prices of goods in a planned manner, the Soviet state takes into account the requirements of the law of value. This means, for example, that the price of a ton of cotton should be higher than the price of a ton of grain, since cotton is labour intensive. Likewise, the price per ton of baked bread should be higher than the price per tonne of grain due to additional costs for grinding and baking.

This is the case with the operation of the law of value in the sphere agricultural preparations.

In the field of state and cooperative In retail trade, the law of value is, within certain limits, a regulator because individual citizens and collective farms act here as buyers of goods.

Through the channels of retail trade, the products of labour in the order of sale and purchase are transferred from the property of the state and cooperation to the personal property of citizens or to the public, group property of collective farms.

However, even in this area in socialist society there

is no free play of prices. The role of the law of value as a regulator in this area is limited by the fact that the suppliers of goods are mainly united socialist producers (state, cooperation), and the size of the constantly growing effective demand of the population depends on mainly from the deployment of production at socialist enterprises. Socialist production is not regulated by the law of value. The socialist statehood, with its huge mass of goods, has the ability to ensure the stability of prices set by the state.

The action of the law of value as a regulator is manifested with the greatest force in collective farm trade. Here and individual citizens and collective farms act as sellers and buyers. As you know, this trade is carried out at prices prevailing in the market. However, the collective farm market is only an addition to the state and cooperative retail trade; it does not play a decisive role in meeting the needs of the population. The prices of the collective farm market are guided by the prices of state and cooperative trade. Thanks to all this, the operation of the law of value in the sphere of collective farm trade is put in a certain framework, limited.

What is the regulating role of the law of value expressed in the sphere of commodity circulation?

Under socialism there is no such spontaneous pricing as under capitalism. But the relationship between the amount of goods entering circulation, the size of the population's monetary income, the money supply in circulation and commodity prices cannot be arbitrary. When planning retail turnover, money circulation and money income of the population and setting retail prices, the state must take into account the real possibilities of production, the ratio of supply and

demand, must reckon with the value of goods, determined by socially necessary labour costs for their production, with the objective laws of money circulation.

The regulatory effect of the law of value on the prices of goods is manifested in the need to establish certain ratios of retail prices for different goods and such a general the level of retail prices, which corresponds to the socially necessary labour costs for the production of goods. In other words, the regulating action of the law of value in the sphere of commodity circulation is that retail prices should be guided by the value of goods.

This circumstance in no way excludes the possibility and necessity of price deviations from the value of goods. The socialist state systematically establishes reduced retail prices for some goods and relatively increased prices for other goods, taking into account the economic possibilities and the national economic efficiency of the production of various goods. This regulates the demand on goods and influences the structure of consumption. However, the possibilities of the state in the field of pricing are objectively limited by the operation of the law of value.

Insufficient supply of goods at a given level and structure of effective demand of the population, the import of goods without taking into account the demand, incorrect setting of prices, the release of money into circulation in excess of the real needs of economic circulation in money can disorganize commodity circulation, weaken its role as a form of economic connection between the city and the village, as a way to bring goods to consumers, taking into account their tastes and needs as much as possible.

## **The Impact of the Law of Value on Socialist Production. Use of Forms of Value.**

Not being a regulator of socialist production, the law of value, however, has an impact on it, which must be taken into account when managing production.

Let's consider some aspects of this impact.

To cover the costs of labour in the production process, you need consumer products—items of personal consumption. These products are produced as goods, transferred from the sphere of production to the sphere of consumption through purchase and sale, that is, using commodity circulation, which is subject to the law of value. As a consequence, socialist society must calculate and pay wages in value (monetary) form and in the form of value, to exercise control over the measure of labour and the measure of consumption. But wages are only one of the elements of socialist production costs. The cost accounting of this element of costs requires the application of the same accounting for all other elements of production costs.

All this means that under socialism the amount of living and materialized labour expended on the production of products is necessarily measured not directly and not indirectly by the amount of time spent on the production of products, but in a roundabout way, through the medium of value.

In this regard, for socialist society, questions about the level and composition of production costs, about the ratio of labour productivity and wages, about the level and structure of prices for the entire products of socialist production.

Wages determine the share of workers and employees in the social product entering personal consumption through commodity circulation. The higher the payroll, the greater the effective demand of the population. Therefore, at the establishment of the wage fund cannot but reckon with the possibilities of production and sale of goods for personal consumption, with the operation of the law of value to a certain extent as regulator in the field of commodity circulation. On the other hand, when planning the dynamics of real wages, it is necessary to take into account the level and dynamics of retail prices, which are under the regulatory influence of the law of value,

The operation of the law of planned (proportional) development of the national economy and national economic planning provide the highest form of lasting and constant profitability not from the point of view of individual enterprises or branches of production, but from the point of view of the entire national economy and in the context of many years. This is one of the main reasons for the crisis-free development of our national economy, its continuous growth at high rates.

This form of profitability is inconceivable in a capitalist economy, the development of which is subordinated to the selfish interests of the owners of the means of production—the exploiters. This higher form of profitability can take place only under conditions when, on the basis of public ownership of the means of production, labour has become directly social. However, this in no way obviates the need for or diminishes the importance of cost benefit accounting individual enterprises and industries that receive its expression in reducing the cost of production and in increasing the profits of enterprises and industries.



Growth in the reputability of individual enterprises and industries production is very important as a source of national economic savings and as an indirect indicator of increasing the efficiency of the use of material, labour and monetary resources. Such profitability must be taken into account when planning production and construction. But planning and accounting for the profitability of individual enterprises and industries necessarily requires the use of value, taking into account the impact of the law of value on production.

