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УЧЕБНИК

ГОСУДАРСТВЕННОЕ ИЗДАТЕЛЬСТВО
ПОЛИТИЧЕСКОЙ ЛИТЕРАТУРЫ
1953

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INTRODUCTION

Political economy is one of the social sciences.¹ It studies the laws of social production and distribution of material goods at various stages of development of human society.

Material production is the basis of the life of society. To live, people must have food, clothing and other material goods. To have these goods, people must produce them, must work.

People produce material goods, that is, they fight against nature, not alone, but together, in groups, in societies. Consequently, production is always and under all conditions *social* production, and labour is the activity *of a social* person.

The process of producing material goods involves the following points: 1) human labour, 2) the subject of labour and 3) the means of labour.

Labour is a purposeful human activity, during which he modifies and adapts natural objects to satisfy his needs. Labour is a natural necessity, an indispensable condition for the existence of people. Without labour, human life itself would be impossible.

The subject of labour is everything towards which human labour is directed. Objects of labour can be directly given by nature itself, for example, a tree that is cut down in a forest, or ore that is extracted from the bowels of the earth. Objects of labour that were previously exposed to labour, for example, ore in a metallurgical plant, cotton in a spinning mill, are called raw materials or raw materials.

¹ The name of the science "political economy" comes from the Greek words "politeia" and "oikonomia". The word "politeia" means "social order". The word "oikonomia" in turn consists of two words: "oikos"—HOME, HOUSEHOLD and "Nomos"—law. The name of the science "political economy" appeared only at the beginning of the 17th century.

The means of labour are all those things with the help of which a person influences the object of his labour and modifies it. The means of labour include, first of all, the instruments of production, as well as industrial buildings, roads, canals, warehouses, etc. In the composition of the means of labour, the decisive role belongs to the instruments of production. These include the variety of tools that people use in their work, from the crude stone tools of primitive people to modern machines. The level of development of the instruments of production serves as a measure of the power of society over nature and the development of production. Economic eras differ not in what is produced, but in how it is produced, with what instruments of production.

Objects of labour and means of labour constitute the means of production. The means of production by themselves, without connection with labour power, are just a pile of dead things. In order for the labour process to begin, labour power must be united with the instruments of production.

Labour power is a person's ability to work, the totality of a person's physical and spiritual forces, thanks to which he is able to produce material goods. Labour power is an active element of production; it sets in motion the means of production. With the development of production, a person's ability to work, his ability, skills, and production experience also develop.

"The instruments of production with the help of which material goods are produced, the people who set the instruments of production in motion and carry out the production of material goods thanks to certain production experience and skills in work—all these elements together constitute the productive forces of society." ¹. The working masses are the main productive force of human society at all stages of its development.

The productive forces constitute one side of production. They express people's attitude towards natural objects.

The other side of production is production relations. Production relations are the relationships of people to each other in the process of producing material goods. Production relations are as necessary an element of production as the productive forces.

The technical side of production is studied by natural and technical sciences: physics, chemistry, metallurgy, mechanical engineering, agronomy and others. Political economy studies the social system of production, social-production, that is, economic relations of people, the laws of development of production relations.

Production relations include: a) forms of ownership of the means of production; b) the resulting position of various social groups in production and their relationships; c) forms of distribution of products that are entirely dependent on forms of ownership and on the position of social groups in production.

At each stage of historical development, the basis of social-production relations is a certain form of ownership of the means of production.

The state of production processes answers the question of what instruments of production are used to produce the material goods they need. The state of production relations answers the question: who owns the means of production (land, forests, water, subsoil, raw materials, instruments of production, production buildings, means of communication, etc.)—whether they are at the disposal of the whole society or at the disposal of individuals, groups, classes who use them for the exploitation of other individuals, groups, classes.

¹ J. V. Stalin, *On dialectical and historical materialism*, Questions of Leninism, ed. 11, 1952, p. 589.

In other words, the state of production relations shows how funds and, therefore, also the material goods produced by people are distributed among members of society. The relations of production also determine the corresponding relations of distribution.

Produced in society, products serve industrial or personal consumption. Productive consumption is the use of means of production to create wealth. Personal consumption is the satisfaction of human needs for food, clothing, housing, etc.

The distribution of produced personal consumption goods depends on the distribution of means of production in society. In a capitalist society, the means of production belong to the capitalists, which is why the products of labour also belong to the capitalists. Workers are deprived of the means of production and, in order not to die of hunger, are forced to work for capitalists who appropriate the products of their labour. In a socialist society, the means of production are public property. In view of this, the products of labour belong to the workers themselves.

The totality of people's production relations constitutes the economic structure, or economic basis, of society. The basis is the economic structure of society at a given stage of its development. The basis of society determines the corresponding superstructure, that is, political, legal and other institutions. Having been born, the superstructure in its turn has a reverse active effect on the basis, accelerating or delaying its development.

Political economy studies social-production relations in their interaction with productive forces. Productive forces and production relations in their unity form the mode of production.

Productive forces are the most mobile and revolutionary element of production. The development of production begins with changes in the productive forces—primarily with changes in the development of instruments of production, and then corresponding changes occur in the field of production relations. The production

relations of people, developing depending on the development of productive forces, in turn themselves actively influence the productive forces, accelerating or slowing down their development.

The productive forces of society can flow unhindered only if the relations of production correspond to the state of the productive forces. When the productive forces outgrow the framework of these production relations, these latter become old and become a brake on the further development of the productive forces. A contradiction arises and develops between new productive forces and old production relations.

As a result of this, the old production relations are sooner or later replaced by new production relations corresponding to the achieved level of development and the nature of the productive forces of society. The new relations of production are the main and decisive force that determines the further powerful development of the productive forces and without which the productive forces are doomed to vegetate.

Thus, the economic law of the development of society is the law of mandatory compliance of production relations with the nature of the productive forces.

In the depths of the old society, the material prerequisites for replacing the old mode of production with a new, higher one arise and develop. In a society based on private property and the exploitation of man by man, conflicts between the forces of production and relations of production manifest themselves in class struggle. Under these conditions, the replacement of the old mode of production with a new one is carried out through a social revolution.

Political economy deals with material production in its historically determined social form, with economic laws inherent in the corresponding methods of production, corresponding social formations. Each method of production has its own basic economic law. The basic economic law is a law that determines any individual

aspect or any individual processes in the development of production, and all the main sides and all the main processes of development, therefore, determine the essence of a given mode of production. However, in their development, various social forms are subject not only to their specific economic laws, but also to those economic laws that are common to all formations, for example, the law of mandatory correspondence of production relations to the nature of the productive forces. Consequently, social formations are not only separated from each other, but are also connected with each other by economic laws common to all formations.

The laws of economic development, as well as the laws of natural science, are objective laws that reflect the processes of economic development that occur independently of the will of people. Economic laws arise and operate on the basis of certain economic conditions. People can discover these laws, understand them and, based on them, use them in the interests of society, but they cannot destroy them or create new economic laws.

The use of economic laws in a class society always has a class background, and the standard-bearer for the use of economic laws in the interests of a developed society is the advanced class, while the moribund classes resist this. In the era of reformation, the advanced class of society uses against the old system the law of mandatory correspondence of production relations to the nature of the productive forces, breaks the resistance of the old ruling classes, overthrows obsolete production relations and creates new production relations corresponding to the nature of the productive forces that grew up in the bowels of the old system.

Political economy is a historical science. She studies the following famous history of the main types of production relations: primitive communal system, slave system, feudalism, capitalism, socialism. The primitive communal system is a pre-class social system. The slave system, feudalism and capitalism are various forms of society based on the enslavement and exploitation of the

working masses. Socialism is a social system free from the exploitation of man by man.

Political economy studies how the development from the lower levels of social production to its highest levels, how social orders based on the exploitation of man by man arise, disintegrate and are destroyed. It shows how the entire course of historical development prepares for the victory of the socialist mode of production. It studies, further, the economic laws of socialism, the laws of the emergence of a socialist society and its further development towards the highest phase of communism.

Thus, political economy is the science of the development of social production, that is, economic, relations of distribution and necessary consumer goods—both personal and industrial consumption—in human society at various stages of its development.

As you can see, political economy studies not some transcendental, divorced from life, but the most real and pressing issues that affect the vital interests of people, society, and classes. Is the death of capitalism and the victory of the socialist system and economy inevitable, do the interests of capitalism contradict the interests of society and the progressive development of mankind, is the working class the gravedigger of capitalism and the bearer of the ideas of liberating society from capitalism - all these and similar questions are resolved by differences among economists in different ways, depending on the interests of which classes they reflect. This precisely explains that at present time there is a single political economy: bourgeois political economy, proletarian political economy, and finally, the political economy of intermediate classes seeking to adapt the political economy of the working class to the tastes of bourgeois political economy.

But it follows from this that completely those economists who claim that political economy is a neutral, non-partisan science, that political economy is independent of the class struggle in society and

is not directly or indirectly connected with any political party are wrong.

Is an objective, impartial, unafraid of the truth political economy even possible? It's certainly possible. Such an objective political economy can only be the political economy of the class that is not interested in hushing up the contradictions and ulcers of capitalism, which is not interested in preserving the capitalist order, interests merge with the interests of liberating society from capitalist slavery, whose interests lie on the same line with the interests of progressive development humanity. This class is the working class. Therefore, objective and disinterested political economy can only be a political economy that is based on the interests of the working class. The political economy of Marxism-Leninism is precisely such a political economy.

Marxist political economy is a component of the most important component of Marxist-Leninist theory.

Marx and Engels first turned political economy into a real science. "Capital"—Marx's main work—contains everything fundamental that Marxism gave before Lenin and Stalin. In Capital, Marx revealed the laws of the emergence, development and death of capitalism, and gave an economic justification for the inevitability of the socialist revolution in the establishment of the dictatorship of the proletariat.

Lenin and Stalin enriched Marxist economic science with the generalized new experience of historical development. They created the Marxist doctrine of imperialism. The highest extension of economic science is the political economy of socialism, created by Lenin and Stalin.

The method of Marxist political economy is the method of dialectical materialism. Marxist-Leninist political economy is built on the application of the basic principles of dialectical and historical materialism to the study of social, production, and economic relations of people.

The vital force of Marxist-Leninist political economy lies in the fact that it equips the working class, the working masses with knowledge of the laws of economic development of society, gives them the strength of orientation, clarity of perspective, and confidence in the final victory of communism.

There are two methods of presenting Marxist political economy—analytical and historical.

With the analytical method, the presentation begins with general theoretical provisions of political economy, and historical material is used to prove and illustrate these theoretical provisions and conclusions. Obviously, this method is designed for a more prepared reader.

With the historical method, the stages of economic development of society are consistently updated, starting with the primitive communal system and ending with the socialist system. The basic principles of political economy—commodity, money, capital, surplus value, etc.—are considered in the historical sequence in which the corresponding phenomena of the economic life of society arose and developed. There is no doubt that the historical method presented is more accessible, since it gradually leads the reader to an understanding of the laws of economic development of society.

This method is the basis for the presentation of material in this course of political economy.

SECTION ONE. THE PRE- CAPITALIST MODE OF PRODUCTION

CHAPTER I. THE PRIMITIVE COMMUNAL MODE OF PRODUCTION

The Emergence of Human Society.

The emergence of man dates back to the beginning of the current, quaternary period in the history of the Earth, numbering, as science believes, a little less than a million years. A highly developed breed of great apes lived in different regions of Europe, Asia and Africa, characterised by a warm and humid climate. As a result of a very long development, covering a number of transitional stages, man descended from these distant ancestors.

The appearance of man was one of the greatest turns in the development of nature. This turn took place when human ancestors began to make tools. The fundamental difference between man and animal begins only with the manufacture of tools, at least the simplest ones. Some animals, such as monkeys, often use a stick or stone to knock fruits from a tree to protect themselves from attack. But no animal has ever made even the crudest tool. The conditions of everyday life pushed human ancestors to make tools. Experience also suggested that sharpened stones could be used to protect against attack or to hunt animals. Human ancestors began to make stone tools, striking one stone against another. This marked the beginning of the manufacture of tools. Work begins with prepared tools.

Thanks to labour, the ape's forelimbs turned into human hands. This is evidenced by the remains of an ape-man found by archaeologists—the transitional stage from ape to man. The ape-man's brain was much smaller than a human's, and his hand was

already relatively little different from a human's. Thus, the hand is not only an organ of labour, but also its product.

As the hands were freed up for labour operations, human ancestors increasingly adopted a straight gait. When the hands were busy with labour, the final transition to an upright gait took place, which played a very important role in the formation of man.

Human ancestors lived in hordes, herds; The first people also lived in herds. But a connection arose between people that did not and could not exist in the animal world; work connection. People made tools together and used them together. Consequently, the emergence of man was at the same time the emergence of human society, a transition from a zoological state to a social one.

The joint work of people led to the emergence and development of articulate speech. Language is a means, a tool by which people communicate with each other, exchange opinions and achieve mutual understanding.

The exchange of thoughts is a constant and vital necessity, since without it joint actions of people in the fight against the forces of nature are impossible, and the very existence of social production is impossible.

Labour and articulate speech had a decisive influence on the improvement of the human body and the development of its brain. The development of language is closely related to the development of thinking. In the process of labour, a person's circle of perceptions and ideas expanded, and his senses improved. Human labour actions, in contrast to the instinctive actions of animals, began to be of a conscious nature.

Thus, labour is not only the first and fundamental condition of human existence; we can say that labour created man himself, separated him from the environment of animals. Thanks to labour, human society arose and began to develop.

The Conditions of Material Life. The Development of Tools.

In the primitive era, man was strongly dependent on the surrounding nature. "Primitive man was completely depressed by the difficulty of existence, the difficulty of struggling with nature"¹. The process of mastering the elemental forces of nature proceeded extremely slowly, since the tools of labour were the most primitive. Man's first tools were a rough stone and a stick. They appeared as if an artificial continuation of the organs of his body: a stone for a fist, a stick for an outstretched arm.

People lived in groups, the number of which did not exceed several dozen people: a larger number could not feed themselves together. When the groups met, there were sometimes clashes between them. Many groups died from hunger and became prey to wild animals. Under these conditions, living together was the only possible and absolutely necessary for people.

For a long time, primitive man lived mainly by collecting food and by hunting, which was carried out collectively, with the help of simple tools. What was jointly produced was also consumed jointly. Due to the lack of food supply, primitive people practiced cannibalism. Over the course of many thousands of years, as if by groping, through an extremely slow accumulation of experience, people learned to make the simplest tools suitable for striking, cutting, digging and other very simple actions, which then almost exhausted the entire field of production.

The discovery of fire was a huge achievement of primitive man in the fight against nature. At first, people learned to use fire, which arose spontaneously. They saw lightning ignite a tree, observed

¹ V.I. Lenin, Agrarian request and "critics of Marx", Works, vol. 5, ed. 4, p. 95.

forest fires, volcanic eruptions. The accidentally produced fire was stored for a long time and carefully. Only many millennia later did man learn the secret of making fire. With the more developed production of tools, people noticed that fire comes from friction, and they learned how to produce it.

The discovery of fire and its use gave people some power over the elemental forces of nature. Primitive man finally broke away from the animal world, and the long era of human development ended. Thanks to the discovery of fire, the conditions of people's material life changed significantly. Firstly, fire served to prepare food, as a result of which the range of food items available to humans expanded: it became possible to eat fish, meat, starchy roots, tubers, etc. cooked using fire. Secondly, fire began to play an important role the role of spice in the manufacture of tools of production, and also provided protection from the cold, thanks to which people were able to settle over most of the globe. Thirdly, fire provided protection from predatory animals.

For a long period, hunting remained the most important source of livelihood. She supplied people with skins for clothing, bones for making tools, and meat food, which influenced the further development of the human body and, above all, the development of the brain.

As Man physically and mentally developed, he was able to make more advanced tools. A stick with a pointed end was used for hunting. Then a stone tip was attached to the stick. Axes, stakes with stone tips, stone scrapers and knives appeared. These tools made it possible to hunt large animals and develop fishing.

Stone remained the main material for making tools for a very long time. The era of the predominance of stone tools, dating back hundreds of thousands of years, is called the Stone Age. Only later did man learn to make tools from metal—first from native metal, primarily from copper (however, copper, as a soft metal, was not widely used for making tools), then from bronze (an alloy of copper

and tin) and finally from iron. In accordance with this, the Stone Age is followed by the Bronze Age, followed by the Iron Age.

The earliest traces of copper smelting in Near East Asia date back to the 5th-4th millennium BC. In Southern and Central Europe, copper smelting began around the 3rd-2nd millennia BC. The oldest traces of bronze in Mesopotamia date back to the 4th millennium BC. In Europe, bronze appeared in the middle of the 2nd century BC.

The earliest traces of iron smelting were found in Egypt; they date back to the period one and a half thousand years BC. In Western Europe, the Iron Age began around a thousand years BC.

An important milestone on the path to improving the tools of labour was the invention of the bow and arrow, with the advent of which hunting began to provide more of the necessary means of subsistence. The development of hunting led to the emergence of primitive cattle breeding. Hunters began to domesticate animals. The dog was domesticated before other animals, and later cattle, goats, and pigs.

The next major step in the development of the productive forces of society was the emergence of primitive agriculture. While collecting fruits and roots of plants, primitive people began to notice how grains dropped on the ground sprout. Thousands of times this remained unclear, but sooner or later a connection between these phenomena was established in the mind of primitive man, and he began to move on to cultivating plants. This is how agriculture arose.

For a long time, agriculture remained extremely primitive. The earth was loosened by hand, first with a simple stick, then with a stick with a curved end—a hoe. In river valleys, seeds were thrown into the silt caused by river floods. The domestication of animals opened up the possibility of using livestock as draft power. Later, when people mastered metal smelting and metal tools appeared, their use made agricultural labour more productive. Agriculture

received a more solid foundation. Primitive tribes began to switch to a sedentary lifestyle.

Thus, the general picture of the development of productive forces under the primitive communal mode of production is as follows: the transition from crude stone tools to bows and arrows and, in connection with this, the transition from a hunting way of life to the domestication of animals and primitive cattle breeding; the transition from stone tools to metal tools (an iron axe, a plough with an iron ploughshare, etc.) and, accordingly, the transition to the cultivation of plants and agriculture. Then craft develops, but this dates back to the end of the primitive era.

The Production Relations of Primitive Society. The Natural Division of Labour.

Production relations are determined by the nature and state of the productive forces.

“Under the primitive communal system, the basis of production relations is public ownership of the means of production. This basically corresponds to the nature of the productive forces during this period. Stone tools and the bow and arrows that appeared later excluded the possibility of fighting the forces of nature and predatory animals alone. To collect fruits in the forest, catch fish in the water, or build any kind of housing, people are forced to work together if one does not want to become a victim of starvation, predatory animals or neighbouring societies. Common labour leads to common ownership of the means of production, as well as the products of production. Here they still have no concept of private ownership of the means of production, except for personal ownership of some instruments of production, which are at the same time instruments of protection from predatory animals”¹.

The labour of primitive man did not create any surplus beyond what was most necessary for life, that is, no surplus product. Under such conditions in a primitive society there could be no private property, no classes, and no exploitation of man by man. But public ownership of the means of production had a narrow, limited scope; it extended only to small communities, more or less isolated from each other.

The labour activity of people in primitive society was based on simple cooperation—simple cooperation of labour. Simple cooperation is the simultaneous use of a more or less significant amount of labour to perform homogeneous work. Even simple cooperation opened up the possibility for primitive people to perform tasks that would be unthinkable for one person to perform (for example, when hunting large animals).

Given the then extremely low level of development of the productive forces, an equal distribution of the products of common labour was inevitable. The meagre food was shared equally. There could not have been any other division, since the products of labour were barely enough to satisfy the most basic needs: if some member of the primitive community had received more than an equal share for all, then someone else would have been doomed to hunger and death.

The habit of equal sharing was deeply rooted among primitive peoples. It was observed by travellers who visited tribes at a low level of social development. The great naturalist Darwin travelled around the world more than a hundred years ago. Describing the life of tribes on Tierra del Fuego, he tells the following incident: the Fuegians were given a piece of canvas; they tore the canvas into completely equal parts so that everyone would get an equal share.

¹ J. V. Stalin, *On Dialectical and Historical Materialism, Questions of Leninism*, ed. 11, 1952, p. 594.

Based on the above, we can define the basic economic law of the primitive communal system as follows: ensuring extremely meagre living conditions for people with the help of primitive instruments of production through joint labour and equal distribution of products.

With the development of instruments of production, division of labour arises. Its simplest form was the natural division of labour, that is, the division of labour depending on gender and age: between men and women, between adults, children and the elderly.

The famous Russian traveller Miklukho-Maklay, who studied the life of the Papuans of New Guinea in the second half of the 19th century, describes the collective process of labour in agriculture. Several men stand in a row, stick their pointed paws deeply into the ground and then with one swing lift up a block of earth. They are followed by women crawling on their knees. They hold sticks in their hands, with which they crush the earth raised by the men. The women are followed by children of various ages, rubbing the earth with their hands. After loosening the soil, women use small sticks to make depressions in the ground and bury seeds or plant roots in them. Labour here is joint in nature, and at the same time there is a division of labour by gender and age.

As the productive forces developed, the natural division of labour gradually strengthened and consolidated. The specialisation of men in the field of hunting, women in the field of gathering plant food and housekeeping led to a slight increase in labour productivity.

The Tribal System. The Matriarchal Family. The Patriarchal Family.

While the process of separating man from the animal world was going on, people lived in eagles and herds, like their immediate ancestors. But subsequently, in connection with the emergence of a primitive economy and population growth, a clan organisation of society took shape.

In those days, only people who were in family relationships could unite for joint work: primitive man was usually hostile to anyone who was not related to him by kinship and living together. The clan was a group. at first, consisting of only a few dozen people and welded together by ties of consanguinity, each such group existed separately from other groups similar to it. Over time, the number of the clan increased, reaching several hundred people: the habit of living together developed; the benefits of common labour increasingly forced people to stick together.

Morgan, a researcher of the life of primitive people, described the tribal system that was preserved among the Iroquois Indians in the middle of the last century. The main occupations of the Iroquois were hunting, fishing, fruit gathering and farming. Labour was divided between men and women. Hunting and fishing, making weapons and tools, clearing the soil, building huts and fortifications were the responsibility of men. Women did the main work in the fields, harvested crops and delivered them to storerooms, cooked food, made clothes and pottery, and collected wild fruits, berries, nuts, and tubers. The land was the common property of the clan. Larger undertakings—deforestation, clearing land for arable land, large hunting trips—were carried out jointly. The Iroquois lived in so-called “big houses” of 20 or more families. Such a group had set up pantries where food supplies were stored. The woman at the head of the group distributed the food among the individual families. During

hostilities, the clan elected a military leader who did not enjoy any material advantages; with the end of hostilities his power ceased.

At the first stage of the clan system, the leading position was occupied by a woman, which resulted from the then conditions of people's material life. Hunting with the most primitive tools, which was the work of men, could not fully ensure the existence of people: its results were random. Under these conditions, even rudimentary forms of agriculture and cattle breeding (domestication of animals) were of great economic importance. These activities served as a more reliable and constant source of livelihood than hunting. And farming and cattle breeding, which was carried out in a primitive way, was predominantly occupied by women who remained at the hearth while the men hunted. The woman played a leading role in the clan community for a long period. Kinship was considered through the maternal line. The scope of the clan community was narrow; it included the descendants of one woman. It was a maternal, or matriarchal, clan (matriarchy).

In the course of the further development of productive forces, when nomadic cattle breeding (shepherding) and more developed agriculture (arable farming), which were the work of men, began to play a decisive role in the life of the primitive community, the matriarchal clan was replaced by the patrilineal, or patriarchal, clan (patriarchy). The dominant position passed to the man. He became the head of the tribal community. Kinship began to be considered along the paternal line. The scope of the community has expanded significantly compared to the maternal clan. The patriarchal clan existed in the last period of the primitive communal system.

The Emergence of Social Division of Labour and Exchange.

With the transition to cattle breeding and agriculture, a social division of labour arose, that is, a division of labour in which first different communities, and then individual members of communities began to engage in diverse types of production activities. The separation of pastoral tribes was the first major social division of labour.

By engaging in cattle breeding, the pastoral tribes achieved significant success. They learned how to care for livestock in such a way that they began to receive more meat, wool, and milk. Already this first major social division of labour led to a noticeable increase in labour productivity at that time.

For a long time, in the primitive community there was no basis for exchange between its individual members: all products were mined and consumed together. The exchange arose and developed initially between clan communities and for a long time was of a random nature.

With the advent of the first major social division of labour, the situation changed. The pastoral tribes had a certain surplus of livestock, dairy products, meat, hides, and wool. At the same time, they felt a need for agricultural products. In turn, the tribes engaged in agriculture, over time, achieved certain successes in the production of these products. Farmers and pastoralists needed ancestors that they could not obtain at their place of residence. All this led to the development of exchange.

Along with agriculture and cattle breeding, other types of production activities also developed. Even in the era of stone tools, people learned to make dishes from clay. Then hand weaving appeared. Finally, with the discovery of iron smelting, it became possible to make metal tools (a plough with an iron ploughshare, an iron axe) and weapons (iron swords). It became increasingly difficult

to combine these types of labour with agricultural or shepherd labour. In the communities, people who were engaged in crafts gradually became more prominent. The products of artisans—blacksmiths, gunsmiths, potters, etc.—began to be exchanged more and more often. The field of exchange has expanded significantly.

The Emergence of Private Ownership of these Classes. The Decomposition of the Primitive Communal System.

The primitive communal system reached its peak under matriarchy. The patriarchal clan was already drowning in itself the beginnings of the decay of the primitive communal system.

Until a certain period, the production relations of the primitive communal system were in full accordance with the level of development of the productive forces. At the last stage of patriarchy, with the advent of new, more advanced tools of production (Iron Age), the production relations of primitive society ceased to correspond to the new productive forces. The narrow framework of communal property and the equal distribution of labour products began to hamper the development of new productive forces.

Previously, it was possible to cultivate a field only through the joint labour of dozens of people. In such conditions, common labour was a necessity. With the development of production tools and the growth of labour productivity, one family was already able to cultivate a plot of land and provide itself with the necessary means of subsistence. Thus, the improvement of the instruments of production created the possibility of a transition to individual farming, as it was more productive in those historical conditions. The need for joint labour and communal farming increasingly disappeared. If common labour required common ownership of the

means of production, then individual labour required private ownership.

The emergence of private property is inextricably linked with the social division of labour and the development of exchange. At first, the exchange was carried out by the heads of clan communities—elders, patriarchs. They acted in barter transactions as representatives of communities. What they exchanged was the property of the community. But with the further development of the social division of labour and the expansion of exchange, tribal leaders gradually began to treat the communal property as their own property.

In the beginning, the main item of exchange was livestock. Pastoral communities had large herds of sheep, goats, and cattle. The elders and patriarchs, already possessing great power in society, were accustomed to disposing of these herds as if they were their own. Their actual right to dispose of the herds was recognized by the rest of the community. Thus, first of all, livestock became private property, then gradually all instruments of production. Common ownership of land lasted the longest.

The emergence of private property led to the disintegration of the clan. The clan split into large patriarchal families. Then, within the large patriarchal family, separate family units began to emerge, which turned tools of production, utensils and livestock into their private property. With the growth of private property, family ties weakened. The rural community began to take the place of the clan community. A rural or neighbourhood community, unlike a clan, consisted of people who were not necessarily related by kinship. House, household, livestock—all this was the private property of individual families. On the contrary, forest, meadow, water and other coal, and for a certain period, arable land were communal property. Initially, the arable land was periodically distributed among community members, and later became private property.

The emergence of private property and exchange was the beginning of a profound revolution in the entire structure of primitive society. The development of private property and property differences led to the fact that within communities different groups of community members had different interests. Under these conditions, persons who held the positions of elders, military leaders, and priests in the community used their position for the purpose of enrichment. They took possession of a significant share of community property. The holders of these public positions became increasingly separated from the mass of community members, forming clan nobility and increasingly passing on their power by inheritance. Noble families became at the same time the richest families. The mass of community members gradually fell into one form or another of economic dependence on the rich and noble elite.

With the growth of productive forces, human labour, used in cattle breeding and agriculture, began to provide more means of subsistence than was necessary to maintain human life. It became possible to obtain surplus labour for surplus product, that is, surplus labour and product in excess of what is required to feed the worker himself. Under these conditions, it turned out to be advantageous not to kill captured people, as was done before, but to force them to work, turn them into slaves. Slaves were captured by more noble and wealthy families. In turn, slave labour led to a further increase in inequality, as farms that used slaves quickly became richer. In conditions of growing property inequality, the rich began to turn into slaves not only prisoners, but also their impoverished and indebted fellow tribesmen. This is how the first class divided society arose - the division into slave owners and slaves. The exploitation of man by man appeared, that is, the gratuitous appropriation by some people of the products of the labour of other people.

Due to the economic law of the obligatory correspondence of production relations to the nature of the productive forces, the

production relations of the primitive communal system scattered, perished and were replaced by new production relations that corresponded to the nature of the new productive forces.

Common labour gave way to individual labour, public property to private property, and the clan system to class society. Starting from this period, the entire history of mankind up to the construction of a socialist society is the history of class struggle.

The Social Ideas of the Primitive Era

Primitive man, overcome by need and the difficulty of the struggle for existence, at first did not yet distinguish himself from the surrounding nature. For a long time he had any coherent ideas either about himself or about the natural conditions of his existence.

Only gradually does primitive man begin to develop very limited and primitive ideas about himself and about the surrounding deviations. There could be no talk of any religious views, supposedly inherent in human consciousness, as the defenders of religion claim. Only later did primitive man, in his ideas, begin to populate the world around him with supernatural creatures, spirits with witchcraft powers. He spiritualized the forces of nature. This was the so-called animism (from the Latin word “akima”—soul). From these dark ideas of people about their own and external nature, primitive myths and primitive religions were born. They reproduced the primitive egalitarianism of the social system. Not knowing class division and property inequality in real life, primitive man did not introduce any subordination into the imaginary world of spirits. He divided spirits into his own and those of others, friendly and hostile. The division of spirits into higher and lower appeared already during the period of decomposition of the primitive communal system.

Primitive man felt himself an inextricable part of the clan community; he did not imagine himself outside the clan. A

reflection of this in ideology was the cult of ancestors. It is characteristic that during the development of language the words “I” and “my” appear much later than other words. The power of the clan community over the individual was limitless. The decomposition of the primitive communal system was accompanied by the emergence and spread of private property ideas. This was clearly reflected in myths and religious ideas. When private property relations began to look back and property inequality appeared, many tribes arose the custom of imposing a religious prohibition—a “taboo”—on property appropriated by strangers or rich families (the word “taboo” was used by the inhabitants of the Pacific Islands to designate everything forbidden, removed from general use) . With the decomposition of the primitive communal system and the emergence of private property, the power of religious prohibition began to be used to consolidate the emerging economic relations and property inequality.

Bourgeois ideologists portray the matter as if private property had existed from eternity. History refutes these fabrications and convincingly testifies that all peoples have passed through the jelly of the primitive communal system, founded on common property in the absence of private property.

BRIEF SUMMARY

1. Thanks to labour, people separated from the animal world and human society arose. A distinctive feature of human labour is the manufacture of tools of production.

2. The productive forces of primitive society were at an extremely low level, the tools of production were extremely primitive. This necessitated collective labour, public ownership of the means of production and equal distribution. Under the primitive communal system there was no inequality of property, no private ownership of the means of production, no classes and no

exploitation. Public ownership of the means of production was limited within narrow limits: it represented the property of small communities, more or less isolated from each other.

3. The essential features of the basic economic law of the primitive communal system are: ensuring extremely meagre living conditions for people with the help of primitive instruments of production through joint labour and equal distribution of products.

4. Working together, people performed homogeneous work for a long time. The gradual improvement of production tools contributed to the emergence of a natural division of labour depending on gender and age. Further improvement of the tools of production and the method of obtaining a livelihood, the development of cattle breeding and agriculture led to the emergence of a social division of labour and exchange, private property and property inequality, to the division of society into classes and to the exploitation of man by man. Thus, the increased productive forces came into conflict with production relations, as a result of which the primitive communal system gave way to another type of production relations—the slave system.

CHAPTER II. THE SLAVE MODE OF PRODUCTION

The Emergence of Slavery.

Slavery is the first and crudest form of exploitation in history. It existed in the past among almost all peoples.

The transition from a primitive communal system to a slave system for the first time in human history occurred in the countries of the ancient East. Slave production dominated in Mesopotamia (Sumerian state, Babylonia, Assyria and others), in Egypt, India and China already in the 4th-2nd millennia before our era. In the 1st millennium BC, the slave-owning mode of production dominated in Transcaucasia (the state of Urartu); from the 8th-7th centuries BC to the 5th-6th centuries AD, there was a strong slave-owning state in Khorezm. The culture achieved in the slave-holding countries of the ancient East had a great influence on the development of the peoples of European countries.

In Greece, the slave-owning mode of production reached its peak in the 5th-4th centuries BC. Subsequently, slavery developed in the states of Asia Minor, Egypt, and Macedonia (IV-I centuries BC). The slave system reached its highest stage of development in Rome in the period from the 2nd century AD to the 2nd century of modern chronology.

At first, slavery had a patriarchal, domestic character. There were relatively few slaves. Slave labour was not yet the basis of production, but played an auxiliary role in the economy. The purpose of the economy remained to satisfy the domestic needs of a large patriarchal family, which almost did not resort to exchange. The master's power over his slaves was already unlimited, but the field of application of slave labour remained limited.

The transition of society to a slave system was based on the further growth of productive forces, the development of the social division of labour and exchange.

“Instead of stone tools, people now had metal tools at their disposal; instead of a miserable and primitive hunting economy, which knew neither cattle breeding nor agriculture, cattle breeding, agriculture, crafts appeared, the division of labour between these branches of production, the possibility of exchanging products between individuals appeared. societies, the ability to accumulate wealth in the hands of a few. the actual accumulation of the means of production in the hands of the minority, the possibility of the subjugation of the majority by the minority and the transformation of members of the majority into slaves”¹.

The use of metal tools significantly expanded the scope of human labour. In agriculture, which remained the main branch of production, farming and cattle breeding techniques were improved. New branches of agriculture appeared: viticulture, flax growing, cultivation of oilseeds, etc. Weaving, metal processing, pottery and other crafts gradually improved. Previously, the craft was an auxiliary occupation of the farmer and cattle breeder. Now it has become an independent activity for many people. There was a separation of crafts from agriculture.

This was the second major social division of labour.

The economy under slavery was essentially subsistence, in which the products of labour were consumed within the same economy where they were produced. But at the same time, exchange was developing. Craftsmen produced their products first to order and then for sale on the market. At the same time, many of

¹ J. V. Stalin, *On Dialectical and Historical Materialism, Questions of Leninism*, ed. 11, 1952, p. 594.

them continued to have small plots of land for a long time and cultivate them to meet their needs. The peasants were mainly subsistence farmers, but were forced to sell some of their products on the market in order to be able to buy handicrafts and pay cash taxes. Thus, gradually part of the products of the labour of artisans and peasants became a commodity.

A commodity is a product manufactured not for direct consumption, but for exchange, for sale on the market. The production of products for exchange is a characteristic feature of a commodity economy. Thus, the separation of crafts from agriculture, the emergence of crafts as an independent trade, meant the emergence of commodity production.

While the exchange was random, one product of labour was directly exchanged for another. As exchange expanded and became a regular occurrence, a commodity gradually emerged for which any other commodity would be willingly traded. This is how money came into being. Money is a universal commodity by which all other goods are valued and which serves as an intermediary in exchange.

The development of crafts and exchange led to the formation of cities. Cities arose in ancient times, at the dawn of the slave-owning mode of production. At first, cities were little different from villages. But gradually crafts and trade were concentrated in the cities. By the occupation of the inhabitants, by their way of life, the cities became increasingly separated from the villages.

This was the beginning of the separation of the city from the countryside and the emergence of an opposition between them.

As the mass of goods exchanged increased, the territorial scope of exchange expanded. Merchants emerged who, in pursuit of profit, bought goods from manufacturers, brought goods to markets, sometimes quite far from the place of production, and sold them to consumers.

The expansion of production and exchange significantly increased property inequality. Money and seeds accumulated in the

hands of landowners. The poor were increasingly forced to turn to them for loans—mostly in kind, and sometimes in cash. The rich people lent seeds and money, enslaving their debtors, and in case of non-payment of debts, they turned them into slavery and took away the land. Thus usury arose. It brought further growth of wealth for some, debt bondage for others.

Land also began to become private property. They started selling and mortgaging it. If the debtor could not pay the moneylender, he had to abandon his land, sell his children and himself into slavery. Sometimes, having found fault with something, large landowners seized part of the meadows and pastures from peasant rural communities.

This is how land ownership, monetary wealth and the mass of slaves were concentrated in the hands of rich slave owners. Small peasant farming became increasingly bankrupt, and the slave-owning economy grew stronger and expanded, spreading to all branches of production. Slave labour became the basis of the existence of society.

Society split into two main opposing classes—slaves and slave owners. Depending on their legal status in society, the population was also divided into classes.

As you can see, society under the slave system presented a rather motley picture of estates and classes. The entire population in society was divided into two main classes: the class of free people and the class of slaves. Free people enjoyed all civil, property, and political rights (with the exception of women, who were essentially in a slave position) and were fenced off from slaves. Slaves were deprived of all these rights and did not have access to the free class. The free, in turn, were divided into a class of large landowners, who were at the same time large slave owners, and a class of small producers (peasants, artisans), the wealthy strata of which also used slave labour and were slave owners. We are not talking here about the class of priests, which played a large role in the era of slavery,

since in its position it was adjacent to the class of large landowners and slave owners.

Consequently, along with the contradiction between slaves and slave owners, there was also a contradiction between large landowners and peasants. However, since with the development of the slave system, slave labour, as the cheapest labour, covered most of the branches of production and became the main basis of production, the contradiction between slaves and slave owners has become the main contradiction of society.

True, the contradiction between small producers and large noble landowners gave rise to a democratic movement within the free class, which set itself the goal of eliminating debt bondage, redistributing land, eliminating the social rights of the landed aristocracy, and transferring power to the demos (that is, the people). But, as a rule, it did not bring any relief to small producers; it only strengthened the influence and power of the new large slave owners from among the “ignoble” who had become rich in war and the slave trade, due to the influence and power of the noble landed aristocracy. We are no longer talking about the fact that this democratic movement not only did not set itself the goal of liberating or even alleviating the situation of slaves, but did not even allow such a question to be raised. Moreover, as we know, with any attempt by slaves to raise their voices and talk about their emancipation, all classes of the free estate (with the exception of the poorest peasants, whose actual situation did not differ from the position of slaves) forgot about their differences and formed a united front against the slaves. Democracy in ancient Greece and Rome, about which bourgeois history textbooks pontificate at length, was essentially a slave-owning democracy.

This is how the slave-owning mode of production developed.

The split of society into classes created the need for a state. With the growth of the social division of labour and the development of exchange, individual clans and tribes became

increasingly closer, uniting into unions. The nature of clan institutions was changing. The organs of the clan system increasingly lost their national character. They turned into organs of domination over the people, into organs of robbery and oppression of their own and neighbouring tribes. The elders and military leaders of clans and tribes became princes and kings. Previously, they enjoyed authority as elected representatives of the clan or clan union. Now they began to use their power to protect the interests of the propertied elite, to curb their ruined relatives, to suppress slaves. This song was sung by armed squads, courts, and punitive authorities.

This is how state power was born.

"It was only when the first form of division of society into classes appeared," says Lenin, "when slavery appeared, when it was possible for a certain class of people, focusing on the crudest forms of agricultural labor, to produce some surplus, when this surplus was not absolutely necessary for the most impoverished existence of a slave and fell into the hands of a slaveholder, when, thus, the existence of this class of slaveholders was consolidated, and in order for it to be consolidated, it was necessary for the state to appear"¹.

The state arose in order to keep the exploited majority in check in the interests of the exploiting minority.

The slave-owning state played a major role in the development and strengthening of production relations in the slave-owning society. The slave state kept the masses of slaves in obedience. It has grown into a widely ramified apparatus of domination and violence over the masses.

¹ V.I. Lenin, *On the State*, Works, vol. 29, ed. 4, p. 441.

The Production Relations of the Slave System.

The Position of Slaves.

The production relations of a slave-owning society were based on the fact that the property of slave owners was not only the means of production, but also production workers—slaves. A slave was considered a thing; he was at the complete and undivided disposal of the owner. Slaves were not only exploited; they were bought, sold, and killed like cattle. If during the period of patriarchal slavery a slave was considered a member of the family, then under the conditions of the slave-owning mode of production he was not even considered a person.

Slave labour was openly forced. Slaves were forced to work under the most brutal physical violence. They were driven out to work with whips, and for the slightest omission they were subjected to severe punishments. He branded slaves so that it would be easier to catch them when they ran away. Many of them wore non-shrinkable iron collars, on which the owner's surname was indicated.

The slave owner appropriated the entire product of slave labour. He gave the slaves only the most insignificant amount of subsistence so that they would not die of hunger and could continue working for the slave owner. Thus, the slave owner received not only the surplus product, but also a significant part of the necessary product of the slaves' labour.

The development of the slave-owning mode of production was accompanied by an increase in the demand for slaves. In some countries, slaves, as a rule, did not have families. The predatory exploitation of slaves led to their rapid physical deterioration. It was necessary to constantly replenish the army of slaves. War was an important source of obtaining new slaves. The slave states of the ancient East waged constant wars with the aim of conquering other peoples. The history of ancient Greece is full of wars between

individual city-states, between metropolises and colonies, between Greek and eastern states. Rome waged continuous wars; he conquered during his heyday most of the lands known at that time. Not only warriors taken prisoner were turned into slavery, but also a significant part of the population of the newly conquered lands.

Another source of replenishment of the army of slaves were the provinces and colonies. They delivered “living goods” to the slave owners, along with all sorts of other goods. The slave trade was one of the most profitable and prosperous branches of economic activity. Special centres of the slave trade were formed: fairs were organised, which attracted traders and buyers from distant countries.

The slave-owning method of production opened up greater opportunities for the growth of productive forces compared to the primitive communal system. The concentration of a large number of slaves in the hands of the slave state and individual slave owners made it possible to use simple labour cooperation on a large scale. This is evidenced by the surviving gigantic structures that were erected in ancient times by the peoples of Asia, the Egyptians, and the Etruscans: irrigation systems, roads, bridges, military fortifications, cultural monuments.

The social division of labour developed, expressed in the specialisation of agricultural and handicraft production, which created conditions for increasing labour productivity.

In Greece, slave labour was widely used in handicraft production. Large workshops—*ergasteria*—emerged, employing several dozen slaves. Slave labour was also used in construction and in the mining of iron ore, silver and gold. In Rome, slave labour was widespread in agriculture. The Roman nobility owned vast estates—*latifundia*, where hundreds and thousands of slaves worked. These *latifundia* were created by seizing peasant lands.

Slave-owning *latifundia*, due to the cheapness of slave labour, could produce bread and other agricultural products at lower costs

than small farms of free peasants. In addition, large latifundia could, to a certain extent, use the advantages that simple labour cooperation provided. The small free peasantry was forced out, fell into slavery, or joined the ranks of the mendicant strata of the urban population—the lumpen proletariat.

On the basis of slave labour, the ancient world achieved significant economic and cultural development. But the slave system could not create conditions for further significant technical progress, since production was carried out on the basis of slave labour, which was characterised by extremely low productivity. The slave was not at all interested in the results of his work. Slaves hated their forced labour. They often expressed their protest and indignation by damaging their tools. Therefore, the slaves were given only the crudest tools that were difficult to spoil.

The technology of production based on slavery remained at a very low level. Despite the well-known development of the natural and exact sciences, they were almost never used in production. Some technical inventions were used only in military affairs and construction.

The widespread use of slave labour allowed slave owners to free themselves from all physical labour and shift it to slaves. Slave owners treated labour with contempt, considered it an occupation unworthy of a free person, and led a parasitic lifestyle. With the development of slavery, ever larger masses of the free population were cut off from all productive activities. Only a certain part of the slave-owning elite and the rest of the free population were engaged in state affairs; we have no skill in science.

Thus, the slave system created an opposition between physical and mental labour, a gap between them.

The exploitation of slaves by slave owners constitutes the main feature of the production relations of a slave society. At the same time, the slave-owning method of production in different countries had its own characteristics.

In the countries of the ancient East, subsistence farming prevailed to an even greater extent than in the ancient world. In the agriculture of China, India, Babylonia and Egypt, along with slaves, huge masses of communal peasants were exploited. The system of indentured servitude acquired great importance here. A community peasant who failed to pay a debt to a moneylender or rent to a landowner was forced to work on their farm for a certain time as a debtor slave.

In the slave-holding countries of the ancient East, communal and state forms of land ownership were widespread. The existence of these forms of ownership was associated with a farming system based on irrigation. Irrigated agriculture in the river valleys of the East required enormous labour costs for the construction of dams, canals, reservoirs, and drainage of swamps. All this necessitated the centralisation of the construction and use of irrigation systems on a large scale . "Agriculture here is based mainly on artificial irrigation, and this irrigation is the work of the community, region or central government" ¹ . With the development of slavery, common lands were concentrated in the hands of the state. The king became the supreme owner of the land, possessing unlimited power.

By concentrating land ownership in their hands, the state of slave owners imposed huge taxes on the peasants, forced them to perform various kinds of duties, thereby placing the peasants in servile dependence. At the same time, the peasant remained a member of the elite, which was the economic basis of eastern despotism, that is, the unlimited, autocratic power of the despot monarch at the head of the slave-owning state.

Under the slave-owning system in all countries, the vast majority of slave labor and its product were spent unproductively by slaveholders: to satisfy personal whims, to form treasures, to build military fortifications and the army, to build and maintain luxurious palaces and temples. The unproductive costs of huge masses of labor are evidenced, in particular, by the Egyptian pyramids that

have survived to the present time. Only a small part of slave labor and its product was spent on further expansion of production, which therefore developed extremely slowly. Devastating wars led to the destruction of productive forces, the extermination of huge masses of civilians and the destruction of the culture of entire states.

Thus, the essential features of the basic economic law of the slave system are as follows: the appropriation by slave owners for their parasitic consumption of surplus product through the predatory exploitation of the mass of slaves on the basis of full ownership of the means of production and slaves, through the ruin and enslavement of peasants and artisans, as well as through conquest and enslavement of the peoples of other countries.

The Further Development of Exchange. The Trade and Usury Capital.

Slave farming retained a largely subsistence character. Products there were produced mainly not for the purpose of exchange, but for the direct consumption of the slave owner, his numerous hangers-on and servants. Nevertheless, exchange gradually began to play a more prominent role, especially during the period of the highest development of the slave system. In a number of industries, a certain proportion of the products of labour were regularly sold on the market, that is, turned into goods.

With the expansion of exchange, the role of money increased. Usually, the commodity that was the most common item of exchange was allocated as money. For many peoples, especially cattle breeders, cattle initially served as money. For others, salt, grain, and furs became money. Gradually, all other types of money were replaced by metallic money.

Metallic money first appeared in the countries of the ancient East. Money in the form of bronze, silver and gold bars was in circulation here, already in the 3rd-2nd millennium BC, and maybe even from the 7th century BC. In Greece, eight centuries before our era, iron money was used in the collapse. In Rome, even in the V-IV centuries before our era, only copper money was used. Subsequently, iron and copper as money were replaced by silver in gold.

In silver and gold, all the advantages of metals are especially strongly expressed, thanks to which they are most suitable for playing the role of money: homogeneity of substance, divisibility, storability and insignificance of volume and weight at a high cost. Therefore, the role of money is firmly assigned to precious metals, in a comical sense—for gold.

The Greek city-states carried on quite an extensive trade, including with Greek colonies scattered along the Mediterranean and Black Sea coasts. The colonies regularly supplied the main labour force—slaves, some types of raw materials and means of subsistence: leather, wool, livestock, bread, fish.

In Rome, as in Greece, in addition to the trade in slaves and other goods, trade in luxury goods played an important role. These items were delivered from the East mainly due to all kinds of tribute collected from the conquered peoples. Trade was associated with robbery, sea robbery, and enslavement of colonies.

Under the slave system, money was no longer only a means of buying and selling goods. They also began to serve as a means of appropriating the labour of others through trade and usury. Money spent for the purpose of appropriating surplus labour and its product becomes capital, that is, a means of exploitation. Commercial and usurious capital were historically the first types of capital. Merchant capital is capital engaged in the exchange of goods. Merchants, buying and reselling goods, appropriated a significant part of the surplus product created by slaves, small peasants and artisans. Usury capital is capital used in the form of a

loan of money, means of production or consumer goods to appropriate the surplus labour of peasants and artisans by charging high interest rates. Moneylenders also provided cash loans to the slave-owning nobility, thereby participating in the division of the surplus product they received.

The Exacerbation of the Contradictions of the Slave-Ownning Mode of Production.

Slavery was a necessary stage in the development of mankind. “Only slavery made possible on a larger scale the division of labour between agriculture and industry and thus created the conditions for the flourishing of the culture of the ancient world—for Greek culture. Without slavery there would have been no Greek state, no Greek art and no science; Without slavery there would have been no Roman state. And without the foundation that was laid by Greece and Rome. there would be no modern Europe”¹.

On the bones of generations of slaves, the culture that formed the basis for the further development of mankind was grazed. Many branches of knowledge—mathematics, astronomy, mechanics, architecture—reached significant development in the ancient world. Objects of art left over from antiquity, produced fiction, sculpture, architecture forever entered the treasury of human culture.

But the slave system was fraught with insurmountable contradictions that led to its death. The slave form of exploitation destroyed the main productive force of this society—slaves. The negative aspects of slave labour became increasingly apparent. The struggle of slaves against cruel forms of exploitation was

¹ F. Engels, *Anti-Dühring*, 1952, p. 169.

increasingly expressed in armed uprisings. The condition for the existence of a slave economy was a continuous influx of slaves and their cheapness. Slaves were supplied mainly by war. The basis of the military machine of a slave-owning society was the mass of free small producers—peasants and artisans. They served in the troops and bore the brunt of the taxes necessary to wage wars. But under the burden of unbearable hardships, peasants and artisans went bankrupt. The irreconcilable contradiction between large latifundia and peasant farming deepened more and more.

The displacement of the free peasantry undermined not only the economic, but also the military and political power of the slave states, in particular Rome. Gaps gave way to defeats. Wars of conquest gave way to defensive ones. The source of continuous replenishment of cheap slaves has dried up. In the last two centuries of the Roman Empire, there was a general decline in production. Trade fell into disarray, previously rich lands became impoverished, the population began to decrease, crafts perished, and cities fell into desolation.

Large-scale slave production became economically unprofitable. Slave owners began to free significant groups of slaves whose labour no longer provided income. Large estates were divided into small plots. These plots were transferred under certain conditions either to former slaves who were freed, or to previously free citizens who were now obliged to bear a number of duties in favour of the land owner. New farmers were assigned to plots of land and could be sold along with them. But they were no longer slaves.

This was a new layer of small producers who occupied an intermediate position between freemen and slaves and also had some interest in labour. They were called *coloni* and were the predecessors of the middle-side serfs.

Thus, in the depths of slave-owning society, elements of a new, feudal mode of production arose.

The Class Struggle of the Exploited Against the Exploiters. The Slave Revolts. The Death of the Slave System.

Production relations based on slavery became fetters on the productive forces of society. The labour of slaves, completely uninterested in the results of production, has become obsolete. A historical need arose to replace slave-owning production relations with other production relations that would change the position in society of the main productive force—the working masses. The law of mandatory correspondence of production relations to the nature of the productive forces required the replacement of slaves with workers who were to some extent interested in the results of their labour.

The history of slave-owning societies in the countries of the ancient East, Greece and Rome shows that with the development of the slave economy, the class struggle of the enslaved masses against their oppressors intensified. Slave uprisings were intertwined with the struggle of exploited small peasants against the slave-owning elite and large landowners.

Rich and poor, exploiters and exploited, those with rights and those without rights, the brutal class struggle between them—this is the picture of the slave system.

Of the numerous slave uprisings in the Roman Empire, the uprising led by Spartacus (74-71) was especially significant. before our chronology). The most striking page in the history of the struggle between slaves and slave owners is associated with his name.

Over the course of many centuries, slave revolts broke out repeatedly. Impoverished peasants joined the slaves. These uprisings reached particular strength in the 2nd–1st centuries BC and the 3rd–5th centuries AD. Slave owners suppressed the uprisings with the most brutal measures.

The uprisings of the exploited masses radically undermined the former power of Rome. The blows from within began to become increasingly intertwined with gifts from without. The inhabitants of neighbouring lands, enslaved, rebelled in the fields of Italy, and at the same time their fellow tribesmen, who remained free, stormed the borders of the empire, invaded its borders, and destroyed Roman rule.

These circumstances accelerated the death of the slave system in Rome.

The feudal system took the place of the slave system.

The Economic Views of the Slave Era.

The economic views of the slave period were reflected in many literary monuments left by poets, philosophers, historians, statesmen and public figures. According to the views of these figures, a slave was considered not a person, but a louse in the hands of the owner. Slave labour was despised. And since labour became predominantly the lot of slaves, this resulted in contempt for work in general as an activity unworthy of a free person.

The economic views of the slave-owning Babylonians are evidenced by the code of laws of the Babylonian king Hammurabi (18th century BC). The Code protects the property and personal rights of the rich and noble, slaveholders and landowners. According to the code, anyone who harbours a runaway slave is punishable by death. A peasant who fails to pay a debt to a lender or rent to a landowner must give his son's wife or daughter into indentured servitude. The ancient Indian collection "The Laws of Manu" set out social, religious and moral regulations that sanctified slavery. According to these laws, a slave has no property. A slave, even one who has been groomed by the owner, is not freed from slave

labour, which is supposedly predetermined for him by God and nature.

The views of the ruling classes found their expression in religion. Thus, in India, starting from the 6th century BC, Buddhism became widespread. Proclaiming reconciliation with reality, non-resistance to violence and humility before the ruling classes, Buddhism was a religion beneficial to the slave-owning nobility and used by it to strengthen its dominance.

Even the great minds of antiquity could not imagine the existence of a society without slavery. For example, the outstanding Greek philosopher Plato (V-IV centuries BC) wrote the first book in the history of mankind about the allotment social system. But he kept slaves in his weekly state. The labour of slaves, farmers and artisans was supposed to provide the means of subsistence for the upper class of rulers and warriors.

In the eyes of the greatest thinker of antiquity, Aristotle (IV century BC), slavery was also an eternal and inevitable necessity for society. Aristotle had a huge influence on the development of mental culture in the ancient world and the Middle Ages. Having risen high above the level of contemporary society in his scientific guesses and foresight, Aristotle remained captive of the ideas of his era on the issue of slavery. His views on slavery boiled down to the following: for the helmsman, the steering wheel is an inanimate instrument, and the slave is an animate instrument. If the tools worked on orders themselves, if, for example, the shuttles themselves weaved, then there would be no need for slaves. But since there are many activities in the economy that require simple, rough labour, nature wisely ordered by creating slaves. According to Aristotle, by nature itself some people are destined to be slaves, while others are destined to rule. Slave labour provides the free with leisure for improvement. From here he concluded that all the master's art lies in the ability to use his slaves.

Aristotle gave the science of economics the name “oikonomia” (from “oikos”—house, household and “Nomos”—law). During his life, exchange, trade and usury were quite widely developed. but the economy basically retained its subsistence consumer character. Aristotle considered it natural to acquire goods only through land surveying and crafts, that is, he was a supporter of natural farming. But he understood the nature of exchange. He found the epaulette a natural exchange for the purpose of consumption, “because people usually have more of some objects, and less of some, than is necessary to satisfy their needs.” He understood the need for money for exchange.

At the same time, Aristotle considered trading for profit and usury to be reprehensible activities. These occupations, he pointed out, unlike agriculture and crafts, do not know any boundaries in the acquisition of wealth and property.

The ancient Greeks already had a well-known idea about the division of labour and the role it plays in the life of society. Thus, Plato provided for the division of labour as the basic principle of government in his ideal republic.

The economic ideas of the Romans also reflected the relations of the dominant slave-owning mode of production.

The Romans considered slaves to be mere instruments of production. It was the slave writer-encyclopaedist Varro (1st century BC), who compiled a number of other books, a kind of guide for slave owners on the introduction of agriculture, who wrote the well-known division of tools into: 1) dumb (carts), 2) those emitting inarticulate sounds (cattle) and 3) those gifted with voice (slaves). In giving this definition, he expressed views generally held among slave owners.

The art of managing slaves was as popular in Rome as in Greece. The Roman historian Plutarch (I-II centuries of our era) tells about the exemplary slave owner Cato that he bought slaves when they were young, “that is, at the age when they, like puppies and

foals, can easily be brought up and trained.” It goes on to say that “among the slaves, he constantly invented ways to support individuals and disputes, because he considered agreement among them dangerous and was afraid of it.”

At the same time, in ancient Rome—especially in the later period—there was no shortage of menacing signs of the collapse and decomposition of the economy based on forced labour of “tools gifted with a voice.” The Roman writer Columella fields (I century of our chronology) complained: “Slaves bring the greatest harm to the fields. They lend money to the wolves. They and the rest of the cattle graze poorly. They plough the land badly.” He was echoed by his contemporary, the writer Pliny the Elder, who claimed that “the Latafunlim ruined Italy and its failures.”

Like the Greeks, the Romans considered the natural way of farming natural, in which the owner exchanges only his wills. In the literature of that time, high trading profits and usurious interest rates were sometimes condemned. In reality, merchants and moneylenders accumulated enormous fortunes.

In the last period of Rome’s life, voices were already heard condemning slavery, proclaiming the natural equality of people. Among the ruling class, these views, understandably, did not meet with sympathy. As for the slaves, they were so oppressed by their forced position, so downtrodden and dark, that they could not develop their own, more advanced ideology, in comparison with the outdated ideas of the slave-owning class.

This is one of the reasons for the spontaneity and disorganisation of slave uprisings.

One of the deep contradictions inherent in the slave system was the struggle between large and small landowners. The ruined peasantry came up with a program for limiting large-scale slave-owning land ownership and redistributing land. This was the essence of the agrarian reform for which the Gracchi brothers fought (2nd century BC).

In the era of the decay of the Roman Empire, when the absolute majority of the population of cities was plural. The villages—both slaves and free—could not find a way out of this situation; a deep crisis in the ideology of slaveholding Rome arose.

Out of the class contradictions of the dying empire, a new religious ideology arose—Christianity. Christianity of that era expressed the protest of slaves and other lower classes and declassed elements against slavery and oppression. On the other hand, Christianity reflected the sentiments of broad layers of the ruling classes, who plucked all the hopelessness of their arson. That is why in the Christianity of the decline of the Roman Empire, along with the formidable warnings of the rich and powerful, there are calls for humility and salvation in the afterlife.

In subsequent centuries, Christianity finally turned into the religion of the ruling classes, into a spiritual weapon for protecting and justifying the exploitation and oppression of the working masses.

BRIEF SUMMARY

1. The slave-owning mode of production arose due to the growth of the productive forces of society, the emergence of a surplus product, the emergence of private ownership of the means of production, including land, and the appropriation of the surplus product by the owners of the means of production.

2. Slavery is the first and most brutal form of exploitation of man by man. The slave was the complete and unlimited property of his master. The slave owner, at his will, disposed not only of the slave's labour, but also of his life.

3. Slave farming was mainly of a subsistence nature. The ancient world was divided into many separate economic units that satisfied their needs with their own production. They traded mainly

in slaves and luxury goods. The development of exchange gave birth to metallic money.

4. With the emergence of the slave system, the state was first born. It arose as a result of the split of society into irreconcilably hostile classes as a machine for suppressing the exploited majority of society by the exploiting minority.

5. The basic economic law of the slave-owning mode of production consisted in the squatting by slave owners for their parasitic consumption of surplus product through the predatory exploitation of the mass of slaves on the basis of full ownership of the means of production and slaves, through the ruin and enslavement of peasants and artisans, as well as through conquest and enslavement folk of other countries.

6. On the basis of slavery, a relatively high culture (art, philosophy, sciences) arose, which reached its greatest development in the Greco-Roman world. Its fruits were enjoyed by the small elite of the slave-owning society. The social consciousness of the ancient world corresponded to a mode of production based on slavery. The ruling classes and their ideologists did not consider the slave a human being. Physical labour, being the lot of slaves, was considered a shameful occupation, unworthy of a free person.

7. The slave-owning method of production caused an increase in the productive forces of society in comparison with the primitive communal system. But the spread of slave labour and the powerless position of slaves resulted in the destruction of the main productive force of society—labour—and the ruin of small free producers—peasants and artisans. This predetermined the inevitability of the death of the slave system.

8. The democratic movement among the free in ancient Greece and Rome not only did not pursue the goal of liberating slaves, but, on the contrary, proceeded from the need to preserve slavery and perpetuate slave labour. It did not provide relief to small peasants and artisans who fell into bondage to the propertied classes; it only

strengthened the position of the new large slave owners at the expense of the rights and advantages of the old landed aristocracy. Democracy in ancient Greece and Rome was a slave-owning democracy.

9. Slave uprisings undermined the slave system and accelerated its liquidation. The slave-owning mode of production was replaced by the feudal mode of production; in place of the slave-owning form of exploitation, a feudal form of exploitation arose, which opened up some scope for the further development of the productive forces of society.

CHAPTER III. THE FEUDAL MODE OF PRODUCTION

The Emergence of Feudalism.

The feudal system existed, with one or another characteristic, in almost all countries.

The era of feudalism covers a long period. In China, the feudal system existed for more than three thousand years. In Western European countries, it covers a number of centuries—from the fall of the Roman Empire (V century) to the bourgeois revolutions in England (XVII century) in France (XVIII century), in Russia—from the 9th century to the peasant reform of 1861, in Transcaucasia—from the 4th century to the 70s of the 19th century, among the peoples of Central Asia—from the 7th-8th centuries until the victory of the proletarian revolution in Russia.

In Western Europe, feudalism arose on the basis of the collapse of the Roman slave society, on the one hand, and the disintegration of the clan system among the conquering tribes, on the other; it was formed as a result of the interaction of these two processes.

Elements of feudalism, as previously said, originated in the depths of the slave society in the form of colony. The colons were obliged to cultivate the land of their master, a large landowner, to pay him a certain amount of money or give him a significant share of the harvest, and to perform various kinds of duties. Nevertheless, the colons were more interested in labour than the slaves, since they had their own farm.

Thus, new relations of production were born, which received full development in the feudal era.

The Roman Empire was defeated by tribes of Germans, Gauls, Slavs and other peoples living in various parts of Europe. The power

of the slave owners was overthrown, slavery abolished. Large latifundia and craft workshops, based on labour, were broken down into small ones. The population of the collapsed Roman Empire consisted of large landowners (former slave owners who switched to the *colonata* system), freed slaves, *coloni*, small peasants and artisans.

At the time of the conquest of Rome, the conquering tribes had a communal system that was in the stage of decay. The rural community, which the Germans called a mark, also played a major role in the social life of these tribes. The land, with the exception of large land holdings of the clan nobility, was communally owned. Forests, wastelands, pastures, and ponds were used together. Fields and meadows were distributed among community members after a few years. But gradually, household land, and then arable land, began to pass into the hereditary use of individual families. The distribution of land, the trial of cases concerning the community, and the settlement of disputes between community members were carried out by the community assembly and the elders and judges chosen by it. The conquering tribes were led by military leaders-kings, who together with their squads owned large lands.

The tribes that conquered the Roman Empire took possession of most of its state lands and some of the lands of large private landowners. Forests, meadows and lands remained in common use, 8 arable land was divided between individual farms. The divided lands later turned into the private property of the peasants. Thus, a vast layer of independent small peasantry was formed.

But the peasants could not maintain their independence for long. Based on private ownership of land and other means of production, property inequality between individual members of the rural community inevitably increased. Prosperous and poor families appeared among the peasants. As wealth inequality grew, community members who became rich began to acquire power over the community. The land was concentrated in the hands of rich

families and became the subject of seizure by the clan nobility and military leaders-kings. The peasants became personally dependent on large landowners.

In order to maintain I strengthened power over dependent peasants, large landowners had to keep their government bodies in check. Military leaders-kings, relying on the clan nobility and warriors, began to concentrate power. In their hands, turned into full-fledged kings and sovereigns.

From the ruins of the Roman Empire, a number of new states were formed, headed by kings. The kings generously distributed the land they seized as lifelong and then hereditary possession to their entourage, who had to perform military service for it. The church received a lot of land, which served as a pair of pillars of royal power. The land was cultivated by peasants, who now had to perform a number of duties in favour of the new masters. Huge land holdings passed into the hands of the royal warriors and servants, church authorities and monasteries.

Land distributed on such conditional basis was called fiefs. Hence the name of the new social system—feudalism.

Land distributed on such terms was called fiefs. Hence the name of the new social system—feudalism.

The gradual transformation of peasant land into the property of feudal lords and the enslavement of the peasant masses (the process of feudalisation) took place in Europe over a number of centuries (from the 5th-6th to the 9th-10th centuries). The free peasantry was ruined by continuous military service, robberies and extortions. Turning to help from large landowner, the peasants turned into people dependent on him. Often the peasants were forced to surrender under the “patronage” of the feudal lord: otherwise it would be impossible for a defenceless person to exist in conditions of continuous wars and predatory raids. In such cases, ownership of the land passed to the feudal lord, and the peasant could cultivate this plot only if he fulfilled various duties in favour of

the feudal lord. In other cases, royal governors and officials, through deception and violence, took over the lands of free peasants, forcing them to recognize their power.

In different countries, the process of feudalisation proceeded differently, but the essence of the matter was the same everywhere: previously free peasants fell into personal dependence on the feudal lords who seized their land. This dependence was sometimes weaker, sometimes stronger. Over time, the differences in the position of former slaves, colons and free peasants were erased, and they all turned into a single mass of serf peasantry. It gradually happened. a situation that was characterised by a medieval proverb. "There is no land without a seiner." The kings were the supreme landowners.

In Russia, in the conditions of the disintegration of the communal system, patriarchal slavery arose. But the development of society here went mainly not along the path of slavery, but along the path of feudalisation. The rural community among the Eastern Slavs was called "rope", "world". The community had meadows, forests, and ponds in common use, and arable land began to come into the possession of individual families. The community was headed by an elder. The development of private land ownership led to the gradual disintegration of the community. The land was seized by elders and tribal princes. Peasants—smerds—were at first free members of the community, and then became dependent on large landowners—boyars.

The largest feudal owner was the church. Grants from princes, deposits and spiritual testaments made her the owner of vast lands and the richest farms for those times.

During the formation of the centralized Russian state (XV-XVI centuries), the great princes and tsars began, as they said then, to "place" their associates and service people on the land, that is, give them land and peasants under the condition of performing military service. Hence the names—estate, landowners.

At that time, the peasants were not yet completely attached to the landowner and the land: they had the right to move from one landowner to another. At the end of the 16th century, landowners, in order to increase the production of grain for sale, intensified the exploitation of peasants. In this regard, in 1581 the state took away the right of the peasants to move from one landowner to another. The peasants were completely attached to the land and turned into serfs.

Feudalism was a necessary step in the historical development of society. Slavery has outlived its usefulness. Under these conditions, further development of the productive forces was possible only on the basis of the labour of the mass of dependent peasants who owned their own farms, their own instruments of production and had some interest in the labour necessary to cultivate the land and pay the feudal lord in kind from their harvest.

In the era of feudalism, the predominant role was played by agriculture, and among its branches—agriculture. Gradually, over the course of a number of centuries, methods of arable farming were improved, vegetable gardening, horticulture, winemaking, and butter-making developed.”

In the early period of feudalism, the fallow farming system predominated, and in forest areas, the slash-and-burn system of agriculture prevailed. A plot of land was sown for several years in a row with one crop until the soil was depleted. Then they moved to another plot. Subsequently, there was a transition to a three-field system, in which the plough land is divided into three fields, and one field is alternately used for winter crops, another for spring crops, and the third remains fallow. The three-field system began to spread in Western Europe and Russia from the 11th-12th centuries. It remained dominant for many centuries, surviving until the 19th century, and in many countries to the present day.

Agricultural implements in the early period of feudalism were scarce. The tools of labour were a plough with an iron ploughshare, a sickle, a scythe, and a shovel. Later, the iron plough and harrow began to be used. For a long time, grain grinding was done by hand until windmills and water mills became widespread.

The Production Relations of Feudal Society. The Exploitation of Peasants by Feudal Lords.

The nature of the productive forces of the era of feudalism corresponded to the production relations of feudal society. "Under the feudal system, the basis of relations is the feudal lord's ownership of the means of production and partial ownership of the production worker, the serf, whom the feudal lord can no longer kill, but whom he can sell or buy. Along with feudal property, there is the individual ownership of the peasant and artisan in the instruments of production and in his private economy, based on personal labour"¹.

The land belonged to the feudal lords. The feudal lord's own farm occupied part of his land, the other part was used by peasants. The peasant land "allotment" was a condition for providing the landowner with the labour force of serfs. Hereditarily using his allotment, the peasant was obliged to work for the landowner, cultivate the landowner's land with the help of his tools and draft animals, or give the landowner his surplus product in kind or cash.

Such an economic system inevitably presupposed non-economic coercion, the personal dependence of the peasant on the landowner. Non-economic coercion played a significant role in strengthening the economic power of the feudal landowners.

¹ J. V. Stalin, On dialectical and historical materialism, Questions of Leninism, ed. 1, 1952, p. 695.

However, it was not the basis of feudalism, but feudal ownership of land.

The working time of the serf peasant was divided into necessary and surplus time. During the required time, the peasant created the product necessary for his own existence and the existence of his family. During surplus time, he created a surplus product, which was appropriated by the Feudal Lord. The surplus labour of peasants working on the feudal lord's farm, or the surplus product created by the peasant in his own farm and appropriated by the feudal lord, forms feudal land rent.

Feudal rent often absorbed not only the peasant's surplus labour, but also part of his necessary labour. The basis of this rent was feudal ownership of land, associated with the direct dominance of the feudal landowner over the peasants dependent on him.

Under feudalism, there were three forms of land rent: labour rent, product rent and money rent. With all types of rent, the exploitation of peasants by landowners appeared in open form.

Labour rent prevailed in the early stages of the development of feudalism. She performed in the form of *corvée*. Under *corvée*, the peasant worked for a certain part of the week—three days or more—with the help of his own instruments of production (ploughs, draft animals, etc.) in the master's opinion, and on the remaining days of the week he worked on his farm. Thus, under *corvée*, the necessary labour and surplus labour of the peasant were clearly demarcated in time and space. The range of *corvee* work was very extensive. The peasant ploughed, sowed and harvested crops, grazed livestock, cut down forest for the landowner, transported agricultural products and building materials on his horse.

Under *corvée*, the serf peasant was interested in increasing labour productivity only while working on his farm. While working on the landowner's land, the peasant had no such interest. The feudal lords kept overseers who forced the peasants to work.

In the course of further development, labour rent is replaced by product rent. Product rent came in the form of quitrent in kind. The peasant was obliged to regularly deliver to the landowner a certain amount of bread, livestock, poultry and other agricultural products. The quitrent was most often combined with one or another remnant of corvée duties, that is, with the work of the peasant on the landowner's estate.

With food rent, the peasant spent all his labour—both necessary and surplus—at his own discretion. Necessary labour and surplus labour were already separated as tangibly as with labour rent. The peasant became more or less independent here. This created some incentives to further increase labour productivity.

At a later stage of feudalism, when exchange became relatively widely developed, money rent arose. It appeared in the form of monetary rent. Money rent is characteristic of the period of decomposition of feudalism and the emergence of capitalist relations. Various forms of feudal rent often existed simultaneously.

In an effort to increase their income, the feudal lords imposed all sorts of taxes on the peasants. In many cases, they had mills, forges and other enterprises in their monopoly. The peasant was forced to use them for an exorbitantly high fee. In addition to the in-kind or cash rent paid to the feudal lord, the peasant had to pay all kinds of taxes to the state, local taxes, and in some countries, tithes, that is, a tenth of the harvest, in favour of the church.

Thus, the basis of the existence of feudal society was the labour of serfs. Peasants produced not only agricultural products. They worked on the estates of feudal lords as artisans, erected castles and monasteries, and laid roads. Cities were built by the hands of serfs.

The feudal economy, especially in the early stages of its development, was basically a subsistence economy. Each feudal estate, consisting of a lordly estate and villages belonging to the

feudal lord, lived a separate life, rarely resorting to exchange with the outside world.

The needs of the feudal lord and his family's needs (...) were fought by those products; which were produced on the lord's estate and delivered by fainting peasants. More or less large estates had a sufficient number of artisans. mostly from among the courtyard serfs. These artisans were engaged in the manufacture of clothing and shoes, the production and repair of weapons, hunting equipment and agricultural implements, and the construction of buildings.

Peasant farming was also subsistence. Peasants were engaged not only in agricultural work, but also in home processing of raw materials produced on their farm: spinning, weaving, making shoes, and household equipment.

For a long time, feudalism was characterised by a combination of agriculture as the main branch of the economy with household crafts, which had an auxiliary significance. Those few imported products that could not be dispensed with, such as salt and iron products, were supplied at first by traveling merchants. Subsequently, in connection with the growth of cities and handicraft production, the division of labour and the development of exchange between city and countryside took a big step forward.

The exploitation of dependent peasants by feudal lords was the main feature of feudalism among all peoples. However, in some countries the feudal system had its own characteristics. In the countries of the East, feudal relations were combined with slavery relations for a long time. This was the case in China, India, Japan and a number of other countries. Feudal state ownership of land was of great importance in the East. For example, during the period of the Baghdad Caliphate under the rule of the Arabs (especially in the 8th -9th centuries AD), most of the communal peasants lived on the land of the caliph and paid feudal rent directly to the state. Feudalism in the East is also characterised by the vitality of

patriarchal-tribal relations, which were used by the feudal lords in order to increase the exploitation of the peasants.

In the agricultural countries of the East, where irrigated agriculture is of decisive importance, the peasants found themselves in bondage to the feudal lords, because not only the land, but also water resources and irrigation structures were the property of the feudal state or individual feudal lords. Among nomadic peoples, the land was used as pasture. The size of feudal land ownership was determined by the number of livestock. Large cattle-owners-feudal lords were actually the complete owners of pastures. Because of this, they kept the peasantry dependent and exploited them.

The basic economic law of feudalism consists in the appropriation of the surplus product by the feudal lords for their parasitic consumption, through the exploitation of dependent peasants on the basis of the feudal lord's ownership of the land and his incomplete ownership of production workers—serfs.

The Medieval City. The Crafts Workshops. The Merchant Guilds.

Cities arose during the slave system. Cities such as Rome, Florence, Venice, Genoa—in Italy; Paris, Lyon, Marseille—in France; London—in England; Samarkand is in Central Asia, and many others were inherited by the Middle Ages from the era of slavery. The slave-owning system fell, but the cities remained. Large slave-owning workshops disintegrated, but the craft continued to exist.

During the early Middle Ages, cities and crafts developed poorly. Urban artisans produced goods for sale, but most of the consumer goods they needed were obtained from their households. Many of them had small crops, gardens, and productive livestock. Women were engaged in yarn of flax and wool for making clothes. This resulted in the limited nature of markets and exchange.

In the village, processing of agricultural raw materials was at first a subsidiary occupation for farmers. Then, craftsmen who served their village began to emerge from among the peasants. The labour productivity of artisans increased. The opportunity arose to produce more products than was necessary for the feudal lord or the peasants of the village served. Craftsmen began to settle around feudal castles, near the walls of monasteries, in large villages and other trading centres. So gradually, usually on waterways, new cities grew (in Russia, for example, Kyiv, Pskov, Novgorod, Vladimir). The separation of the city from the countryside, which arose during slavery, intensified.

Over time, crafts became more and more profitable. The art of artisans improved. The feudal landowner began purchasing handicrafts from the townspeople; he was no longer satisfied with the products of his own serfs. More developed crafts finally separated from agriculture.

Cities, having arisen on the lands of secular and spiritual feudal lords, were subject to their authority. The townspeople bore a number of duties in favour of the feudal lord, paid him rent in kind or money, and submitted to his administration and court. The urban population began early to fight for liberation from feudal dependence. Partly by force, partly by ransom, the cities obtained for themselves the right of self-government, courts, coinage, and tax collection.

The urban population consisted mainly of artisans and traders. In many cities serfs who fled from the landowners found refuge. The city acted as a carrier of commodity production, in contrast to the village, where subsistence farming dominated. Growing competition from runaway serfs flocking to the cities and the fight against exploitation and oppression by feudal lords forced artisans to unite into guilds. The guild system existed during the era of feudalism in almost all countries.

Guilds originated in Byzantium in the 9th century, in Italy in the 10th century, and later in all of Western Europe and Russia. In the countries of the East (Egypt, China), guilds appeared in the cities of the Arab caliphate even earlier than in European countries. Guilds united urban artisans of one particular craft or several close ones. Only artisans were full members of the guilds. The artisan master had a small number of apprentices and apprentices. The guilds carefully guarded the exclusive right of their members to practice this craft and regulated the production process: they installed the length of the working day, the number of apprentices and apprentices for each master, determined the quality of raw materials and finished product, as well as its prices, often they jointly purchased raw materials. The techniques of work, anchored by a long tradition, were mandatory for everyone. Strict regulation was aimed at ensuring that no master stood above the rest. In addition, the guilds served as mutual aid organisations.

Guilds were a feudal form of organisation of crafts. In the early days of their existence, they played a certain positive role. However, as commodity production grew and the market expanded, the workshops increasingly turned into a brake on the development of productive forces.

To limit competition, workshops began to create all sorts of obstacles to those wishing to obtain the rights of a master. The opportunity to become independent masters was practically closed for students and apprentices, the number of which had grown greatly. They were forced to remain in the position of hired workers all their lives. Under these conditions, the relationship between the master and his subordinates lost its former, more or less patriarchal, character. Masters intensified the exploitation of their subordinates, forcing them to work 14-16 hours a day for paltry pay. Apprentices began to unite in secret unions—brotherhoods—or to protect their interests. The guilds and city authorities persecuted apprentice brotherhoods in every possible way.

The richest part of the urban population were merchants. Trade activities took place both in cities inherited from the era of slavery and in cities that arose under feudalism. The guild organisation in craft corresponded to the organisation of guilds in trade. Merchant guilds existed almost everywhere in the era of feudalism. In the East they have been known since the 9th century, in Western Europe—from the 9th-10th centuries, in Russia—from the 12th century. The main task of the guilds was to fight competition from outside merchants, streamline weights and measures, and protect merchant rights from encroachment by feudal lords.

In the 9th-10th centuries there was already significant trade between the countries of the East and Western Europe. Kievan Rus took an active part in this trade. The Crusades (9th-13th centuries) played a major role in the expansion of trade, opening Middle Eastern markets for Western European merchants. A flow of gold and silver from the East poured into Europe. Money began to appear in places where it had not been used before. Italian cities, especially Genoa and Venice, took a direct part in the conquest of eastern markets, transporting crusaders to the East on their trading ships and supplying them with provisions.

For a long time, Mediterranean ports were the main centres of trade connecting Western Europe with the East. But at the same time, trade expanded widely in North German and Dutch cities located along the trade routes of the North and Baltic seas. In the 14th century, a trade union of cities arose here—the German Hanseatic League, which united about 80 cities in various European countries in the following centuries. The Hanseatic League traded with England, Scandinavia, Poland and Russia. In exchange for Western European handicrafts—Flanders and English cloth, linens, German metal products, French wines—furs, leather, lard, honey, bread, timber, resin, linen weavers and some handicrafts were exported from the northeastern regions of Europe. From the countries of the East, merchants brought spices—pepper, cloves, nutmeg, incense, dyes, paper and silk fabrics, carpets and other goods.

In the 13th-14th centuries, the Russian cities of Novgorod, Pskov and Moscow conducted extensive trade with Asia and Western Europe. Novgorod merchants traded, on the one hand, with the peoples of the North (the coast of the Arctic Ocean and the Trans-Urals), and on the other hand, they conducted regular trade with Scandinavia and Germany.

The growth of cities and the development of trade had a strong influence on the feudal countryside. The economy of the feudal lords was drawn into the market. To purchase luxury goods and urban handicrafts, the feudal lords needed money. In this regard, it was profitable for the feudal lords to transfer peasants from corvée and quitrent in kind to cash quitrent. With the transition to monetary rent, feudal exploitation intensified even more.

The Classes and Estates of Feudal Society. The Feudal Hierarchy.

Feudal society was divided into two main classes—feudal lords and peasants. “Serf society represented a division of classes in which the vast majority—the serf peasantry—was completely dependent on an insignificant minority—the landowners who owned the land”¹.

The feudal class did not represent a homogeneous whole. Small feudal lords paid tribute to large feudal lords, helped them and the war, but at the same time enjoyed their patronage. The patron was called a seignior, the patron was called a vassal. The seigniors, in turn, were vassals of other, more powerful feudal lords. Each

¹ V.I. Lenin, On the State, Works, vol. 29, edition. 4, p. 445.

participant in this “feudal ladder” was a vassal in relation to his lord and a lord in relation to his vassal.

As the ruling class, the feudal landowners stood at the head of the state. They constituted one estate—the nobility. The nobles occupied the honourable position of the first estate, enjoying extensive political and economic privileges.

The clergy (church and monastery) were also the largest landowners. It owned vast lands with a large rank and serf population and, along with the nobles, was the ruling class.

The broad base of the “feudal ladder” was the peasantry. The peasants were subordinate to the landowner and the largest feudal lord—the king. The peasantry was a politically powerless class. Landowners could sell their serfs and widely used this right. Serf owners subjected peasants to corporal punishment and sometimes tortured them to death. Lenin called serfdom “serf slavery.” The exploitation of serfs was almost as brutal as the exploitation of slaves in the ancient world. But still, the serf could work part of the time on his plot, and could, to a certain extent, belong to himself.

The main class contradiction of feudal society was the contradiction between feudal lords and serfs. The struggle of the exploited peasantry against the feudal landowners was waged throughout the entire era of feudalism and became especially acute at the last stage of its development, when serf exploitation intensified to the extreme.

In cities freed from feudal dependence, power was in the hands of wealthy citizens—merchants, moneylenders, owners of city lands and large homeowners. Guild artisans, who made up the bulk of the urban population, often opposed the urban nobility, seeking their participation in city governance along with the urban aristocracy. Small artisans and apprentices fought against the guild masters and merchants who exploited them.

By the end of the feudal era, the urban population was already highly stratified. On one side are rich merchants and guild masters,

on the other there are vast layers of artisan apprentices and apprentices, the urban poor. The urban lower classes began to fight against the united forces of the urban nobility and feudal lords. This struggle was combined into one stream with the struggle of the serfs against feudal exploitation.

Kings (in Russia, grand dukes and then tsars) were considered the bearers of supreme power. But outside the kings' own domains, the importance of royal power during the period of early feudalism was negligible. Often this power remained nominal. All of Europe was divided into many large and small states. Large feudal lords were complete masters of their domains. They passed laws, monitored their implementation, carried out justice and reprisals, maintained their own army, raided their neighbours, and did not hesitate to rob on the highways. Many of them minted coins themselves. Smaller feudal lords also enjoyed very broad rights in relation to the people under their control; they tried to equal the big lords.

Over time, feudal relations formed an extremely tangled tangle of rights and obligations. Endless disputes and discord arose between the feudal lords. They were usually resolved by force, through internecine wars.

The Development of the Productive Forces of Feudal Society.

During the era of feudalism, a higher level of productive spruce was achieved compared to the era of slavery.

In the field of agriculture, production technology improved, and iron tools became more widely used. New branches of field cultivation arose, and viticulture and winemaking received significant development. Livestock farming and especially horse breeding grew, which was associated with the military service of the

feudal lords. Sheep farming has become widespread in a number of areas. The meadow and pastures expanded and improved.

The tools of artisans and methods of processing raw materials were gradually improved. Former crafts began to be specialized. For example, a blacksmith used to make all products from metal. Over time, weapons, nails, knife, and metalworking were separated from the blacksmith trade, shoemaking and saddlery were separated from the leather industry. In the 16th–17th centuries, the spinning wheel itself became widespread in Europe. In 1600 the tape loom was invented.

To improve tools, improved smelting and processing of iron was crucial. At first, iron was produced in a very primitive way. In the 14th century, water wheels began to be used to power bellows for blowing and heavy hammers for crushing ore. With increased draft in furnaces, instead of a malleable mass, a fusible mass—cast iron—began to be obtained. With the use of gunpowder in warfare and the advent of firearms (in the 14th century), a lot of metal was required for cannonballs; from the beginning of the 15th century they began to be cast from cast iron. More and more metal was needed to make agricultural and other tools. In the first half of the 15th century, the first blast furnaces appeared. The invention of the compass contributed to the further development of shipping and navigation. The invention and spread of printing was of great importance.

The development of crafts and the gradual improvement of craft tools prepared the conditions for the emergence of capitalist manufactories.

In China, productive forces and culture reached significant development already in the 6th-11th centuries, surpassing in many respects Europe of that time. The Chinese were the first to invent the compass, gunpowder, writing paper, and printing in its simplest form. In the 11th century, there were over 2 thousand cities in China, of

which cities such as Canton and Hangzhou each had one million inhabitants.

The general course of development of productive forces in the feudal era is presented as follows: “Further improvement in the smelting and processing of iron; the spread of the iron plough and loom; further development of agriculture, gardening, winemaking, oil production; the emergence, along with craft workshops, of manufacturing enterprises—these are characteristic features of the state of the productive forces”¹.

However, the development of productive forces increasingly came up against the narrow framework of production relations of feudal society. The productivity of forced peasant labour was extremely low. In the city, the growth of artisan labour productivity encountered obstacles created by guild statutes and rules. The feudal system was characterised by a slow pace of development of production, routine, and the power of tradition.

The productive forces that grew within feudal society required new relations of production.

The Emergence of Capitalist Production in the Depths of the Feudal System. The Role of Trading Capital.

During the era of feudalism, there was a gradual development of commodity production—urban crafts and peasant farming increasingly involved in exchange.

¹ J. V. Stalin, On dialectical and historical materialism, Questions of Leninism, ed. II, 1952, p. 595.

The production of small artisans and peasants, based on private property and personal labour, creating products for exchange, is called simple commodity production.

As already mentioned, a product produced for exchange is a commodity. Individual commodity producers spend unequal amounts of labour on the production of identical goods. This depends on the different conditions in which they have to work; commodity producers who have more advanced tools spend less labour on the production of the same commodity compared to other commodity producers. Along with differences in the tools of labour, differences in the strength, dexterity, skill of the worker, etc. are also important. But the market does not care about the conditions under which and with what tools this or that product is produced. The same amount of money is paid for identical goods on the market, regardless of the individual working conditions in which they were produced.

Therefore, commodity producers whose individual labour costs are higher than average due to worse production conditions, when selling their goods, cover only a part of these costs and go bankrupt. On the contrary, commodity producers whose individual labour costs, thanks to better production conditions, are below average, find themselves in an advantageous position when selling their goods and become richer. This increases competition. There is a stratification of small commodity producers: the majority of them are increasingly poorer, and a small part is getting richer.

A major obstacle to the development of commodity production was state fragmentation under feudalism. The feudal lords, at their own discretion, set duties on imported goods, collected tribute for travel through their possessions, and thus created serious obstacles to the development of trade. Trade needs and generally economic development of society caused the need to eliminate feudal fragmentation. The growth of handicraft and agricultural production, the development of the social division of labour

between city and countryside led to strengthening economic ties between different regions within the country and to the formation of a national market. The formation of a national market created economic prerequisites for the centralisation of state power. The emerging urban bourgeoisie was interested in eliminating feudal barriers and stood for the creation of a centralised state.

Relying on a broader stratum of lowly noble landowners, on “the vassals of their vassals,” as well as on the rising cities, the kings inflicted decisive blows on the feudal nobility and strengthened their position. They became not only nominal, but also actual rulers in the state. Large national states emerged in the form of absolutist monarchies. Overcoming feudal fragmentation and the creation of centralized state power contributed to the emergence and development of capitalist relations.

The formation of the world market was also of great importance for the emergence of the capitalist system.

In the second half of the 15th century, the Turks captured Constantinople and the entire eastern part of the Mediterranean Sea. The most important artery along which trade routes passed between Western Europe and the East was cut. In search of a sea route to India, Columbus discovered America in 1492, and in 1498, Vasco da Gama, having travelled around Africa, discovered a sea route to India.

As a result of these discoveries, the centre of gravity of European trade moved from the Mediterranean Sea to the Atlantic Ocean, and the role of sea in the trade passed to the Netherlands, England, France. Russia played a prominent role in European trade.

With the emergence of world trade and the world market, crafts were unable to satisfy the increased demand for goods. This accelerated the transition from small-scale craft production to large-scale capitalist production based on the exploitation of wage workers.

The transition from the feudal mode of production to the capitalist one was accomplished in two ways: on the one hand, the stratification of small commodity producers gave rise to capitalist entrepreneurs, on the other hand, commercial capital in the person of merchants directly subordinated production to itself.

Guilds could limit competition and stratification of artisans while commodity production was poorly developed. As exchange developed, competition became stronger. Craftsmen who worked in a wider market, partly sought to abolish guild restrictions, and partly simply bypassed them. They extended the workday of apprentices and students, increased their number, and used more productive labour methods. The richest masters gradually turned into capitalists, and the poor masters, students and apprentices into hired workers.

Merchant capital, disintegrating the natural economy, contributed to the emergence of capitalist production. Merchant capital initially acted as an intermediary in the exchange of goods of small producers—artisans and peasants—and in the sale by feudal lords of part of the surplus product they appropriated. Subsequently, the merchant was no longer limited to the import and sale of goods. He began buying the goods they made from small manufacturers and then resold them on a wider market. The merchant thereby became a buyer. With the growth of competition and the emergence of a buyer, the position of the mass of artisans changed significantly. Impoverished craftsmen were forced to turn to a merchant-buyer for help, who lent them money, raw materials and materials on the condition that finished products were sold to him at a predetermined, low price. Thus, small producers became economically dependent on commercial capital.