In the struggle for the fulfillment and overfulfillment of plans, for the growth of the profitability of enterprises and branches of production, the socialist method of management is of the greatest importance -cost accounting. It puts the income and expenses of each enterprise in direct dependence on the efficiency of the enterprise's use of the resources allocated to it, on the degree of fulfillment of the established planned targets, therefore, on the quality and results of the enterprise. Self-financing increases the interest of each enterprise in reducing the costs of living and materialized labour per unit of production, in the implementation and overfulfillment of plans. At the same time, cost accounting provides each enterprise with ample opportunities to achieve overfulfillment of plans and reducing costs through better use of their resources, the manifestation of economic initiative.

Thanks to all this, cost accounting is an effective lever in the struggle to reduce the cost of production, for a mode of economy. But economic calculation is inextricably linked with taking into account the operation of the law of value, with the use of value and its forms, with the cost commensuration of costs and the results obtained. It requires careful calculation of

costs, correct organization of settlements between enterprises, precise determination of the profitability of each enterprise, systematic verification of the operation of enterprises, and daily ruble control.

This, as J. V. Stalin wrote, educates our business executives in the spirit of rational production and disciplines them, teaches us to count production quantities, to count them exactly and to take into account real things in production just as accurately, to search for, find and use hidden reserves, hidden in the depths of production, to reduce the cost of production, to carry out cost accounting and to achieve the profitability of enterprises.

Socialist society cannot do without the use of forms of value, and this use goes beyond the boundaries of the sphere of circulation, where the law of value is to a certain extent a regulator. This is the basis of the ruble's control over the production and distribution of social product, this builds the financial and economic side of production, the activities of the Soviet system of finance and credit, which perform important functions in socialist reproduction.

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The main form of distribution of consumer goods among members of socialist society is trade and will remain for a long time. Under socialism, Soviet trade plays a major role in meeting the individual needs of citizens. The expansion of Soviet trade and the improvement of its forms constitute a necessary condition for a steady rise in the well-being of the working people.

The Communist Party shows exceptional concern for

expanding the volume of retail trade, improving the range and quality of goods, and reducing retail sales prices for food and industrial goods, on the introduction of the skills of cultural Soviet trade. The directives of the 20th Party Congress on the fifth five-year plan envisaged an increase in the retail turnover of the state and cooperative trade in 1951-1955 by about 70 percent. The Communist Party and the Soviet government put forward the task of fulfilling this task already in 1954 year.

Commodity production and commodity circulation are successfully used by the Soviet state for the development of the socialist economy, and will bring and will bring unquestionable benefits to the socialist society. They serve to strengthen economic ties between town and country, consistently implement the socialist principle of “each according to his ability, to each according to his work”, and stimulate the further growth of industrial and agricultural production.

The main task in the field of agriculture, as indicated in the directives of the XIX. Party Congress on the fifth five-year plan, is to increase the yield of all agricultural crops, to further increase the social livestock population with a simultaneous significant increase in its productivity, to increase the gross and marketable agricultural production: and animal husbandry. One of the most important ways of solving this problem is the further strengthening and development of the social economy of the collective farms. Possibilities of the stormy

The development of the productive forces incorporated in the collective-farm form of socialist production will expand further and further as the organizational and economic strengthening of the

collective farms and the development of their social economy.

The Party and the Soviet state are taking all measures to maximize the further organizational and economic strengthening of the collective farms. But at the same time, one cannot ignore the fact that collective-farm and group ownership and the commodity circulation resulting from it in the future are incompatible with communism, with the transition to the communist principle “from each according to his ability, to each according to his needs.”

Commodity circulation means that the exchange of products of socialist industry for products of collective farm production falls into two independent acts: sale production by collective farms for money and the subsequent purchase of industrial products by collective farms and collective farmers also for money. In contrast, in the future, the question will arise about direct exchange of products of socialist industry for products of collective farm production, that is, the practical implementation of product exchange.

However, this issue requires not only appropriate study and development. The most important condition is here rapid growth in the output of socialist industry. A wide system of product exchange, in which the collective farms will receive not only money for their products, but the main the products they need, will require a tremendous increase in the output of the city to the countryside.

The development and improvement of Soviet trade is also of particular importance. J. V. Stalin back in 1927, he pointed out that before abandoning the use of money, it is necessary would be able to take into account and satisfy the needs of the city and village of

the whole country, just as each person takes into account yourself in your budget your expenses and incomes”<sup>1</sup>. Without the establishment of such an apparatus, it is impossible to abandon the use of sale and purchase, from money circulation, which provide the population with the opportunity to choose goods according to the tastes and needs of everyone.

But this apparatus can be adjusted only through the further development of Soviet trade and procurement, and the improvement of Soviet trade and procurement equipment. The expansion of Soviet trade, the improvement of its forms and methods are the most urgent tasks communist construction.

Commodity production with its “money economy” will disappear as an unnecessary element of the national economy when instead of two main production sectors - state and collective farm, there will be one comprehensive production sector with the right to dispose of all products country. And together with the disappearance of commodity production, the conditions requiring the use of forms of stoniness will disappear, the law of value will lose its force.

Marxist-Leninist theses on the nature and fate of commodity production under socialism are directly related to the most urgent tasks of communist defiance, are very important in solving practical problems of the gradual transition from socialism to communism, equip scientists and business executives with a deep understanding of the conditions and tasks of using the law of value and forms of value in the struggle for the victory of communism.

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<sup>1</sup> J. V. Stalin. Vol. 10, p. 228.

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