Gradually, many impoverished craftsmen found themselves so dependent on the rich buyer. The buyer gave them raw materials, such as yarn, to be cut into fabric for a certain fee and thus turned into a distributor.

The ruin of the artisan led to the fact that the buyer supplied him not only with raw materials, but also with tools. Thus, the artisan was deprived of the last semblance of independent existence and finally turned into a hired worker, and the buyer became an industrial capitalist.

Yesterday's artisans, gathered in the capitalist's workshop, performed the same work. Soon, however, it was discovered that some of them were better at some operations, others at other operations. Because of this, it was more profitable to entrust to everyone exactly that part of the work in which he was most skilled. Thus, in workshops with a more or less significant number of workers, division of labour was gradually introduced.

Capitalist enterprises that employ hired workers who work manually on the basis of division of labour are called manufactures.¹

The first manufactories appeared in the 14th-15th centuries in Florence and some medieval city-republics of Italy. Then, in the 18th centuries, manufactories of various branches of production—cloth, arc, silk, watchmaking, weapons, glass—spread throughout all European countries.

In Russia, manufactories began to emerge in the 17th century. At the beginning of the 18th century, under Peter I, they began to disperse at a faster pace. Among them were the manufacture of weapons cloth, silk and others. Ironworks, mines, and salt-works were created in the Urals.

Unlike Western European manufactories, which were based on hired labour, Russian enterprises in the 17th-18th centuries used civilian labour, but the labour of serfs and assigned workers predominated. From the end of the 18th century, manufactories

¹ The word "manufacture" literally means manual labor.

based on civilian labour began to spread widely. This process especially intensified in the last decades before the abolition of serfdom.

Thus, capitalist production arose in the depths of the feudal system.

The process of disintegration of feudal relations also took place in the countryside. With the development of commodity production, the power of money increased. The feudal serfs transferred quitrents and other duties from kind to monetary ones. Peasants had to sell the products of their labour and pay the proceeds to the feudal lords. The peasants had a constant need for money. Buyers and moneylenders used this to enslave the peasants. Feudal oppression intensified, the position of the serfs worsened.

The development of monetary relations gave a strong impetus to the differentiation of the peasantry, that is, its stratification into various social groups. The overwhelming majority of the peasantry became poor, suffocated from overwork and went bankrupt. Along with this, world-eating kulaks began to appear in the village, exploiting fellow villagers through extortionate loans and buying agricultural products, livestock, and equipment from them for next to nothing.

The Initial Accumulation of Capital. The Forced Dispossession of Peasants. The Accumulation of Wealth.

Capitalist production presupposes two basic conditions: 1) the presence of a mass of poor people, personally free and at the same time deprived of the means of production and means of subsistence and, in silhouette, forced to hire out to work for capitalists, and 2) the accumulation of monetary wealth necessary for the creation of large capitalist enterprises.

We saw; that the breeding ground for capitalism was small commodity production based on private property with its competition, bringing enrichment to a few and ruin to the majority of small producers. But the slowness of this process did not meet the needs of the new world market created by the great discoveries of the late twentieth century. The emergence of the capitalist mode of production was accelerated by the use of the crudest methods of violence on the part of large landowners, the bourgeoisie and state power in the hands of the exploiting classes; violence, as Marx put it, played the role of a midwife, accelerating the birth of a new, capitalist mode of production.

Bourgeois scholars idyllically depict the history of the emergence of the capitalist class and the worker class. In ancient times, they say, there was a group of diligent and thrifty people who accumulated wealth through their labour. On the other hand, there were a lot of lazy people, idle people who squandered all their wealth and turned into poor proletarians.

These fables of the defenders of capitalism have nothing to do with reality. In fact, the formation of the mass of poor people—proletarians—and the accumulation of wealth in the hands of a few occurred through the forcible deprivation of small producers of the means of production. The process of separating producers from the means of production (from land, from instruments of production, etc.) was accompanied by an endless series of robberies and cruelties. This process is called the initial accumulation of capital, since it preceded the creation of large-scale capitalist production.

Capitalist production achieved significant development first of all in England. In this country, since the end of the 15th century, there has been a painful process of forced land dispossession of peasants. The immediate impetus for this was the increased demand for wool from large cloth factories that arose first in Flanders, and then in England itself. Landowners began to breed large herds of sheep. Pastures were needed for sheep farming. The

feudal lords drove the peasants out of the snowy areas in droves, seized the lands that were in their constant use, and turned the arable land into pastures.

The expulsion of peasants from the land was carried out in various ways, and primarily through the open seizure of communal lands. Landowners fenced off lands that were in the hands of communities and individual peasants. Everything that was inside the fence was declared the property of the landowner. If the peasants tried to reclaim the land illegally seized from them, the armed force of the state came to the aid of the feudal lord. In the 18th century, state authorities began to issue laws on "land fencing," sanctifying the robbery of peasants. Landowners and defenders of their interests called this "cleansing of estates." In fact, it was the cleansing of lands from the peasants who inhabited them, the forced expropriation of small producers.

Ruined and robbed peasants made up countless crowds of poor people who filled the cities, villages and roads of England. Having no means of subsistence, they begged; the state authorities issued bloody laws against those expropriated. These laws were exceptionally cruel. Thus, during the reign of the English king Henry VIII (16th century), 72 thousand peasants were executed for "vagrancy". In the 18th Century, "tramps" and homeless people who were subject to the death penalty were imprisoned in "workhouses," which earned the reputation of "houses of horror." Thus, the bourgeoisie tried to accustom the rural population, deprived of land and turned into vagabonds, to the discipline of wage labour.

In Tsarist Russia, which embarked on the path of capitalist development later than other European countries, the separation of the producer from the means of production was carried out in the same ways as in other countries. In 1861, the tsarist government, under the threat of peasant uprisings, was forced to abolish serfdom.

This reform was a grand robbery of the peasants. The landowners seized two-thirds of the land, leaving only a third in use. The most convenient lands, as well as, in some cases, pastures, watering places, roads to the fields, etc., which were in the use of the peasants, were cut off by the landowners. In the hands of the landowners, "cut-offs" became a means of enslaving the peasants, who were forced to rent these lands from the landowners at the most difficult conditions. The law, having declared the personal freedom of the peasants, temporarily preserved *corvée* and *quitrent*. For the received reduced allotment of land, the peasant was obliged to bear these duties in favour of the landowner until the land was redeemed. The size of the redemption payments was calculated based on inflated land prices and amounted to about two billion rubles .

Describing the peasant reform of 1861, Levin wrote: "This is the first mass violence against the peasantry in the interests of emerging capitalism in agriculture. This is the landowners' "cleansing of the lands" for capitalism" ¹.

By dispossessing the peasants, a double result was achieved. On the one hand, the land became the private property of a relatively small group of landowners. Estate feudal ownership of land turned into bourgeois property. On the other hand, an abundant influx of free workers into industry was ensured, ready to become capitalists.

For the emergence of capitalist production, it was necessary, in addition to the availability of cheap labour, the accumulation in a few hands of large wealth in the form of sums of money that could be converted into any means of production and used to hire workers.

¹ V.I. Lenin, The agrarian program of democracy in the first Russian revolution of 1905-1907, Works, vol. 18, ed. 4, p. 250.

In the Middle Ages, great monetary wealth was accumulated by merchants and moneylenders. These wealth subsequently served as the basis for the organisation of many capitalist enterprises.

The conquest of America brought untold wealth to the conquerors, which began to grow even faster as a result of the exploitation of the richest mines of precious metals. The mines needed workers, the native population—the Indians died in droves, unable to withstand the hard labour conditions.

European merchants also organised a hunt for blacks in Africa, which was carried out according to all the rules of hunting for wild animals. The trade in blacks taken from Africa and turned into slaves was extremely profitable. The profits from the slave trade reached fabulous proportions. On the cotton plantations of America of fabulous size. Black slave labour began to be widely used on the cotton plantations of America.

Colonial trade was also one of the most important sources for the formation of large fortunes. To trade with India, Dutch, English and French merchants organised East India companies. These companies had the support of their governments. They were given a monopoly on the trade of colonial goods and the right to unlimited exploitation of the colonies using any measures of violence. The profits of the East Indian companies amounted to hundreds of per cent per goal. In Russia, large profits were brought to merchants by predatory trade with the population of Siberia and the predatory system of wine farming, which consisted in the fact that the state granted private entrepreneurs, for a certain fee, the right to produce and sell alcoholic beverages.

As a result, enormous monetary wealth was concentrated in the hands of merchant and usurious capital.

Thus, at the cost of robbery and ruin of the mass of small producers, the monetary wealth necessary for the creation of large capitalist enterprises was accumulated.

Characterising this process, Marx wrote: “New-born capital exudes blood and dreams from all its pores, from head to toe”¹.

The Revolt of Serfs. The Bourgeois Revolutions. The Demise of the Feudal System.

The struggle of the peasantry against the feudal landowners took place throughout the entire era of feudalism, but it reached particular severity towards the end of this era.

France in the 14th century was engulfed by the peasant Zoina, who went down in history under the name “Jacquerie.” The emerging bourgeoisie of the cities was at first subject to this movement, but at a decisive moment withdrew from it.

In England, at the end of the 14th century, a peasant uprising broke out, sweeping most of the country. Armed peasants led by Watt Tyler marched across the country, destroying landowners’ estates and monasteries, and captured London. But Tyler was treacherously killed, and the masses were left without a leader. Believing the promises of the king and the feudal lords, the rebels went home. After this, punitive expeditions passed through the villages, committing brutal reprisals against the peasants.

Germany at the beginning of the 16th century was engulfed in a peasant war, supported by the urban lower classes. The rebels were led by Thomas Münzer. The peasants demanded the abolition of noble arbitrariness and violence.

In Russia, the peasant wars led by Stepan Razin in the 17th century and Emelyan Pugachev in the 18th century were especially large. The rebellious peasants sought the abolition of serfdom, the transfer of landowners’ and state-owned lands to them, and the

¹ K. Marx, Capital, vol. 1, 1951, p. 764.

elimination of the rule of the landowners. The aggravation of the crisis of the feudal-serf economic system in the 15th and 16th century was expressed in a wide wave of peasant uprisings on the eve of the reform of 1861.

Huge-scale peasant wars and uprisings took place for hundreds of years in China. The Taiping uprising during the Qing dynasty (mid-19th century) engulfed the multi-million masses of the peasantry. The rebels occupied the ancient capital of China, Nanjing. The Taiping agrarian law proclaimed equality in the use of land and other property. The state organisation of the Taipings uniquely combined monarchy with peasant democracy, which is typical of peasant movements in other countries.

The revolutionary significance of the peasant uprisings lay in the fact that they shook the foundations of feudalism and ultimately led to the abolition of serfdom.

The transition from feudalism to capitalism in Western European countries took place through bourgeois revolutions. The struggle of the peasants against the landowners was used by the rising bourgeoisie in order to accelerate the death of the feudal system, replace feudal exploitation with capitalist exploitation, and seize power into their own hands. In bourgeois revolutions, peasants made up the bulk of the fighters against feudalism. This was the case in the first bourgeois revolution in the Netherlands (Holland and Belgium) in the 16th century. This was the case in the English revolution of the 17th century. This was the case in the bourgeois revolution in France at the end of the 18th century.

The bourgeoisie took advantage of the fruits of the revolutionary struggle of the peasantry, climbing to power on their shoulders. The peasants were strong in their hatred of their oppressors. But the peasant uprisings were spontaneous. The peasantry, as a class of small private owners, was fragmented and could not create a clear program or a strong, broken organisation for the struggle. Peasant uprisings can lead to success only if they

are combined with the workers' movement and if the workers lead the peasant uprisings. But during the period of the bourgeois revolutions of the 17th and 18th centuries, the working class was still weak, small in number and unorganised.

In the depths of feudal society, more or less ready-made forms of the capitalist structure matured, a new exploiting class grew up—the class of capitalists—and along with this, masses of people deprived of the means of production – proletarians—appeared.

In the era of bourgeois revolutions, the bourgeoisie used against feudalism the economic law of mandatory correspondence of production relations to the nature of the productive forces, overthrew feudal production relations, created new, bourgeois production relations and brought production relations into conformity with the nature of the productive forces that had matured in the depths of feudalism.

Bourgeois revolutions put an end to the feudal system and established the dominance of capitalism.

The Economic Views of the Era of Feudalism

The economic views of the feudal era reflected the prevailing social relations at that time. In feudal society, all mental marriage was under the control of the clergy and proceeded in a religious-scholastic form. Therefore, discussions of the economic life of that time left special sections in theological treatises.

The economic and other views of the feudal era in China during many peaks were determined by the teachings of Confucius. Confucianism as a religious ideology arose in the 5th century BC, then turning into the official religion of the ruling feudal nobility. The socio-economic views of Confucianism boil down to the sanctification of a feudal state under the rule of a monarch and require strict preservation of the class feudal hierarchy both in the state structure and in family life. According to Confucius, “The dark people must obey the aristocrats and the sages. The disobedience of a commoner to

a superior is the beginning of disorder.” Confucius and his followers, defending the interests of feudal exploiters, idealized the most backward, conservative forms of economy.

One of the ideologists of the feudal lords in medieval Europe—Thomas Aquinas (XIII century)—attempted to justify the need for a feudal society by divine law. Recognize feudal property as necessary and reasonable and declare serfs to be slaves. Thomas Aquinas, at the same time, in contrast to the ancient slave owners, argued that “in his spirit the slave is free” and therefore the master has no right to kill the slave. Labour is no longer considered unworthy of a free man. Thomas Aquinas considered physical labour as menial labour, and mental labour as noble labour. In such a division he saw the basis for the class division of society. His views on wealth showed the same feudal-class approach. Each person should have wealth in accordance with the position he occupies on the feudal hierarchical ladder. From this point of view, the teaching of medieval theology about the so-called “fair” price is characteristic. A “fair” price should reflect the amount of labour expended in producing the good and the class position of the producer.

The medieval defenders of the “fair” price did not at all object to the profit of merchant profit. They only sought to introduce profit within a framework in which it would not threaten the economic existence of other classes. They condemned usury as a low and immoral occupation. However, with the development of commodity production and exchange, the clergy themselves began to take part in usury operations, at the same time, the attitude of the church towards usury became more and more tolerant.

The class struggle of the oppressed and exploited masses against the ruling classes of feudal society developed for a number of centuries in a religious form. The demands of the exploited peasants and apprentices were purely justified by quotations from the Bible. All kinds of sects were widespread. The Catholic Church and the Inquisition brutally persecuted “heretics” and burned them at the stake.

With the development of the class struggle, the religious form of the movement of the oppressed masses receded into the background, and the revolutionary character of this movement became more and

more clear. The peasants demanded the abolition of serfdom, the abolition of feudal privileges, the establishment of equality, the abolition of estates, etc.

During the peasant wars in England, the Czech Republic, and Germany, the slogans of the rebels took on an increasingly radical character. The desire of the exploited masses of the countryside and city for equality was expressed in the demand for community of property. It was a desire for equality in consumption. Although the demand for community of property was impracticable, it had revolutionary implications in that non-Doric era, since it raised the masses to fight against feudal oppression.

Towards the end of the books of the feudal era, the early socialist utopians appeared - the Englishman Thomas More, who wrote the book "Utopia" (XVI century), and the Italian Tomaso Campanella, whose book is called "The City of the Sun" (XVII century). Seeing the growing inequality and contradictions of their contemporary society, these thinkers in a unique form presented their views on the causes of social disasters: they gave a description of the ideal, in their opinion, social orders in which these disasters would be eliminated.

The books of these utopians describe a social system free from private property and all the vices that accompany it. Everyone in this society is engaged in both handicraft and agricultural work. All residents work six or even four hours a day, and their pile of fruits is quite enough to satisfy all needs. Products are distributed according to needs. Raising children is a public matter.

The works of More and Campanella played a progressive role in the development of social thought. They maintained employment that was significantly ahead of the development of society at that time. But More and Campanella did not know the laws of social development; their ideas were impracticable and utopian. At that time, social inequality could not be eliminated: the level of productive forces required a transition from feudal exploitation to capitalist exploitation.

The emergence of capitalism dates back to the 16th century. The first attempts to comprehend and explain a number of phenomena of capitalism date back to this century. This is how the direction of

economic thought and politics, known as mercantilism, was born and developed in the 16th–18th centuries.

Mercantilism originated in England, then it appeared in France, Italy and other countries. The mercantilists raised the question of the country's wealth, the forms of wealth and the ways of its growth.

This was a time when capital—in the form of merchant and usurious capital—dominated the sphere of trade and credit. In the field of production, he took only the first steps, founding manufactories. After the discovery and conquest of America, a flood of precious metals poured into Europe. Gold and silver were then continuously redistributed between individual European states, both through wars and through foreign trade.

In their understanding of the nature of wealth, the mercantilists proceeded from the superficial phenomena of collapse. They focused not on production, but on trade and money circulation, especially the movement of gold and silver.

In the eyes of mercantilists, the only true wealth was not social production and its products, but money—gold and silver. The mercantilists demanded that the state actively intervene in economic life so that as much money as possible would flow into the country and as little as possible would leave its borders. The early mercantilists sought to achieve this through purely administrative measures of prohibiting the export of money from the country. Later mercantilists considered it necessary to expand foreign trade for these purposes. Thus, the English representative of mercantilism, Thomas Men (1571-1641), a major merchant and director of the East India Company, wrote: "The usual means of increasing our wealth and our treasures is non-strange trade, in which we must always adhere to the rule of selling annually to foreigners of their goods for a large amount. Than we consume their goods."

The mercantilists expressed the interests of the bourgeoisie emerging in the depths of feudalism, seeking to accumulate wealth in the form of gold and silver through the development of foreign trade, colonial robberies and trade wars, and the enslavement of backward peoples. In connection with the development of capitalism, they began to demand that state power patronize the development of industrial enterprises—manufactories. Export premiums were

established, which were paid to merchants selling goods on the foreign market. Import duties soon became even more important. With the development of manufactories and then factories, the imposition of duties on imported goods became the most common measure to protect domestic industry from foreign competition.

This protective policy is called protectionism. In many countries it persisted long after the ideas of mercantilism had been overcome.

In England, protective duties were of great importance in the 16th and 17th centuries, when it was threatened by competition from the more developed manufactories of the Netherlands. Since the 18th century, England has firmly gained industrial leadership. Other, less developed countries could not compete with it. In this regard, the ideas of free trade are beginning to make their way into England.

A different situation arose in countries that entered the capitalist path later than England. So in France in the 17th century, the minister of Louis XIV Colbert, who actually ruled the country, created a widely ramified system of state patronage of manufactories. His system included high import duties, a ban on the export of raw materials, the establishment of a number of new industries, the creation of companies for foreign trade, etc.

Mercantilism played a progressive role for its time. Protectionist policies, inspired by the ideas of mercantilism, greatly contributed to the spread of manufacturing. But the Mercantilist's views on wealth reflected the then underdevelopment of capitalist production. The further development of capitalism increasingly revealed the inconsistency of the mercantile system.

In Russia in the 17th-18th centuries, the feudal-serf system of economy dominated. The economy was basically natural. At the same time, trade and crafts developed significantly, a national market was formed, and manufactories began to emerge. These economic changes in the country contributed to the strengthening of absolutism in Russia.

Reflecting the historical and economic characteristics of the country, representatives of Russian economic thought developed some ideas of mercantilism. However, unlike many Western European mercantilists, they attached great importance not only to trade, but also to the development of industry and agriculture.

The economic views of that time found their expression in the works and activities of the 17th century Russian statesman A. L. Ordyn Nashokin, in the economic policies of Peter I, in the works of the largest Russian economist of the early 18th century I. T. Pososhkov.

In his work "The Book of Poverty and Wealth" (1724), I. T. Pososhkov outlined an extensive program for the economic development of Russia and gave a detailed justification for this program. Pososhkov argued for the need to carry out a number of economic events in Russia, pursuing the goal of patronizing the development of domestic industry, trade, agriculture, and improving the country's financial system.

In the last third of the 18th century in Russia there was a tendency towards the decomposition of feudal-serf relations, which sharply intensified in the first quarter of the 19th century, and later developed into a direct crisis of serfdom.

The founder of the revolutionary-democratic trend in social thought in Russia, A. N. Radishchev (1749-1802), was an outstanding economist of his time. Decisively speaking out against serfdom, in defence of the lost peasantry, Radishchev gave a devastating critique of the serfdom system, exposed the exploitative nature of the wealth of landowners, serf owners, factory owners and traders, and substantiated the ownership of the land of those who cultivate it with their labour. Radishchev was firmly convinced that autocracy and serfdom could only be eliminated through revolutionary means. He developed a progressive system of economic measures of his time, the implementation of which would ensure Russia's transition to a bourgeois-democratic system.

The Decembrists, who spoke out in the first half of the 19th century, were revolutionary figures of that historical period in Russia when the need to replace feudalism with capitalism was brewing. They directed the edge of their criticism against serfdom. Speaking as ardent champions of the broken productive forces of Russia, they considered the most important condition for this development to be the abolition of serfdom and the emancipation of the peasants. The Decembrists not only put forward the slogan of fighting serfdom and autocracy, but also organised an armed uprising against the absolutist monarchy. P.I. Pestel (1793-1826) developed an original project for

solving the agrarian issue in Russia. In a kind of constitution drawn up by Pestel, which he called “Russian Truth,” it was envisaged that the peasants would be immediately and completely liberated from serfdom, as well as economic measures aimed at protecting the interests of the peasants in the future. For these purposes, Pestel considered it necessary to create a special public land fund, from which each peasant could receive free of charge for his use the land necessary for his existence. This fund should be formed at the expense of part of the land that serfdom contributed to the growth of the revolutionary movement in Russia.

In the conditions of the decomposition of feudalism and the emergence of the capitalist system, the ideology of the bourgeoisie took shape, rising to its dominance. This ideology was directed against the feudal system and against religion as an ideological weapon of the feudal lords. Because of this, the worldview of the bourgeoisie fighting for power in a number of countries was progressive. Its most prominent representatives—economists and philosophers—strongly criticized all the foundations of feudal society: economic, political, religious, philosophical and moral. They played a major role in the ideological preparation of the bourgeois revolution, exerting a progressive influence on the development of science and art.

BRIEF SUMMARY

1. Feudalism arose on the basis of the collapse of slave-owning society and the decomposition of the rural community of tribes that conquered slave states. In those countries where there was no slave system, feudalism arose on the basis of the decomposition of the primitive communal system. The clan nobility and military leaders of the tribes seized a large amount of land into their hands and distributed them to their associates. There was a gradual enslavement of the peasants.

2. The basis of the production relations of feudal society was the feudal lord’s ownership of the means of production, primarily land, and incomplete ownership of the production worker—the

serf. Along with feudal property, there was the sole ownership of the peasant and artisan, based on personal labour. The labour of serfs was the basis of the existence of society. Serf exploitation was expressed in the fact that the peasants were forced to serve the feudal lord as corvée or pay him rent in kind and money. Serfdom, in its severity for the serf, often differed little from slavery. However, the serf system opened up some opportunities for the development of productive forces, since the peasant could work on his own farm for a certain part of the time and had some interest in work.

3. The basic economic law of feudalism consists in the appropriation of the surplus product by the feudal lords for their personal consumption through the exploitation of dependent peasants on the basis of the feudal lord's ownership of the land and his incomplete ownership of production workers—serfs.

4. Feudal society, especially during the early Middle Ages, was fragmented into small principalities and states. The dominant classes of feudal society were the nobility and the clergy. The peasant class had no political rights. Throughout the history of feudal society, there was a class struggle between peasants and feudal lords. The feudal state, expressing the interests of the nobility and clergy, was an active force that helped them strengthen their right to feudal ownership of land and increase the exploitation of disenfranchised and oppressed peasants.

5. In the era of feudalism, agriculture played a predominant role, and farming was mainly subsistence in nature. With the development of the social division of labour and exchange, old cities that had survived the fall of the slave system were revived, and new cities arose. The cities were centres of crafts and trade. The craft was organised into guilds that sought to prevent competition. Merchants united and merchant guilds.

6. The development of commodity production, decomposing the natural economy, led to the differentiation of peasants and

artisans. Merchant capital accelerated the decomposition of crafts and contributed to the emergence of capitalist enterprises—manufactures. Feudal restrictions and fragmentation hampered the growth of commodity production.

In the course of further development, a national market was formed. A centralized feudal state arose in the form of absolutist monarchies.

7. The initial accumulation of capital prepared the conditions for the emergence of capitalism. Huge masses of small producers—peasants and artisans—were deprived of their means of production. Large monetary wealth, concentrated in the hands of large landowners, merchants, and moneylenders, was created through the forced dispossession of the peasantry, colonial trade, taxes, and slave trade. This accelerated the formation of the main classes of capitalist society: wage workers and capitalists. In the depths of feudal society, more or less ready-made forms of the capitalist structure grew and matured.

8. Uprisings of serfs undermined the feudal system and led to the abolition of serfdom. The bourgeoisie used the revolutionary struggle of the peasants against the feudal lords to seize power into their own hands. Bourgeois revolutions put an end to the feudal system and established the dominance of capitalism.

SECTION TWO. THE CAPITALIST MODE OF PRODUCTION

A. The Pre-Monopoly Capitalism

CHAPTER IV. THE COMMODITY PRODUCTION. THE GOODS AND MONEY

The Commodity Production is the Starting Point of the emergence and a Common Feature of Capitalism.

The capitalist mode of production, which replaced the feudal mode of production, is based on the exploitation of the class of wage workers by the capitalist class. To understand the essence of the capitalist mode of production, it is necessary first of all to keep in mind that the capitalist system is based on commodity production: here everything takes the form of a commodity, the principle of purchase and sale prevails everywhere.

Commodity production is older than capitalist production. It existed under the slave system and served it, but did not lead to capitalism. It existed under feudalism and served it, but did not lead to capitalism, although it prepared some conditions for capitalist production.

Commodity production leads to capitalism only if there is private ownership of the means of production and if labour power appears on the market as a commodity that the capitalist can buy and exploit in the production process.

Simple commodity production presupposes, firstly, the social division of labour, in which separate, isolated producers create heterogeneous products and, secondly, the presence of private ownership of the means of production and the products of labour.

Simple commodity production of artisans and peasants differs from capitalist production in that it is based on the personal labour of the commodity producer. At the same time, it is basically the same type as capitalist production, since it is based on private ownership of the means of production. Private property inevitably

gives rise to competition between commodity producers, which leads to the enrichment of the minority and the ruin of the majority. In view of this, small-scale commodity production serves as the starting point for the emergence of capitalist relations.

Under capitalism, commodity production takes on a dominant, universal character. The exchange of goods, Lenin wrote, is the simplest, most common, basic, most widespread, most common, billions of times encountered, relationship of bourgeois (commodity) society”¹.

The Product and Its Properties, the Dual Nature of Labour Embodied in the Product.

A commodity is a thing that, firstly, satisfies some human need and, secondly, is produced not for one’s own consumption, but for exchange. When selling a product, the owner of the product loses ownership of it, and the buyer becomes the owner of the product.

The usefulness of a thing, its properties, thanks to which it can satisfy one or another need of people, make the thing a use value. Use value can either directly satisfy a person’s personal needs or serve as a means of producing material goods. For example, bread satisfies the need for food, cloth satisfies the need for clothing; The use value of a loom is that it produces fabrics. In the course of historical development, man discovers more and more useful properties of things and ways of using them.

Many things that are not created by human labour have use value, such as water at a source. fruits of wild trees. But not everything that has use value is a commodity. In order for a thing to become a commodity, it must be a product of labour produced for

¹ V. I. Lenin, On the question of dialectics, Works, vol. XIII, ed. 3, p. 302.

sale. Use value forms the material content of wealth, whatever its social form.

In a commodity economy, use value is the bearer of the exchange value of a commodity. Exchange value is prev. is expressed primarily as a quantitative relation in which use values of one kind are exchanged for use values of another kind. For example, one axe is exchanged for 20 kilograms of grain. In this quantitative relation of the exchanged goods their exchange value is expressed. Goods in certain quantities are equated to each other, therefore, they have a common basis. This basis cannot be any of the physical properties of goods—their weight, volume, shape, hardness, etc. The physical properties of goods determine their usefulness and use value, and the use value of goods is incomparable and quantitatively incommensurable.

Various goods have only one common property that makes them comparable to each other in exchange, namely, that they are products of labour. The equality of two exchanged goods is based on the social labour spent on their production. When a commodity producer takes an axe to the market, he discovers that his axe is paid for 20 kilograms of grain. This means that the axe costs the same amount of social labour as 20 kilograms of grain cost. Goods of the same value are exchanged. Consequently, the exchange value of a commodity is a form of manifestation of its value. Value is the social labour of commodity producers embodied in a commodity.

That the value of goods is determined by the labour expended in their production is confirmed by generally known facts. Material goods, which are useful in themselves, but do not require labour, have no value, such as air. Material goods that require a lot of labour have a high cost, such as gold and diamonds. Many previously expensive goods became significantly cheaper as advances in technology reduced the amount of labour required to produce them.

Behind the exchange of goods lies the social division of labour between people who are the owners of these goods. Commodity producers, by assigning various goods to one another, thereby equate their various types of labour. Thus, production relations between commodity producers are expressed in value. These relationships are manifested in the exchange of goods.

The product has a dual character; on the one hand, it is use value, and on the other, value. The dual nature of the commodity is due to the effective nature of the labour embodied in the commodity. The types of labour are as varied as the use values produced. The work of a carpenter is qualitatively different from the work of a tailor, shoemaker, etc. Different types of labour differ from each other in their purpose; techniques, tools and, finally, results. A carpenter works with an axe, saw, plane and produces wood products: tables, chairs, cabinets; A tailor makes clothes using a sewing machine, scissors, and a needle. Thus, in each use value a certain type of labour is embodied; in the table is the work of a carpenter, in a suit—the work of a tailor, in shoes—the work of a shoemaker, etc. Labour expended in a certain form is concrete labour. Concrete labour creates the use value of a commodity.

In exchange, a wide variety of goods, created by distinguishable types of concrete labour, are compared and equated with each other. Consequently, behind the various, specific types of labour, something common is hidden, inherent in all labour. Both the work of a carpenter and the work of a tailor. Despite the qualitative difference between these types of labour, it represents a productive expenditure of the human brain, nerves, muscles, etc. and in this sense is the same human labour, labour in general. The labour of commodity producers, appearing as the expenditure of human labour power in general, unforgettable from its concrete forms, is abstract labour. Abstract labour forms the value of a commodity.

Abstract and concrete labour are two sides of labour embodied in a commodity. “All labour is, on the one hand, the expenditure of

human labour power in the physiological sense of the word—and in this quality of the same, or abstractly human, labour forms the value of goods. All labour is, on the other hand, the expenditure of human labour power in a special purposeful form, and in this quality of concrete useful labour it creates use values”¹.

In a society where private ownership of the means of production dominates, the dual nature of labour embodied in a commodity reflects the contradiction between the private and social labour of commodity producers. Private ownership of the means of production separates people and makes the work of an individual commodity producer his private matter. Each commodity producer conducts his business separately from others. The work of individual workers is not coordinated and not coordinated on the scale of the entire society. But, on the other hand, the social division of labour means the existence of a comprehensive connection between producers who work for each other. The more labour is divided in society, the greater the variety of products produced by individual producers, the wider their mutual dependence on each other. Consequently, the labour of an individual commodity producer is essentially social labour and constitutes a part of the labour of society as a whole.

The contradiction of commodity production consists, therefore, in the fact that the labour of commodity producers, being directly their private matter, is at the same time social in nature. But this social character of labour in the production process remains hidden until the product enters the market and is exchanged for another product. Only in the process of exchange is it discovered whether the labour of a particular commodity producer is necessary for society and whether it will receive public recognition.

¹ K. Marx, *Capital*, vol. 1, 1951, p. 53.

Abstract labour, which forms the value of a commodity, is a historical category inherent only in the commodity economy. In a natural economy, people produce their products for exchange, in order to satisfy their needs, as a result of which the social nature of their labour appears directly in its concrete form. For example, the labour of a serf peasant is of interest to the feudal lord mainly as the concrete labour that created certain products, appropriated to them in the form of mutton or quitrent. On the contrary, in commodity production, products are produced not for personal consumption, but for sale. The social nature of labour is revealed only on the market by equating one product to another, and this equating occurs by connecting concrete images of labour to abstract labour that forms the value of the product. This process occurs spontaneously, as if behind the backs of commodity producers.

The Simple and Complex Work. The Socially Necessary Working Hours.

Workers of various qualifications are involved in the production of goods. The work of a worker who does not have any special training is simple labour. Labour that requires special training is complex, or skilled, labour.

Complex labour creates a higher value per unit of time compared to simple labour. The cost of a product created by complex labour also includes part of the labour spent on training the worker. The reduction of all types of complex labour to simple labour is accomplished spontaneously. Complex labour takes on the meaning of multiplied simple labour; an hour of complex labour is equal to several hours of simple labour.

The value of a product is determined by working time. The more time it takes to produce a given product, the higher its cost. It is known that individual commodity producers work in different conditions and spend different amounts of working time on the production of identical goods. Does this mean that the lazier the

worker, the less favourable conditions he works in, the higher the cost of the goods will be? No, that doesn't mean it. The value of a commodity is determined not by the individual labour time spent on the production of a commodity by an individual commodity producer, but by socially necessary labour time.

Socially necessary labour time is the time required to produce any product under average social conditions of production, that is, with an average level of technology, average skill and intensity of labour. Socially necessary working time changes as a result of an increase in labour productivity.

Labour productivity is determined by the amount of products created during working hours. Labour productivity grows as a result of the improvement or more complete use of the tools of production, the development of science, the improvement of worker skill, the rationalisation of labour and other improvements in the production process. The higher labour productivity, the shorter the time required to produce a product, the lower its cost.

The intensity of the pipe is determined by the labour costs per unit of time. The more labour is spent per unit of time, the greater the amount of value created, which is embodied in a greater number of goods produced.

The Development of Forms of Value. The Essence of Money.

The value of a commodity is created by labour in the production process, but it can only manifest itself through the equating of one commodity to another in the process of exchange, that is, through exchange value.

The simplest form of value is the expression of the value of one good in another good: for example, one axe = 20 kilograms of grain. Let's look at this form.

Here the cost of the axe is expressed in grain. The grain serves as a means of expressing the value of the axe. Expressing the value of an axe in the use value of grain is possible only because labour is expended on the production of grain, just like the production of an axe. A product that expresses its value

in another product (in our example, an axe), is in the relative form of value. A commodity whose use value serves as a means of expressing the value of another commodity (in our example, grain) is in an equivalent form. Grain is the equivalent (equal value) of another product—an axe. The use value of one commodity—grain—thus becomes a form of expression for the value of another commodity—an axe.

Initially, exchange, which originated in primitive society, was random in nature and took place in the form of a direct exchange of one product for another. This stage in the development of exchange corresponds to a simple, or random, form of value.

1 axe = 20 kilograms of grain.

With a simple form of value, the value of an axe can only be expressed in the use value of one commodity, in this example grain.

With the growth of the social division of labour, exchange becomes more regular. Individual tribes, for example pastoral tribes, begin to produce a surplus of livestock products, for which they exchange the agricultural products or crafts they lack. This stage in the development of exchange corresponds to the full, or expanded, form of value. The exchange involves not two, but a whole range of goods:

$$1 \text{ sheep} \left\{ \begin{array}{l} = 40 \text{ kilograms of grain,} \\ \text{or} \\ = 20 \text{ meters of canvas,} \\ \text{or} \\ = 2 \text{ axes,} \\ \text{or} \\ = 3 \text{ grams of gold etc.} \end{array} \right.$$

Here the value of a commodity receives its expression in the use value of not one, but many commodities that play the role of an equivalent. At the same time, the quantitative relationships in which goods are exchanged become more constant. However, at this stage the direct exchange of one commodity for another remains.

With the further development of the social division of labour and commodity production, the form of direct exchange of one commodity for another becomes insufficient. In the process of exchange, difficulties arise due to the growing contradictions of commodity production. Increasingly, a situation arises when, for example, the owner of boots needs an axe, while the owner of the axe needs not boots, but grain: a transaction between these two commodity owners cannot take place. Then the owner of the boots exchanges the boots for a commodity that is most often entered into in exchange and everyone willingly takes him, say, for a sheep, and then exchanges the axe he needs for this sheep. The owner of the axe, having received a sheep in exchange for the axe, exchanges it for grain.

The direct exchange of one product for another is gradually disappearing. Among goods, one stands out, for example, cattle, for which all goods begin to be exchanged. This stage in the development of exchange corresponds to the universally developed form of value.

| | | |
|-------------------------|---|---------|
| 40 kilograms of grain = | } | 1 sheep |
| or | | |
| 20 meters canvas = | | |
| or | | |
| 2 axe = | | |
| or | | |
| 3 grams of gold = | | |
| etc. | | |

The general form of value is characterised by the fact that all goods begin to be exchanged for a commodity that plays the role of a universal equivalent. However, at this stage the role of universal equivalent was not yet assigned to any one product. In different areas, the role of universal equivalent was played by different goods. In some places there are livestock, in others there are furs, in others there is salt, etc.

Further growth of productive forces led to the development of commodity production and expansion of the market. The abundance of various goods, playing the role of a universal equivalent, came into conflict with the needs of a growing market, which required a transition to a single equivalent. This role was gradually assigned to noble metals—silver and gold.

When the role of universal equivalent was assigned to one commodity, for example, gold, the monetary form of value arose:

| | | |
|-------------------------|---|------------------|
| 40 kilograms of grain = | } | 3 grams of gold. |
| or | | |
| 20 meters of canvas = | | |
| or | | |
| 1 sheep = | | |
| or | | |
| 2 axes = | | |
| etc. | | |

Now the value of all goods is expressed in the use value of gold, which has become the universal equivalent.

Money is a commodity that is the universal equivalent for all goods; they embody social labour and express production relations between commodity producers. With the emergence of money, the world of goods is divided into two poles, at one pole all ordinary goods remain, at the other pole there is a commodity that plays the role of money.

The Functions of Money.

As commodity production spreads, the functions performed by money develop. In developed commodity production, money serves as: 1) a measure of value, 2) a means of circulation, 3) a means of accumulation, 4) a means of payment and 5) world money.

The main function of money is that it serves as a measure of the value of goods. With the help of money, spontaneous accounting and measurement of the value of all goods is carried out. The value of a commodity cannot be expressed directly in working time, since in conditions of isolation and fragmentation of private commodity producers it is impossible to determine the amount of labour that not an individual commodity producer, but society as a whole spends on the production of a particular commodity. Because of this, the value of a commodity can only be expressed indirectly, by equating the commodity to money in the process of exchange.

To perform the function of a measure of value, money itself must be a commodity and have value. Just as the weight of a body can be measured only with the help of a weight that has weight, so the value of a product can only be measured with the help of a product that has value.

The measurement of the value of goods through gold occurs even before the exchange of this product for money takes place. To express the value of goods in money, there is no need to have cash

on hand. By setting a certain price for a product, the owner mentally, or, as Marche says. ideally, expresses the value of the product in gold. This is possible due to the fact that in reality there is a certain relationship between the value of gold and the value of a given product; this relationship is based on the socially necessary labour spent on their production.

The cost of a product expressed in money is called its price. Price is the monetary expression of the value of a product.

Commodities express their value in certain quantities of silver or gold. These quantities of the monetary commodity must in turn be measured. Hence the need for a unit of measurement for money. Such a unit is a certain weight amount of monetary metal.

In England, for example, the monetary unit meanders through the pounds sterling; it once corresponded to the pound of silver: Subsequently, monetary units were separated from units of weight. This occurred as a result of the borrowing of foreign coins, the transition from silver to collateral, mainly due to the deterioration of coins by governments, which gradually reduced their weight. For convenience, the measured monetary units are divided into smaller parts: the ruble is divided into 100 kopecks, the dollar is divided into 100 cents; franc - per 100 centimes, etc.

The monetary unit with its divisions serves as a price scale. As a standard of prices, money plays a completely different role than as a measure of value. As a measure of value, money measures the value of other goods; as a price scale, it measures the quantity of the monetary metal itself. The value of a money commodity changes along with changes in the amount of labour socially necessary for its production. Changes in the price of gold are not reflected in its price scale function. No matter how the value of gold changes, a dollar is always a hundred times more than a cent.

The state can change the gold content of the monetary unit, but it is not able to change the value relationship between gold and other goods. If the state reduces the amount of gold contained in a

monetary unit, that is, lowers its gold content, then the market will respond to this by increasing prices, and the value of the product will continue to be expressed in the amount of gold that corresponds to the labour spent on this product. Only now it takes more monetary units to express the same amount of gold than before.

The prices of goods can rise or fall or decline under the influence of changes in both the cost of goods, like all other goods, depends on the productivity of labour. Thus, the discovery of America with its rich gold deposits and in particular the discovery of Brazilian mines in the 17th century led to a price revolution. Gold in America was mined with less difficulty than in Europe. The influx of cheaper American gold into Europe caused a general increase in prices.

Money performs the function of a medium of circulation. The exchange of goods carried out with the help of money is called the circulation of goods. The collapse of goods is inextricably linked with the collapse of money itself: when goods pass from the hands of the seller into the hands of the buyer, money passes from the hands of the buyer into the hands of the merchant. The function of money as a means of circulation is that they act as an intermediary in the process of circulation of goods, or money must be present to perform this function.

Initially, when exchanging goods, money was laid out directly in the form of bars of silver or gold. This created difficulties during exchange: the need to weigh the monetary metal, crush it into small parts, and establish the standard.

Gradually, ingots of monetary metal were replaced by coins. A coin is an ingot of metal of a certain shape, weight and denomination, which serves as a legal means of circulation. The minting of coins was concentrated in the hands of the state.

During the circulation process, coins are worn away from use and lose part of their value. The practice of monetary circulation has

shown that worn-out coins can serve as a means of circulation on a par with full-fledged coins. This is explained by the fact that money plays a fleeting role as a medium of exchange. As a rule, the seller of a product takes money in exchange for it in order to buy another product with this money. Consequently, money as a medium of exchange does not necessarily have its own value.

Taking into account the practice of circulating worn-out coins, governments began to deliberately spoil the coin, reduce its weight, reduce the standard of the monetary metal, without changing the face value of the coin, that is, the number of monetary units indicated on it. Coins increasingly turned into a sign of value, into a sign of money. Their actual value is much lower than what they represent nominally.

The division of goods into goods and money marks the development of contradictions in commodity production. With the direct exchange of one product for another, each transaction is polished in nature, the sale is inseparable from the purchase. Another thing is the exchange through money, that is, commodity circulation. Here, exchange presupposes a comprehensive relationship between commodity producers and the incessant interweaving of their transactions. It opens up the possibility of separating the sale from the purchase. A commodity producer can sell his goods and delay the money earned for them for the time being. When many people sell without buying, there may be a delay in the sale of goods. Thus, the possibility of crises is already inherent in simple commodity circulation. However, in order to turn this possibility of crises into their inevitability, a number of conditions are necessary, which are the development of the capitalist mode of production.

Money functions as a means of accumulation, or as a means of creating treasures. Since money is the universal representative of wealth, it can always be converted into any commodity. Money turns into treasure when it is withdrawn from circulation. They can be stored in any quantity. Commodity producers accumulate

money, for example, to purchase a means of production or as savings. The function of treasure can only be performed by full-fledged money: gold and silver coins, gold and silver bars, as well as gold and silver.

Money functions as a means of payment. Money acts as a means of payment in cases where the purchase and sale of goods is made on credit, that is, with deferred payment. When purchasing on credit, the transfer of goods from the hands of the seller to the hands of the buyer occurs without immediate payment for the purchased goods. When the payment deadline for the purchased goods arrives, the money is paid by the buyer to the seller without transfer of the goods, which took place earlier. Money is also a means of payment when paying taxes, land rent, etc.

The function of money as a means of security reflects the further development of the contradictions of commodity production. The connections between individual commodity producers are becoming wider, their dependence on each other is growing. Now the buyer becomes a debtor, the seller turns into a creditor. When many commodity owners buy goods on credit, then failure to pay the money on a bill on time by one or more debtors can affect the entire chain of payment obligations and cause the bankruptcy of a number of commodity owners who have been linked to each other by credit payments. Thus, the possibility of crises, already inherent in the function of money as a means of collapse, is intensified.

Consideration of the functions of money as a means of circulation and as a means of payment makes it possible to clarify the law that determines the amount of money necessary for the circulation of goods.

Goods are bought and sold in many places at the same time. The amount of money required for circulation at a given moment depends primarily on the sum of the prices of the goods in circulation, which in turn depends on the quantity of goods and on

the price of each individual product. In addition, it is necessary to take into account the speed with which money circulates. The faster money circulates, the less it is needed for a collapse, and vice versa. If, for example, during a given period, say, a year, goods worth 1 billion dollars are sold, and each dollar on average makes 5 revolutions, then 200 million dollars will be required to circulate the entire mass of goods.

Thanks to the credit that commodity producers provide to each other, the need for money is reduced by the amount of the prices of goods sold on credit and by the amount of mutually cancelling payments. Cash is required only to pay off those debt obligations for which payment has come due.

Thus, the law of monetary circulation requires that the amount of money necessary for the circulation of goods is equal to the sum of the prices of all goods divided by the average number of turnovers of units of the same name. In this case, from the sum of the prices of all goods, it is necessary to subtract the sum of the prices of goods sold on credit and the sum of mutually cancelling payments and add the sum of payments for which the payment period has come.

This law has universal significance for all social formations with commodity production and circulation.

Finally, money plays the role of world money. The role of world money cannot be played by inferior coins or paper money. On the world market, money sheds its coin form and appears in its original form—bars of precious metals. On the world market, in circulation between countries, gold is a universal means of purchase, a universal means of payment and a universal embodiment of social wealth.

The development of the functions of money expresses the growth of commodity production and its contradictions. Money, in the conditions of commodity production based on private

ownership of the means of production, becomes a means of exploitation of man by man.

The Gold and Paper Money.

When gold coins serve as money, their quantity spontaneously adapts to the needs of trade. With a decrease in the production of goods and a reduction in trade turnover, part of the gold coins disappears from destruction and turns into treasure. When production expands and trade turnover increases, these coins come into circulation again.

With developed commodity production, paper money that replaces them is often used for purchases and payments instead of gold coins. The issuance of paper money was generated by the practice of circulating worn-out and devalued coins, which were turned into tokens of gold, into tokens of money.

Paper money is government-issued, obligatory banknotes that replace gold in its function as a medium of circulation. Paper money has no intrinsic value. Therefore, they cannot serve as a measure of the value of goods. No matter how much paper money is issued, it represents only the value of the amount of gold that is necessary to service trade turnover. Paper money cannot be exchanged for gold.

If paper money is issued in accordance with the amount of gold required for circulation, then the purchasing power of paper money, that is, the number of goods that can be bought with it, coincides with the purchasing power of gold money. But usually the state issues paper money to cover its expenses, especially during wars, crises and other shocks, regardless of the needs of trade turnover. When production and commodity circulation are compressed or when an excessive amount of paper money is issued, they turn out to be more than the amount of gold that is required or circulation. Let's say that twice as much money has been issued as is needed. In this case, each paper monetary unit (dollar, mark, franc, etc.) will

represent half the amount of gold, that is, paper money will depreciate, doubled.

The first attempts to issue paper money date back to the end of the 17th and beginning of the 18th centuries: in the USA—in 1692 (in connection with the war against Canada), in France—in 1716; England embarked on the path of issuing paper money during the Napoleonic wars. In Russia, paper money was first issued under Catherine II.

Excessive issuance of paper money, causing its depreciation and used by the ruling classes to shift government expenses onto the shoulders of the working masses and increase their exploitation, is called inflation. Inflation, causing an increase in food prices, hits workers the hardest, since the wages of workers and employees lag behind the rise in prices. Capitalists and landowners benefit from inflation.

The Law of Value is the Economic Law of Commodity Production.

In a commodity economy based on private property, the production of goods is carried out by isolated private commodity producers. There is a competitive struggle between commodity producers. Each seeks to push the other aside, to maintain and expand its position in the market. Production is carried out outside of any general plan. Each person produces for himself, independently of others; no one knows what the need for the product he produces is, how many other commodity producers are engaged in the production of the same product, whether he will be able to sell the product to them on the market and whether the labour he expended will be reimbursed. With the development of

commodity production, the power of the market over commodity producers is increasingly strengthened.

This means that in commodity production, based on private ownership of the means of production, the economic law of competition and anarchy of production operates. This law expresses the spontaneous nature of production and exchange, the struggle between private commodity producers for more favourable conditions for the production and sale of goods.

In conditions of anarchy that reigns in a commodity economy based on private property, the law of value, acting through market competition, acts as a spontaneous regulator of production.

The law of value is the economic law of commodity production according to which the exchange of goods takes place in accordance with the amount of abstract, socially necessary labour spent on their production.

The law of value spontaneously regulates the distribution of capital goods and means of production between various sectors of the commodity economy through the price mechanism. Under the influence of fluctuations in the relationship between supply and demand, the prices of goods constantly deviate up or down from their value. Deviations of prices from value are not the result of some shortcoming in the operation of the law of value, but, on the contrary, the only possible way of its implementation. In a society where production is in the hands of private owners working blindly, only spontaneous fluctuations in prices on the market let commodity producers know which products have been produced in excess or insufficient quantities compared to the effective demand of the population. Only spontaneous price fluctuations around value force commodity producers to expand or reduce the production of certain goods. Under the influence of price fluctuations, commodity producers rush to those industries that seem profitable at the moment.

On the basis of the law of value, the development of the productive forces of a commodity economy occurs. As is known, the value of a commodity is determined by socially necessary labour. Commodity producers who are the first to use higher technology produce their goods at lower costs compared to socially necessary costs, and they sell these goods at prices corresponding to socially necessary labour. When selling goods, they receive excess money and become rich. This encourages other commodity producers to introduce technical improvements at their enterprises. Thus, as a result of the isolated actions of individual commodity producers striving for personal gain, technological progress occurs and the productive forces of society develop.

As a result of the action of the law of competition and the anarchy of production, the distribution of labour and means of production between industries and the development of productive forces in commodity servility is achieved at the cost of large losses of social labour and leads to an ever greater aggravation of its contradictions.

In the conditions of commodity production based on private property, the action of the law of value leads to the emergence and development of capitalist relations. Spontaneous fluctuations in market prices around value, deviations of individual labour costs from socially necessary labour, which determines the value of a product, increase economic inequality and the struggle between commodity producers. The competitive struggle leads to the fact that one commodity producer goes bankrupt and perishes, while others get richer. The action of the law of value thus causes stratification among commodity producers. Commodity production in the presence of private ownership of the means of production inevitably “gives birth to capitalism and the bourgeoisie constantly, daily, hourly, spontaneously and on a mass scale”¹.

The Commodity Fetishism.

In the conditions of commodity production based on private ownership of the means of production, the social connection between people that exists in the production process is manifested only through the exchange of things-goods. The fate of commodity producers turns out to be closely connected with the fate of the goods they create. Prices for goods are constantly changing regardless of the will and consciousness of people, and yet the price level is often a matter of life and death for commodity producers.

The relationships of things mask the social relationships of people. Thus, the value of a product expresses the social relationship between commodity producers, and it seems to be the same natural property of a product as, let's say, its colour or weight.

Thus, in a commodity economy based on private property, the production relations of people inevitably act as relations between things-commodities. This reification of production relations is where the commodity fetishism inherent in commodity production lies.¹

Commodity fetishism is especially pronounced in money. In a commodity economy, money is a huge force that gives power over people. Money can buy everything. It seems as if this ability to buy everything is a natural property of gold, but in reality it is the result of certain social relations.

¹ V.I. Lenin, Childhood disease of "leftism" in communism, Works, vol. Z1, ed. 4, pp. 7-8.

¹ The reification of production relations, inherent in commodity production, is museum-like "commodity fetishism", similar to religious fetishism, which consists in the deification by primitive people of objects decorated by themselves.

Commodity fetishism has deep roots in commodity production, where the labour of the commodity producer directly acts as private labour and its social character is manifested only in the exchange of goods. Only with the destruction of private property and the means of production does commodity fetishism disappear.

BRIEF SUMMARY

1. The starting point for the emergence of capitalism was the simple commodity production of artisans and peasants. Simple commodity production responds to capitalist production in that it is based on the personal labour of the commodity producer. At the same time, it is of the same type as capitalist production, since it is based on private ownership of the means of production. Under capitalism, not only the products of labour, but also labour power is a commodity; commodity production takes on a dominant, universal character.

2. A commodity is a product produced for exchange. It represents, on the one hand, use value, and on the other, value, Labour. creating a product has a dual character. Concrete labour is labour. expended in a certain form; it creates the use value of the product. Abstract labour is an expenditure of human labour power in general; it creates the value of the product.

3. The contradiction of simple commodity production lies in the fact that the labour of commodity producers, being directly their private matter, at the same time is of a public nature. Value is the bristling labour of commodity producers embodied in a commodity. Value is a historical category inherent only in commodity farming. The value of a commodity is determined by the labour socially necessary for its production.

4. The development of contradictions in commodity production leads to the fact that one commodity spontaneously stands out from the environment of goods and becomes money. Money

represents a 5060 commodity that plays the role of a universal equivalent. Money performs the following functions: 1) measures of value, 2) a means of circulation, a means of accumulation, 4) a means of payment and 5) world money.

5. With the growth of money circulation, paper money appears. Paper Money, having no intrinsic value, is a sign of metallic money and replaces it as a means of circulation. Excessive issuance of paper money, causing its depreciation (inflation), leads to a decrease in the living standards of workers.

6. In a commodity economy based on private ownership of the means of production, the law of competition and anarchy of production operates. The spontaneous regulator of such an economy is the law of value. The law of value regulates the distribution of social labour and the exchange of goods through constant price fluctuations. The action of the law of value determines the stratification of small commodity producers and the development of capitalist relations. Small commodity production under conditions of private ownership of the means of production inevitably gives birth to capitalism.

CHAPTER V. THE CAPITALIST SIMPLE COOPERATION AND MANUFACTURE

The Capitalist Simple Co-operation.

Capitalism first subordinates production to itself. As he finds it, that is, with the backward technology of handicraft and small-peasant farming, and only later, at a higher stage of its development, transforms it on new economic and technical principles.

The development of capitalist production in industry is characterised by the following three main stages: 1) capitalist simple cooperation, 2) the manufacturing period, 3) the machine period.

Capitalist production begins there, where production is concentrated in private hands and workers, deprived of the means of production, are forced to sell their labour power as a commodity. In handicraft production and peasant trades, relatively large workshops are formed, owned by capitalists. The capitalists expand the scale of production without initially changing either the tools or labour methods of small producers. This initial stage in the development of capitalist production is called capitalist simple cooperation.

Capitalist simple cooperation is a form of socialisation of labour in which the capitalist exploits a more or less significant number of simultaneously employed wage workers performing homogeneous work. Capitalist simple fluctuations arise on the basis of the disintegration of small commodity production. The first capitalist enterprises were founded by merchants, moneylenders, wealthy craftsmen, artisans and handicraftsmen. These enterprises also employed bankrupt artisans, apprentices who had lost the

opportunity to become independent craftsmen, and the village poor.

Capitalist simple cooperation has advantages over small-scale commodity production.

The union of many workers in one enterprise provides savings in the means of production. It costs less to build, heat and light one workshop for 20 people than to build and maintain 10 workshops for 2 workers each. Costs for tools, warehouse space, and transportation of raw materials and finished products are also reduced.

The results of the labour of an individual artisan depend entirely on his individual characteristics - strength, dexterity, art, etc. In conventional primitive technology, these differences between workers are very great. For this reason alone, the position of the small producer is extremely precarious. Commodity producers who spend more labour on the production of the same type of commodity than is required under average production conditions inevitably go bankrupt. If there are many workers in the workshop, individual differences between them are smoothed out. The labour of individual workers deviates in one direction or another from the average social labour, but the total labour of many simultaneously employed workers more or less corresponds to the average socially necessary labour. Because of this, the production and marketing of goods in a capitalist workshop acquire greater regularity and strength.

With simple cooperation, labour savings are achieved and productivity increases.

Let's take an example such as handing bricks along a chain of workers. Each individual worker here makes movements; his actions constitute one and the same movement, but his actions form part of one general operation. As a result, things go much faster than when everyone moves the brick individually. Ten people working together produce more during a working day than the same ten

people working separately from each other, or than one person and ten working days of the same duration.

Cooperation makes it possible to simultaneously carry out work over a large space, for example, when draining swamps, building dams, canals, railways, and also makes it possible to expend a significant amount of labour in a small space, for example, when constructing buildings or cultivating labour-intensive agricultural crops.

Cooperation is of great importance in those industries where certain work must be carried out in a short time, for example, harvesting, shearing, etc. The simultaneous use of a large number of workers allows such work to be carried out in a short time and thereby prevent large losses.

Thus, cooperation generated a new social productive force of labour. Already the simple unification of the efforts of individual workers led to an increase in labour productivity. This gave the owners of the first capitalist workshops the opportunity to produce goods cheaper and successfully compete with small producers. The results of the new social productive power of labour were appropriated by the capitalist free of charge and served the purpose of his enrichment.

The Manufacturing Period of Capitalism.

The development of simple capitalist cooperation led to the emergence of manufactories. Manufacture is capitalist cooperation based on the division of labour and craft technology. It is the second, higher stage of development of capitalist production in industry.

Manufacture arose in two ways.

The first way is for a capitalist to unite artisans of different specialties in one workshop, So, for example, a carriage manufactory arose, which united previously independent artisans

within its walls: carriage makers, saddlers, tailors, locksmiths, coppersmiths, turners, glaziers, painters, varnishers, etc. In the manufactory, carriage production is divided into a large number of different complementary operations, each of which is performed by a separate worker. As a result, the former nature of handicraft work is changing. For example, a locksmith worker has been engaged for a long time now only in a certain operation in the production of carriages and gradually ceases to be the locksmith who previously independently manufactured the finished product.

The second way is for the capitalist to unite artisans of the same specialty in one workshop. Previously, everyone independently carried out all operations on the production of a given product. The capitalist divides the production process in the workshop into a number of separate operations, each of which is entrusted to a specialist worker. This is how, for example, the needle manufactory arose. In the needle manufactory, the wire passed through the hands of 72 or more workers: one pulled, another straightened the wire, a third cut it, a fourth sharpened the ends, etc.

The manufacturing division of labour is the division of labour within an enterprise in the production of the same product, which is different from the division of labour in society between individual enterprises in the production of different goods.

The division of labour within manufacture presupposes the concentration of the means of production in the hands of the capitalist, who is at the same time the owner of the goods produced. A hired worker, unlike a small commodity producer, does not independently produce goods; only the common product of the labour of many workers is converted into a commodity. The division of labour within society presupposes the fragmentation of the means of production between separate commodity producers independent of each other. The products of their labour, for example, a carpenter, a tanner, a shoemaker, or a farmer, act as

goods, and the connection between independent commodity producers is established through the market.

A worker who performs a separate operation in a manufacture to produce goods is a partial worker. By constantly repeating the same simple operation, he spends less time and effort on it than a craftsman who alternately performs a number of different operations. At the same time, with specialisation, work becomes more intense. Previously, a worker spent a certain amount of time moving from one operation to another, changing tools. In manufacturing, these losses of working time were reduced. Gradually, specialisation extended not only to the worker, but also to the instruments of production; they improved, becoming more and more adapted to the partial operation for which they were intended.

All this led to a further increase in labour productivity.

A striking example is the production of needles. In the 18th century, a small manufactory with 10 workers, with a waffle division of labour, produced 48 thousand needles per day, therefore, there were 4.8 thousand needles per worker. Meanwhile, without division of labour, one worker could not produce even 20 needles a day.

Factory workers were subjected to brutal exploitation. The working day reached 18 hours or more; wages were extremely low—the overwhelming majority of manufacturing workers lived from hand to mouth, the new, capitalist labour discipline was introduced by the most merciless measures of coercion and violence. The specialisation of labour in manufacturing, associated with the constant repetition of the same simple movements, cut down the worker and crippled him physically and spiritually. Workers appeared with a curved spine, a compressed chest, etc.

The manufacturing division of labour, Marx wrote, “creates new conditions for the domination of capital over labour. Therefore, if, on the one hand, it is historical progress and a necessary moment

in the economic development of society, then, on the other hand, it is an instrument of civilized and refined exploitation”¹.

In slaveholding and feudal societies, there were two types of capital—merchant and usurious. The emergence of capitalist production meant the emergence of industrial capital. Industrial capital is capital employed in the production of goods. One of the characteristic features of the manufacturing period of capitalism is the close, inextricable connection between commercial and industrial capital. The owner of the manufactory almost always acted as a buyer. He resold raw materials to small commodity producers, distributed the material to houses for dressing, or bought individual parts from small commodity producers for weeks, bought products from them for subsequent resale. The sale of raw materials and the purchase of a product were intertwined with usurious bondage. This greatly worsened the position of the small producer, leading to a lengthening of his working day and a decrease in earnings.

The Capitalist Work from Home.

During the manufacturing period of capitalism, the distribution of work to homes became very widespread.

Capitalist work at home is the home processing for piecework of material received from the entrepreneur. This is a form of exploitation. met occasionally even in simple cooperation. It also occurs during the period of large-scale machine industry, but is characteristic specifically of manufacture. Capitalist work at home appears here as an appendage of manufacture.

¹ K. Marx, Capital, vol. 1, 1951, p. 372.

The manufacturing division of labour divided the production of each product into a number of separate operations. It often turned out to be advantageous for a buyer-manufacturer to create a relatively small workshop where only the assembly or final finishing of goods was carried out. All preparatory operations were carried out by artisans and artisans who worked at home, but were completely dependent on the capitalist. Often, artisans scattered across different villages dealt with (...) craftsmen who additionally exploited the artisans.

Handicraftsmen and artisans who worked at home received pay from the capitalist that was significantly lower than that of a worker employed in the capitalist's workshop. Masses of peasants were involved in the fishery, whom the need for money forced them to look for side income. To earn a small amount of money, peasant women exhausted themselves and forced all members of their family to work. Exorbitant working hours, unsanitary working conditions, the most merciless exploitation—these are the distinctive features of capitalist work at home.

So, in particular, numerous handicrafts were organised in tsarist Russia. Buyers, having become the actual owners of handicrafts in some village or district, widely applied the division of labour among artisans. For example, in Zavyalovs' blockage in Pavlov (in whose assembly workshop over 100 workers were employed in the 60s of the last century), an ordinary penknife passed through the hands of 8-9 artisans. He was worked on by a koval, a leatherworker, a cutler, a hardener, a glosser, a finisher, a guide, a branding man. At the same time, a significant number of part-time workers were employed not in the capitalist's workshop, but at home. In a similar way, crew fishing, felting, a number of crafts for processing wood, shoemaking, button-making, etc. were arranged.

Numerous examples of the brutal exploitation of handicraftsmen are given by V.I. Lenin in his work "The Development of Capitalism in Russia." Thus, in the Moscow province in the early 80s of the last century, 37.5 thousand workers were employed in unwinding paper

yarn, knitting and other women's crafts. Children started working at an early age. The average daily earnings was 13 kopecks: the working day reached 18 hours.

The Historical Role of Manufacture.

Manufacture was a transitional form from small-scale production by artisans and handicraftsmen to large-scale capitalist machine industry. What brought manufactory closer to craft was the fact that its basis remained manual technology.

The manufacturing division of labour was a significant step forward in the development of the productive forces of society. But manufacture, based on manual labour, was not able to supplant small-scale production. Typical of capitalist manufacturing is a small number of relatively large establishments along with a significant number of small ones. A certain part of the goods was produced by manufactories, and the overwhelming majority was still supplied by artisans and handicraftsmen, who were in varying degrees of dependence on capitulatory buyers, distributors, and manufacturers. Thus, manufactory could not cover social production in its entirety. It was like a superstructure; The basis was still small-scale production with its primitive technology.

The historical role of manufacture was that it prepared the necessary conditions for the transition to machine production. In this regard, three circumstances are especially important. Firstly: manufacture, having brought the division of labour to a high degree, simplified many labour operations. They were reduced to such simple movements that it became possible to replace the worker's hands with a machine. Secondly, the development of manufacturing led to the specialisation of tools and their significant improvement, as a result of which the transition from hand tools to machines became possible. Thirdly, the manufacture prepared a cadre of

skilled workers for the large machine industry, thanks to their long-term specialisation in performing individual operations.

Small-scale commodity production, capitalist simple cooperation and manufacturing with its additional appendage—capitalist work at home—are currently widespread in economically underdeveloped countries—India, Turkey, Iran, etc.

The Decomposition of the Peasantry. The Transition from a Corvee Economy to a Capitalist One.

During the manufacturing period of the development of capitalism, industry became increasingly isolated from agriculture.

The growth of the social division of labour led to the fact that not only industrial products, but also agricultural products were transformed into goods. In agriculture, specialisation of regions by crops and industries took place. Areas of commercial farming arose: flax growing, beet sugar production, cotton growing, tobacco growing, dairy farming, cheese making, etc. On this basis, exchange developed not only between industry and agriculture, but also between various branches of agriculture.

The further the penetration of commodity production into agriculture went, the stronger the competition between farmers and the struggle for economic independence became. The peasant became increasingly dependent on the market. Spontaneous fluctuations in market prices strengthened and exacerbated property inequality among peasants. Free money accumulated in the hands of the wealthy elite of the village. This money served for the enslavement and exploitation of poor peasants, and was turned into capital. One of the means of such enslavement was buying up the products of peasant labour for next to nothing. Gradually, the

ruin of the peasants reached such a degree that many of them were forced to completely abandon farming and sell their labour.

Thus, with the development of the social division of labour, with the growth of commodity production, the process of disintegration of the peasantry took place; capitalist relations took shape in the countryside, new social types of the rural population emerged, constituting the classes of capitalist society—the rural bourgeoisie and the agricultural proletariat.

The rural bourgeoisie, or kulaks, conducts a commodity economy based on the use of hired labour, the exploitation of permanent rural farm labourers, and even more so of day labourers and other temporary workers, hired for seasonal field work. The kulaks concentrate in their hands a significant share of land (including rented land), draft animals, and agricultural products. In the hands of the kulaks there are also enterprises for processing raw materials, mills, threshers, breeding producers, etc. The kulaks usually act as village moneylenders and shopkeepers. All this serves as a means of exploitation of the poor and a significant part of the middle peasantry.

The agricultural proletariat is a mass of farm labourers, deprived of the means of production and exploited by the landowners and the rural bourgeoisie. The main source of existence of the agricultural proletarian is the sale of his labour power. A typical representative of the rural proletariat is a hired worker with an allotment. The insignificant size of the farm on a piece of land, the lack of draft animals and implements inevitably force such a peasant to sell his labour power.

The rural poor join the agricultural proletariat. A poor peasant has a small plot of land and a small number of livestock. Such a peasant does not have enough bread of his own. He is forced to earn the money needed for food, clothing, housekeeping, and taxes. Such a peasant has already half ceased to be an owner and is now a rural semi-proletarian. The standard of living of the poor, like the

rural proletariat, is very low and inferior even to the standard of living of the industrial worker. The development of capitalism in agriculture leads to an ever greater increase in the ranks of the rural proletariat and the poor.

The intermediate link between the rural bourgeoisie and the poor is the middle peasantry.

The middle peasantry runs its economy on the basis of its own means of production and personal labour. The work of the average peasant on his farm ensures the support of his family only under favourable conditions. Hence the instability of the position of the average peasant. "In its social relations, this group oscillates between the higher one, to which it gravitates and into which only a small minority of lucky people manage to get into, and between the lower one, into which the entire course of social evolution pushes it"¹. There is ruin and "washing out" of the middle peasantry.

Capitalist relations in agriculture in bourgeois countries are intertwined with remnants of serfdom. The bourgeoisie, having come to power, did not abolish large feudal land ownership in most countries. Landowner farming gradually adapted to capitalism. The peasantry, freed from serfdom, but deprived of a significant part of its land, was suffocating from land shortage. It was forced to rent land from landowners on enslaving terms.

In Russia, for example, after the peasant reform of 1861, the most common form of exploitation of peasants by landowners was labour, in which the peasant, in exchange for renting land or paying off a cable loan, was forced to work on the landowner's farm, using his own means of production—draft power and primitive equipment.

¹ V. I. Lenin, Development of capitalism in Russia, Works, vol. 3, ed., 4, p. 148.

The disintegration of the peasantry undermined the foundations of the landowner economy, which was carried out through labour, exploitation of the economically dependent peasant and was based on backward technology. A wealthy peasant had the opportunity to rent land for money and therefore did not need bonded rent for labour. The poor man was also not suitable for the labour system, but for a different reason: not having a means of production, he turned into a hired worker. The landowner could use mainly the middle peasantry for labour. But the development of commodity farming and commercial farming, while ruining the middle peasantry, undermined the labour system of the economy. Landowners expanded the use of hired labour, which is more productive compared to the labour of a dependent peasant; The importance of the capitalist economic system increased, while that of the labour system decreased. However, labour, as a direct relic of corvée, persists for a long time along with the capitalist economic system.

The Formation of an Internal Market for Capitalist Industry.

With the development of capitalism in industry and agriculture, the formation of an internal market took place.

Already during the manufacturing period, a number of new branches of industrial production arose. Various types of industrial processing of agricultural raw materials were separated from agriculture one after another. With the growth of industry, the demand for agricultural products increased. In connection with this, the market expanded. Areas that specialized in the production of, for example, cotton, flax, sugar beets, as well as the breeding of productive livestock, had a demand for bread. Agriculture increased the demand for a variety of industrial products.

The internal market for capitalist industry is created by the very development of capitalism, the disintegration of small commodity producers. "The separation of the direct producer from the means of production, i.e., its expropriation, marking the transition from simple commodity production to capitalist production (and constituting a necessary condition for this transition), creates an internal market" ¹. The process of creating the internal market was two-way in nature. On the one hand, the urban and rural bourgeoisie presented a demand for means of production: improved machines, raw materials, etc., necessary for the expansion of existing and construction of new capitalist enterprises. The bourgeoisie's demand for consumer goods increased. On the other hand, the increase in the size of the industrial and agricultural proletariat, inextricably linked with the disintegration of the peasantry, was accompanied by an increase in demand for goods representing the means of subsistence of the worker.

Manufactories based on primitive technology and manual labour were unable to satisfy the growing demand for industrial goods. There was an economic need for a transition to large-scale machine production.

BRIEF SUMMARY

1. The first stage in the development of capitalist production in industry is capitalist simple cooperation, which arises from small-scale commodity production. Capitalist simple cooperation is a form of production based on the exploitation by an individual capitalist of a more or less significant number of simultaneously employed wage workers performing homogeneous work. Capitalist simple cooperation ensured savings in the means of production, created a

¹ V.I. Lenin, Development of capitalism in Russia, Essay, vol. 8. ed. 4, pp. 45-46.

new social productive force of labour, and reduced labour costs per unit of output. The results of the growth of the productive power of social labour were appropriated by the capitalist free of charge.

2. The second stage of development of capitalist production in industry is manufacturing. Manufacture is large-scale capitalist production based on manual technology and the division of labour between wage workers. The manufacturing division of labour significantly increased labour productivity, and at the same time it disfigured the wage worker, dooming him to extremely one-sided development. Manufacture created the necessary prerequisites for the transition to large-scale machine industry.

3. The development of commodity production leads to the disintegration of the peasantry. The small elite of the village joins the ranks of the bourgeoisie; significant masses of the peasantry are moving into the ranks of the proletariat—urban and rural; the mass of the poor is growing; the vast intermediate layer of the middle peasantry is ruined. The disintegration of the peasantry undermines the foundations of the labour system. Landowners are increasingly moving from corvée farming to capitalist farming.

4. The internal market is created by the development of capitalism itself. The expansion of the domestic market meant an increase in demand for means of production and subsistence. Manufacture, based on backward technology and manual labour, was unable to satisfy the increased demand for industrial goods. There was a need for a transition to machine industry.

CHAPTER VI. THE MACHINE PERIOD OF CAPITALISM

The Transition from Manufacture to Machine Industry.

As long as production was based on manual labour, as it was in the manufacturing period, capitalism could not carry out a radical transformation of the entire economic life of society. This transformation occurred through the transition from manufacture to machine industry, which began to emerge in the last third of the eighteenth century and became widespread in the most important capitalist countries of Europe and in the United States during the nineteenth century. Large machine industry represents the third and highest stage of development of capitalist production and industry.

The transition from manufacture to machine industry meant a complete technical revolution in production. The material and technical basis of this revolution was the machine.

Every developed machine consists of three parts: 1) an engine machine, 2) a transmission mechanism, 3) a working machine.

The machine-engine acts as the driving force of the entire mechanism. It either itself generates motive power (for example, a steam engine), or receives it from the outside, from some ready-made force of nature (for example, a water wheel set in motion by the force of falling water).

The transmission mechanism consists of all kinds of devices (transmissions, gears, belts, electric drives, etc.) that regulate movement, change its shape if necessary (for example, convert it from rectilinear to circular), distribute it and transfer it to the working machine. The spinner-machine-engine and the transmission mechanism serve to drive the working machine.

The working machine directly influences the object of labour and makes the necessary changes in it in accordance with the goal. If you take a closer look at a working machine, you will find in it, although often in a very modified form, generally the same tools that are used for manual labour. But in all cases these are no longer tools of manual labour, but tools-mechanisms, mechanical tools. The working machine was the punctuated point of the revolution that led to the replacement of manufacture with machine production. After mechanical tools were invented, the fundamental intentions in the design of motor and transmission mechanisms were surpassed.

In its insatiable pursuit of profit, capital found in the machine a powerful means of increasing labour productivity. Firstly, the use of machines operating simultaneously with many tools freed the production process from the narrow framework determined by the limitations of human organs. Secondly, the use of machines for the first time made it possible to use huge new sources of energy in the production process - the motive power of steam, gas and electricity. Thirdly, the use of machines allowed capital to put science at the service of production, expanding man's power over nature and opening up ever new possibilities for increasing labour productivity. On the basis of large-scale machine industry, the dominance of the capitalist mode of production was established.

The Industrial Revolution.

The beginning of a large machine industry was laid in England. This country had favourable historical conditions for the rapid development of the capitalist mode of production: the early abolition of serfdom and the elimination of feudal fragmentation, the victory of the bourgeois revolution in the 17th century, the

forced dispossession of the peasantry, as well as the accumulation of capital through widespread trade and the robbery of colonies.

In the middle of the 18th century, England was a country with a large number of manufactories. The most important industry was textile production. It was with this industry that the industrial revolution began, which took place in England during the last third of the 18th century and the first quarter of the 19th century.

The expansion of the market and the pursuit of profit by capitalists led to the need to improve production techniques. The cotton industry, which developed faster than other branches of production, was dominated by manual labour. The main operations in the cotton industry are spinning and weaving. The product of the spinners' labour serves as the subject of the weaver's labour. Meanwhile, spinning lagged behind weaving. This lag increased even more when the airplane shuttle was invented in 1733, which doubled the weaver's labour productivity. In factories, weaving looms were often idle due to a lack of yarn. There was an urgent need to improve spinning technology.

This problem was solved by the invention (in 1765-1767) of spinning machines, each of which had half a dozen spindles. The driving force of the first machines was the person himself or draft animals, then machines appeared that were driven by the power of water. Further technical improvements made it possible not only to increase yarn production, but also to improve its quality. At the end of the 18th century, there were already spinning machines with up to 400 spindles. As a result of these inventions, labour productivity in spinning increased greatly.

A new discrepancy now arose in the cotton industry: spinning had overtaken weaving. This discrepancy was eliminated by the invention of the mechanical loom in 1785. After a number of improvements, the mechanical loom became widespread in England and by the 40s of the 19th century it completely replaced hand weaving. Fabric processing processes—bleaching, dyeing, and

printing—also underwent radical changes. The use of chemistry has reduced the duration of these processes and improved the quality of products.

The first textile factories were built along river beds, and the machines were driven by water wheels. This greatly limited the possibilities of using machine technology. A new type of engine was needed, independent of the terrain or season. Such an engine was the steam engine (invented in Russia in 1763, in England in 1784).

The use of the steam engine was of great importance. The steam engine is a universal engine, free from numerous disadvantages inherent in the water engine. By consuming coal and water, the steam engine produces motive power, which is entirely under human control. This machine is mobile; it frees industry from attachment to natural energy sources and makes it possible to concentrate production anywhere.

The steam engine began to quickly spread not only in England, but also abroad, creating the preconditions for the emergence of large factories with many machines and a large number of workers.

Machines have revolutionized production in all industries. They covered not only cotton production, but were also used in the wool, linen, and silk industries. Soon, ways were found to use the steam engine in transport; in 1807 the first steamship was created in the USA, and in 1825 the first railway was built in England.

Initially, machines were made in factories using manual labour. They were expensive, were not powerful enough and were not perfect. Manufactories could not produce the number of machines required for the rapidly growing industry. The problem was solved by the transition to machine production of machines. A new, rapidly developing branch of industry emerged—mechanical engineering. The first cars were made primarily of wood. Then wooden parts of cars began to be replaced by metal ones. Replacing wood with metal: increasing durability and the ability to work at speeds and voltages that were previously unimaginable. At the beginning of the

19th century, mechanical hammers, presses, and metalworking machines were invented; turning, then milling and drilling.

The production of cars, locomotives, rails, and steamships required a huge amount of iron and steel. Metallurgy began to develop rapidly. In the development of metallurgy, the discovery of a method for smelting iron ores using mineral fuel instead of wood was of great importance. Blast furnaces were increasingly improved. Since the 30s of the nineteenth century, cold blast began to be replaced by hot blast, which accelerated the blast furnace process and provided greater fuel savings. New, more advanced methods of steel smelting were discovered. The spread of the steam engine and the growth of metallurgy created a need for huge quantities of coal, which led to the rapid growth of the coal industry.

As a result of the industrial revolution, England turned into the industrial workshop of the world. Following England, machine production began to spread in other European countries and in America.

The industrial revolution in France took place within several decades after the bourgeois revolution of 1789-1793. The capitalist factory took a dominant position in French industry only in the second half of the nineteenth century.

In Germany, due to its feudal fragmentation and the long-term preservation of serfdom, the industrial revolution took place later, but in England and France. Large-scale industry began to develop in Germany only in the 40s of the 19th century and especially quickly after the unification of Germany into a single state in 1871.

In the United States of America, large-scale industry arose at the beginning of the nineteenth century. The American machine industry began to develop rapidly after the Civil War of 1861-1865. At the same time, the technical achievements of English industry were widely used, as well as the influx of free capital and skilled workers from Europe.

In Russia, the transition from manufacture to the machine stage of production began earlier than the abolition of serfdom, but

unfolded in its entire breadth in the first decades after the peasant reform of 1861. However, even after the fall of serfdom, numerous remnants of the feudal serfdom system in the country hindered the transition of industry from manual production to machine production. This especially affected the mining industry of the Urals.

The Capitalist Industrialisation.

The Industrial Revolution marked the beginning of capitalist industrialisation. The basis of industrialisation is heavy industry, the production of means of production.

Capitalist industrialisation is carried out spontaneously, in the pursuit of capitalists for profit. It usually begins with depraved light industry, that is, industries producing consumer goods. These industries require less investment, capital turns around faster here, and making a profit is easier than in heavy industry, that is, in industries that produce tools and other means of production—machines, metal, fuel. Heavy industry begins to develop only after a long period of time, during which light industry accumulates profits. These profits are gradually pumped into heavy industry. Thus, capitalist industrialisation is a process that continues over many decades.

In England, for example, the textile industry grew faster than others for a long time. Throughout the first half of the 19th century, it remained the main, most developed branch of English industry. In the second half of the 19th century, heavy industry began to play a predominant role. The same sequence in the development of industrial sectors was observed in other capitalist countries.

In the second half of the 19th century, metallurgy continued to develop: metal smelting techniques improved and the size of blast furnaces increased. Iron production grew rapidly. In England, pig iron

production increased from 193 thousand tons in 1800 to 2285 thousand tons in 1850, 6069 thousand tons in 1870 to 7873 thousand tons in 1880; in the USA—from 41 thousand tons in 1800 to 573 thousand tons in 1850, 1692 thousand tons in 1870 to 3897 thousand tons in 1880.

Until the last third of the 19th century, the steam engine remained the only type of engine used in large-scale industry and transport. Steam played a huge role in the development of the machine industry. Throughout the 19th century, further improvement of the steam engine continued—the power of steam engines and the degree of use of thermal energy increased. In the 80s of the nineteenth century, a steam turbine was created. Thanks to its advantages, it began to displace the steam engine in a number of industries.

However, the more large-scale industry grew, the faster the insufficiency of steam as a motive force was revealed. A new type of engine was invented—the internal combustion engine, first a gas engine (1877) and then a liquid fuel engine, diesel (1893). In the last third of the 19th century, a new powerful force entered the arena of economic life, even more revolutionizing production—electricity.

In the 19th century, machine technology covered one industry after another. The mining industry is developing—the extraction of ore and coal. Due to the invention of the internal combustion engine, oil production increases. The chemical industry is developing widely. The rapid growth of large machinery was accompanied by intensified road construction.

Capitalist industrialisation is carried out both through the exploitation of hired workers and the ruin of the peasantry of their country, and through the robbery of the workers of other countries, especially the colonies. It will inevitably lead to an aggravation of the contradictions of capitalism, to the impoverishment of millions of workers, peasants and artisans.

History knows different paths of capitalist industrialisation. The first path of capitalist industrialisation is the path of seizing and plundering colonies. This is how industry in England developed. Having captured colonies in all parts of the world, England, for two centuries, pumped out huge profits from there and invested them in its industry.

The second path is the path of war and indemnities collected by the winning countries from the defeated countries. Thus, Germany, having defeated France in the Franco-Prussian War, withdrew 5 billion francs of indemnity from it and invested it in its industry.

The third path is the path of enslaving concessions and loans, which lead to economic and political dependence of backward countries on capitalistically developed countries. Tsarist Russia, for example, handed over concessions and received loans from Western powers on enslaving terms, thus trying to gradually get out on the path of industrialisation. This led to the transformation of Tsarist Russia into a semi-colony.

In the history of individual countries, these different paths of capitalist industrialisation often intertwined and complemented each other. An example of this is the history of economic development of the United States of America. The large industry of the United States was created through foreign loans and long-term credits, as well as through rampant robbery of the indigenous population of America.

Despite the development of machine industry in bourgeois countries, a huge part of the population of the capitalist world continues to live under the dominance of primitive manual technology.

The growth of cities and industrial centres, the formation of the proletarian class. Capitalist industrialisation led to the rapid growth of cities and industrial centres. The number of large cities in Europe (with a population of over 100 thousand) increased 7 times during the 19th century. The share of the urban population has

continuously increased at the expense of the rural population. In England already in the mid-nineteenth century, and in Germany by the beginning of the twentieth century, more than half of the total population was concentrated in cities.

In the manufacturing pentode of capitalism, the masses of wage workers did not yet represent an established class of proletarians. Manufactory workers were relatively few in number, largely associated with agriculture, dispersed among many small workshops and separated by all sorts of narrow guild interests.

As a result of the industrial revolution and the further development of machine industry, an industrial proletariat was formed in capitalist countries. The number of the working class grew rapidly, the ranks of which were constantly replenished at the expense of the ruined peasantry and artisans.

With the growth of large-scale machine industry, the local, guild, class interests and prejudices of the first generations of workers, their utopian aspirations to regain the lost position of the medieval artisan, were gradually eliminated. The masses of workers rallied into a single class—the proletariat. Characterizing the formation of the proletariat as a class. Engels wrote: “Only the development of capitalist production, modern industry and agriculture on a large scale gave a character of permanence to its existence, increased it numerically, and formed it into a special class, with special interests and a special historical mission”¹.

In England, the number of workers in industry and transport in the second decade of the nineteenth century was about 2 million people; over the next hundred years it more than tripled.

In France, there were about 2 million workers in industry and transport in the sixties of the nineteenth century, and by the

¹ F. Engels, *The Labor Movement and America*, K. Mark and F. Engels, *Works*, vol. XVI, , p. 287.

beginning of the twentieth century their number was about 3.8 million people.

In the United States of America, the number of workers in industry and transport was 1.8 million in 1859, and 6.6 million people in 1899.

In Germany, the number of workers in industry and transport was reduced from 700 thousand people in 1848 to 5 million people in 1895.

In Russia, after the abolition of serfdom, the process of formation of the working class quickly proceeded. In 1865, 706 thousand workers were employed in large factories, in the mining industry and on the railways, and in 1890-1433 thousand. Thus, the number of workers at large capitalist enterprises more than doubled in 25 years. By the end of the 90s, in 50 provinces of European Russia, the number of workers in large factories and factories, in the mining industry and on the railways increased to 2,207 thousand, and throughout Russia to 2,792 thousand.

The Capitalist Factory. The Machine as a Means of Exploitation of Wage Labour by Capital.

A capitalist factory is a large industrial enterprise based on the exploitation of wage workers and using a system of machines to produce goods.

A system of machines is a collection of working machines that simultaneously perform identical production operations (for example, homogeneous weaving looms), or a collection of heterogeneous, but mutually complementary working machines. A system of heterogeneous machines is a combination of partial working machines based on the division of production operations between them. Each partial machine gives work to another machine. Because all these machines operate simultaneously. then the product is continuously produced at various stages of the

production process, moving from one phase of production to another.

In the 19th century, processing the same amount of cotton into yarn using a machine required a worker to process 180 times less than using a hand spinning wheel. Using the machine, one adult worker or teenager printed the same amount of four-color calico per hour as before, with the manual warble of 200 adult workers. In the 18th century, under the manufacturing division of labour, a worker prepared 4,800 needles per day; in the 19th century, one worker, working simultaneously for 1 mesh, produced up to 600,000 needles per day.

Under the capitalist mode of production, all the benefits from the use of machines are appropriated by the owners of these machines—the capitalists, whose profits are growing.

The factory represents the highest form of capitalist labour cooperation. Capitalist cooperation, as joint work carried out on a relatively large scale, necessitates a special function of management, supervision, and coordination of individual works. In capitalist enterprises, the management function is carried out by the capitalist and has specific features, acting simultaneously as a function of the exploitation of wage workers by capital. A capitalist is not a capitalist because he manages an industrial enterprise; on the contrary, he becomes the head of an enterprise because he is a capitalist.

Already with capitalist simple cooperation, the capitalist frees himself from physical labour. With the increase in the scale of labour cooperation, he frees himself from the function of direct and constant supervision of individual workers and groups of workers. These functions are transferred to a special category of hired workers—managers, foremen, who command the enterprise on behalf of the capitalist. By its nature, capitalist management is despotic.

With the transition to the factory, capital completes the creation of a special, capitalist discipline of labour. The capitalist discipline of labour is the discipline of hunger. The worker here is constantly under threat of dismissal from the factory, under the fear of finding himself among the unemployed. The capitalist factory is characterised by barracks discipline. Workers are punished with monetary fines and wage deductions.

The machine itself is a powerful means of facilitating labour and increasing its productivity. But under capitalism the machine serves as a means of intensifying the exploitation of wage labour.

From the very beginning of its use, the machine becomes a competitor to the worker. The capitalist use of machines first of all deprives the livelihood of tens and hundreds of thousands of manual workers, who become redundant. Thus, with the widespread introduction of steam looms, 800 thousand English weavers were thrown onto the street. Millions of Indian weavers were doomed to starvation and death, since Indian hand-made fabrics could not withstand the competition of English machine-made fabrics. As a result of the growing use of machines and their improvement, more and more wage workers are being replaced by machines, thrown out of the capitalist factory onto the street, replenishing the growing army of the unemployed.

The machine simplifies the production process and makes the use of large muscular strength of the worker unnecessary. Therefore, with the advent of machine technology, capital widely involves women and children in production. The capitalist forces them to work in difficult conditions, for meagre wages. This entails high infant mortality in working-class families, physical and moral crippling of women and children.

The machine opens up wide possibilities for reducing the working time required to produce goods, thereby creating the conditions for shortening the working day. Meanwhile, the capitalist use of machines leads to a lengthening of the working day. In

pursuit of profit, the capitalist strives to make full use of the machine. Firstly, the longer the useful effect of the machine during the working day, the sooner it pays for itself. Secondly, the longer the working day and the more complete the use of the machine, the less danger that it will become technically obsolete and that other capitalists will have time to introduce better or less expensive machines, and will therefore find themselves in more favourable production conditions. Therefore, the capitalist strives to lengthen the working day as much as possible.

In the hands of the capitalist, the machine is used to squeeze more labour out of the worker in a given time. Excessive labour intensity, crowded factory premises, lack of air and light, and lack of necessary labour protection measures lead to massive occupational diseases of workers, undermining their health and shortened lives.

Machine technology opens up a wide field for the use of science in the production process, to give work a more meaningful, creative character. The capitalist use of machines leads to the fact that the worker turns into an appendage to the machine. The workers are left with only monotonous, exhausting physical labour. Mental work becomes the privilege of special workers: engineers, technicians, scientists. Science is separated from labour and serves capital. Under capitalism, the opposition between physical and mental labour deepens.

The machine marks the strengthening of man's power over the forces of nature. By increasing labour productivity, the machine increases the wealth of society. But this wealth goes to the capitalists, and the position of the working class, the head of the productive force of society, is increasingly deteriorating.

From the very emergence of capitalist relations, the class struggle begins between wage workers and capitalists. It continues throughout the entire manufacturing period, and with the transition to machine production it acquires a wide scope and unprecedented severity.

The first defeatists of the protest of the immature workers' movement against the harmful consequences of capitalist exchanged machine technology were those who wanted to destroy the machines. The first shearing machines, invented in 1758, were burned by workers who were left without work after the removal of this machine. At the beginning of the 19th century, a wide movement of "machine destroyers" developed in the industrial districts of England, directed primarily against the steam loom. It took a certain amount of time and experience for the working class to realize that its oppression and misery did not come from the machines themselves, but from their capitalist application.

The capitalists widely used the machine as a powerful weapon to suppress the periodic disturbances of workers, strikes, etc., directed against the autocracy of capital. After 1830, a significant number of inventions in England were brought to life directly by the interests of the class struggle of capitalists against workers, the desire of capitalists to break the resistance of workers to the oppression of capital by reducing the number of employed workers and using less skilled labour.

Thus, the capitalist use of machines causes a deterioration in the position of workers and an aggravation of class contradictions between labour and capital.

The Large-Scale Industry and Agriculture.

The development of large-scale industry led to the use of machines in agriculture. The ability to use machines is one of the most important advantages of large-scale production. Machines greatly increase labour productivity in agriculture. But they are not available to small peasant farms, since the purchase of machines requires significant funds. The machine can be effectively used

when there are large sown areas, when introducing industrial crops into production, etc. In a large farm based on machine technology, labour costs per unit of output are significantly lower than in a small peasant farm based on backward technology. manual labour. As a result, small peasant farming cannot withstand competition from large capitalist farming.

The spread of agricultural machinery under capitalist conditions accelerates the process of stratification of the peasantry. "The systematic use of machines in agriculture, with the same indefatigability, displaces the patriarchal "average" peasant woman, and with no gaming type of bets displaces the hand weaver" ¹. Capitalism improves agricultural technology and moves it forward, but it cannot do this except by ruining the mass of small producers. At the same time, hired labour in agriculture is so cheap that many large farms do not use machines, but prefer to use manual labour. This slows down the development of machinery in agricultural production.

The capitalist use of machines in agriculture is inevitably accompanied by increased exploitation of the agricultural proletariat through increased labour intensity. For example, a type of reaping machine that was widespread at one time was called "lobogrek", since working on them required a lot of physical effort.

In the machine period of capitalism, the separation of industry from agriculture is completed, and the opposition between city and countryside deepens and intensifies. Under capitalism, agriculture lags excessively behind industry in its development. Lenin pointed out that agriculture in capitalist countries at the beginning of the twentieth century, in terms of its technical and economic level, was closer to the manufacturing stage.

¹ V.I. Lenin, Development of capitalism in Russia, Works, vol. 3, ed. 4, pp. 193-194.

The introduction of machinery and agricultural production under capitalism occurs much more slowly than in industry. If the advent of the steam engine made it possible to produce tilting technical transformations in industry, then in rural arrogance it found application only in the form of a steam thresher. The complex mechanical threshing machine subsequently combined threshing, cleaning and sorting of grain.

In the agriculture of most countries of the capitalist world, to this day the main driving force is draft animals, and the tools for cultivating the soil are a horse-drawn plough, a harrow, and a cultivator. Only in the last quarter of the 19th century did horse-drawn grain harvesting machines—reapers and sheaf binders—become widespread. The caterpillar tractor was invented back in the 80s of the last century, and the wheeled one at the beginning of the twentieth century, but more or less widespread use of the tractor in large capitalist projects began only in the 20s of this century, mainly in the USA.

The Capitalist Socialisation of Labour and Production. The Limits of the Use of Machines Under Capitalism.

On the basis of machine technology under capitalism, great progress has been made in the development of the productive forces of society in comparison with the feudal mode of production. The large-scale machine industry produced a profound revolution in the entire structure of economic life. The machine was a revolutionary force that transformed society.

“The transition from manufactory to factory marks a complete technical revolution, overthrowing the centuries-old manual art of the master; this technical revolution will inevitably be followed by the most abrupt disruption of the social relations of production, the final split between the distinguishable groups involved in

production, a complete break with tradition, an aggravation and expansion of all the dark sides of capitalism, and at the same time the mass socialisation of labour by capitalism. Large-scale machine industry is thus the last word of capitalism, the last word of its negative and “positive aspects”¹.

On the basis of large-scale machine industry, a spontaneous process of widespread socialisation of labour by capital takes place.

Firstly, as a result of the use of machines, industrial production is increasingly concentrated in large enterprises. The machine itself requires the joint work of many workers.

Secondly, under capitalism there is a further development of the social division of labour. The number of industries and agriculture is increasing. At the same time, individual industries and enterprises are becoming increasingly dependent on each other. With the wide specialisation of industries, the manufacturer producing, for example, fabrics becomes directly dependent on the manufacturer producing yarn, the latter on the capitalist producing cotton, on the owner of an engineering plant, coal mines, etc.

Thirdly, the fragmentation of small economic units inherent in natural farming disappears, and local small markets merge into a huge national and world market.

Fourthly, capitalism with its machine technology displaces various forms of personal dependence of the worker. The basis of production becomes civilian labour. Greater mobility of the population is created, which ensures a continuous influx of labour into growing industries.

Fifthly, with the spread of machine production, many industrial centres and large cities emerge. Society is increasingly split into two main antagonistic classes—the class of capitalists and the class of wage workers.

¹ V.I. Lenin, Development of capitalism in Russia, Works, vol. 3, ed. 4, p. 397

The socialisation of labour and production, achieved on the basis of machine technology, was a significant step forward in the progressive development of society. But the selfish interests of capitalists seeking profit set certain limits to the development of the productive forces.

From a social point of view, the use of a machine is profitable if the labour that it costs to produce the machine is less than the labour that is saved by its use, and also if the machine makes labour easier. But for the capitalist, what matters is not the saving of social labour and not the simplification of labour, but the saving on wages. The limits of the use of machines for the capitalist are therefore narrower. It is determined by the difference between the price of the machine and the wages of the workers it replaces. The lower the workers' wages, the weaker the capitalist's desire to introduce machines. Therefore, manual labour is still widely used in industry even in the most developed capitalist countries.

Large machine industry intensifies the competitive struggle between capitalists and increases the spontaneity and anarchy of all social production. The capitalist use of machines brought with it not only the rapid development of the productive forces of society, but also an unprecedented increase in the oppression of labour by capital, an aggravation of all the contradictions of the capitalist mode of production.

BRIEF SUMMARY

1. The transition from manufacture to large-scale machine industry meant the industrial revolution. It began with the invention of the working machine. Of enormous importance for the transition to machine industry were: the invention of the steam engine, the improvement of the method of melting metal and the creation of machines that produced machines. The machine conquered one area of goods production after another.

2. With the growth of capitalism, the process of capitalist industrialisation of the most important countries of Europe and America occurs. Capitalist industrialisation usually begins with the development of light industry. In the industrialisation of capitalist countries, the robbery of colonies and defeated countries, as well as the receipt of enslaving loans, play a large role. Capitalist industrialisation is based on the exploitation of wage labour and intensifies the ruin of the broad masses of the peasantry and artisans. It leads to a further increase in the social division of labour, completes the separation of industry from agriculture, and sharpens the opposition between city and countryside.

3. A capitalist factory is a large enterprise based on the exploitation of hired workers and using a system of machines to produce goods. The management of a capitalist factory is despotic in nature. In a capitalist society, the use of machines is accompanied by an increase in the severity of the wage worker's labour, intensification of his exploitation, and the involvement of women and children in production, receiving meagre wages. Capitalist machine production completes the process of separating mental labour from physical labour and sharpens the opposition between them.

4. The development of large-scale machine industry leads to the growth of cities, an increase in the urban population at the expense of the rural population, to the formation of a class of hired

workers—the proletariat, and to an increase in its numbers. Under capitalism, agriculture lags excessively behind industry. The increasing use of machines in agriculture accelerates the process of disintegration of the peasantry.

5. Large machine industry plays a historically progressive role, leading to an increase in labour productivity and to the socialisation of labour by capital. The limits of the capitalist use of machines are determined by the fact that capitalists enter the machine only in those cases when its price is less than the wages of the workers displaced by the machine.

CHAPTER VII. THE CAPITAL AND SURPLUS VALUE, THE BASIC ECONOMIC LAW OF CAPITALISM

The Basis of Production Relations of the Capitalist System.

With the transition from manufacture to large-scale machine industry, the capitalist mode of production became dominant. In industry, instead of craft workshops and manufactories based on manual labour, huge factories and plants appeared, in which labour is armed with complex machines. In agriculture, large capitalist economies began to emerge, using agricultural technology and agricultural machines, although at the same time the old noble estates and a large layer of small peasant farms were preserved. New technology grew, new productive forces emerged, new capitalist production relations gained dominance, and for a certain period of time became the main engine of the productive forces.

“Under the capitalist system, the basis of production relations is capitalist ownership of the means of production in the absence of ownership of production workers—hired workers, whom the capitalist cannot kill or sell, because they are free from personal dependence, but who are deprived of the means of production and, in order to not to starve, forced to sell their labour power to the capitalist and the truths around their necks are the yoke of exploitation. Along with capitalist ownership of the means of production, private ownership of the means of production by peasants and artisans freed from serfdom, based on personal labour, exists and is at first widespread”¹.

Capitalist ownership of the means of production is the non-labour private property of capitalists, used for the exploitation of hired workers.

The basis of the existence of capitalist society is the labour of hired workers. The exploitation of the proletariat by the bourgeoisie constitutes the main feature of capitalism, and the relationship between the bourgeoisie and the proletariat represents the basic class relationship of the capitalist system.

Small private property of simple commodity producers—peasants and artisans living off their own corpses—plays a subordinate role under capitalism. The mass of small commodity producers in town and village are exploited by capitalists and landowners—owners of factories, banks, trading enterprises, and land.

The capitalist mode of production goes through two stages in its development: pre-monopoly, during which capitalism developed along an ascending line, and monopoly, during which capitalism developed along a descending line. The general economic laws of capitalism operate at both stages of its development. Along with this, monopoly capitalism is distinguished by a number of significant features, which will be discussed later.

Let us move on to consider the essence of capitalist exploitation.

¹ J. V. Stalin, *On dialectical and historical materialism, Questions of Leninism*, ed., 11, 1952, pp. 595-596.

The Transforming of Money into Capital. The Labour Power as a Commodity.

Each capital starts its journey in the form of a certain amount of money. Money itself is not capital. When, for example, independent small commodity producers exchange goods, money acts as a means of circulation, but it does not serve as capital, the formula of commodity circulation is as follows: C (commodity)—M (money)—P (product), that is, the sale of one product to buy another. Money becomes capital when it is used for the purpose of exploiting someone else's labour. The general formula of capital is $M—C—M$, that is, buying or selling for the purpose of enrichment.

The formula $C—M—C$ means that one use value is exchanged for another: the commodity producer gives away a commodity that he does not need and receives in exchange another commodity that he needs for consumption. On the contrary, with the formula $M—C—M$ the starting and final points of the movement coincide: at the beginning of the journey the capitalist had money, and at the end of the journey he has money. The movement of Capital would be aimless if at the end of the operation the capitalist had the same amount of money as was at the berth. The whole point of a capitalist's longevity is that as a result he ends up with more money than he had at the beginning. Consequently, the general formula of capital in its polynomial form is $C—P—M'$, where M' denotes the amount of money.

The capital advanced to the capitalists, that is, put into circulation by them, returns to its owner with a certain increase. This increase in capital is not the goal of its owner.

Where does capital gain come from? Bourgeois economists, trying to hide the real source of the capitalists' enrichment, often claim that this increase arises from commodity circulation. This assertion is untenable. In the virgin itself. If goods and money are exchanged, value, that is, equivalents, no commodity owner can

extract from circulation greater value than that embodied in his product. If the sellers manage to sell their goods above their cost, say, by 10%, then, when they become buyers, they must overpay the same 10% to the sellers. Thus, what commodity owners gain as sellers, they lose as buyers. Meanwhile, in reality, the entire capitalist class experiences an increase in capital. Obviously, the owner of money, who has become a capitalist, must find on the market a product that, when consumed, creates value, and moreover, greater than that which he himself possesses. In other words, the owner of money must find on the market a commodity whose very use value would have the property of being a source of value. Such a commodity is labour power.

As mentioned above, labour power is the totality of physical and spiritual abilities that a person has and which he puts into action when he produces certain material goods. In any form of society, the worker is a necessary element of production. But only under capitalism does labour become a commodity. Capitalist production is based on wage labour, the hiring of a worker by the capitalist is nothing more than the purchase and sale of goods, labour power, the worker sells his labour power, the capitalist buys it. Capitalism is the highest form of commodity production; with the transformation of labour power into commodities, commodity production assumes a universal character.

Having hired a worker, the capitalist receives his labour power at his full disposal. The capitalist uses this labour power in the process of capitalist production, in which the growth of capital occurs.

The Cost and Use-Value of Labour Power. The Law of Acceptance Value is the Basic Law of Capitalism.

Like any other product, labour power is sold at a certain price, which is based on the cost of this product. What is this cost?

In order for a worker to retain the ability to work, he must satisfy his needs for food, clothing, shoes, and housing. Satisfying the necessary needs of life is the restoration of the worker's expended vital energy—muscular, nervous, brain—and the restoration of his working capacity. Further, capital needs a continuous supply of labour, which is why the worker must be able to support not only himself, but also his family. This is how reproduction occurs, that is, the constant renewal of labour power. Finally, capital needs not only untrained, but also skilled workers who can handle complex machines, and obtaining qualifications is associated with certain labour costs for training. Therefore, the costs of production and reproduction of labour also include a certain minimum cost of training the younger generations of the working class.

From all this it follows that the value of the commodity labour power is equal to the value of the means of subsistence necessary to support the worker and his family. The value of these means of subsistence, in turn, is determined by the labour socially necessary for their production.

With the course of historical development of society, both the level of the worker's usual needs and the means of satisfying these needs change. The level of the worker's usual needs varies from country to country. The peculiarities of the historical path traversed by a given country and the conditions in which the class of wage workers was formed largely determine the nature of its needs. Climatic and other natural conditions also have a certain influence

on the worker's needs for food, clothing, and housing. The cost of labour power includes not only the cost of consumer goods necessary to restore a person's physical strength, but also the costs of satisfying the cultural needs of the worker (educating children, buying newspapers, books, visiting the cinema, theatre, etc.). Capitalists always and everywhere strive to reduce the material and cultural conditions of life of the working class to the lowest level.

Getting down to business, the capitalist purchases everything necessary for production: buildings, machines, equipment, raw materials, fuel. He then hires workers and the production process begins at the enterprise. When the goods are ready, the capitalist sells them. The cost of the finished goods includes itself; firstly, the cost of spent means of production—processed raw materials, spent fuel, a certain part of the cost of such machines and tools; secondly, the cost of a product also includes the value created by the labour of workers at a given enterprise.

What is this new value?

Let us assume that an hour of simple average labour creates a value equal to \$1, and the daily value of labour is equal to \$6. In this case, to recover the daily cost of his labour power, the worker must work for 6 hours. But the capitalist bought labour for the whole day, and he forces the proletarian to work not for 6 hours, but for a whole working day, which lasts, let's say, 12 hours. During these 12 hours the worker creates value equal to 12 dollars, while the value of his labour power is equal to 6 dollars.

Thus, the value of labour power and the value created by the labour of the worker in the production process are two different quantities. The difference between these two quantities is a necessary precondition for capitalist exploitation. The capitalist mode of production presupposes a relatively high level of labour productivity, in which a worker needs only part of the working day to create value equal to the cost of his labour power.

In our example, the capitalist, having spent \$6 on hiring a worker, receives the value created by the worker's labour equal to \$12. The capitalist returns to himself the originally advanced capital with an increment or surplus equal to \$6. This increment constitutes surplus value.

Surplus value is the value created by the labour of a hired worker in excess of the value of his labour power and given free of charge by the capitalist. Thus, surplus value is the result of the unpaid labour of the worker.

The working day is divided into two parts: necessary labour time and surplus labour time, and the labour of a hired worker engaged in production is divided into necessary and surplus labour. During the necessary labour time, the worker reproduces the value of his labour power, and during the surplus labour time he creates surplus value.

Now we see what the specific use value of the commodity, labour power, is for the buyer of this commodity—the capitalist. The use value of a commodity, labour power, is its property of being a source of value, and, moreover, of greater value than it itself has. In other words, the use value of the commodity labour power consists in its ability to create value and surplus value.

The labour process under capitalism is characterised by two fundamental features. First, the worker works under the control of the capitalist, who owns the worker's labour. Secondly, the capitalist owns not only the labour of the worker, but also the product of this labour. The labour of a worker under capitalism is the process of consumption by the capitalist of the commodity labour force, or the process of squeezing surplus value from the worker by the capitalist. These features of the labour process under capitalism, with the parachute labour of the hired worker and a heavy and hateful burden.

The immediate goal of capitalist production is the production of surplus value. In accordance with this, productive labour under

capitalism is only that labour that creates surplus value. If the worker does not create surplus value, his labour is unproductive labour, surplus for capital and debt (...).

Unlike previous forms of exploitation—slave and feudal—capitalist exploitation is disguised. When a wage worker sells his labour power to a capitalist, this transaction at first glance appears to be an ordinary transaction between commodity owners, an ordinary exchange of goods for money, carried out in full accordance with the law of value. However, the purchase and sale transaction of labour power is only an external Form, behind which lies the exploitation of the worker by the capitalist, the appropriation of the worker's unpaid labour without any equivalent by the entrepreneur.

In clarifying the essence of capitalist exploitation, we assume that the capitalist, when hiring a worker, pays him the full cost of his labour power. Later, when considering wages, it will be shown that, unlike the prices of other goods, the price of labour power, as a rule, deviates downward from its value. This further increases the exploitation of the working class by the capitalist class.

Capitalism gives the wage worker the opportunity to work, and therefore live, only insofar as he works for a certain amount of time for nothing for the capitalist. Having left one capitalist enterprise, a worker, in the most favourable case for him, ends up in another capitalist enterprise, where he is subjected to the same or even more cruel exploitation. Thus, the wage labour system is a system of wage slavery. Marx pointed out that the Roman slave was chained, the wage worker was tied by invisible threads to his owner. This owner is the capitalist class as a whole.

The basic economic law of capitalism is the law of surplus value—the law of the birth and increase of capitalist profit, characterizing capitalism. Marx wrote: “The production of surplus value or profit is the absolute law of this mode of production”¹. This law determines the essence of capitalist production, all the

main aspects and all the main processes of its development. The law of surplus value expresses the basic class relationship of capitalist production—the relationship between the bourgeoisie and the proletariat.

The surplus value created by the unpaid labour of wage workers represents the common source of unearned income of the entire bourgeois class. On the basis of surplus value, certain relations develop between various groups of the bourgeoisie: industrialists, traders, bankers, as well as between the class of capitalists and landowners.

The surplus value created by the unpaid labour of wage workers represents the common thread of unearned income of the entire bourgeois class. On the basis of the distribution of fitting value, relations develop between various groups of the bourgeoisie: industrialists, traders, and also between the capitalist class and the landowner class.

The pursuit of surplus value plays a major role in the development of productive forces under capitalism. None of the previous forms of exploitative system—neither slavery nor feudalism—possessed such a force to drive the growth of technology. Under the social order that preceded capitalism, technology developed extremely slowly. Capital, in pursuit of surplus value, made a radical revolution in previous methods of production - the industrial revolution, which gave rise to large-scale machine industry.

Having revealed in his doctrine of surplus value the essence of capitalist exploitation; Marx gave the working class a spiritual weapon to fight for their liberation from capitalist wage slavery and dealt a mortal blow to bourgeois political economy and its assertions about the harmony of class interests under capitalism.

¹ K. Marx, *Capital*, vol. 1, 1851, p. 624.

The Capital as a Social Relation of Production. The Constant and Variable Capital.

Bourgeois economists declare every instrument of labour, every means of production, capital, starting from the stone and stick of primitive man. This definition of capital aims to obscure the essence of the exploitation of the worker by the capitalist, to present capital in the form of a furnace and unchanging condition for the existence of any human society.

In fact, the stone and stick of primitive man served him as tools of labour, but were not capital. Nor are the tools and raw materials of a craftsman, the implements, seeds and draft animals of a peasant running a household based on personal labour. The means of production become capital only at a certain stage of historical development, when they are the private property of the capitalist and serve as a means of exploitation of wage labour.

Capital is value, which—through the exploitation of wage workers—brings surplus value. As Marx put it, capital is “dead labour which, like a vampire, comes to life only when it absorbs living labour and lives the more fully the more living labour it absorbs”¹. Capital embodies the social relation of production between the capitalist class and the working class, which consists in the fact that capitalists, as owners of the means and conditions of production, exploit wage workers who create surplus for them. This social-production relation, like all other production relations of capitalist society, takes the form of a pedestrian relation and is presented as the property of the things themselves—the means of production—to bring income to the capitalist.

This is the fetishism of capital: with the capitalist mode of production, a deceptive appearance is created, as if the means of

¹ K. Marx, *Capital*, vol. 1, 1951, p. 238.

production create a deceptive appearance, as if the means of the producer (or a certain amount of money with which to buy the means of production) themselves have poured a miraculous ability of merit into their owner's regular unearned income.

Different parts of capital play different roles in the process of producing surplus value.

The entrepreneur spends a certain part of the capital on the construction of a factory building, on the purchase of equipment and machinery, on the purchase of raw materials, fuel, and auxiliary materials. The value of this part of the capital is transferred to the newly produced goods as the means of production are consumed or worn out in the labour process. The part of capital that exists in the value of the means of production does not change its value during the production process and is therefore called constant capital.

The entrepreneur spends another part of the capital on the purchase of labour power—on hiring workers. In return for this part of the expended capital, the entrepreneur, through the trenches of the production process, receives a new value, which is generated by the workers at his enterprise. This new value, as we have seen, is greater than the value of the labour power purchased by the capitalist. Thus, the part of capital spent on wages of workers changes its value in the process of production: it increases as a result of the creation of surplus value by workers, borrowed by the capitalist. The part of capital that is spent on the purchase of labour power (that is, on the wages of workers) and accumulates in the production process is called change capital.

Marx denotes constant capital by the Latin letter *c*, and variable capital by the letter *v*. The division of capital into constant and variable parts was first established by Marx. Through this division, the special role of variable capital used to purchase labour power was revealed. The exploitation of wage workers by capitalists is the real source of surplus value.

The fact that the worker, with his labour, simultaneously creates new value and transfers the value of the means of production to the manufactured goods is explained by the dual nature of the worker's labour. As specific concrete labour, the labour of a worker transfers the value of the consumable means of production to the product, and as abstract labour, as the cost of labour power in general, the labour of the same worker creates new value. These two aspects of the labour process differ very tangibly. For example, if the permissibility of labour in a given industry doubles, the spinner will transfer twice the value of the means of production to the product during the working day (since he will process double the mass of cotton), but he will create as much new value as the shares of the dual nature of labour embodied in goods, served. Marx's key to establishing the difference between constant indispensable capital and revealing the essence of capitalist exploitation.

The Rate of Surplus Value.

Capital did not invent surplus labour. Wherever society consists of exploiters and exploited, the ruling class sucks surplus labour from the exploited classes. But unlike the slave owner and feudal lord, who, under the dominance of a natural economy, turned the overwhelming part of the product of the surplus labour of slaves and serfs into the direct satisfaction of their needs and whims, the capitalist converts the entire product of the surplus labour of hired workers into money. The capitalist spends part of this money on the purchase of consumer goods and luxury goods, while he puts the other part of the money back into business as additional capital, bringing in new surplus value. Therefore, capital reveals, as Marx put it, a truly wolfish greed for surplus labour. The degree of exploitation of the worker by the capitalist is expressed in the rate of surplus value.

The rate of surplus value is the ratio of surplus value to variable capital, expressed as a percentage. The rate of surplus value shows

in what proportion the labour expended by workers is divided into necessary and surplus labour, in other words, what part of the working day the proletarian spends on replacing the cost of his labour power and what part of the working day he works for nothing for the capitalist. Marx denotes surplus value by the Latin letter m , and the rate of surplus value by m' . In the above case, the rate of surplus value, expressed as a percentage, is:

$$m' = \frac{6 \text{ dollars}}{6 \text{ dollars}} 100 = 100\%$$

The rate of surplus value here is 100%. This means that in this case the worker's labour is divided equally into the necessary and surplus labour. With the development of capitalism, there is an increase in the rate of surplus value, expressing an increase in the degree of exploitation of the proletariat by the bourgeoisie. The mass of surplus value grows even faster, as the number of wage workers exploited by capital increases.

In tsarist Russia, according to the results of a targeted survey of factories and probes carried out in 1908, invariably exaggerated figures were produced about the size of workers' earnings and understated figures about the size of capitalists' profits; the workers' wages were equal to 555.7 million rubles, and the capitalists' profits amounted to 568.7 million rubles. The total number of worker surveys of large manufacturing enterprises filling industry amounted to 2.254 thousand people. Thus, the average wage of a worker was 246 rubles per year, and each worker brought an average of 252 rubles of profit per year to the capitalist.

Thus, the worker spends a full day working for himself, and the majority of the day for the capitalist.

Two Ways to Increase the Degree of Exploitation. The Absolute and Relative Surplus Value.

Every capitalist strives in every possible way to increase the field of coastal labour squeezed out of the worker. An increase in surplus value is achieved in two main ways.

Let us take for example a working day of 12 hours, of which 6 hours are necessary and 6 hours are surplus labour. Let us depict this working day in the form of a line, on which each division is equal to one hour.

Worker day = 12 hours

|—|— |—|— |—|— |—|—

Required work Required work

time = 6 o'clock time = 6 o'clock

|—|— |—|— |—|— |—|— |—|— |—|— |—|— |—|—

The first way of increasing the degree of exploitation of the worker is that the capitalist increases the surplus value he receives by lengthening the entire working day. Let's say for 2 hours. In this case, the working day will look like this:

Worker day = 14 hours

|—|— |—|— |—|— |—|—

Required work Required work

time = 8 o'clock time = 8 o'clock

|—|— |—|— |—|— |—|— |—|— |—|— |—|— |—|—

The amount of surplus working time has increased as a result of the absolute lengthening of the working day as a whole, while the necessary working time has remained unchanged. The surplus value produced by lengthening the working day is called **absolute surplus value**.

The second way of increasing the degree of exploitation of the worker is that, while the total length of the working day remains unchanged, the surplus value received by the capitalist increases due to a reduction in the necessary working time. The growth of labour productivity in the industries that produce consumer goods for workers, as well as those that supply tools and materials for the production of these consumer goods, leads to a reduction in the labour time necessary for their production. As a result, the cost of workers' livelihoods decreases and the cost of labour power decreases accordingly. If previously it took 6 hours to produce a worker's means of subsistence, now, let's say, only 1 hour is spent. In this case, working laziness will look like this:

Working day = 12 hours

|—|— |—|— |—|— |—|—

Required work Required work

time = 4 hours

time = 8 o'clock

|—|— |—|— |—|— |—|— |—|— |—|— |—|— |—|—

The length of the working day remained unchanged, but the amount of surplus working time increased due to the fact that the ratio between necessary and surplus working time has changed. The surplus value that arises as a result of a decrease in the required working time and a corresponding increase in the surplus working time is called **relative surplus value**.

The two methods of increasing surplus value play different roles at different stages of the historical development of capitalism.

In the manufacturing period, when technology was low and moved forward relatively slowly, the increase in absolute surplus value was of primary importance. With the further development of capitalism, in the machine period, when highly developed technology makes it possible to quickly increase labour productivity, capitalists achieve a huge increase in the degree of exploitation of workers, primarily due to the growth of relative surplus value. At the same time, the capitalists continue to strive in every possible way to lengthen the working day and, in particular, to increase the intensity of labour. Intensifying the labour of workers has the same meaning for capitalists as lengthening the working day: lengthening the working day from 10 to 11 hours or increasing the intensity of labour by one tenth gives the same result to the capitalist.

The Working Day and its Borders. The Fight to Shorten the Working Day.

In pursuit of increasing the rate of surplus value, capitalists strive to lengthen the working day to the extreme. The working day is the time of day during which the worker is at the enterprise at the disposal of the capitalist. If it were possible, the entrepreneur would force his workers to work 24 hours a day. However, during a certain part of the day, a person must restore his strength, rest, sleep, and eat. This gives the purely physical boundaries of the worker. In addition, the working day has moral boundaries, since the worker needs time to satisfy his cultural and social needs.

Capital, showing an insatiable greed for surplus labour, does not want to take into account not only the moral, but also the purely physical boundaries of the working day: capital steals from the worker the time necessary to preserve his life and health. Predatory exploitation of the labour force destroys the continuation of the life of the proletarians and leads to an extraordinary increase in mortality among the working population.

During the emergence of capitalism, state power issued special laws in the interests of the bourgeoisie in order to force hired workers to work as many hours as possible. Then technology remained at a low level, the masses of peasants and artisans could work independently, as a result of which capital did not have an excess of workers at its disposal. The situation changed with the spread of machine production and the growing proletarianisation of the population. Capital had at its disposal enough workers who, under the threat of starvation, were forced into bondage to the capitalists. There was no longer any need for state laws lengthening the working day. Capital gained the opportunity, through economic coercion, to extend the labour force to its extreme limits. Under these conditions, the working class began a stubborn struggle to shorten the working day. This struggle took place first in England.

As a result of a long struggle, English workers became aware of the need for a factory law in 1833, which limited the work of children under 13 years of age to 8 hours, and the work of adolescents from 13 to 18 years of age to 12 hours. In 1844, the first law was issued limiting women's work to 12 hours. In most cases, child and female labour was used alongside male labour. Therefore, in enterprises covered by factory legislation, a 12-hour working day began to apply to all workers. The law of 1847 limited the labour of adolescents and women to 10 hours. These restrictions, however, affected the wage labour sectors. A 1901 law limited the working day of adult workers to 12 hours.

As workers' resistance grew, laws limiting the working day began to appear in other capitalist countries. After the publication of each such law, the workers had to wage a relentless struggle to implement it.

A particularly persistent struggle for legal restrictions on working hours unfolded after the working class put forward the demand for an eight-hour working day as its rallying call. This

demand was proclaimed in 1866 by the Labour Congress in America and the Congress of the 1st International at the suggestion of Marx. The struggle for the eight-hour working day has become an integral part of not only the economic, but also the political struggle of the proletariat against the bourgeoisie.

In Tsarist Russia, the first Factory Laws appeared at the end of the 19th century. After the well-known strikes of the St. Petersburg proletariat in 1897, the working day was limited to 11½ hours. This law was a forced concession won by Russian workers from the tsarist government.

On the eve of the First World War, the 10-12 hour working day prevailed in most capitalistically developed countries. In 1919, under the influence of the bourgeoisie's fear of the growth of the revolutionary movement, representatives of a number of capitalist countries concluded an agreement in Washington on the introduction of an 8-day working day on an international scale, but then all major capitalist states refused to approve this agreement. In capitalist countries, along with the exhausting intensity of work, there are long working hours, especially in the arms industry. In Japan, on the eve of the Second World War, the law established a 12-hour working day for workers over 16 years of age, but in fact in a number of industries the working day was 15-16 hours. Exorbitantly long working hours are the lot of the proletariat in colonial and dependent countries.

The Excess Surplus-Value.

A type of relative surplus value is excess surplus value. It occurs in cases where individual capitalists introduce machines and production methods that are more advanced than those used in most enterprises in the same industry. In this way, an individual capitalist achieves higher labour productivity in his enterprise compared to the average level existing in a given branch of

production. As a result, the individual value of the goods produced at a given enterprise turns out to be lower than its social value. Since the price of a commodity is determined by its social value, the capitalist receives a higher rate of surplus value compared to the usual rate.

Let's take the following example. Suppose that in a tobacco factory a worker produces a thousand cigarettes per hour and works 12 hours, of which in 6 hours he creates value equal to the value of his labour power. If a machine is introduced into a factory that doubles labour productivity, then the worker, still working 12 hours, no longer produces 12 thousand, but 24 thousand cigarettes. The worker's wages are compensated by part of the newly created value, embodied (minus the value of the transferred part of constant capital) in 6 thousand cigarettes, that is, in the product of 3 hours. The share of the manufacturer remains with the other part of the newly created value, embodied (minus the value of the transferred part of the constant capital) in 18 thousand cigarettes, that is, in the product of 9 hours.

Thus, there is a reduction in necessary working time and a corresponding lengthening of surplus working time. The worker compensates for the cost of his labour power no longer within 6 hours, but within 3 hours; his surplus labour increased from 6 hours to 9 hours. The rate of surplus value increased threefold.

Excess surplus value is the excess of surplus value above the usual rate, obtained by individual capitalists who, with the help of more advanced machines or methods of production, achieve in their enterprises a higher productivity of labour in comparison with the productivity of labour in most enterprises of the same industry.

Obtaining excess surplus value is only a temporary phenomenon in each individual enterprise. Sooner or later, most

entrepreneurs in the same industry introduce new machines, and those who do not have sufficient capital for this are ruined by competition. As a result of that time, socially necessary for the production of a given commodity decreases, the value of the commodity decreases, and the capitalist who applied technical improvements earlier than others ceases to receive excess surplus value. However, having disappeared at one enterprise, excess surplus value appears at another, where naked, even more advanced machines are found.

Every capitalist strives only for his own enrichment. But the end result of the isolated actions of individual entrepreneurs is the growth of technology, the development of the productive forces of capitalist society. At the same time, the pursuit of surplus value encourages every capitalist to protect his technical achievements from competitors and gives rise to trade secrets and technological secrets. Thus, it turns out that capitalism sets certain limits for the development of productive forces.

The development of productive forces under capitalism occurs in a contradictory form. Capitalists use new machines only if this leads to an increase in surplus value. The introduction of new machines serves as the basis for a comprehensive increase in the degree of exploitation of the proletariat, lengthening the working day and increasing the intensity of labour; The progress of technology is carried out at the cost of innumerable sacrifices and deprivations of many generations of the working class. Thus, capitalism treats in the most predatory manner the main productive force of society—the working class, the working masses.

The Class Structure of Capitalist Society. The Bourgeois State.

Pre-capitalist methods of production were characterised by the division of society into various classes and estates, which created a

complex hierarchical structure of society. The bourgeois era simplified class contradictions and replaced various forms of hereditary privileges and personal dependence with the impersonal power of money and the unlimited despotism of capital. Under the capitalist mode of production, society is increasingly split into two large hostile camps, into two opposing classes—the bourgeoisie and the proletariat.

The bourgeoisie is the class that owns the means of production and uses them to exploit wage labour.

The proletariat is a class of wage workers deprived of the means of production and, as a result, forced to provide their labour power to the capitalists. On the basis of machine production, capital completely subjugated wage labour. For the class of wage workers, the proletarian condition of being a herd is a lifelong destiny.

The bourgeoisie and the proletariat are the main classes of capitalist society. As long as the capitalist mode of production exists, these bottom classes are inextricably linked; the bourgeoisie cannot exist or get rich without exploiting wage workers; The proletarians cannot live without being hired by the capitalists. At the same time, the bourgeoisie and the proletariat are antagonistic classes. The ruling class of capitalist society is the bourgeoisie. The development of capitalism is leading to a deepening of the gap between the exploiting minority and the exploited masses. The class struggle between the proletariat and the bourgeoisie is the driving force of capitalist society.

Throughout the entire capitalist era, pre-capitalist forms of economy and the relations corresponding to them continue to exist. From the feudal era, capitalism inherited large land ownership and a class of landowners. In all bourgeois countries, a significant part of the population is the peasantry. No country has “pure capitalism”, in which the entire society would consist exclusively of the bourgeoisie and the proletariat.

The peasantry is a class of small producers who conduct their farming on the basis of private ownership of the means of production with the help of backward technology and manual labour. The bulk of the peasantry is mercilessly exploited by landowners, kulaks, merchants and moneylenders and is ruined. In the process of stratification, the peasantry continuously distinguishes from itself, on the one hand, the masses of proletarians and, on the other, kulaks and capitalists.

The capitalist state, which replaced the state of the feudal-serf era as a result of the bourgeois revolution, in its class essence is a machine in the hands of the capitalists to keep the working class in subjection to the peasantry. The bourgeois state protects capitalist private ownership of the means of production, ensures the exploitation of the working people and suppresses their struggle against the capitalist system.

Since the interests of the capitalist class are sharply opposed to the interests of the overwhelming majority of the population, the bourgeoisie is forced to hide the class character of its state in every possible way. The bourgeoisie is trying to present this state as supposedly supra-class, nation-wide, as a state of "pure democracy." But in reality, bourgeois "freedom" is the freedom of capital to exploit the labour of others; bourgeois "equality" is a deception that covers up the actual inequality between the exploiter and the exploited, between the well-fed and the hungry, between the owners of the means of production and the mass of proletarians who own only their labour power.

The bourgeois state suppresses the popular masses with the help of its administrative apparatus, police, army, courts, prisons, concentration camps and other means of violence. A necessary addition to these means of violence are the means of ideological influence with the help of which the bourgeoisie maintains its dominance. This includes the bourgeois press, radio, cinema, bourgeois science and art, church.

The bourgeois state is the executive committee of the capitalist class. Bourgeois constitutions aim to consolidate social orders that are pleasing and beneficial to the propertied classes. The bourgeois state declares the basis of the capitalist system—private ownership of the means of production—sacred and inviolable.

The forms of bourgeois states are very diverse, but their essence is the same; all these states are, in the final analysis, a dictatorship of the bourgeoisie, striving by all means to preserve and strengthen the system of exploitation of wage labour by capital.

As large-scale capitalist production grows, the number of the proletariat increases, which is increasingly aware of its class interests, develops politically and organizes itself to fight against the bourgeoisie.

The industrial proletariat is the most revolutionary, the most advanced class of capitalist society, capable of gathering around itself the working masses of the peasantry, all the exploited sections of the population and leading them to storm capitalism.

BRIEF SUMMARY

1. Under the capitalist system, the basis of production relations is capitalist private ownership of the means of production in the absence of ownership of production workers—wage workers who are free from personal dependence, but deprived of the means of production and, in order not to die of hunger, are forced to sell their labour power to the owners of the means production to capitalists. The basis of the existence of capitalist society is the labour of hired workers.

2. Under capitalism, labour power is a commodity that has value and use value. The cost of the commodity labour force is determined by the cost of consumer goods necessary to support the family. The use value of the commodity labour power lies in its property of being a source of value and surplus value.

3. Surplus value is the value created by the labour of the worker in excess of the value of his labour power and appropriated free of charge by the capitalist. The law of surplus value—the law of the birth and increase of capitalist profit—is the basic economic law of capitalism.

4. Capital is value brought—through the exploitation of hired workers—surplus value. Capital embodies the social relationship between the capitalist class and the working class. In the process of producing surplus value, various parts of capital play (...) part of capital; which is spent on the means of production: this part of the capital does not create new value and does not change (...). represents that part of the capital that is spent on the purchase of labour power; this part of the capital increases as a result of the capitalist's appropriation of the surplus value created by the labour of the worker.

5. The rate of surplus value is the ratio of surplus value to variable capital. It expresses the degree of exploitation of the worker by the capitalist. Capitalists raise the rate of surplus value in two ways—through absolute surplus value and through relative surplus value. Absolute surplus value is the surplus value created by lengthening the working day or increasing the intensity of labour. Relative surplus value is the surplus value created by reducing the necessary labour time and correspondingly increasing the surplus labour time.

6. The contradiction between the bourgeoisie and the proletariat constitutes the main class contradiction of capitalist society. The class interests of the bourgeoisie and the proletariat are irreconcilable. The body for the protection of the capitalist system and the suppression of the working and exploited majority of society is the bourgeois state, which is nothing more than the dictatorship of the bourgeoisie.

CHAPTER VIII. THE WAGE

The Labour Price. The Essence of Wages.

Under the capitalist mode of production, labour power, like any other commodity, has value. The cost of labour power, expressed in money, is the price of labour power.

But the price of labour is different from the price of other goods. When a commodity producer sells, say, canvas on the market, the amount of money received for it appears to be nothing more than the price of the product sold. When a proletarian sells his labour power to a capitalist and receives a certain amount of money in the form of wages, then this amount of money is not represented by the price of the commodity labour power, but by the price of labour.

This happens due to the following reasons. First, the capitalist pays the worker his wages after the worker has spent his labour. Secondly, wages are set either in accordance with the amount of time worked (hours, days, weeks) or in accordance with the amount of product produced. Let's take the previous example. Let's say a worker works 12 hours a day. In 6 hours he produces a value of \$6 equal to the cost of his labour. In the remaining 6 hours, he produces a value of six dollars, which is sprinkled as surplus value by the capitalist. Since the entrepreneur hired the proletarian full time, he pays him 6 dollars for all 12 hours of work. This gives rise to the deceptive appearance that wages are the price of labour. as if 6 dollars is full payment for an entire 12-hour working day. In fact, 6 dollars represents only the daily value of labour power, while the labour of the proletarian created a value equal to 12 dollars. If the enterprise establishes payment according to the quantity of the product produced, then intimacy arises, as if the worker is paid for

the labour spent on each unit of goods he produces, that is, again, as if all the labour expended by the worker is paid in full.

This deceptive appearance is not a random delusion of people. It is generated by the very conditions of capitalist production, under which exploitation is hidden, obscured, and the relationship between the entrepreneur and the hired worker is presented in a distorted form, as the relationship of equal commodity owners.

In reality, the wages of a hired worker are not the value or price of his labour. If we assume that labour is a commodity and has a value, then the value of this value must be measured by something. Obviously, the value of the “cost of labour,” like any commodity, must be measured by the amount of labour contained in it. With this assumption, a vicious circle results: labour is measured by labour.

Further, if there were a “value of labour” and if the capitalist paid this value to the worker, that is, paid for labour in full, then there would be no source of enrichment for the capitalist, in other words, the capitalist mode of production could not exist.

Labour is pooled by the creator of the value of goods, but labour itself is not a commodity and has no value. What in everyday life is called “the cost of labour” is in reality the cost of labour power.

The capitalist buys on the market not labour directly, but a special commodity—labour power. The consumption of labour power, that is, the expenditure of the worker’s muscular, nervous, and brain energy, is the labour process. Wages are payment for only part of the working day. The value of labour power is always less than the value newly created by the labour of the worker. But since wages are presented in form as wages, it creates the impression that the entire working day is paid in full. Therefore, Marx calls wages in bourgeois society a transformed form of value or the price of labour power.”

Wages are the monetary expression of the value of labour power, its price, which acts as the price of labour.

In slavery, there is no transaction of purchase and sale of labour between the slave owner and the slave. A slave is the property of the slave owner. Therefore, it seems that all the slave's labour is given for nothing, that even that part of the labour that reimburses the costs of maintaining the slave is unpaid labour, labour for the slave owner. In feudal society, the necessary labour of the peasant on his farm and the surplus labour on the farm of the landowner are clearly delimited in time and space. Under the capitalist system, even the unpaid labour of a hired worker appears to be paid labour.

Wages hide all traces of the division of the working day into necessary and surplus labour time, into paid and unpaid labour, and thus masks the relation of capitalist exploitation.

The Basic Forms of Wages.

The main forms of wages are: 1) time-based and 2) piece-rate (piecework).

Time wages are a form of wages in which the amount of a worker's earnings depends on the time he works—hours, days, weeks, months. In accordance with this, they differ: hourly wages, daily, weekly, monthly.

With the same amount of time wages, the actual payment of the worker may be different, depending on the length of the working day. The measure of payment to a worker for the labour expended per unit of time is the price of one working hour. Although, as indicated, labour itself has no value, and therefore no price, to determine the amount of remuneration for a worker, the name "price of labour" is conventionally adopted. The unit of measure of "price of labour" is the wage for one working hour, or the price of a working hour. Thus, if the average working day lasts

12 hours, and the average daily cost of labour is \$6, then the average price of a labour hour (600 cents: 12) will be equal to 50 cents.

Time-based wages enable the capitalist to intensify the exploitation of the worker by lengthening the working life, lowering the price of a working hour, leaving wages for the day, week, and month unchanged. Suppose that the cherished wage remains the same - \$6, but the working day is increased from 12 to 13 hours; in this case, the price of one labour hour (600 cents: 13) will fall from 50 to 46 cents. Under pressure from the demands of the workers, the capitalist is sometimes forced to increase the daily (and, accordingly, weekly, monthly) wages, while the price of one working hour may remain unchanged or even fall. Thus, if the daily wage is raised from \$6 to \$6.20, and the working day is increased from 12 to 14 hours, the price of a labour hour in this case will fall (620 cents: 14) to 44 cents.

Increased intensification of labour also leads to a fall in the price of a working hour, since with a greater expenditure of energy, which is equivalent to a lengthening of the working barrel, the payment remains the same. As a result of the fall in the price of a working hour, the proletarian, in order to exist, is forced to work increasingly harder, or agree to a further lengthening of the working day. The immense intensification of labour, as well as the lengthening of the working day, lead to increased consumption of labour power and its undermining. The lower each working hour is paid, the greater the amount of labour or the longer the working day is required in order for the worker to be provided with even the most pitiful wages. On the other hand, the extension of working time causes, in turn, a decrease in wages for working hours and, at the same time, a decrease in daily or weekly wages.

The capitalist uses the fact that with the lengthening of the working day or with an increase in the intensity of labour the payment for one hour of labour decreases to his advantage. Under

favourable conditions for the sale of goods, the operator lengthens the working day and introduces overtime work, that is, work beyond the established length of the working day. If market conditions are unfavourable and the capitalist is forced to temporarily reduce production, he breaks the working day and introduces hourly wages. Hourly wages for part-time or part-time work reduce wages sharply. If in our example the working day is reduced from 12 to 6 hours while maintaining the same wage of 50 cents per hour, then the worker's daily earnings will be only 3 dollars, that is, it will be 2 times less than the daily cost of labour. Consequently, the worker loses in pay not only when the working day is excessively extended, but also when he is forced to work part time.

With time-based wages, the amount of a worker's earnings is not directly dependent on the degree of intensity of his labour: with an increase in the intensity of labour, time-based wages do not increase, nor does the price of a working hour. actually falls. In order to intensify exploitation, the capitalist maintains special supervisors who ensure that workers comply with capitalist labour discipline and its further intensification.

Time wages were common in the early stages of the development of capitalism, when the entrepreneur, without encountering any organised resistance from workers, could increase surplus value by lengthening the working day. However, time wages persist even at the highest stage of capitalism. In a number of cases, it represents considerable convenience for the capitalist: by accelerating the movement of machines, the capitalist forces workers to work more and more intensively without increasing wages.

Piece wages are a form of wages in which the amount of a worker's earnings depends on the number of products, individual parts he produces per unit of time, or on the number of operations performed. With time-based payment, the labour expended by a worker is measured by its duration; with piece-by-piece payment, it

is measured by the number of products produced (or operations performed), each of which is paid at certain rates.

When setting prices, one takes into account, firstly, the daily time wage of the worker and, secondly, the number of products or parts that the worker produces during the day, and the highest output of the worker is usually taken as the norm. If the average daily wage in a given branch of production with time wages is \$6, and the number of products of a certain type produced by a worker is 60 pieces, the piece price for a product or part will be 10 cents. The piece rate is set by the capitalist in such a way that the worker's hourly (daily, weekly) earnings are no higher than with time wages. Thus, piecework payment is basically a modified form of time payment.

Piece payment, even more so than time-based payment, gives rise to the deceptive appearance that the worker sells to the capitalist not labour power, but labour and receives full payment for labour in accordance with the amount of output produced.

Capitalist piecework leads to a constant increase in the intensity of labour. At the same time, it makes it easier for the employer to supervise the workers. The degree of intensity of labour is controlled here by the quantity and quality of the product that the worker must produce in order to acquire the necessary means of subsistence. The worker is forced to increase his piece output and work more and more intensely. But as soon as a more or less significant part of the workers reaches a new, increased level of labour intensity, the capitalist reduces piece prices. If in our example the piece price is reduced, say, by 2 times, the worker, or maintaining the same earnings, is forced to work for two, that is, he is forced to increase working hours or further increase the intensity of labour in order to produce not 60, but 120 parts during the day, "The worker tries to defend the total amount of his wage elite by working more: working more hours or producing more in one hour... The result is this: the more he works, the less pay he

receives”¹. This is the most important feature of piecework wages under capitalism.

Time-based and piece forms of wages are often used simultaneously at the same enterprises. Under capitalism, both of these forms of wages are just different ways of increasing the exploitation of the working class.

Capitalist piecework underlies the sweatshop wage systems used in bourgeois countries.

The Sweatshop Wage Systems.

The most important feature of capitalist piecework is the immense intensification of labour, which exhausts all the worker’s strength. At the same time, wages do not compensate for the increased expenditure of labour. Beyond a certain duration of labour and its intensity, no additional compensation can prevent the direct destruction of labour power.

As a result of the use of exhausting methods of labour organisation in capitalist enterprises, usually at the end of the working day the overstrain of the worker’s muscular and energetic forces is felt, which leads to a drop in labour productivity. In pursuit of increasing surplus value, the capitalist also resorts to various sweatshop wage systems in order to achieve high labour intensity throughout the entire working day. Under capitalism, the so-called “scientific organisation of labour” serves these same goals. Common forms of such organisation of labour using wage systems that are extremely exhausting for the worker are Taylorism and Fordism, which are based on the principle of maximizing the intensity of labour.

¹ K. Marx, Wage Labor and Capital, K. Marx, F. Engels, Selected Works, vol. 1, 1948, p. 76.

The essence of Taylorism (the system named after its champion, the American engineer F. Taylor) is as follows. The company selects the strongest and most dexterous workers. They are forced to work with maximum tension. The execution of each individual operation is recorded in seconds and fractions of a second. Based on dacha timekeeping, the production regime and time standards are established for the entire mass of workers. If the norm—the “lesson”—is exceeded, the worker receives a small increase to the daily wage—a bonus; When the quota is not met, the worker is paid at greatly reduced rates. The capitalist organisation of labour according to Taylor’s system exhausts all the worker’s strength, turns him into an appendage to the machine, mechanically, like an automaton, performing the same movements.

V.I. Lenin gives a specific example (the work of pressing cast iron onto a cart), when with the introduction of the Taylor system, in just one operation, the capitalist was able to reduce the number of workers from 500 to 140 people, that is, 3.6 times; due to the monstrous increase in labour intensity, the worker’s daily workload increased from 16 to 59 tons, that is, 3.7 times; when a worker performs work in 1 day that he previously did in 3-4 days, his daily earnings nominally increased (and then only for the first time) by only 63%. In other words, with the introduction of such a payment system, a worker’s daily earnings actually, in comparison with labour costs, decreased by 2.3 times. “As a result,” wrote Lenin, “for the same (9-10 hours of work) three times more labour is squeezed out of the worker, all his strength is mercilessly exhausted, every drop of nervous and muscular energy of the wage slave is sucked out at triple speed. Will he die earlier?—Many others behind the gates!...”¹.

Lenin called this organised labour and payment system a “scientific system of squeezing out sweat.”

¹ V. I. Lenin, “Scientific” system of squeezing out sweat, Works, vol. 18, ed., 4, p. 556.

The system of organizing labour and wages introduced by the American “automobile king” H. Ford and many other surplus capitalists pursues the same goal—to squeeze the amount of surplus value out of the worker based on a maximum increase in labour intensity. This is achieved by increasingly accelerating the pace of production lines and introducing sweatshop wage systems. This is achieved by increasing the acceleration of the pace of conveyor work and the introduction of sweatshop wage systems. The monosyllabic nature of the employee’s labour operations on Mordovian conveyors allows the widespread use of unskilled workers and low rates for them. The colossal intensification of labour is not accompanied by an increase in wages or a crushed working day. As a result, the worker quickly wears out, becomes disabled, he is fired from the enterprise for unfitness, but he will be added to the ranks of the unemployed.

Increased exploitation of workers is also achieved by other systems of labour and wages, which are varieties of Taylorism and Fordism. These include, for example, the Gantt system (USA). Unlike Taylor’s piecework system, the Gantt system is time-based and bonus. The worker is taught a certain “lesson” and a very low guaranteed payment is established for a single time worked, regardless of the development of the norm. When a “lesson” is completed, the worker is paid a small bonus to the guaranteed minimum—a “bonus.” The Healthy system (USA) is based on a bonus payment for “saved” time and an addition to the “average payment” per hour of labour. According to this system, for example, when labour intensity doubles, for each hour of “saved” time, a “bonus” is paid in the amount of approximately $\frac{1}{3}$ of approximately the payment. Because of this, the more intense the work, the more the worker’s wages decrease compared to the labour he expended. The Rowan system (England) is based on the same principles.

One of the ways to increase surplus, built on the deception of workers, is the so-called “participation of workers in profits.” Under the pretext of the worker’s interest in increasing the profitability of the enterprise, the capitalist reduces the basic earnings of workers and at this expense creates a Fund for the “distribution of profits

among workers.” Then, at the end of the year, under the guise of “profit,” the worker is actually given a portion of his wages, previously withheld from his earnings. In the end, the worker who “shares in the profits” actually receives less than his normal wage. For the same purposes, it is practiced to place shares of a given enterprise among workers.

The tricks of the capitalists in all of these payment systems are aimed at squeezing as much surplus value as possible out of the worker. Entrepreneurs use compelling means to poison the minds of workers with their imaginary interest in increasing the intensity of labour, in reducing wage costs per unit of output undertaken to improve profitability. In this way, the capitalists strive to weaken the resistance of the proletariat to the advance of capital, to ensure that workers refuse to join trade unions, to participate in strikes, and to achieve a split in the labour movement.

With all the variety of forms of capitalist piecework, its essence remains unchanged: with an increase in the intensity of labour and its productivity, the actual wages of the worker decrease, and the income of the capitalist increases.

The Nominal Wage. The Living Wage. The Real Wages.

At the first stages of the development of capitalism, payment of wage workers in kind was widespread: the worker received a cut, meagre food and some money.

Payment in kind remains to a certain extent in the machine period of capitalism. It was practiced, for example, in the mining and textile industries of pre-revolutionary Russia. Payment in kind is widespread in capitalist agriculture using the labour of farm labourers, in some industries of capitalist countries, in colonial and dependent countries. The forms of payment for an employee in kind are

different. Capitalists put workers in a position where they are forced to borrow food from a factory shop, use housing at a mine or on a plantation under difficult working conditions established by the entrepreneur, etc. When paying in kind, the capitalist exploits the wage worker not only as a seller of labour, but also as a consumer.

The developed capitalist mode of production is characterised by money wages.

It is necessary to distinguish between nominal and real wages.

Nominal wages are wages denominated in money; this is the amount of money that a worker receives for the labour power sold to the capitalist.

Nominal wages by themselves do not provide information about the actual level of payment of the worker. For example, the nominal wage may remain unchanged, but if at the same time the prices of consumer goods and taxes increase, the worker's actual wage will fall. Nominal wages may even increase, but if the cost of living for the same period of time increases to a greater extent than the nominal wage increased, then the actual wage earned will not increase, but will fall.

Real wages are wages expressed in terms of the worker's means of subsistence; it shows how many and what consumer goods and services a worker can buy with his money wages. To determine the real wages of a worker, it is necessary to take into account the minimum wage, wages, the price level for consumer goods, the amount of rent, the severity of taxes paid by workers, the length of the working day, the degree of intensity of work, the presence of unpaid days during a shortened working week, the number of unemployed and the semi-unemployed, who are supported by the working class.

When determining the average level of wages, bourgeois statistics deliberately distort reality: it refers to wages the income of the leadership of the industrial and financial bureaucracy (enterprise managers, bank

directors, etc.), includes in the calculations the wages of only skilled workers and excludes from the calculations wages the wages of a large layer of low-paid unskilled workers, the agricultural proletariat, ignores the presence of a huge army of unemployed and semi-unemployed, rising prices for consumer goods and rising taxes, and resorts to other methods of falsification in order to embellish the actual position of the working class under capitalism.

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The normal process of functioning and replenishment of the labour force under capitalism presupposes that wages should, firstly, cover the worker's subsistence level and, secondly, provide some savings to preserve the labour force from destruction during periods of unemployment or illness of the worker.

The subsistence minimum is that main part of the cost of labour power, which expresses the most essential material goods and services necessary for the existence of the worker and his family; the other, small part of the cost of labour power consists of the meagre savings of the worker for a rainy day, which he is forced to do by fear prospects of death in the event of job loss. The subsistence minimum should include both the cost of subsistence necessary to maintain the physical strength of the worker and his family in a state of normal functioning, and the payment of those minimal cultural goods that satisfy his spiritual needs. The living wage depends on the level of needs of the working class historically

established in a given country, on the level of prices for consumer goods, on the size of rent, taxes paid by workers, etc. In his insatiable thirst for increasing profits, the capitalist strives to set wages at a level significantly deviating downward from the subsistence level, to reduce wages to that lowest limit, beyond which the very existence of the worker becomes impossible.

In 1938, bourgeois economists in the United States, using extremely meagre standards, calculated for the United States the annual subsistence minimum for a working family consisting of 4 people at \$2,177. Meanwhile, in 1938, the average annual wage per industrial worker in the United States was \$1,176 dollars, that is, a little more than half of this reduced subsistence level, and taking into account the presence of the unemployed—740 dollars, that is, only one third of this subsistence minimum. In 1937, a very limited subsistence level for a working family in England was determined by bourgeois economists at 55 shillings a week. According to official data, 50% of coal industry workers and 75% of utility workers in England earned less than this living wage.

Wages under capitalism, due to its low level, the systematic rise in the cost of living in the growth of unemployment, do not even provide the majority of workers with a living wage.

The rise in the cost of living and the associated fall in the level of real wages are caused primarily by a systematic increase in prices for consumer goods. Thus, in France, as a result of inflation, retail prices for food products in 1940 were 9 times higher than the price level in 1914.

A significant part of a worker's wages is absorbed by rent. In Germany, from 1900 to 1930, rents increased by an average of 69%. According to the International Bureau of Labour Statistics, in the 30s of the twentieth century, workers spent 28% of the family budget on housing needs in the United States of America, 23% in England, and 35% in Canada. In Tsarist Russia, workers' housing costs reached one-third of their earnings.

A large deduction from wages is taxes on workers. In the main capitalist countries, direct and indirect taxes absorb at least $\frac{1}{3}$ of the wages of a working family; taxes on workers are the main source of revenue for state budgets.

In a capitalist society, wages are not a stable and reliable source of livelihood for the worker and his family. The price of labour, like any other commodity, is subject to constant fluctuations in the elements of the market. Periods of worker employment in production are followed by periods of complete or partial unemployment, when the worker either loses his wages altogether or its level falls significantly below the subsistence level.

In order to survive during periods of unemployment or illness and to maintain his labour power as a commodity, the proletarian must produce some monetary savings by cutting back on his most basic needs. In the absence of a national social insurance system that would guarantee a worker a living wage during periods of forced unemployment or illness, the proletarian, as a seller of labour power, must himself take care of its preservation.

The wage worker's savings are a way for the proletarian to insure his commodity—labour power—from destruction during periods of unemployment and illness. However, as a result of the low level of wages, the suppressed part of the workers does not have the opportunity to save money.

The Fall of Real Wages Under Capitalism.

Based on an analysis of the capitalist mode of production, Marx established the following basic pattern in relation to wages and wage production. The general trend of capitalist production leads to an increase in the average level of wages.

Wages as the price of labour power, like the price of any commodity, are determined by the law of value. The prices of goods

in a capitalist economy fluctuate around value up and down under the influence of supply and demand. But unlike the prices of other goods, the price of labour power, as a rule, deviates downward from its value. This deviation of wages downward from their value, as in a fall in real wages, stems from the fundamental features of the capitalist mode of production.

The fall in wages below the cost of labour, as well as the steady decline in real wages, is primarily due to the presence of unemployment. The capitalist strives to buy labour as cheaply as possible. This is possible provided that the supply of labour exceeds the demand for it, that is, when there is unemployment. The commodity labour power differs from other commodities in that the proletarian cannot postpone its sale. In order not to die of hunger, he is forced to sell his labour power under the conditions that the capitalist offers him. The presence of unemployment increases competition between workers. Taking advantage of this, the capitalist pays the worker a wage lower than the cost of labour power. Thus, the miserable situation of the unemployed, who are part of the working class, affects the financial situation of workers engaged in production and reduces the level of their wages.

Further, the use of machine technology opens up wide possibilities for capitalists to replace male labour with female and child corpses in the production. The cost of labour power is determined by the cost of the means of subsistence necessary for the worker and his family. Therefore, when the wife and children of a worker are involved in production, wages decrease; now the entire family receives approximately the same amount as previously only the head of the family received. This further intensifies the exploitation of the working class as a whole. In capitalist countries, female workers, when performing the same work as men, receive significantly lower wages.

Capital squeezes out surplus value through the rampant exploitation of child labour. The wages of teenage children in all

capitalist and colonial countries are several times lower than the wages of adult workers.

The average wage of a female worker in the USA, England, Italy is 50%, but in France—40-50%, in Japan, India, Indo-China—60-75% lower than the average wage of a male worker.

In the United States of America, among wage workers, according to underestimated data, over 3.3 million people are children and teenagers. A special survey by the Federal Department of Labour of child labour conditions in 28 states found that 66% of the children and adolescents surveyed were under 13 years of age, and 34% were between 13 and 15 years old. In starch factories, canning and meat factories, laundries and dress cleaning factories, children work 12-13 hours a day.

In Japan, the sale of children to work in factories is common. Child labour is widely used in Tsarist Russia. A considerable part of the non-textile workers at some other enterprises in Russia were children aged 8-10 years.

The exploitation of child labour by capital takes on especially brutal forms in colonial and dependent countries. In textile and tobacco factories in Turkey, children from 7 to 14 years old work full time on an equal basis with adults. In the Indian cotton industry, children make up 20-25% of all workers.

Low wages of female workers and the exploitation of child labour entail a huge increase in diseases, infant mortality, and have a detrimental effect on the upbringing and education of the younger generation.

The fall in real wages of workers is also due to the fact that with the development of capitalism the situation of a significant part of skilled workers worsens. As already mentioned, the cost of labour includes the cost of training an employee. A skilled worker creates more value per unit of time, including surplus value, than an

untrained worker. The capitalist is forced to pay skilled labour higher than the labour of unskilled workers. But with the development of capitalism, with the growth of industrial technology, on the one hand, there is a demand for highly skilled workers capable of operating complex mechanisms, and on the other hand, many labour operations are simplified, the labour of a significant part of skilled workers becomes redundant. The share of all skilled labour in the capital of the old factory is reduced. Significant numbers of trained workers are deskilled, pushed out of production and find themselves forced to take on unskilled labour, which is paid much lower.

At the same time, by reducing the wages of the bulk of the workers and plundering the colonies, the bourgeoisie creates privileged conditions for a relatively small stratum of the labour aristocracy. These are all kinds of foremen, overseers, representatives of the trade union and cooperative bureaucracy. The bourgeoisie uses the highly paid labour aristocracy to split the labour movement and poison the consciousness of the bulk of the proletarians with sermons of the class world, the unity of interests of the exploiters and the exploited.

The fall in real wages of workers is also due to the extremely low wages of the agricultural proletariat.

So, for example, during 1910-1939. The average monthly wage of a US agricultural worker ranged from 28-47% of the wage of an industrial worker. The situation of agricultural workers in Tsarist Russia was extremely difficult. With a 16-17 hour working day, the average daily wage of a seasonal agricultural worker in Russia for 1901-1910. was 69 kopecks, and on the meagre earnings received during the period of field work, it was necessary to survive during the remaining months of complete or partial unemployment.

A common way to reduce wages is the system of fines. In a capitalist enterprise, a worker is fined for any reason: for

“malfunctioning work,” for “disturbing order,” for talking, for participating in a demonstration, etc. In Tsarist Russia, before the law on fines was issued (1886), which somewhat limited the arbitrariness of factory owners, deductions from wages in the form of fines sometimes reached half the monthly salary. In the hands of an entrepreneur, fines serve not only as a means of strengthening capitalist labour discipline, but also as one of the sources of enrichment for the capitalist.

Thus, with the development of the capitalist mode of production, the real wages of the working class fall.

In 1924, the real wages of German workers compared to the level of 1900 amounted to 75%, and in 1935 - 65%. In the United States of America, from 1900 to 1938, the average nominal wage of workers (including the unemployed) increased by 68%; over the same period, the cost of living (highness) increased by 2.3 times, as a result of which the real wages of workers fell in 1938 relative to the level of 1900 to 74%. In France, Italy, Japan, not to mention the colonial and dependent countries, the fall in real wages in the 19th-20th centuries was significantly greater than in the United States of America. In Tsarist Russia in 1913, real wages of industrial workers fell to 90% of their 1900 levels.

Labour costs vary from country to country. The conditions that determine the cost of labour in each country vary. The uneven development of capitalist countries is rooted in national differences in wages. Marx wrote that when comparing wages in different countries, it is necessary to take into account all the points that determine changes in the value of labour power: the historical conditions of the formation of the working class and the current level of its needs, the costs of training a worker, the role of female and child labour, labour productivity, labour intensity, prices for consumer goods, etc.

One of the characteristic features of national differences in wages is as follows. In its policy of enslavement and systematic

robbery of colonial and dependent countries, capital takes advantage of the large surplus of labour in these countries and pays labour several times lower than its value. At the same time, for example, whites and blacks doing the same work are paid differently. Thus, in South Africa, the average wage of a black worker is 10 times lower than the average wage of an English worker. In the United States of America, the labour of blacks in cities is paid 2.5 times, and in agriculture, almost 3 times lower than the same labour of whites.

The Struggle of the Working Class for Higher Wages.

In each country, a particular level of wages is established on the basis of the law of value, as a result of fierce class conflicts between the proletariat and the bourgeoisie.

Deviations of wages from the cost of labour have elephant boundaries.

The minimum wage limit under capitalism is determined by purely physical conditions: the worker must have the amount of means of subsistence that is absolutely necessary for his life and the reproduction of labour power. "If the price of labour power falls to this minimum, then it falls below value, since under such conditions labour power can be maintained and manifest itself in a declining form" ¹. When wages fall below this minimum limit, an accelerated process of direct physical destruction of the labour force and extinction of the working population occurs. This is reflected in a reduction in average life expectancy, a decrease in the birth rate, and an increase in mortality among the working population both in capitalistically developed countries and especially in colonial countries.

The maximum wage limit under capitalism is the cost of labour power. The degree to which the average wage level approaches this limit is determined by the relationship between the class forces of the proletariat and the bourgeoisie.

In pursuit of increasing profits, the bourgeoisie seeks to reduce wages below the physical minimum. The working class is fighting against wage cuts, for wage increases, for the establishment of a guaranteed minimum wage, the introduction of social insurance, and for a shorter working day. In this struggle, the worker is opposed by the capitalist class as a whole and the bourgeois state.

The persistent struggle of the working class for higher wages began with the emergence of industrial capitalism. It developed first of all in England, and also in other capitalist and colonial countries.

As the proletariat forms as a class, workers unite in trade unions to successfully conduct the economic struggle. As a result of this, the entrepreneur is no longer opposed by an individual proletarian, but by an entire organisation. As the class struggle develops, international trade union associations are created along with local and national professional organisations. Trade unions serve as a school of class struggle for the broad masses of workers.

The capitalists, for their part, unite in unions of entrepreneurs. They bribe the corrupt leaders of the reactionary trade unions, organize strikebreaking, split workers' organisations, use the police, troops, courts and prisons to suppress the labour movement.

One of the effective means of workers' struggle for higher wages, shorter working hours and improved working conditions under capitalism is the strike. As class contradictions intensify and the proletarian movement becomes more organised in capitalist and colonial countries, many millions of workers are drawn into the

¹ K. Marx, *Capital*, vol. 1, 1951, p. 179.

strike struggle. When workers fight against... capitalists show determination and persistence, economic strikes force capitalists to accept the conditions of the strikers.

Only as a result of the unrelenting struggle of the working class for its vital interests are bourgeois states forced to pass laws on minimum wages, a reduction in the working day, and restrictions on child labour.

The economic struggle of the proletariat is of great importance: with correct, class-consistent leadership, trade unions successfully resist the onslaught of entrepreneurs. But the economic struggle of the working class cannot destroy the laws of capitalism and save workers from exploitation and deprivation.

Recognizing the importance of the economic struggle of the working class against the bourgeoisie, Marxism-Leninism emphasizes that this struggle is directed only against the consequences of capitalism, and not against the root cause of the oppressed position and poverty of the proletariat. This root cause is the capitalist mode of production itself.

Only through revolutionary political struggle can the working class destroy the system of wage slavery, the source of economic and political oppression.

BRIEF SUMMARY

1. In a capitalist society, wages coincide with the value of labour power, its price, which acts as the price of labour power. Wages demonstrate enslavement to capitalist exploitation, creating the deceptive appearance that they pay for the entire labour of the worker, when in fact wages represent only the price of his labour power.

2. The main forms of wages are time-based and piecework (piecework). With time-based wages, the employee's earnings are not determined based on the time he or she works. With piecework

wages, the amount of a worker's earnings is determined by the amount of products he produces. To increase surplus value, capitalists use lump-sum sweatshop wage systems, which lead to a huge increase in labour intensity and accelerated wear and tear of the labour force.

3. Unlike the prices of other goods, the price of labour, as a rule, deviates downward from its value. The widespread use of female and child labour, extremely low wages for agricultural workers, and labour in colonial and dependent countries increase the exploitation of the working class.

4. Nominal wage is the amount of money received by a worker for labour power sold to the capitalist. Real wages are wages expressed in terms of the worker's means of subsistence; it shows how much subsistence and services a worker can buy with his money wages. Wages do not provide a living wage for the majority of the working class. As capitalism develops, real wages fall.

5. The working class unites trade unions and fights for shorter working hours and higher wages. The economic struggle of the proletariat of the nation of capital cannot in itself liberate it from exploitation. Only with the destruction of the capitalist mode of production through revolutionary political struggle are the conditions for the economic and ideological unification of the working class eliminated.

CHAPTER IX. THE ACCUMULATION OF CAPITAL AND THE IMPROVED PROLETARIAT

The Production and Re-production.

To live and develop, society must produce material goods. It cannot stop producing, just as it cannot stop consuming. In any system of social relations, the production process must be constantly updated.

This continuous renewal, continuous repetition of the production process is reproduction. What are the conditions of production, such are the conditions of reproduction. If production has a capitalist form, then it has the same form.

The process of reproduction consists not only in the fact that people produce more and more new masses of products instead of and in addition to those consumed, but also in the fact that the corresponding permeated relations in society are constantly renewed.

It is necessary to distinguish between two types of reproduction: simple and extended.

Simple reproduction is a repetition of the production process in the same volume, when newly produced products only compensate for the expended means of production and personal consumption items.

Expanded reproduction is a repetition of the production process on an increased scale, when society not only compensates for consumed material goods, but also produces additional means of production and consumer goods in addition.

Before the rise of capitalism, the forces of arbitrariness disintegrated very slowly. The volume of social reproduction changed

little from year to year, from decade to decade. Under capitalism, the former slow, stagnant state of the population as a whole gave way to a more rapid development of the productive forces. The capitalist mode of production is characterised by expanded reproduction, interrupted by periods of crisis when production occurs. A small peasant farm as a whole very rarely has the opportunity to carry out even simple reproduction.

The Capitalist Simple Re-production.

In capitalist simple production, the production process is resumed in an unchanged volume, and the surplus value is purposefully spent on the personal consumption of the capitalist.

Already consideration of simple reproduction allows us to reveal more deeply some essential features of capitalism.

In the process of capitalist reproduction, not only the products of labour are continuously renewed, but also the relations of capitalist exploitation. On the one hand, in the course of reproduction, wealth is constantly created, which belongs to the capitalist and which he uses to obtain his own surplus value. At the end of each production process, the entrepreneur again and again finds himself the owner of capital, which enables him to enrich himself through the exploitation of workers. On the other hand, the worker constantly falls out of the process of becoming a living proletarian, and as a result, in order not to starve, he is forced again and again to sell his working life to the capitalist. The production of the working class always remains a necessary condition for the reproduction of capital.

“The fastest way to capitalist production is to separate labour power from working conditions. In this way, it reproduces and perpetuates the conditions of exploitation of the worker. He constantly forces the worker to sell his labour power in order to survive, and constantly gives the capitalist the opportunity to buy it in order to enrich himself.”

Thus, in the process of production, the basic capitalist relation is constantly renewed: the capitalist is on one side, the wage worker on the other. The worker, even before he sells his labour power to this or that entrepreneur, already belongs to the aggregate capitalist, that is, to the capitalist class as a whole. When a proletarian changes jobs, he moves from one exploiter to another. The worker is chained to the chariot of capital for life.

If we consider a single production process, then at first glance it seems that when purchasing labour power, the capitalist lends money to the worker from his own fund, since by the time wages are paid, the capitalist may not have time to sell the goods produced by the worker for a given period (for example, for a month). But if we take the purchase and sale of labour power not in isolation, but as a moment of production, as a constantly repeating relationship, then the true nature of this transaction will be revealed.

Firstly, while the labour of a worker in a given period creates a new value containing surplus value, the product produced by the worker in the previous period is sold on the market and turns into money. From this it is clear that the capitalist pays wages to the proletarian not from his own fund, but from the value created by the labour of workers in the previous period of production (for example, during the previous month). According to Marx, the capitalist class acts according to the old recipe of the conqueror: it buys the goods of the vanquished with their own money, stolen from them.

Secondly, unlike other goods, labour power is paid by the capitalist only after the worker has completed a certain amount of work. Thus, it turns out that it is not the capitalist who lends money to the proletarian, but, on the contrary, the proletarian who lends

¹ K. Marx, *Capital*, volume 1, 1951, p. 582.

money to the capitalist. Therefore, entrepreneurs strive to pay wages as rarely as possible (for example, once a month), lengthening the time for which they receive free credit from workers.

An examination of capitalist relations in the course of reproduction reveals not only the actual source of wages, but also the actual source of all capital.

Let us assume that the capital advanced by the entrepreneur in the amount of 100 thousand pounds sterling brings annually a surplus value of 10 thousand pounds sterling and that this entire amount is entirely spent by the capitalist for personal consumption. If the entrepreneur had not appropriated the worker's unpaid labour, his capital would have been completely consumed after 10 years. This does not happen because the sum of 100 thousand pounds sterling spent by the capitalist on personal consumption during the specified period is completely renewed at the expense of the surplus value created by the unpaid labour of workers.

Consequently, whatever the original source of capital, already in the course of simple reproduction this capital after a certain period of time becomes a value created by the labour of workers and appropriated free of charge by the capitalist. This exposes the absurdity of the assertions of bourgeois economists that capital is wealth earned by the entrepreneur's own labour.

Simple reproduction is a component, or moment, of expanded reproduction. The relations of exploitation inherent in simple reproduction deepen even more under the conditions of capitalist expanded reproduction.

The Capitalist Expanded Reproduction. The Accumulation of Capital

With expanded reproduction, part of the surplus value is used by the capitalist to increase the size of production: to purchase

additional means of production and hire additional workers. Consequently, part of the surplus value is added to the previous capital, that is, accumulated.

The accumulation of capital is the addition of part of the surplus value to capital. Thus, the source of accumulation is surplus value. Through the vanity of exploitation of the working class, capital increases, and at the same time capitalist relations of production are reproduced on an expanded basis.

The driving motive for accumulation for a capitalist entrepreneur is, first of all, the pursuit of increasing surplus value. Under the capitalist mode of production, the pursuit of increasing surplus value and the thirst for enrichment know no bounds. The path to enrichment is expansion of production, increased exploitation of workers. At the expense of other people's unpaid labour, the capitalist continually buys additional labour power, that is, appropriates ever new quantities of unpaid labour. With the expansion of production, the mass of surplus value seized by the capitalist increases, and consequently, that part of it that goes to satisfy the personal needs and whims of the capitalists increases, that is, is wasted unproductively.

Another driving motive for capital accumulation is fierce competition, during which large capitalists find themselves in a better position and beat small ones. Competition forces every capitalist, under threat, to improve production, expand, improve technology, and expand production. To stop the growth of technology and the expansion of production means to fall behind, and those who are lagging behind are defeated by competitors. Thus, competition forces each capitalist to increase his capital, and he can increase capital only through the constant accumulation of part of the surplus value.

Accumulated capital is a source of expanded reproduction.

The Organic Composition of Capital. The Concentration and Centralisation of Capital.

In the course of capitalist accumulation, the total mass of capital increases, and its different parts change differently.

By accumulating surplus value and expanding his enterprise, the capitalist usually introduces technical improvements, because they promise him the possibility of increasing the exploitation of workers and, therefore, increasing profits. The development of technology means a faster growth of that part of capital that exists in the form of machines, buildings, raw materials, that is, constant capital. On the contrary, the part of capital that is spent on the purchase of labour power, that is, variable capital, grows much more slowly.

The relation between constant and variable capital, insofar as it is determined by the relation between the mass of means of production and living labour power, is called the organic composition of capital. Take, for example, a capital of £100,000. Let 80 thousand of this amount be spent on buildings, machinery, raw materials, etc., and 20 thousand spent on wages. then the organic composition of capital is 80 c:20 v. or 4:1.

In different industries and in market enterprises of the same industry, the organic composition of capital is not the same: it is higher where there are more complex and expensive machines for each worker, more processed raw materials; it is lower where living labour predominates, and there are fewer machines and raw materials per worker and are relatively inexpensive.

With the accumulation of capital, the organic composition of capital increases; the share of variable capital decreases, and the share of constant capital increases. Thus, in the industry of the United States of America, the organic composition of capital in 1889 was 4.4:1, in 1904—57:1, in 1929—6.1:1.

In the course of capitalist reproduction, the size of individual capitals increases. This happens through the concentration and centralisation of capital.

Concentration of capital is the growth of capital as a result of the accumulation of surplus value obtained at a given enterprise. The capitalist, investing part of the surplus value appropriated by him into the enterprise, becomes the owner of more and more capital.

Centralisation of capital is the growth of capital as a result of the combination of several capitals into one, larger capital. In the competitive struggle, big capital ruins and absorbs small, smaller capitalist enterprises that cannot withstand the competition. Having bought up a ruined competitor for a song or added them to his enterprise in some other way (for example, for debts), a large manufacturer increases the size of the capital that is in his hands. The combination of many capitals and one also occurs when organizing mutual partnerships, joint stock companies, etc.

Concentration and centralisation of capital means the concentration of gigantic wealth in the hands of a few individuals. The consolidation of capital opens up wide opportunities for the concentration of production, that is, for the concentration of production in large enterprises.

Large-scale production has decisive advantages over small-scale production. Large enterprises can introduce machines and technical improvements, apply a wide division and specialisation of labour, which is inaccessible to small enterprises. As a result, the production of the product is cheaper for large enterprises than for small ones. Competition is associated with high costs and losses. A large enterprise can bear these losses and then recoup them with interest, while small and often medium-sized enterprises go bankrupt. Large capitalists receive money loans incomparably easier and on more preferential terms, and credit serves as one of the

most important types of weapons in competition. Due to all these advantages, in capitalist countries increasingly large enterprises, equipped with powerful technology, are moving into first place, while many small and medium-sized enterprises are going bankrupt and dying. As a result of the concentration and centralisation of capital, a few capitalists, owners of huge fortunes, become the arbiters of the destinies of tens and hundreds of thousands of workers.

In agriculture, capitalist concentration leads to the fact that land and other means of production are increasingly concentrated in the hands of large owners, and large sections of small and medium-sized peasants, deprived of land, taxes and equipment, fall into enslaving dependence on capital. The masses of peasants and artisans are being ruined and turning into proletarians.

The concentration and centralisation of capital and the resulting concentration of production thus lead to an exacerbation of class contradictions, to a deepening of the gap between the bourgeois, exploiting minority and the poor, exploited majority of society. At the same time, the concentration of production contributes to the fact that ever larger masses of the proletariat are concentrated in large capitalist enterprises, in industrial centres. This makes it easier for workers to unite and organize to fight capital.

The Industrial Reserve Army of the Unemployed.

The growth of production under capitalism, as already mentioned, is accompanied by an increase in the organic composition of capital. The demand for labour is determined not by the size of all capital, but only by its variable part. But the variable part of capital, as technical progress progresses, decreases relatively compared to constant capital. Therefore, with the accumulation of

capital, with the growth of its organic structure, the demand for labour is relatively reduced, although the total number of the proletariat grows with the development of capitalism.

As a result, a significant number of workers cannot find use for their labour. Part of the working population turns out to be “superfluous”; a so-called relative overpopulation is formed. This overpopulation is relative, because part of the labour force turns out to be superfluous only in comparison with the needs of capital accumulation. Thus, in a bourgeois society, as social wealth grows, one part of the working class is doomed to increasingly difficult, excessive work, and the other part is doomed to forced unemployment.

It is necessary to distinguish the following main forms of relative overpopulation:

Fluid overpopulation is formed by workers who lose their jobs for a certain period of time due to a reduction in production, the introduction of new machines, or the closure of an enterprise. With the expansion of production, some of these unemployed people get jobs as well as some new workers from the younger generation. The total number of employed workers increases, but in a constantly decreasing proportion compared to the scale of production.

The hidden overpopulation is formed by ruined small producers, primarily poor peasants and farm labourers, who are engaged in agriculture for only a small part of the year, do not find use for their labour in industry and eke out a miserable existence, eking out a living in the countryside. Unlike industry, in agriculture, due to the growth of technology, the demand for workers is absolutely decreasing.

Stagnant overpopulation is formed by those large groups of people who have lost regular jobs, have extremely irregular occupations and are paid significantly below the usual level of wages. These are vast layers of workers employed in the sphere of capitalist work at home, as well as living in casual day labour.

Finally, the lowest stratum of relative overpopulation is formed by people who have long been pushed out of productive life without

any hope of return and live on odd jobs. Some of these people are engaged in begging.

The workers forced out of production make up the industrial reserve army—the army of the unemployed. This army is a necessary accessory to the capitalist economy, without which it can neither exist nor develop. During periods of industrial expansion, when rapid expansion of production is required, a sufficient number of unemployed people are available to entrepreneurs. As a result of increased production, unemployment is temporarily reduced. But then a decline in production occurs, again significant masses of workers are thrown onto the streets and join the reserve army of the unemployed.

The existence of a reserve army of the unemployed makes it possible for capitalists to intensify the exploitation of workers. The unemployed have to accept the most difficult working conditions. The presence of unemployment creates an unstable situation for workers engaged in production and sharply reduces the standard of living of the working class as a whole. That is why the capitalists are not interested in destroying the reserve army of the unemployed.

With the development of the capitalist mode of production, the army of unemployed, decreasing during periods of increased production and increasing during periods of recession, generally increases steadily.

In England, among members of trade unions, the unemployed were: in 1853—1.7%, in 1880—5.5%, in 1908—7.8%, in 1921—16.6%. In the United States of America, according to official data, the number of unemployed in the total working class was: in 1890—5.1%. In 1900—10, in 1915—15.5, in 1921—23.1%. In Germany, the number of unemployed among trade union members was: in 1887—0.2%, in 1900—2, in 1926—18%. The relative overpopulation in the countries of the colonial and semi-colonial East is enormous.

With the development of capitalism, partial unemployment, in which the worker is employed in production part-time or part-time, is becoming increasingly widespread.

Unemployment is the real scourge of the working class. The workers have nothing to live on except by selling their labour power. Being thrown out of the enterprise, workers face the threat of starvation. They are often forced to dig through trash cans to find rotten food scraps. The unemployed remain homeless because they are unable to pay for overnight accommodation even in the slums of big cities. Thus, the bourgeoisie turns out to be unable to provide the wage slaves of capital with even a slave level of existence.

Bourgeois economists try to justify the presence of unemployment under capitalism by reference to the eternal laws of nature. This purpose is served by the pseudoscientific fabrications of the English reactionary economist of the late 18th and early 19th centuries, Malthus. According to the "law of population" invented by Malthus, since the origin of human society, the population seems to have multiplied in geometric progression (as 1, 2, 4, 8, etc.), and the means of subsistence, due to the limited natural resources, have grown in arithmetic progression (as 1, 2, 3, 4, etc.). This, according to Malthus, is the main reason for the presence of excess population, starvation and poverty of the masses. The proletariat, according to Malthus, can free itself from poverty and hunger not by destroying the capitalist system, but by abstaining from marriage and artificially reducing childbearing. Malthus considered wars and epidemics that reduce the working population to be beneficial. Malthus's theory is deeply reactionary. It is a means for the bourgeoisie to justify the incurable evils of capitalism. Malthus's fabrications have nothing to do with reality. The powerful technology that humanity has at its disposal is capable of increasing the amount of means of life at such a pace that even the most rapid population growth cannot keep pace. But this is prevented by the capitalist mode of production, which is the real cause of the poverty of the masses.

Marx discovered the capitalist law of population, which consists in the fact that in a bourgeois society, in parallel with the accumulation of capital, with the growth of social wealth, a part of the working population inevitably turns out to be surplus, is pushed out of production and is doomed to the pangs of poverty and hunger. The capitalist law of population is generated by the production relations of bourgeois society.

The Agrarian Over-population.

The capitalist reserve army of labour is replenished not only by workers pushed out of industrial production, but also by the millions of masses of the agricultural proletariat and the poorest peasantry.

With the development of capitalism, the differentiation of the peasantry intensifies. A large army of agricultural workers is being formed. Large capitalist economies create a demand for wage workers. But as capitalist production covers one branch of agriculture after another and the use of machinery becomes widespread, the number of hired agricultural workers decreases. The impoverished sections of the rural population are constantly turning into the industrial proletariat and replenishing the army of unemployed in the cities. A significant part of the rural population is the so-called agrarian overpopulation, or hidden overpopulation. Agrarian overpopulation is the excess population in agriculture in capitalist countries, which is formed as a result of the ruin of the bulk of the peasantry, can only be partially employed in agricultural production and does not find application in industry.

The hidden nature of agrarian overpopulation lies in the fact that excess labour in the countryside is always, to one degree or another, connected with small and minute peasant farming. The agricultural wage worker usually uses a small piece of land, which serves as a means of supplementing his earnings on the side or as a means of subsistence during times when there is no work.

Capitalism needs such farms in order to have cheap labour at its disposal.

Agrarian overpopulation under capitalism reaches enormous proportions. In Tsarist Russia at the end of the 19th century, hidden unemployment in the countryside was estimated at 13 million people. In Germany in 1907, out of 5 million peasant farms, 3 million small farms represented the reserve army of labour. In the United States of America in the 30s of this century, there were, according to official, clearly understated data, 2 million “extra” farmers. Every year, during the summer months, 1 to 2 million American farm workers, along with their families and household goods, roam the country in search of work.

The size of agricultural overpopulation is especially large in economically backward countries. Thus, in India, where 3/4 of the country’s total population is employed in agriculture, the agricultural overpopulation amounts to a multimillion-strong army. A significant part of the rural population are people in a state of chronic starvation.

The universal law of capitalist accumulation. Relative and absolute impoverishment of the proletariat.

The development of capitalism leads to the fact that with the accumulation of capital, enormous wealth is concentrated at one pole of bourgeois society, luxury and parasitism, wastefulness and idleness of the exploiting classes increase; at the other pole of society, the exploitation of the proletariat is intensifying, unemployment and poverty are growing for those who create all the wealth with their labour.

“The greater the social wealth, the functioning capital, the size and energy of its growth, and consequently, the greater the absolute size of the proletariat and the productive power of its labour, the greater the industrial reserve army (...). The relative size of the industrial reserve army increases with the increase in the forces of wealth . But the larger this reserve army is in comparison

with the active labour army, the more extensive is the constant overpopulation, the poverty of which is inversely proportional to the torment of its labour (...). This is the absolute, universal law of capitalist accumulation”¹.

The general law of capitalist accumulation is a concrete expression of the operation of the basic economic law of capitalism—the law of surplus value. The pursuit of increasing surplus value leads to the accumulation of wealth on the side of the exploiting classes and to an increase in unemployment, poverty and oppression on the side of the poor classes.

With the development of capitalism, a process of relative and absolute impoverishment of the proletariat takes place.

The relative impoverishment of the proletariat lies in the fact that in bourgeois society the share of the working class in the total national income is steadily decreasing, while at the same time the share of the exploiting classes is constantly increasing.

According to American bourgeois economists, in the United States of America in the 20s of the 20th century, 1% of owners owned 59% of all wealth, and the poorest strata, who made up 87% of the population, accounted for only 8% of the national wealth. Despite the absolute growth of social wealth, the share of income of the working class is sharply declining. Workers’ wages as a percentage of capitalists’ profits were: in 1889—70%, in 1919—61%, in 1929—47%, in 1939—45%.

In 1920-1921 the largest owners of England, accounting for less than 2% of the total number of owners, concentrated in their hands 64% of the country’s total national wealth, and 76% of the population owned only 7.6% of the national wealth. In Tsarist Russia from 1900 to 1913, the nominal wage fund, due to an increase in

¹ K. Marx, Capital, vol. 1, 1951, pp. 650.

the number of industrial workers, increased by almost 80% while real wages fell, and the profits of industrialists increased more than 3 times.

The absolute impoverishment of the proletariat consists in a direct decline in its standard of living.

“The worker becomes absolutely impoverished, that is, he becomes poorer than before, he is forced to live worse, eat less, be malnourished more, huddle in basements and attics (...) Wealth grows in capitalist society with incredible speed, along with the impoverishment of the working masses”¹.

In order to embellish capitalist reality, bourgeois political economy tries to deny the absolute impoverishment of the proletariat. However, facts indicate that under capitalism the standard of living of the working class is increasingly declining. This comes in many forms.

The absolute impoverishment of the proletariat is manifested in the fall in real wages. As already mentioned, as a result of systematic increases in prices for consumer goods, increases in rents, and increases in taxes, the real wages of workers are steadily falling. In the 20th century, the real wages of workers in England, the USA, France, Italy and other capitalist countries are at a lower level than in the middle of the 19th century.

The absolute impoverishment of the proletariat is manifested in the increase in the scale of unemployment and its duration.

The absolute impoverishment of the proletariat is manifested in an unlimited increase in intensity and deterioration of working conditions, leading to the fact that the worker quickly ages, loses his ability to work, and becomes disabled. Due to the increase in labour

¹ V. I. Lenin, Impoverishment in capitalist society, Works, vol. 18, pp. 405-406.

intensity and the lack of necessary labour protection measures, there is a huge increase in accidents and injuries at work.

For example, in the US coal industry from 1878 to 1914, for every thousand workers employed, the number of fatal accidents at work increased by 71.5%. In 1939 alone, more than one and a half million people were killed or maimed at work in the United States. The number of accidents in the English coal industry is also increasing: in the pre-war years, every sixth miner was the victim of an accident every year, and in 1949-1952. Already every third miner was a victim of one accident or another.

The absolute impoverishment of the proletariat is manifested in a sharp deterioration in the nutrition and living conditions of the working people, as a result of which health is undermined, mortality increases, and the life expectancy of the working population is reduced. According to official housing census data, about 40% of all housing units in the United States do not meet minimum sanitation and safety requirements. The mortality rate among the working population is much higher than the mortality rate among the ruling classes. Infant mortality in Detroit's slums is 6 times higher than the US average. Due to the increasing impoverishment of workers from the 70s of the 19th century to the 30s of the 20th century, the birth rate per 1,000 people decreased: in England from 36 to 15, in Germany from 39 to 19, in France from 26 up to 15 people.

The absolute impoverishment of the proletariat takes on especially acute forms in colonial countries, where extreme poverty and extremely high mortality of workers as a result of overwork and chronic hunger strikes are widespread.

The standard of living of the poorest peasantry under capitalism is no higher, and often even lower, than wage workers. In a capitalist society, not only the absolute and relative impoverishment of the proletariat occurs, but also the ruin and impoverishment of the main masses of the peasantry. In Tsarist

Russia there were several tens of millions of starving rural poor. According to American census data, over the past decades, about two-thirds of the US farm population, as a rule, does not have a living wage and lives in dire poverty. Therefore, the most vital interests are pushing the peasants into an alliance with the working class, designed to overthrow the capitalist system.

The path of development of capitalism is the path of impoverishment and half-starvation of the vast majority of working people. Under the bourgeois system, the growth of the productive forces does not bring relief to the working masses, but an increase in their poverty and deprivation.

The Main Contradiction of the Capitalist Mode of Production.

As capitalism develops, it increasingly binds together the labour of many people. The social division of labour is growing. There is a transformation of individual, previously more or less independent industries into a whole series of mutually related and dependent industries. Economic ties between individual enterprises, regions, and entire countries are increasing enormously.

Capitalism creates large-scale production both in industry and in agriculture. The development of productive forces gives rise to tools and methods of production that require the unification of the labour of many hundreds and thousands of workers. The concentration of production is growing. Thus, the capitalist socialisation of labour, the socialisation of production occurs.

But the growing socialisation of production occurs in the interests of a few private entrepreneurs seeking to increase their profits. The product of the social labour of millions of people goes to the private appropriation of capitalists.

Consequently, the capitalist system is characterised by a deep contradiction: production is of a social nature, while ownership of

the means of production remains private capitalist, incompatible with the social nature of the production process. The contradiction between the social nature of the production process and the private capitalist form of appropriation is the main contradiction of the capitalist mode of production, which is becoming increasingly acute with the development of capitalism. This contradiction is manifested in the strengthening of the anarchy of capitalist production, in the growth of class antagonisms between the proletariat and all the working masses, on the one hand, and the bourgeoisie, on the other.

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BRIEF SUMMARY

1. Reproduction is a constant renewal, continuous repetition of the production process. Simple reproduction means the resumption of production in an unchanged volume. Expanded reproduction means the resumption of production in an increased volume. Capitalism is characterised by expanded reproduction, interrupted by periods of crisis when production falls. Capitalist expanded reproduction represents a constant renewal and deepening of relations of exploitation.

2. Expanded reproduction under capitalism presupposes the accumulation of capital. The accumulation of capital is the addition of a part of surplus value to capital, or the transformation of surplus value into capital. Capitalist accumulation leads to an increase in the organic composition of capital, that is, to a faster growth of constant capital compared to variable capital. In the course of capitalist reproduction, the concentration and centralisation of capital occurs. Large-scale production has decisive advantages over small-scale production, due to which large and large enterprises displace and subjugate not only small producers, but also smaller capitalist enterprises.

3. With the accumulation of capital, with the growth of its organic structure, the demand for labour is relatively reduced. An industrial reserve army of the unemployed is being formed. The surplus of labour in capitalist agriculture, generated by the ruin of the bulk of the peasantry, leads to the creation of agrarian

overpopulation. The general law of capitalist accumulation means the concentration of wealth in the hands of the exploiting minority and the growing poverty of the working people, that is, the overwhelming majority of society. Expanded reproduction under capitalism inevitably leads to relative and absolute impoverishment of the working class. Relative impoverishment is a decline in the share of the working class in the national income of capitalist countries. Absolute impoverishment is a direct decline in the standard of living of the working class.

4. The main contradiction of capitalism is the contradiction between the social nature of the production process and the private capitalist form of appropriation. With the development of capitalism, this contradiction becomes more and more acute, and the class antagonism between the bourgeoisie and the proletariat deepens.

CHAPTER X. THE CIRCULATION AND TURNOVER OF CAPITAL

The Circulation of Capital. Three Forms of Industrial Capital.

The condition for the existence of the capitalist mode of production is developed commodity circulation, that is, the exchange of goods through money. Capitalist production is inextricably linked with circulation.

Each individual capital begins its life journey in the form of a certain amount of money; it acts as money capital. With money, the capitalist buys goods of a certain kind: 1) means of production and 2) labour. This act of conversion can be depicted this way:

$$M-C < L/Pm.$$

Here D means money, T means goods, P means labour, and Pm means means of production. As a result of this change in the form of capital, its owner has at his disposal everything that is necessary for production. Previously he had capital in the form of money; now he has capital of the same amount, but in the form of productive capital.

Therefore, the first stage in the movement of capital is the transformation of money capital into productive capital.

After this, the production process begins, in which the productive consumption of goods purchased by the capitalist takes place. It is expressed in the fact that workers expend their labour, raw materials are processed, fuel is burned, machines wear out. Capital again changes its form: as a result of the production process, the advanced capital turns out to be embodied in a certain mass of

goods, it takes the form of commodity capital. However, firstly, these are no longer the goods that the capitalist bought when starting the business; secondly, the value of this commodity mass is higher than the original value of capital, because it contains the surplus value produced by the workers.

This stage in the movement of capital can be depicted as follows:

$$C < L/Pm \dots P \dots C'.$$

Here the letter P means production, the dots before and after this letter show that the circulation process is interrupted and the production process is taking place, and T' means capital in commodity form, the value of which has increased as a result of the capitalist's appropriation of surplus value.

Therefore, the second stage in the movement of capital consists in the transformation of productive capital into commodity capital.

The movement of capital does not stop there. Produced goods must be sold. In exchange for the goods sold, the capitalist receives a certain amount of money.

This act of conversion can be depicted this way:

$$C' - M'.$$

Capital changes its form for the third time: it again takes the form of money capital. After this, its owner ends up with a larger amount of money than he had at the beginning. The goal of capitalist production, which is to extract surplus value, has been achieved.

Therefore, the third stage in the movement of capital consists in the transformation of commodity capital into money capital.

Having received money for the sold goods, the capitalist uses it again to purchase the means of production and labour power necessary for further production, and the whole process resumes again.

These are the three stages that capital successively passes through in its movement. At each of these stages, capital performs a corresponding function. The transformation of money capital into elements of productive capital ensures the connection of the means of production owned by capitalists with the labour power of wage workers; Without such a connection, the production process cannot take place. The function of productive capital is to create, through the labour of wage workers, a commodity mass, new value, and, consequently, surplus value. The function of commodity capital is, by selling the produced mass of goods, firstly, to return to the capitalist in monetary form the capital advanced by him for production, and, secondly, to realize in monetary form the surplus value created in the production process.

Industrial capital passes through these three stages in its movement. Industrial capital in this case means any capital used for the production of goods, regardless of whether we are talking about industry or agriculture. "Industrial capital is the only form of existence of capital in which the function of capital is not only the appropriation of surplus value or surplus product, but also their creation. Therefore, it is industrial capital that determines the capitalist character of production; the existence of industrial capital involves a class contradiction between capitalists and wage workers"¹.

Consequently, each industrial capital moves in the form of a circuit.

The circulation of capital is the sequential transformation of capital from one form to another, its movement, covering three stages. Of these stages, the first and third occur in the sphere of circulation, and the second in the sphere of production. Without circulation, that is, without the transformation of goods into money

¹ K. Marx, Capital, vol. II, 1951, p. 52.

and the reverse transformation of money into goods, capitalist reproduction, that is, the constant renewal of the production process, is unthinkable.

The circulation of capital as a whole can be depicted as follows:

$$M-C < L/Pm \dots P \dots C' \dots M'.$$

All three stages of the circulation of capital are closely interconnected and depend on one another. The circulation of capital occurs normally only on the condition that its various phases pass into one another without delay.

If capital lingers at the first stage, then this means the aimless existence of money capital. If the delay occurs at the second stage, this means that the means of production are in vain and labour remains unused. If capital encounters a delay at the third stage, then unsold goods accumulate in warehouses and overwhelm the circulation channels.

The second stage, when it is in the form of productive capital, is of decisive importance in the circulation of industrial capital; at this stage the production of goods, value and surplus value occurs. At the other two stages, value and surplus value are not created; here there is only a change in the forms of capital.

The three stages of the circulation of capital correspond to three forms of industrial capital: 1) money capital, 2) productive capital and 3) commodity capital.

Every capital exists simultaneously in all three forms: while one of its parts is money capital transformed into productive capital, another part is productive capital transformed into commodity capital, and the third part represents commodity capital converted into money capital. Each of these parts in turn takes on and sheds all these three forms one after another. This is the case not only with all capital separately, but also with all capital taken together, or, in other words, with the total social capital. Therefore, Marx

points out, capital can only be understood as movement, and not as a thing at rest.

This already contains the possibility of the separate existence of three forms of capital. It will be shown below how trading capital and loan capital are separated from capital employed in production. This separation is the basis for the existence of various groups of the bourgeoisie—industrialists, merchants, bankers—between which the distribution of surplus value occurs.

The Capital Turnover. The Production Time and the Circulation Time.

Each capital circulates continuously, constantly repeating it. Thus, capital makes its turnover.

The circulation of capital is its circulation, taken not as a one-time act, but as a periodically renewed and repeating process. The turnover time of capital is the sum of production time and circulation time. In other words, the turnover time is the period of time from the moment of advance of capital in a certain form to the moment when capital returns to the capitalist in the same form, but increased by the amount of surplus value.

The time of production is the time during which capital is in the sphere of production. The most important part of production time is the working period, during which the processed object is exposed to the direct influence of labour. The working period depends on the nature of the given branch of production, the level of technology at a particular enterprise and other conditions. For example, in a spinning factory it takes only a few days to turn a certain amount of cotton into yarn ready for sale, but in a locomotive plant, the production of each locomotive requires the expenditure of many tens of days of labour of a large number of workers.

Production time is usually longer than the working period. It also includes breaks in processing, during which the object of labour is exposed to certain natural processes, such as wine fermentation, leather tanning, wheat growth, etc. With the development of technology, the time frame for many such processes is reduced.

The time of circulation is the time during which capital is transformed from the monetary form into the productive form and from the commodity form into the monetary form. The length of circulation time depends on the conditions for the purchase of means of production and the sale of finished goods, on the proximity of the market, on the degree of development of means of transport and communication.

The Fixed and Working Capital.

Different parts of productive capital do not turn over equally. The difference in the turnover of individual parts of productive capital arises from the differences in the way in which each of them transfers its value to the product. Depending on this, capital is divided into fixed and working capital.

Fixed capital is that part of productive capital which, while fully participating in production, transfers its value to the product not immediately, but in parts, over a number of periods of production. This is part of the capital spent on the construction of buildings and structures, on the purchase of machinery and equipment.

Fixed capital is advanced by the capitalist at once for the entire period of its operation, but its value is returned to the capitalist in money form in parts. Elements of fixed capital serve production purposes usually for many years; They wear out to a certain extent every year and ultimately become unsuitable for further use. This is the physical wear and tear of machinery and equipment.

Along with physical wear and tear, production tools are also subject to obsolescence. A machine that has served for 5-10 years may still be quite durable, but if by this time another, more advanced, more productive or cheaper machine of the same kind has been created, then this leads to the depreciation of the old machine. Therefore, the capitalist is interested in fully using the equipment in the shortest possible time. Hence the desire of capitalists to lengthen the working day, to intensify labour, to operate enterprises in several shifts without breaks.

Working capital is that part of productive capital, the value of which is completely transferred to the product during one period of production and is returned entirely to the capitalist in the form of money (with the addition of surplus value) when the product is sold. This is the part of the capital spent on the purchase of labour, raw materials, fuel and auxiliary materials, that is, those means of production that are not part of the fixed capital, and, as was said, the capitalist returns the costs of purchasing labour in excess.

During the time when fixed capital makes only one revolution, working capital manages to make many revolutions.

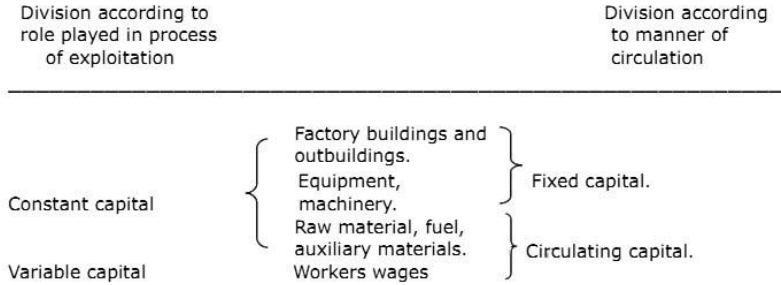
Having sold a commodity, the capitalist receives a certain amount of money, which contains: 1) the value of that part of the fixed capital that was transferred to the commodity during the production process, 2) the value of working capital, 3) surplus value. To continue production, the capitalist again uses the proceeds, corresponding to working capital, to hire workers and purchase raw materials, fuel, and auxiliary materials. The capitalist uses the amount corresponding to the part of the value of fixed capital transferred to the product to compensate for the wear and tear of machines, machines, buildings, that is, for the purpose of depreciation.

Depreciation is the gradual reimbursement in monetary form of the value of fixed capital through periodic deductions corresponding to its wear and tear. Part of the depreciation deductions is spent on major repairs, that is, on partial reimbursement of worn-out

equipment, tools, industrial buildings, etc. The capitalists save the main part of depreciation deductions in cash (usually in banks) in order to buy them when necessary. new cars instead of old ones or build new buildings instead of those that have fallen into disrepair.

Marxist political economy distinguishes the division of capital into fixed and circulating capital from the division of capital into constant and variable. Constant and variable capital differ from each other in the role they play in the process of exploitation of workers by capitalists, while fixed and circulating capital differ in the nature of their turnover.

These two ways of dividing capital can be depicted as follows:



Bourgeois political economy recognizes only the division of capital into fixed and circulating capital, since this division of capital in itself does not show the role of labour power in the creation of surplus value, but, on the contrary, obscures the fundamental difference between the capitalist's costs of hiring labour and the costs of raw materials, fuel and etc.

The Annual Rate of Surplus Value. The Ways to Accelerate Capital Turnover.

For a given value of variable capital, the rate of capital turnover influences the amount of surplus value squeezed out of workers by the capitalist per year.

Let's take two capitals, each of which has a variable part equal to 25 thousand dollars, and the rate of surplus value is 100%. Let's assume that one of them turns over once a year, and the other turns over twice a year. This means that the owner of the second capital, having the same amount of money, can hire and exploit twice as many workers during the year as the owner of the first. Therefore, by the end of the year, the results for both capitalists will be different. The first of them will receive 25 thousand dollars of surplus value in a year, and the second - 50 thousand dollars.

The annual rate of surplus value is the ratio of the mass of surplus value produced per year to the advanced variable capital. In our example, the annual rate of surplus value, expressed as a percentage, for the first capitalist is

$$25,000/25,000 = 100\%, \text{ the second- } 50,000/25,000 = 200\%$$

From this it is clear that capitalists are interested in accelerating the turnover of capital, since this acceleration gives them the opportunity to obtain the same amount of surplus value with less capital or to obtain a larger amount of surplus value with the same capital. The rate of capital turnover also affects the amount of that part of the working capital that is advanced for the purchase of raw materials, fuel, and auxiliary materials.

Marx showed that the acceleration of the circulation of capital itself does not create an atom of new value. A faster turnover of capital and a faster realisation in monetary form of the surplus value created in a given year only gives the capitalists the opportunity,

with the same amount of capital, to hire a larger number of workers, whose labour creates a larger mass of surplus value in a year.

As we have seen, the turnover time of capital consists of production time and circulation time. The capitalist strives to shorten the duration of both.

The working period required for the production of goods is reduced with the development of productive forces and with the growth of technology. For example, modern methods of smelting iron and steel speed up processes many times compared to those methods that were used 100-150 years ago. Significant results are also achieved by progress in the organisation of production, for example, the transition to serial or mass production.

Interruptions in processing, which constitute part of the production time beyond the working period, are also being reduced in many cases with the development of technology. Thus, the process of tanning leather used to last for weeks, but now, thanks to the use of the latest chemical methods, it requires only a few hours. In a number of industries, catalysts—substances that accelerate the course of chemical processes—are widely used.

In order to accelerate the turnover of capital, the entrepreneur also resorts to lengthening the working day and intensifying labour. If with a 10-hour working day the working period is 24 days, then lengthening the working day to 12 hours reduces the working period to 20 days and accordingly accelerates the turnover of capital. The same result is achieved by labour intensification, in which the worker expends the same amount of energy in 60 minutes as he previously expended, say, in 72 minutes.

Further, capitalists strive to accelerate the turnover of capital by reducing the time of circulation of capital. The possibility of such a reduction is created by the development of transport, mail, telegraph, and better organisation of trade. But the reduction in circulation time is counteracted, firstly, by the extremely irrational

distribution of production in the capitalist world, which causes the transportation of goods over vast distances, and, secondly, by the intensification of capitalist competition and the growth of sales difficulties.

Together with working capital, the surplus value created during a given period passes through circulation. The shorter the turnover time of capital, the faster the surplus value created by workers is realized in monetary form and the sooner it can be used to expand production.

BRIEF SUMMARY

1. Each individual industrial capital undergoes continuous movement in the form of a circuit consisting of three stages. These three stages correspond to three forms of industrial capital—monetary, productive and commodity—which differ in their functions.

2. The circulation of capital, taken not as a separate act, but as a periodically renewed process, is called the turnover of capital. The turnover time of capital is the sum of production time and circulation time. The most important part of production time is the working period.

3. Each productive capital is divided into two parts, differing in the nature of turnover: fixed capital and working capital. Fixed capital is a part of productive capital, the value of which is transferred to the product not immediately, but in parts over a number of periods of production. Working capital is a part of productive capital, the value of which is completely transferred to a commodity during one period of production and is returned entirely to the capitalist when the commodity is sold.

4. Accelerating the turnover of capital makes it possible for capitalists with the same capital to make a greater number of

turnovers during the year and, consequently, hire a larger number of workers who will produce a larger mass of surplus value. Capitalists strive to accelerate the turnover of capital both by improving technology and, in particular, by increasing the exploitation of workers—lengthening the working day and intensifying labour.

CHAPTER XI. THE AVERAGE PROFIT AND THE PRICE OF PRODUCTION

The Capitalist Production Costs and Profits. The Rate of Profit.

The surplus value created by the labour of wage workers in the production process is the source of income for all exploiting classes of capitalist society. Let us first consider those laws by virtue of which surplus value takes the form of profit for capitalists investing their capital in the production of goods.

The value of a commodity produced in a capitalist enterprise consists of three parts: 1) the value of constant capital (part of the cost of machinery, buildings, the cost of raw materials, fuel, etc.), 2) the value of variable capital and 3) surplus value. The value of a product is determined by the amount of socially necessary labour required for its production. But the capitalist does not spend his own labour on the production of goods, he spends his capital for this purpose.

The capitalist costs of production of goods consist of the costs of constant and variable capital, that is, the costs of means of production and wages of workers. What a product costs capitalists is measured by the cost of capital; what a product costs society is measured by the cost of labour. Therefore, the capitalist costs of production of a commodity are less than its value, or the actual costs of production. The difference between value, or actual production costs, and capitalist production costs is equal to the surplus value that the capitalist appropriates without compensation.

When a capitalist sells the goods produced in his enterprise, surplus value appears as a certain surplus over and above capitalist production costs. When determining the profitability of the enterprise, the capitalist compares this surplus with the advanced

capital, that is, with all the capital invested in production. The surplus value applied to the total capital appears in the form of profit. Profit is surplus value, taken in its relation to all capital invested in production and externally appearing as a product of this capital. In this case, the difference between constant capital spent on the purchase of means of production and variable capital spent on hiring labour is obscured. As a result, a deceptive appearance arises that profit is a product of capital. In fact, the source of profit is surplus value created only by the labour of workers, only by labour power, the value of which is embodied in variable capital. Marx calls profit a transformed form of surplus value.

Just as the form of wages conceals the exploitation of the wage worker by creating the false impression that all labour is paid for, so the form of profit in turn obscures the relation of exploitation by creating the deceptive appearance that profit is generated by capital itself. Thus, the forms of capitalist relations of production obscure and mask their real essence.

The degree of profitability of a capitalist enterprise for its owner is determined by the rate of profit. The rate of profit is the ratio of surplus value to the total capital advanced, expressed as a percentage. For example, if the entire capital advanced is \$200,000 and the profit for the year is \$40,000, then

$$\text{the rate profit} = \frac{40\,000}{200\,000} \cdot 100, \text{ or } 20\%.$$

Since the total capital advanced is greater than the variable capital, the rate of profit is always less than the rate of surplus value. If in our example a capital of 200 thousand dollars consists of

160 thousand dollars of constant capital and 40 thousand dollars of variable capital, and

the rate of surplus value is $\frac{40\,000}{40\,000} \cdot 100 = 100\%$, then the rate of profit is 20%, or five times less than the rate of surplus value.

The rate of profit depends primarily on the rate of surplus value. The higher the rate of surplus value, the higher, other things being equal, the rate of profit. All factors that increase the rate of surplus value, that is, increase the degree of exploitation of labour by capital (lengthening the working day, increasing the intensity and productivity of labour, etc.), also increase the rate of profit.

Further, the rate of profit depends on the organic composition of capital. As is known, the organic structure of capital is the relationship between constant and variable capital. The lower the organic composition of capital, that is, the greater the proportion of its variable part (the cost of labour power) in capital, the greater, at the same rate of surplus value, the rate of profit. And, conversely, the higher the organic composition of capital, the lower the rate of profit.

Finally, the rate of profit is affected by the speed of capital turnover. The faster the turnover of capital, the higher the annual rate of profit, which is the ratio of the surplus value produced during the year to the total capital advanced. And, conversely, a slowdown in capital turnover leads to a decrease in the annual rate of profit.

The Formation of an Average Rate of Profit and the Transformation of the Value of Goods into the Price of Production.

Under capitalism, the distribution of capital between various branches of production and the development of technology take place in fierce competition.

It is necessary to distinguish between intra-industry and inter-industry competition.

Intra-industry competition is competition between enterprises of the same industry producing similar goods, due to more profitable sales of these goods and obtaining additional profits. Individual enterprises operate in different conditions and differ from each other in size, level of technical equipment and organisation of production. As a result, the individual value of goods produced by different enterprises is not the same. But competition between enterprises of the same industry leads to the fact that the prices of goods are determined not by their individual values, but by the social value of these goods. The value of the social value of goods, as has been said, depends on the average conditions of production in a given industry.

As a result of the fact that the price of goods is determined by their social value, those enterprises benefit where production technology and labour productivity are above the average level of the given industry and, as a result, the individual value of goods is lower than the social value. These enterprises receive additional profit, or excess profit, which is a form of excess surplus value discussed above (in Chapter VII). Thus, as a result of intra-industry competition, different profit rates are formed at individual enterprises in a given industry. Competition between individual enterprises in the same industry leads to the displacement of small and medium-sized enterprises by large enterprises. In order to survive the competition, capitalists, the owners of backward enterprises, try to introduce technical improvements used by their competitors, the owners of technically more developed enterprises. As a result, there is an increase in the organic composition of capital in the industry as a whole, the excess profits that capitalists who owned technically more developed enterprises received disappear and there is a general decrease in the rate of profit. This forces capitalists to reintroduce technical improvements. Thus, in the

process of intra-industry competition, technology develops and productive forces grow.

Intersectoral competition is competition between capitalists in different branches of production for the more profitable application of capital. Capitals used in various branches of production have different organic structures. Since surplus value is created only by the labour of wage workers, in the enterprises of those industries where the low organic composition of capital predominates, a relatively large mass of surplus value is produced for equal capital. Enterprises with a higher organic composition of capital produce a relatively smaller amount of surplus value. However, the competitive struggle between capitalists of different industries leads to the fact that the amount of profit for equal capital is equalized.

Suppose that in society there are three industries—leather, textile and engineering—with capital of the same size, but of different organic structure. The amount of capital advanced in each of these branches is 100 units (say, millions of pounds sterling). The capital of the leather industry consists of 70 units of constant capital and 30 units of variable capital, the capital of the textile industry consists of 80 units of constant capital and 20 units of variable capital, and the capital of the engineering industry consists of 90 units of constant capital and 10 units of variable capital. Let the rate of surplus value in all three industries be the same and be 100%. Therefore, 30 units of surplus value will be produced in the leather industry, 20 in the textile industry, and 10 in the engineering industry. The cost of goods in the first industry will be equal to 130, in the second - 120, in the third - 110, and in all three industries - 360 units.

If goods are sold at their cost, then in the leather industry the profit rate will be 30%, in the textile industry - 20% and in the engineering industry - 10%. This distribution of profits (seems to be very profitable for the capitalists of the leather industry, but

unprofitable for the capitalists of the engineering industry. Under these conditions, entrepreneurs in the engineering industry will look for more profitable uses for their capital. They will find such a use of capital in the leather industry. There will be a flow of capital from the engineering industry. As a result, the number of goods produced in the leather industry will increase, competition will inevitably intensify and force entrepreneurs in this industry to reduce the prices of their goods.

The fall in prices in the leather industry and the rise in prices in the engineering industry will continue until the rate of profit in all three industries becomes approximately the same. This will happen when the goods of all three industries are sold at 120 units ($130+120+110=360: 3$). The average profit of each industry under such conditions will be 20 units. Average profit is equal profit on equal amounts of capital invested in different branches of production.

So, intersectoral competition leads to the fact that the different rates of profit that exist in various branches of capitalist production are levelled out into a general (or average) rate of profit. This equalisation is carried out through the flow of capital (and therefore labour) from one industry to another.

With the formation of the average rate of profit, the capitalists of some industries (in our example, leather) are deprived of part of the surplus value created by their workers. But capitalists in other industries (in our example, engineering) realize excess surplus value. This means that the former sell their goods at prices below their value, and the latter at prices above their value. The price of goods in each industry is now formed from production costs (100 units) and average profit (20 units).

The goods produced in each of the three industries are sold at 120 units (say, millions of pounds sterling). Meanwhile, the cost of goods in the leather industry varies by 130 units, in the textile industry - 120 and in the engineering industry - 110 units. In

contrast to simple commodity production, under capitalism goods are no longer sold at prices corresponding to their values, but at prices that correspond to the values of production.

The price equal to the cost of production of a good plus average profit is the price of production. At individual enterprises in a given industry, due to differences in production conditions, there are different, individual production prices, which are determined by individual production costs plus average profit. But goods are sold on average at a common, identical production price.

The process of formation of the average rate of profit and production price can be clearly depicted in the following table:

| <i>Branches of production</i> | <i>Constant capital</i> | <i>Variable capital</i> | <i>Surplus-value</i> | <i>Value of commodities</i> | <i>Average rate of profit (%)</i> | <i>Price of production of commodities</i> | <i>Variation of price of production from value</i> |
|-------------------------------|-------------------------|-------------------------|----------------------|-----------------------------|-----------------------------------|---|--|
| Leather working | 70 | 30 | 30 | 130 | 20 | 120 | -10 |
| Textile | 80 | 20 | 20 | 120 | 20 | 120 | |
| Engineering | 90 | 10 | 10 | 110 | 20 | 120 | +10 |
| Total | 240 | 60 | 60 | 360 | 20 | 360 | |

Production price is the average value around which the market prices of goods ultimately fluctuate, that is, the prices at which goods are actually sold and bought on the market.

The transformation of value into the price of production is the result of the historical development of capitalist production. In conditions of simple commodity production, market prices of goods generally corresponded to their value. At the first stages of the development of capitalism, there were still significant differences in the rates of profit in different branches of production, since the individual ones were not yet sufficiently connected with each other, there were workshop and other restrictions that prevented the free flow of capital from the source of industries to others. The process of formation of the average norm

through victory and the transformation of value into the price of production is completed only by capitalist machine industry.

Bourgeois economists are trying to refute Marx's labour theory of value by referring to the fact that in certain industries production prices do not coincide with the cost of goods. However, in reality, the law of value retains its full force under capitalist conditions, for the price of production is only a modified form of value.

This is evidenced by the following circumstances.

Firstly, some entrepreneurs sell their goods above their value, others below, but all capitalists, taken together, sell the entire mass of the value of their goods. On the scale of the entire society, the sum of production prices is equal to the sum of the values of all goods.

Secondly, the sum of the profits of the entire capitalist class is equal to the sum of the surplus value produced by all the unpaid labour of the proletariat. The amount of average profit depends on the amount of surplus value produced in society.

Thirdly, a decrease in the cost of goods leads to a decrease in their production prices; an increase in the cost of goods leads to an increase in their production prices.

In a capitalist society at the pre-monopoly stage, the law of the average rate of profit prevails. This law is a concrete form of manifestation of the basic economic law of capitalism - the law of surplus value, the law of the birth and increase of capitalist profit. The law of the average rate of profit, like all laws of the capitalist mode of production, is carried out spontaneously, among countless deviations of fluctuations. In the struggle for the most profitable use of capital, a fierce competitive struggle takes place between capitalists. Capitalist production at its pre-monopoly stage, as already mentioned, is once again driven into pursuit of additional profit, or super-profit. Super-profit represents a certain excess of surplus value over average profit. Capitalists strive to invest their

capital in those branches of production that promise them greater profits. In pursuit of high profits, there is an outflow of capital from one industry to another, as a result of which the average rate of profit is established.

Thus, on the basis of the law of the average rate of profit, the distribution of labour and means of production is carried out between different branches of capitalist production.

The equalisation of the rate of profit and the transformation of value into the price of production further mask the relation of exploitation and further conceal the true source of the capitalists' enrichment. "The real difference in magnitude between profit and surplus value... in individual spheres of production now completely conceals the true nature and origin of profit, and not only for the capitalist, who in this case has a special interest in being deceived, but also for the workers. With the transformation of value into the price of production, the very basis of the determination of value is hidden from view"¹.

In reality, the formation of an average rate of profit means the redistribution of surplus value between capitalists in various branches of production. Part of the surplus value created in industries with a low organic composition of capital is appropriated by capitalists in industries with a high organic composition of capital. Therefore, workers are exploited not only by those capitalists for whom they work, but by the entire class of capitalists as a whole.

The law of the average rate of profit expresses, on the one hand, the contradictions and competitive struggle between industrial capitalists for the division of surplus value, and on the other hand, the deep antagonism of two classes hostile to each other - the bourgeoisie and the proletariat. It indicates that in a capitalist society the bourgeoisie as a class is opposed to the

¹ K. Marx, Capital, vol. III, 1953, p. 175.

proletariat as a whole, that the struggle for the partial interests of workers or individual groups of workers, the struggle with individual capitalists cannot lead to a radical change in the position of the working class. The working class will be able to throw off the yoke of capital only by overthrowing the bourgeoisie as a class, only by destroying the very system of capitalist exploitation.

The Rate of Profit Tends to Fall.

As capitalism develops, the organic composition of capital continuously increases. Each individual entrepreneur increasingly replaced workers with machines, reduced the cost of production, expanded the sale of his goods, and achieved super-profits for himself. But when the technical achievements of individual enterprises become widespread, there is an increase in the organic composition of capital in most enterprises, which leads to a decrease in the overall rate of profit.

In the same direction, there is a faster growth of fixed capital compared to circulating capital, leading to a slowdown in the turnover of all capital.

Capitalists, by improving technology, strive to get as much profit as possible, and as a result of their efforts, what none of them wanted is a decrease in the rate of profit.

Let's take the previous example. The sum of all capitals, equal to 300 units, consists of 240 units of constant capital and 60 units of variable capital. With a rate of surplus value of 100%, 60 units of surplus value are produced, the rate of profit is 20%. Suppose that after 20 years the total amount of capital has increased from 300 to 500 units. At the same time, as a result of technological progress, the organic composition of capital has increased. As a result, 500 units are divided into 425 units of constant and 75 units of variable capital. In this case, at the previous rate of surplus value, 75 units of surplus value will be created. Now there will be a profit

margin. The profit margin increased from 60 to 75 units, and the profit rate decreased from 20 to 15%.

So, an increase in the organic composition of capital leads to a decrease in the average rate of profit. At the same time, a number of factors counteract the decline in the rate of profit.

First, the exploitation of the working class is growing. The development of the productive forces of capitalism, which finds its expression in an increase in the organic composition of capital, leads at the same time to an increase in the rate of surplus value. In view of this, the decrease in the rate of profit occurs more slowly than it would occur if the rate of surplus value remained constant.

Secondly, technical progress, increasing the organic composition of capital, generates unemployment, which puts pressure on the labour market. This allows entrepreneurs to reduce wages and set them significantly below the cost of labour.

Thirdly, as labour productivity increases, the cost of means of production falls: machinery, equipment, raw materials, etc. This slows down the growth of the organic composition of capital and, therefore, counteracts the fall in the rate of profit.

Suppose that an entrepreneur forces a worker who previously worked on 5 looms to work on 20 looms. But due to the increase in labour productivity in the machine tool industry, the cost of machine tools has dropped by half. As a result, 20 machines are no longer 4 times more expensive than the previous 5 machines, but only 2 times. Therefore, the share of constant capital per worker will increase not 4 times, but 2 times.

Fourthly, the decrease in the average rate of profit is counteracted by savings on constant capital, carried out by capitalists at the expense of the health and life of workers. In order to increase profits, entrepreneurs force workers to work in cramped spaces, without sufficient ventilation, and skimp on devices required by safety regulations. The result of this stinginess of the capitalists is

the undermining of workers' health, a huge number of accidents and an increase in mortality among the working population.

Fifthly, the fall in the rate of profit is delayed due to the inequivalence of exchange in foreign trade, when entrepreneurs in developed capitalist countries, exporting their goods to colonial countries, receive excess profits.

All these counteracting factors do not destroy, but only weaken the decline in the rate of profit and give it the character of a trend. Thus, an increase in the organic composition of capital has as its inevitable consequence the law of tendency of the general (or average) rate of profit to fall.

A fall in the rate of profit does not mean a decrease in the mass of profit, that is, the entire volume of surplus value produced by the working class. On the contrary, the mass of profit grows both due to an increase in the rate of surplus value and due to an increase in the total number of workers exploited by capital. For example, in the USA the amount of industrial profit, calculated according to official data from industrial censuses, was 316 million dollars in 1859, 516 million in 1869, 660 million in 1879, 1513 million in 1889, and 1513 million in 1899. g.—2245 million.

By intensifying the exploitation of workers, capitalists strive to weaken as much as possible the tendency of the rate of profit to fall. This leads to an aggravation of contradictions between the proletariat and the bourgeoisie.

The tendency of the rate of profit to fall intensifies the struggle within the bourgeoisie itself for the distribution of the total mass of profits.

In pursuit of higher profits, capitalists rush with their capital to backward countries, where labour is cheaper and the organic composition of capital is lower than in countries with highly developed industry, and begin to intensively exploit the people of these countries. This leads to an aggravation of contradictions

between developed capitalist countries and backward ones, between metropolises and colonies.

Further, to maintain prices at a high level, entrepreneurs unite in various types of unions. In this way they achieve high profits.

Finally, trying to compensate for the fall in the rate of profit by increasing its mass, capitalists expand the volume of production far beyond the limits of effective demand. In this regard, the contradictions caused by the tendency of the rate of profit to decrease become especially acute during crises.

The law of the tendency of the rate of profit to fall is one of the clearest indicators of the historical limitations of the capitalist mode of production. By exacerbating capitalist contradictions, this law clearly shows that at a certain stage the bourgeois system becomes an obstacle to the further development of productive forces.

BRIEF SUMMARY

1. Profit is surplus value, taken in its relation to the capital invested in production and externally appearing as a product of all capital. The rate of profit is the ratio of the mass of produced surplus value to the total capital, expressed as a percentage.

2. Intra-industry competition leads to the fact that prices for homogeneous goods are determined not by the individual, but by the social value of these goods. Inter-industry competition leads to the flow of capital from one industry to another, to the formation of an average rate of profit within the framework of all capitalist production. On the basis of the law of the average rate of profit, the distribution of labour and means of production is carried out between different sectors of the capitalist economy.

3. As a result of the equation of the rate of profit, goods are sold not at cost, but at production prices. The price of production is the price equal to the cost of production of a good plus average profit. The price of production is a modified form of value. The sum

of production prices is equal to the sum of the values of all goods; As the value of goods changes, the price of production also changes.

4. With the development of capitalism, as the organic composition of capital grows, the average rate of profit shows a downward trend. At the same time, the amount of profit is steadily growing. The law of the tendency of the average rate of profit to decrease leads to an exacerbation of the contradictions of capitalism.

CHAPTER XII. THE TRADE, CREDIT AND MONEY CIRCULATION

The Trading Profit and its Source.

Commercial and usurious capital historically preceded industrial capital. Under the capitalist mode of production, these forms of capital lose their former independent role; their functions are reduced to servicing industrial capital. As a result, under capitalism, trading capital and interest-bearing capital differ significantly from their pre-capitalist forms.

Industrial capital, as already mentioned, in the course of its circulation successively takes three forms: money, productive and commodity, which differ in their functions. At a certain stage of its development, these functional forms of industrial capital become isolated from each other. From industrial capital employed in production, trading capital in the form of merchant capital and loan capital in the form of banker capital are separated. Within the capitalist class, three groups are formed that participate in the appropriation of surplus value: industrialists, merchants and bankers.

Commercial capital is used in the sphere of circulation, in which no surplus value is created. Where does the merchant's profit come from? If the capitalist-industrialist himself was engaged in the sale of goods, he would have to spend part of his capital on equipping trading premises, hiring clerks and other expenses associated with trade. To do this, he would have to increase the size of the advanced capital or, with the same advanced capital, reduce the volume of production. In both cases there would be a decrease in his profits.

The industrialist prefers to sell his goods to an intermediary—a commercial capitalist, who further promotes the goods to

consumers. By transferring operations for the sale of goods to a merchant, the industrial capitalist accelerates the turnover of his capital, and the acceleration of turnover leads to increased profits. This allows the industrialist to profitably give up a certain share of his profits to the merchant. The industrialist sells the goods to the merchant at a price that is lower than the production price. The merchant capitalist, by selling goods to consumers at the production price, makes a profit. Trade profit is part of the surplus value that the industrialist cedes to the merchant for the sale of his goods.

The labour of hired workers engaged in the sale of goods, that is, the transformation of goods into money and money into goods, does not create either value or surplus value, but it gives the merchant capitalist the opportunity to appropriate part of the surplus value created in production. “Just as the unpaid labour of the worker directly creates surplus value for productive capital, the unpaid labour of commercial wage workers creates for merchant capital a participation in this surplus value” ¹. Trade workers are exploited by merchant capitalists, just as workers who produce goods are exploited by industrialists.

To sell a certain amount of goods, the merchant must advance capital of a corresponding amount for a certain period of time. With this capital, he strives to get as much profit as possible. If the rate of trading profit turns out to be less than the average rate of profit, trading becomes unprofitable, and traders transfer their capital to industry, agriculture or some other sector. On the contrary, a high rate of trading profit attracts industrial capital into trade. Competition “between capitalists leads to the fact that the level of trading profit is determined by the average rate of profit.

¹ K. Marx. Capital, vol. III , 1953, p. 305.

In the form of commercial profit the real source of the increase of capital is even more hidden than in the form of industrial profit. The merchant's capital does not participate in production. Formula for the movement of trading capital: $M—C—M'$. Here the stage of productive capital drops out, the connection with production is externally broken. A deceptive appearance is created that profit arises from trade itself through a mark-up on the price, through the sale of goods above the cost of production. In fact, the opposite happens: the industrialist sells the goods to the merchant below the production price, giving him a part of his profit, which the merchant realizes by selling the goods to the consumer at the production price.

The Distribution Costs.

The process of capitalist circulation of goods requires certain costs. These costs associated with servicing the sphere of circulation represent distribution costs.

It is necessary to distinguish between two types of capitalist costs in the field of trade: firstly, pure costs of circulation, which are directly related to the processes of purchase and sale of goods and the characteristics of the capitalist system; secondly, the costs caused by the continuation of the production process in the sphere of circulation.

The overwhelming and ever-increasing part of the circulation costs of capitalist trade are pure costs. Net distribution costs include costs associated with the transformation of goods into money and money into goods. This includes expenses caused by competition and speculation, on advertising, most of the expenses on remuneration of sales workers, on maintaining account books, correspondence, maintaining trading offices, etc. Net costs of circulation are a direct deduction from the total amount of value produced in society, and are covered by capitalists from the total

mass of surplus value produced by the labour of the working class. The rise of net costs is one indicator of the growth of waste under capitalism. Marx called capitalist trade a legalized deception, which is expressed, in particular, in the sale of low-quality, falsified goods.

In the United States, only recorded advertising costs amounted to \$1.6 billion in 1931, and \$2.1 billion in 1940. Over the ten years from 1940 to 1950, advertising spending in the United States increased another 2.7 times.

With the development of capitalism and the intensification of difficulties in selling goods, a colossal trading apparatus with many links is created. Before reaching the consumer, goods pass through the hands of an entire army of traders, speculators, resellers, and commission agents.

The costs associated with the continuation of the production process in the sphere of circulation include the costs of refining, transporting, and packaging goods that are necessary for society and do not depend on the characteristics of the capitalist economy. Each product is only ready for consumption when it is delivered to the consumer. The costs of processing, transportation, and packaging of goods correspondingly increase the cost of production of goods. The labour of the workers expended in this process transfers the value of the spent means of production to the goods and adds a new value to the value of the goods.

The anarchy of capitalist production and crises, competition and speculation lead to the accumulation of gigantic, excessive stocks of goods, lengthen and bend the paths of their movement, which leads to huge unproductive expenses. Capitalist advertising causes unnecessary, expensive packaging of goods. This means that an increasingly large part of the costs of transporting, storing and packaging goods turns into pure costs arising from the characteristics of the capitalist system. The continuous increase in distribution costs is one of the indicators of increasing parasitism in bourgeois society.

In the USA, distribution costs were 31% in 1929 and 32.8% in 1935, and at present they are even higher. In the capitalist countries of Europe, distribution costs account for approximately a third of the amount of retail trade turnover.

The Forms of Capitalist Trade. The Commodity Exchanges.

With the development of capitalist production and circulation, forms of trade also develop—wholesale and retail. Wholesale trade is trade between industrial and commercial enterprises, and retail trade is the sale of goods directly to the public.

The production of homogeneous goods allows traders to conduct wholesale trade based on samples. Mass homogeneous goods (cotton, flax fiber, ferrous and non-ferrous metals, rubber, grain, sugar, coffee, etc.) are sold and bought according to established standards and samples on commodity exchanges.

A commodity exchange is a special type of market where trade of mass homogeneous goods takes place and where the supply and demand for these goods are concentrated on the scale of entire countries, and often on the scale of the world capitalist market.

Commodities that are the subject of exchange transactions between capitalists do not directly change hands. Transactions are usually concluded for a period: the seller undertakes to deliver a certain quantity of goods to the buyer by a specified time. For example, in the spring, deals are concluded for the supply of cotton from the future harvest, while the cotton has not yet been sown. When concluding exchange transactions, the seller expects that the price of a given product will fall by the deadline and he will receive the difference in prices, while the buyer expects prices to rise. Often sellers on the exchange do not have the goods they sell at all, and buyers do not need the goods they buy. Thus, commodity exchanges are places of speculative trading. Speculators sell and buy ownership

of goods in which they have nothing to do. Speculation is inextricably linked with the entire structure of capitalist trade, since this trade is not aimed at satisfying the needs of society, but at making a profit.

In trade, as in industry, there is a concentration and centralisation of capital. The displacement of small capitalists by large ones takes place in both wholesale and retail trade. In retail trade, the concentration of capital is carried out in the form of large department stores and specialized stores. Department stores sell all kinds of goods, specialized stores sell only one type of product, for example, shoes.

In bourgeois countries, trade on credit or in instalments is often used. This type of trade often leads to the fact that the mass consumer is forced to pay with his property, without being able to repay the debt on time. Trade on credit is often used by capitalists to sell inferior, stale goods.

One of the sources of trading profit is the exploitation of small goods producers by trading capital. Merchant capital forces the peasant, artisan, handicraftsman to buy raw materials, materials and tools at high prices and sell them. he has his own products at low prices.

The share of resellers in the retail price of agricultural products in the United States from 1913 to 1934 increased from 54 to 63%. Therefore, the farmer gets his the product is approximately one third of its retail price.

Inflating prices and the sale of substandard goods by commercial capital lead to increased impoverishment of the working people, this further aggravates the contradictions of capitalism.

The International Trade.

As a result of the development of commodity circulation that goes beyond national markets, foreign trade arises. In pursuit of profit, the capitalists are constantly developing new markets for goods and sources of raw materials. The limited domestic market due to the impoverishment of the masses and the seizure of internal sources of raw materials by large capitalists intensify their desire to establish dominance in foreign markets and increase the importance of foreign trade.

Foreign trade achieved widespread development only in the era of capitalism. In the one hundred years from 1800 to 1900, world trade turnover increased more than $12\frac{1}{2}$ times: from \$1.5 billion to \$18.9 billion. Over the next three decades it increased more than $3\frac{1}{2}$ times and reached \$68.6 billion in 1929.

Foreign trade is a source of additional profit for the capitalists of more developed bourgeois countries, since industrial products are sold to backward countries at relatively higher prices, and raw materials are purchased in these countries at lower prices. Foreign trade serves as one of the means of economic enslavement of backward countries by developed bourgeois countries and expansion of the spheres of influence of capitalist powers.

For example, the English East India Company plundered India for more than 250 years (1600-1858). As a result of the predatory exploitation of the local population by the East India Company, many provinces of India were turned into deserts: the fields were not cultivated, the lands were overgrown with bushes, and the population died out.

Foreign trade consists of exports, that is, the export of goods, and imports, that is, the import of goods. The relationship between

the sum of prices of goods exported by a given country and the sum of prices of goods imported by it during a certain period, for example, a year, constitutes its trade balance. If exports exceed imports, the trade balance is active; if imports exceed exports, the trade balance is passive.

A country with a passive trade balance must cover the deficit from such sources as gold reserves, income from the transportation of goods of foreign countries, income from investment in other countries and, finally, through foreign loans.

The trade balance does not reveal all forms of economic relationships between countries. These relationships are more fully expressed in the balance of payments. The balance of payments is the relationship between the sum of all payments due to a country from other countries and the sum of all payments that country owes to other countries.

The nature of economic relations between countries also determines the foreign trade policy of capitalist states. In the era of pre-monopoly capitalism, two main types of trade policy emerged: a policy of free trade (free trade) and a policy of patronage of domestic industry (protectionism).

The Loan Capital.

Just as commodity capital is isolated in the form of commercial capital, money capital is isolated in the form of loan capital.

In the process of turnover of capital, the industrial capitalist at certain moments forms free money capital that does not find application in his enterprise. For example, when a capitalist accumulates a depreciation fund, an enterprise designated for the restoration of retiring parts of fixed capital, he has temporarily free amounts of money. These amounts will be spent on the purchase of new equipment and machinery only after a few years. If an

industrialist sells finished goods monthly and buys raw materials once every six months, then he has free money on hand for five months. This is inactive capital, that is, capital that does not generate profit.

At other times, the capitalist has a need for money, for example, when he has not yet managed to sell a finished product, but he needs to purchase raw materials. While one entrepreneur has a temporary surplus of cash capital, another puts in demand for it. In pursuit of profit, the capitalist strives to ensure that every particle of his capital generates income. The capitalist gives free money on loan, that is, for temporary use to other capitalists.

Loan capital is money capital that its owner lends to another capitalist for a certain remuneration. A distinctive feature of loan capital is that it is used in production not by the capitalist whose property it is. By being able to borrow money, the industrial capitalist is freed from the necessity of holding large reserves of money in a state of inactivity. A money loan gives the industrialist the opportunity to expand production, increase the number of workers and, consequently, increase the amount of surplus value obtained.

In the form of remuneration for the money capital placed at his disposal, the industrialist pays the owner of this capital a certain amount called interest. Interest is the part of the profit given by the industrial capitalist to the loan capitalist for the loan the latter provided to him. The source of interest is surplus value. Loan capital is interest-bearing capital.

The movement of loan capital is entirely based on the movement of industrial capital. The loaned capital is used in production to extract surplus value. Therefore, loan capital, like any capital in general, expresses first of all the production relations between capitalists and the workers they exploit. At the same time, loan capital directly expresses the relationship between two groups of capitalists: on the one hand, money capitalists, and on the other hand, functioning capitalists (industrialists and traders).

Formula for the movement of loan capital: $D - D'$. Here, not only the stage of productive capital falls out, but also the stage of commodity capital. It appears that the source of income is not the surplus value produced through the exploitation of workers in the sphere of production, but money itself. The fact that loan capital yields income in the form of interest seems to be as natural a property of money as the fact that a fruit tree bears fruit. Here the fetishism characteristic of capitalist relations reaches its highest limit.

The owner of money capital places his capital temporarily at the disposal of the industrial capitalist, who uses it in production for the purpose of appropriating surplus value. Thus, there is a separation of ownership of capital from the application of capital to production, a separation of capital as property from capital as a function.

The Interest and Business Income. The Rate of Interest and Its Downward Trend.

The industrialist gives part of his profit to the money capitalist in the form of interest. Thus, the average profit is divided into two parts. That part of the average profit that remains with the industrial capitalist is called entrepreneurial income.

If the form of interest creates the deceptive appearance that interest is a natural product of capital-property, then the form of entrepreneurial income gives rise to the illusion that this income represents payment for the “labour” of the functioning capitalist in directing and supervising the work of hired workers in his enterprise. In fact, business income, like interest, has nothing to do with the work of managing production; it represents part of the surplus value appropriated free of charge by capitalists.

The proportion in which the average profit is divided into business income and interest depends on the ratio of supply and demand for loan capital and on the state of the money capital market. The higher the demand for money capital, the higher, other things being equal, the higher the interest rate. The rate of interest is the ratio of the amount of interest to the money capital lent. Under normal conditions, the upper limit of the rate of interest is the average rate of profit, since interest is a part of profit. As a rule, the rate of interest is significantly lower than the average rate of profit.

With the development of capitalism, the rate of interest shows a tendency to decrease. This tendency is a consequence of two reasons: firstly, the action of the law of tendency of the average rate of profit to decrease, since the average rate of profit forms the upper limit of fluctuations in the rate of interest; secondly, with the development of capitalism, the total supply of loan capital grows faster than the demand for it. One of the reasons for the growth of loan capital is the increase among the bourgeoisie of the rentier group, that is, capitalists—owners of money capital who are not engaged in entrepreneurial activities. This also reveals the strengthening of parasitism in bourgeois society. The growth of loan capital is facilitated by the centralisation of free funds in banks and savings banks.

The interest rate on short-term loans in the US money market was also 1866-1880. from 3.6 (lowest rate) to 17 (highest rate), in 1881-1900. respectively - from 2.63 to 9.76, in 1901-1920 - from 2.98 to 8.0, in 1921-1935 - from 0.75 to 7.81.

The Forms of Credit. The Banks and their Operations.

Capitalist credit is a form of movement of loan capital. Through credit, temporarily free money capital is transformed into loan capital. Under capitalism, there are two forms of credit: commercial and banker.

Commercial credit is a loan provided to each other by functioning capitalists (that is, industrialists and traders) when selling goods. An industrialist, trying to speed up the turnover of his capital, which is in commodity form, sells goods on credit to another industrialist or wholesaler, and the wholesale dealer, in turn, sells goods on credit to a retailer. Commercial credit is used by capitalists for the purchase and sale of raw materials, fuel, and machine equipment; as well as consumer goods. Typically, a commercial loan is short-term: it is provided for a period of no more than a few months. The instrument of commercial credit is a bill of exchange. A bill of exchange is a debt obligation under which the debtor undertakes to pay money for the purchased goods by a certain date. When payment becomes due, the buyer who issued the bill must pay it in cash. A commercial loan is thus associated with a commodity transaction. As a result, it is the basis of the capitalist credit system.

A banker's loan is a loan provided by money capitalists (bankers) to functioning capitalists. A banker's loan, unlike a commercial one, is provided not at the expense of capital employed in production or circulation, but at the expense of idle and temporarily free money capital seeking application. Banker credit is provided by banks. A bank is a capitalist enterprise that trades in money, capital and acts as an intermediary between lenders and borrowers. The bank, on the one hand, collects free, idle capital into income, and on the other hand, puts money capital at the disposal of functioning capitalists.

The overwhelming share of capital at the bank's disposal is someone else's property and must be returned. But at any given moment, only a relatively small part of depositors requests the return of deposits. In most cases, the withdrawal of money is balanced and offset by the influx of new deposits. The situation changes radically in the context of any upheaval—crisis or war. Then the depositors simultaneously demand the return of deposits. Under normal conditions, a bank can keep only relatively small amounts of money in its cash desks to pay those who demand the return of swap deposits. The bank lends out the vast majority of its deposits.

Bank operations are divided into passive and active.

Passive operations are those through which the bank attracts funds to its cash desk. Chief among these operations is the acceptance of deposits. Contributions (deposits) are made under different conditions: some for a specific period, others without specifying a period. The bank is obliged to repay permanent deposits on demand, while time deposits are subject to return only within the agreed period. Thus, time deposits are more profitable for the bank.

Active operations are those through which the bank lends funds. One of these operations is the accounting of bills. An industrialist who has sold his goods on credit transfers the bill received from the buyer to the bank, and the bank immediately pays the industrialist the amount of the bill minus a certain percentage. After the expiration of the term, the drawer no longer pays the industrialist, but the bank. Through this operation, commercial credit is intertwined with banking credit. Further, the bank's active operations include issuing loans against various types of collateral: secured by goods, securities, and trade documents. Finally, the bank makes direct investments (investments) of capital in certain enterprises in the form of a long-term loan.

Thus, the bank is a money trader. The bank pays interest on passive transactions, and receives interest on active transactions. The bank borrows funds at lower interest rates and lends them out at higher interest rates. The bank's profit is formed from the difference between the interest charged by the bank on loans and the interest it pays on deposits. With this profit, the bank covers the costs associated with its operations; these costs are net distribution costs. The laws of capitalist competition spontaneously reduce the level of banking profits to the average rate of return on equity capital.

Banks play the role of clearinghouses. Every company that has made a deposit or received a loan has a current account with the bank. The bank issues money from the current account upon a special request, which is called a check. Therefore, the bank acts as a cashier for many enterprises. This circumstance opens up the possibility of widespread development of non-cash payments. Capitalist A, having sold goods to capitalist B, receives from him a check on the bank where both have current accounts. The bank makes a settlement by transferring the check amount from current account B to current account A. Enterprises have current accounts in various banks. In the largest centres, banks create special clearing houses, where checks received from many banks are largely cancelled.

Under capitalism there are three main types of banks: commercial, mortgage and emission. Commercial banks provide loans to industrialists and traders primarily by issuing short-term loans. Accounting for bills of exchange plays an important role here. This credit is provided mainly through deposits.

Mortgage banks are engaged in issuing long-term loans secured by real estate (land, houses, buildings). The emergence and activities of mortgage banks are closely related to the development of capitalism in agriculture and the exploitation of peasants by bankers.

This type of bank also includes agricultural banks that provide long-term loans for production purposes.

Banks of issue have the right to issue (issue) credit money—banknotes. A special role is played by central issuing banks. The country's gold reserves are concentrated in these banks. They have a monopoly on the issue of banknotes. Central banks usually do not conduct transactions with individual industrialists and traders, but give loans to commercial banks, which in turn deal with entrepreneurs. Thus, central banks of issue are banks of banks.

By concentrating lending operations and payments, banks help accelerate capital turnover and reduce money circulation costs. At the same time, the activities of banks contribute to the centralisation of capital, the displacement of small and medium-sized capitalists, increased exploitation of workers, and the robbery of artisans and craftsmen. Mortgage loans ruin the peasants, since paying interest on these loans, absorbing most of their income, leads to the decline of the economy. Debt repayment is often carried out by selling the property and land of peasants who have become dependent on banks.

Concentrating all the monetary capital of society, acting as intermediaries for loans, banks are a kind of apparatus for the spontaneous distribution of resources between sectors of the economy. This distribution occurs not in the interests of society and not in accordance with its needs, but in the interests of capitalists. Credit contributes to the expansion of production, but this expansion again and again runs into the narrow limits of effective demand. Credit and banks lead to a further increase in the socialisation of labour, but the social nature of production comes into increasingly sharp conflict with the private capitalist form of appropriation. Thus, the development of credit exacerbates the contradictions of the capitalist mode of production and intensifies its anarchy.

The Joint Stock Companies. The Fictitious Capital.

In modern capitalist countries, the overwhelming majority of large enterprises are in the form of joint stock companies. Joint-stock companies arose at the beginning of the 17th century, but they became widespread only in the second half of the 19th century.

A joint stock company is a form of enterprise whose capital is made up of contributions from its participants who own a certain number of shares, proportionate to the amount of funds invested by each of them. A share is a security that gives the right to participate in the distribution of income from an enterprise in accordance with the amount indicated on it.

The income received by the owner of shares is called a dividend. Shares are sold and bought at a certain price, which is called their rate.

A capitalist buying shares could invest his capital in a bank and receive, say, 5%. However, he is not satisfied with such income; he prefers to buy shares. Although this involves some risk, it promises him higher income. Let's assume that the \$10 million share capital is divided into 20,000 shares of \$500 each and that the business generates \$1 million in profits. The joint stock company decides to leave \$250 thousand of this amount as reserve (that is, reserve) capital, and distribute the remaining amount of \$750 thousand as a dividend among shareholders. In this case, each share will bring its owner income in the form of a dividend (\$750 thousand: 20 thousand shares) of \$37.5, which is 7.5%.

Shareholders seek to sell shares for such an amount that, if deposited in the bank, would bring in the form of interest the same income as they receive in the form of dividends. If a \$500 share brought a \$37.5 dividend, then the shareholders will seek to sell it for \$750, since by depositing this amount in a bank that pays 5% on

deposits, its owner can receive the same \$37.5 in the form per cent. The stock price depends on the size of the dividend and the level of loan interest. The stock price rises when dividends rise or interest rates fall; on the contrary, it decreases when the dividend decreases or when the interest rate increases.

The difference between the sum of the prices of shares issued at the founding of a joint-stock enterprise and the amount of capital actually invested in this enterprise constitutes the founder's profit. Founder's profit is one of the important sources of enrichment of large capitalists.

If the capital previously invested in the enterprise is equal to \$10 million, and the sum of the prices of the issued shares was \$15 million, then the founder's profit in this case will be \$5 million.

As a result of the transformation of an individual enterprise into a joint-stock company, capital acquires a kind of dual existence. The actual capital invested in the enterprise in the amount of 10 million dollars exists in the form of factory buildings, machines, raw materials, warehouses, finished products, and finally, in the form of certain amounts of money stored in the enterprise's cash register or in a current bank account. But next to this real capital, when organising a joint stock company, securities appear—shares worth \$15 million. The share is only a reflection of the actually existing capital of the enterprise. But at the same time, the shares already exist separately from the enterprise; they are bought and sold, banks issue loans against shares, etc.

Formally, the supreme body of a joint-stock company is the general meeting of shareholders, which elects the board, appoints officials, hears and approves a report on the work of the enterprise, and resolves the main issues of the activities of the joint-stock company. But the number of votes at the general meeting is determined in accordance with the amount of shares represented by their owners. Therefore, in fact, a joint stock company is entirely

in the hands of a small handful of largest shareholders. Since a certain part of the shares is dispersed among small and medium-sized owners, deprived of the opportunity to exert any influence on the course of affairs, in practice the largest capitalists do not need to own even half of the shares in order to dominate the joint-stock company. The number of shares that gives the opportunity to completely manage a joint stock company is called a controlling stake.

Thus, a joint stock company is a form in which large capital subjugates and uses the funds of small and medium capitalists for its own purposes. The spread of joint stock companies greatly contributes to the centralisation of capital and the consolidation of production.

Capital that exists in the form of securities that generate income for their owners is called fictitious capital. Fictitious capital includes stocks and bonds. A bond is a certificate of debt issued by enterprises or the state and brings its holder annually a fixed interest.

Securities (stocks, bonds, etc.) are bought and sold on stock exchanges. The stock exchange is a securities market. At any given moment, the exchange rates at which securities are sold and purchased are registered; At these rates, transactions with securities are also carried out outside the stock exchange (for example, in banks). The exchange rate of securities depends on the level of loan interest and the level of expected income from these securities. Speculation in securities occurs on the stock exchange. Since large and major capitalists have all the advantages in the speculative game, stock exchange speculation contributes to the centralisation of capital, the enrichment of the capitalist elite and the ruin of medium and small owners.

The spread of credit and especially joint stock companies increasingly turns the capitalist into a recipient of interest and dividends, while the management of production is carried out by

hired persons: managers, directors. In this way, the parasitic nature of capitalist property is increasingly strengthened.

BRIEF SUMMARY

1. Commercial capital serves the circulation of industrial capital. Trade profit is the part of the surplus value that the industrialist cedes to the merchant. The exploitation of its hired workers by commercial capital gives it the opportunity to appropriate part of the surplus value created in production. Merchant capital exploits workers and other sections of the working people as buyers of consumer goods. With the development of capitalist trade, unproductive expenses in the sphere of circulation increase. Foreign trade under capitalism serves as one of the ways of economically enslaving less industrially developed countries by more developed, industrial capitalist powers.

2. Loan capital is money capital that its owner provides for a period of time to the capitalist for a fee in the form of loan interest. Loan interest is part of the industrial capitalist's profit, which he gives to the owner of the loan capital.

3. Capitalist credit is a form of movement of loan capital. The main types of credit are commercial and banker. Banks concentrate society's funds in their hands and provide them in the form of money capital to functioning capitalists—industrialists and traders. The development of credit leads to an increase in capitalist contradictions. The separation of ownership of capital from the application of capital to production clearly reveals the parasitic nature of capitalist property.

4. A joint stock company is a form of enterprise whose capital is made up of contributions from its participants who own a certain number of shares, proportionate to the amount of funds invested by each of them. In joint stock companies, large capital subjugates

and uses the funds of small and medium capitalists to its advantage. Joint stock companies are increasing the centralisation of capital.

5. With the development of credit, credit money, or banknotes issued by banks instead of bills, became widespread. The ruling classes of capitalist society use the issuance of paper money to intensify the exploitation of workers. Through inflation, government spending is transferred to the shoulders of the masses. Monetary reforms are carried out by capitalist states at the expense of the interests of workers.

CHAPTER XIII. THE LAND RENT. THE AGRARIAN RELATIONS UNDER CAPITALISM

The Capitalist System of Agriculture and the Private Ownership of Land.

In bourgeois countries, capitalism dominates not only in industry, but also in agriculture. Most of the land is concentrated in the hands of a class of large landowners. The bulk of commercial agricultural products are produced by capitalist enterprises using hired labour. However, in all bourgeois countries, the numerically predominant form of farming remains small-scale peasant farming.

The most typical are two main ways of development of capitalism in agriculture.

The first way is that the old landowner economy is basically preserved and, through agrarian reforms, is gradually transformed into a capitalist one. Transitioning to capitalist forms of management, landowners, along with the use of civilian labour, also use serfdom methods of exploitation. In agriculture, enslaving forms of dependence of peasants on landowners are preserved in the form of labour, sharecropping, etc. This path of capitalist evolution of agriculture is typical for Germany, Tsarist Russia, Italy, Japan and a number of other countries.

The second way is that the old landowner economy is broken by the bourgeois revolution, agriculture is liberated from feudal fetters, as a result of which the development of productive forces occurs faster. Thus, in France, the bourgeois revolution of 1789-1794. abolished feudal land ownership. The confiscated lands of the nobility and clergy were sold off. Small-scale peasant farming began

to predominate in the country, but a significant part of the land fell into the hands of the bourgeoisie. In the United States of America as a result of the Civil War of 1861-1865. the slave latifundia of the southern states were liquidated, a lot of unoccupied land was distributed for a small fee, and agriculture began to develop along the path of capitalist farming. But even in these countries, with the development of capitalism, large land ownership was revived on a new, capitalist basis.

As a result of the transformation of pre-capitalist forms of land ownership, large feudal and small peasant ownership of land is increasingly giving way to bourgeois land ownership. An ever-increasing portion of landowners' and peasants' lands are passing into the hands of banks, industrialists, merchants and moneylenders.

The concentration of land ownership is evidenced by the following data. In the United States of America, according to the 1945 census, 78.6% of farms had only 25.6% of the land area, while 21.4% of farms had 74.4% of the land. At the same time, the largest latifundia, which had over 1 thousand acres of land per farm and accounted for 1.9% of all farms, owned 40.3% of the land.

In England, where capital mercilessly destroyed the small peasantry through massive expropriation, almost the entire land area is in the hands of large landowners who rent out the land.

In France in 1929, 57.3% of the land was in the hands of 12.5% of farms, and small and small peasant farms, which made up 54.5% of farms, had only 9.8% of the land area.

In pre-revolutionary Russia, landowners owned a huge amount of land. royal family, monasteries and kulaks. The largest landowners, who owned more than 500 acres of land each, in European Russia by the end of the 19th century numbered approximately 30 thousand. In their hands were 70 million acres of land. At the same time, 10.5 a million ruined peasant farms, crushed by serfdom, had 75 million dessiatines.

Under capitalism, there is a monopoly of private land ownership by a class of large landowners. A large landowner usually leases out a large part of the land to capitalist tenants and small peasants. Land ownership is separated from agricultural production.

Under capitalism, there is a monopoly of private land ownership by a class of large landowners. A large landowner usually rents out a significant part of the land to capitalist tenants and small peasants. Land ownership is separated from agricultural production.

Capitalist tenants at certain times, for example annually, pay the land owner the rent established by the lease agreement, that is, the amount of money for permission to use their capital on a given piece of land. The main part of the rent is ground rent. Rent includes other elements in addition to ground rent. Thus, if capital was previously invested in the leased land plot, for example, in outbuildings, irrigation structures, then the tenant, in addition to the ground rent, must pay the landowner an annual interest on this capital. In practice, capitalist tenants often cover part of the rent by lowering workers' wages.

Capitalist land rent expresses the relations between the three classes of bourgeois society: wage workers, capitalists and land owners. The surplus value created by the labour of wage workers falls first of all into the hands of the capitalist tenant. Part of the surplus value in the form of average profit on capital remains with the tenant. The tenant is forced to give the other part of the surplus value, which represents the surplus above the average profit, to the landowner in the form of ground rent. Capitalist land rent is that part of the surplus value that remains after deducting the average profit on the capital invested in the farm and is paid to the land owner. Often the landowner does not rent out the land, but hires workers and runs the farm himself. In this case, rent and profit go to him alone.

It is necessary to distinguish between differential (difference) and absolute rent.

The Differential Rent.

In agriculture, as in industry, an entrepreneur invests his capital in production only if he is guaranteed to receive an average profit. Entrepreneurs who use capital under more favourable production conditions, for example, on more fertile plots of land, receive additional profit in addition to the average profit on capital.

In industry, additional profit cannot be a constant phenomenon. As soon as one or another technical improvement introduced at an individual enterprise becomes widespread, this enterprise is deprived of additional profits. In agriculture, additional profit is fixed for a more or less long period. This is explained by the fact that in industry it is possible to build any number of enterprises with the most advanced machines. In agriculture, it is impossible to create any number of plots of land, let alone the best plots, since the amount of land is limited and all cultivable land is occupied by private farms. The limited nature of land and its occupation by individual farms determine the monopoly of capitalist economy on land, or the monopoly on land as an economic object.

Further, in industry, the price of production of goods is determined by the average conditions of production. Otherwise, the price of production of agricultural goods is formed. The monopoly of capitalist economy on land leads to the fact that the general, regulating price of production (that is, production costs plus average profit) of agricultural products is determined by the conditions of production not on average, but on the worst cultivated lands, since the products of the best and average lands are not enough to cover public demand. If the tenant capitalist, employing capital on the worst piece of land, did not receive an average profit, he would transfer this capital to another industry.

Capitalists farming on average and best plots of land produce agricultural goods more cheaply, in other words, their individual price of production is lower than the general price of production.

Taking advantage of the monopoly on land as an economic object, these capitalists sell their goods at the general price of production and thus receive additional profit, which forms differential rent. Differential rent arises independently of private ownership of land; it is formed due to the fact that agricultural products produced under different conditions of labour productivity are sold at the same market price, determined by the conditions of production on worse lands. Tenant capitalists are forced to give differential rent to landowners, leaving the average profit for themselves.

Differential rent is the excess profit above the average profit obtained on farms operated under more favourable production conditions; it represents the difference between the individual price of production on the best and average plots of land and the total price of production, determined by production conditions on the worst plots of land.

This additional profit, like all additional value in agriculture, is created by the labour of agricultural workers. Differences in the fertility of plots are only a condition for higher labour productivity on better lands. But under capitalism a deceptive appearance is created that the rent appropriated by the owners of the land is a product of the land, and not of labour. In fact, the only source of land rent is surplus labour, surplus value. "With a correct understanding of rent, it is natural, first of all, to recognize that it is obtained not from the soil, but from the product of agriculture, therefore from labour, from the price of the product of labour, for example wheat: from the value of the agricultural product, from labour invested in the land, and not from land" ¹

There are two forms of differential annuity.

¹ K. Marx, *Theories of Surplus Value*, vol. II, part 1, 1936, p. 221.

Differential rent I is associated with differences in soil fertility and the location of land plots in relation to markets.

On a more fertile plot, with the same capital expenditure, a higher yield is obtained. Let's take as an example three plots, identical in size, but different in fertility.

| Plot land | Cost of capital in dollars | Average profit in dollars | Products produced in centres | Custom production price | | General production qualification | | Differential rent I in dollars |
|-----------|----------------------------|---------------------------|------------------------------|-------------------------|------------------------------|----------------------------------|-------------------------|--------------------------------|
| | | | | all products in dollars | one hundredweight in dollars | one hundredweight in dollars | all products in dollars | |
| I | 100 | 20 | 4 | 120 | thirty | thirty | 120 | 0 |
| II | 100 | 20 | 5 | 120 | 24 | thirty | 150 | thirty |
| III | 100 | 20 | 6 | 120 | 20 | thirty | 180 | 60 |

The tenant of each of these plots spends \$100 on hiring workers, purchasing seeds, machinery, equipment, maintaining livestock and other expenses. The average profit is 20%. Labour invested in plots of different fertility produces a harvest of 4 centners in one plot, 5 centners in another, and 6 centners in a third.

The individual price of production of the entire mass of products produced at each site is the same. It is equal to \$120 (production costs plus average profit). The individual cost of producing a unit of output at each site is different. A hundredweight of agricultural products from the first plot would have to be sold for 30 dollars, from the second - for 24, from the third - for 20 dollars. But since the total price of production of agricultural goods is the same and is determined by the conditions of production on the worst plot of land, then each hundredweight of produce on all plots will be sold for \$30. The tenant of the first (worst) plot will earn 120 dollars for his harvest of 4 centners, that is, an amount equal to his production costs (\$100), plus the average profit (\$20). The tenant of the second plot will earn 150 dollars for his 5 centners. In addition to production costs and average profit, he will receive 30 dollars of

additional profit, which will constitute differential rent. Finally, the tenant of the third plot will earn \$180 for 6 centners. The differential rent here will be \$60.

Differential rent I is also associated with differences in the location of land plots. Farms that are located closer to sales points (cities, railway stations, seaports, elevators, etc.) save a significant part of labour and means of production on transporting products compared to farms more distant from these points. By selling their products at the same prices, farms located close to markets receive additional profit, forming differential rent.

Differential rent II arises as a result of additional investments of means of production and labour on the same land area, that is, with the intensification of agriculture. Unlike extensive farming, which grows due to an increase in acreage or pastures, intensive farming develops through the use of improved machines, artificial fertilizers, land reclamation work, breeding more productive breeds of livestock, etc. As a result, additional profits are obtained, forming a differential rent.

Let's return to our example. On the third site, the best in terms of fertility, \$100 was initially spent, 6 centners of products were produced, the average profit was \$20, and the differential rent was \$60. Let us assume that, at the same prices, a second, additional, more productive expenditure of capital of \$100 is made on this site, associated with the development of technology, the use of large quantities of fertilizers, etc. As a result of this, an additional harvest of 7 centners is obtained, the average profit per additional the capital amounted to \$20, and the surplus above the average profit was \$90. This \$90 surplus represents differential annuity II. While the previous lease is in effect, the tenant pays a differential rent of \$60 on this site, and pockets the surplus above the average profit received from the second, additional investment of capital. But the land is leased for a certain period. When subsequently leasing the land, the landowner will take into account the benefits that the

additional capital costs provide and increase the land rent for this plot by \$90. For these purposes, landowners tend to enter into lease agreements for short periods. It follows that capitalist tenants are not interested in large expenses that give effect over a long period of time, since the gains from these expenses are ultimately appropriated by the landowners.

Capitalist intensification of agriculture is carried out with the aim of obtaining the greatest profit. In pursuit of high profits, capitalists use land predatorily, developing highly specialized farms with crops of any one crop. Thus, in the last quarter of the 19th century in the USA, the lands of the northern states were ploughed for the sowing of mainly grain crops. This resulted in the destruction of the soil structure, its dispersion, and the appearance of dusty "black storms."

The production of certain agricultural crops depends on fluctuations in market prices. As a result, under capitalism it is impossible to universally introduce correct crop rotations, which are the basis of a high culture of agriculture. Private ownership of land prevents large-scale reclamation and other works, which pay off only after a number of years. Capitalism is thus incompatible with a rational agricultural system. "Every progress of capitalist agriculture is not only progress in the art of robbing the worker, but also in the art of robbing the soil; every progress in increasing its fertility for a given period is at the same time progress in the destruction of the permanent sources of this fertility"¹

Defenders of capitalism, trying to obscure the contradictions of capitalist agriculture and justify the poverty of the masses, argue that agriculture is supposedly subject to the action of the eternal, natural "law of diminishing soil fertility": each additional labour

¹ K. Marx, *Capital*, vol. I, 1953, p. 509.

applied to the land supposedly produces a lesser result than the previous one.

This fabrication of bourgeois political economy is based on the false assumption that technology in agriculture remains unchanged, and the progress of technology is an exception. In reality, additional investments of means of production and labour in the same piece of land are usually associated with the development of technology, with the introduction of new, improved methods of agricultural production, which leads to an increase in agricultural productivity. The true reason for the depletion of natural fertility and the degradation of capitalist agriculture is not the “law of diminishing soil fertility” invented by bourgeois economists, but capitalist relations, primarily private ownership of land, which hinder the development of the productive forces of agriculture. In fact, under capitalism it is not the difficulty of producing agricultural products that increases, but the difficulty of workers obtaining these products due to their growing impoverishment.

The Absolute Rent. The Price of Land.

In addition to differential rent, the land owner receives absolute rent. Its existence is associated with the existence of a monopoly of private land ownership.

When considering differential rent, it was assumed that the tenant of the worst piece of land, selling agricultural goods, earns only production costs plus average profit, that is, does not pay land rent. But in reality, the owner of even the worst plot of land will not provide it for processing free of charge. Therefore, the tenant of the worst plot must have a surplus above the average profit to pay ground rent. This means that the market price of agricultural goods should be higher than the price of production in the worst area.

Where does this surplus come from? Under capitalism, agriculture lags far behind industry in technical and economic

terms. The organic composition of capital in agriculture is lower than in industry. Let us assume that the organic composition of capital in industry averages $80 c + 20 v$. With a rate of surplus value of 100%, for every \$100 of capital, \$20 of surplus value is produced, and the value of production is \$120. The organic composition of capital in agriculture is, for example, $60 c + 40 v$. For every \$100, \$40 of surplus value is produced here, and the value of agricultural goods is \$140. The tenant capitalist, like the industrial capitalist, receives an average profit on his capital of \$20. Accordingly, the price of production of agricultural goods is equal to 120 dollars. Under these conditions, the absolute rent will be equal to $(140 - 120)$ 20 dollars. From all this it follows that the cost of agricultural goods is higher than the general price of production, and the amount of surplus value in agriculture is greater than the average profit. This excess of surplus value over average profit is the source of absolute rent.

If there were no private ownership of land, this surplus would go into general redistribution among capitalists; agricultural products would then be sold at production prices. But private ownership of land prevents free competition, the flow of capital from industry to agriculture and the formation of average profits common to agricultural and industrial enterprises. Therefore, agricultural products are sold at a price corresponding to their value, that is, higher than the general price of production. The extent to which this difference can be realized and converted into absolute rent depends on the level of market prices that is established as a result of competition.

The monopoly of private ownership of land is therefore the reason for the existence of absolute rent, paid on every piece of land regardless of its fertility and location. Absolute rent is the surplus of surplus value over average profit, created in agriculture due to the lower organic composition of capital compared to

industry and appropriated by landowners due to private ownership of land.

In addition to differential and absolute rent, under capitalism there is monopoly rent. Monopoly rent is additional income received due to the excess of the price over the value of a product produced under particularly favourable natural conditions. Such, for example, is the rent for lands on which it is possible to produce rare agricultural crops in limited quantities (for example, especially valuable varieties of grapes, citrus fruits, etc.), rent for the use of water in areas of irrigated agriculture. Goods produced under these conditions are sold, as a rule, at prices higher than their value, that is, at monopoly prices. Monopoly rent in agriculture is paid at the expense of the consumer.

The parasitic class of large landowners, who have nothing to do with material production, due to the monopoly of private ownership of land, uses the achievements of technical progress in agriculture in the interests of their enrichment. Land rent is a tribute that society under capitalism is forced to pay to large land owners. The presence of absolute and monopoly rent makes agricultural products more expensive—food items for workers, raw materials for industry. The existence of differential rent deprives society of all the benefits associated with higher labour productivity on fertile land, and transfers these benefits into the hands of the class of landowners and capitalist farmers. How burdensome land rent is for society is shown by the fact that in the USA, according to data from 1935-1937, it amounted to 26-29% of the price of corn, 26-36% of the price of wheat, and 40-49% of the price of oats. .

Huge funds are diverted from their productive use in agriculture when purchasing land. Apart from artificial structures and improvements (buildings, land irrigation, drainage of swamps, applied fertilizers), the land itself has no value, since it is not a product of human labour. However, land, having no value, is an object of purchase and sale under capitalism and has a price. This is

explained by the fact that the land has been seized by landowners as private property.

The price of a land plot is determined depending on the annual rent it brings and the level of interest that the bank pays on deposits. The price of land is equal to the amount of money which, if deposited in a bank, would yield, in the form of interest, an income of the same magnitude as the rent received from the given plot. Let us assume that a plot of land brings in 300 dollars of rent per year and that the bank pays 4% on deposits. In this case $\frac{300 \cdot 100}{4} = 7\,500$ the price of the plot will be dollars. Thus the price of land is capitalized rent. The higher the rent and the lower the interest rate, the higher the price of land.

With the development of capitalism, the size of rent increases. This leads to a systematic increase in land prices. Land prices are also rising due to the tendency for the interest rate to fall.

The following figures give an idea of the rise in land prices. Farm values in the United States increased by more than \$20 billion in 10 years (1900 to 1910). Of this amount, the increase in the cost of inventory, buildings, etc., was only \$5 billion, and the remaining \$15 billion was due to the increase in the price of land. Over the next decade, total farm prices increased by \$37 billion. Of this amount, more than 26 billion was due to the rise of the land value.

The Rent in the Mining Industry. The Rent for Building Plots.

Land rent exists not only in agriculture. It is received by the owners of plots of land from the depths of which minerals are extracted (ore, coal, oil, etc.), as well as by the owners of building plots in cities and industrial centres, when residential buildings, industrial and commercial enterprises, public buildings, etc.

Rent in the mining industry is formed in exactly the same way as agricultural rent. Mines, shafts, and oil fields differ in the richness of reserves, depth of occurrence, and distance from sales points; unequal amounts of capital are invested in them. Therefore, the individual production price of each ton of ore, coal, and oil differs from the overall production price. But on the market, each of these goods is sold at a general production price determined by the worst conditions of production. The additional profit received as a result from the best and average mines, shafts, and oil fields forms a differential rent captured by the landowner.

In addition, landowners collect absolute rent from each piece of land, regardless of the wealth of minerals contained in its depths. It is the surplus of value over the total price of production. The existence of this surplus is explained by the fact that in the mining industry the organic composition of capital, due to the relatively low level of mechanisation and the lack of costs for purchased raw materials, is lower than the industry average. Absolute rent increases the prices of ore, coal, oil, etc.

Land rent, levied by large landowners from mines, mines, and oil fields, impedes the rational use of the earth's subsoil. Private ownership of land causes the fragmentation of mining industry enterprises, which greatly impairs the possibilities of mechanisation, complicates transportation, sorting of minerals, etc. All this leads to higher production costs.

Rent for building plots is paid to the landowner for renting land for the construction of residential buildings, industrial, commercial and other enterprises. The bulk of land rent in cities is the rent from land under residential buildings. The size of the differential rent for construction sites is greatly influenced by their location. Sites located closer to the city centre and industrial enterprises command the highest rents. This is one of the reasons that in the big cities of capitalist countries "skyscrapers" are piled up next to each other, there is crowded housing, narrow streets, etc.

In addition to differential and absolute rent, owners of urban land, due to the extremely limited land plots in many cities and industrial centres, collect tribute from society in the form of monopoly rent, which greatly increases rent. Due to the growth of the urban population, urban land owners inflate rents for building sites, which slows down housing construction. Workers are forced to live in slums. Rising rents lower workers' real wages.

The monopoly of private land ownership hinders the development of industry. In order to build an industrial enterprise, the capitalist must unproductively spend money on purchasing land or paying ground rent for a leased plot of land. Land rent is a major expense item in the manufacturing industry.

How large the size of ground rent for building sites is is evidenced by the fact that of the total rent of 155 million pounds sterling received annually by English landlords in the 30s of the twentieth century, 100 million pounds sterling accounted for urban ground rent. Land prices in big cities are rising rapidly. This increases the rent enormously.

The Large and Small Production in Agriculture.

The economic laws of the development of capitalism are the same for industry and agriculture. The concentration of production in agriculture, as in industry, leads to the displacement of small farms by large capitalist farms, which inevitably exacerbates class contradictions. Defenders of capitalism are interested in obscuring and hiding this process. By falsifying reality, they created a false theory of "sustainability of small-peasant farming." According to this theory, small-peasant farming supposedly remains stable in the fight against large-scale farming.

In reality, large-scale production in agriculture has a number of decisive advantages over small-scale production. The advantages of large-scale production are, first of all, that it has the opportunity to

use expensive machines (tractors, combines, etc.), which increase labour productivity many times over. Under the conditions of the capitalist mode of production, machine technology is concentrated in the hands of the capitalist farming elite and is inaccessible to the working strata of the village. In the United States of America, according to 1945 data, almost two thirds of farmers did not use complex agricultural machinery.

Large-scale production receives all the benefits from capitalist cooperation and division of labour. An important advantage of large-scale production is its high marketability. Large and major agricultural enterprises in the United States produced in 1945 about 85% of all commercial agricultural products. At the same time, about 3 million farmers, or up to half of the total number, are essentially engaged in consumer farming; they have enough of their products to even satisfy the basic needs of their families. Small peasant farming, by its very nature, excludes social forms of labour, concentration of production, large-scale cattle breeding, and the application of scientific achievements.

However, the process of growth of large-scale production and displacement of small-scale production in agriculture, characteristic of capitalism, has its own characteristics. Large capitalist agricultural enterprises develop mainly along the path of economic intensification. Often a small farm in terms of land area is a large capitalist enterprise in terms of the size of its gross and marketable output. The concentration of agricultural production in large capitalist economies is often accompanied by an increase in the number of small peasant farms. The presence of a significant number of such small farms in highly developed capitalist countries is explained by the fact that capitalists are interested in retaining farm labourers with small plots of land in order to exploit them.

The development of large-scale capitalist agricultural production proceeds on the basis of increased differentiation of the

peasantry, the growth of bondage, the impoverishment and ruin of millions of small and medium-sized peasant farms.

In Tsarist Russia before the October Revolution, among peasant farms there were 65% of poor peasants, 20% of middle peasants and 15% of kulaks. In France, the number of landowners decreased from 7-7.5 million in 1850 to 2.7 million in 1929 due to the expropriation of small, small-scale peasant farms, and the number of the agricultural proletariat and semi-proletariat reached about 4 million people in 1929 .

Small-scale farming is maintained at the cost of incredible hardships, theft of the labour of the farmer and his entire family. Despite the fact that the peasant is exhausted in order to save his apparent independence, he loses his land and goes bankrupt.

Mortgage loans play a major role in the landlessness of the peasantry. A mortgage loan is a loan secured by land and real estate. When a farmer farming on his own land needs money for urgent payments (for example, to pay taxes), he turns to the bank for a loan. Often a loan is taken out to purchase a plot of land. The bank issues a certain amount of money secured by the land plot. If the money is not returned on time, the land becomes the property of the bank. In fact, the bank becomes the true owner of the land even earlier, because the debtor-farmer is forced to give him in the form of interest a large part of his income from the land. In the form of interest, the peasant actually pays the bank ground rent for his own plot of land.

The mortgage debt of American farmers in 1910 was \$3.2 billion, and in 1940 it was \$66 billion. According to 1936 data, loan interest and taxes accounted for approximately 45% of farmers' net income.

Debt to banks is the real scourge of petty arbitrariness in agriculture. The number of mortgaged farms in the USA was 28.2% in 1890, and 19%—42.8% of the total number of farms.

Every year, a lot of mortgaged farms are sold under the hammer. Ruined farmers are driven off their land. The growth of farm debt expresses the process of separation of land ownership from agricultural production, its concentration in the hands of large landowners and the transformation of an independent producer into a tenant or hired worker.

A huge number of small peasants lease small plots of land from large landowners under enslaving conditions. The rural bourgeoisie rents land in order to produce for the market and make a profit. This is a business lease. The small peasant tenant is forced to rent a piece of land in order to feed himself. This is the so-called food, or hunger, rent. Rent per hectare for small plots of land is usually significantly higher than for large ones. Small peasant rent often absorbs not only the entire surplus labour of the peasant, but also part of his necessary labour. Rental relations here are intertwined with the remnants of serfdom. The most common relic of feudalism under capitalism is sharecropping, in which the peasant tenant pays in kind for the rented plot up to half or more of the harvest.

In the United States of America, the number of tenants increased in relation to the total number of farmers from 25.6% in 1900 to 38.7 in 1940. In addition, 10.1% of all farmers were “partial owners”, that is, they were also forced rent a certain part of the land they cultivate. Among the tenants, 78.2% were sharecroppers. Although slavery in the United States was officially abolished in the last century, in fact, the economic remnants of slavery, especially in relation to black sharecroppers, still exist today.

In France there is a significant number of tenants - sharecroppers. In addition to rent in kind, which amounts to half the harvest, and in some cases more, they are often obliged to supply landowners with the products of their farms - cheese, butter, eggs, chickens, etc., just as it was under feudalism.

The Deepening of the Opposition Between City and Countryside.

A characteristic feature of the capitalist mode of production is the sharp lag between agriculture and industry, the deepening and aggravation of the opposition between city and countryside.

“Agriculture lags behind industry in its development—a phenomenon characteristic of all capitalist countries and constituting one of the most profound reasons for the violation of proportionality between different sectors of the national economy, crises and high prices”¹.

Agriculture under capitalism lags behind industry primarily in terms of the level of productive forces. The development of technology occurs much more slowly in agriculture than in industry. Machines are used only on large farms, and small-scale peasant farms are not able to use them. At the same time, the capitalist use of machines leads to increased exploitation and ruin of the small producer. The widespread use of machinery in agriculture is delayed due to the low cost of labour, which is caused by agricultural overpopulation. In agriculture under capitalism, manual labour predominates.

During the period from 1900 to 1930, capital invested in all US industrial enterprises increased almost 6.3 times, and the production of the main agricultural product—grain crops—not only did not increase, but even decreased slightly.

Capitalism has sharply increased the lag between the countryside and the city in the field of culture. Cities are centres of science and art; Higher educational institutions, museums, theatres, and cinemas are concentrated in cities. All the wealth of this culture

¹ V. I. Lenin, New data on the laws of development of capitalism in agriculture, Works, vol. 22, p. 81.

is used by the exploiting classes. The proletarian masses can, to a very small extent, become involved in the achievements of urban culture. The main masses of the peasant population of capitalist countries are cut off from cultural centres, doomed to poverty and vegetate in ignorance.

The economic basis of the opposition between city and countryside under capitalism is the exploitation of the countryside by the city, the expropriation of the peasantry and the ruin of the majority of the rural population through the entire development of capitalist industry, trade, and the credit system. The urban bourgeoisie, together with the capitalist farmers and landowners, exploit the multi-million masses of the peasantry. The forms of this exploitation are diverse: the industrial bourgeoisie and merchants exploit the countryside through high prices for industrial goods and relatively low prices for agricultural goods, banks and moneylenders through bonded credit, the bourgeois state through all kinds of taxes. Millions and billions appropriated by large landowners by collecting rent and selling land, interest received by banks on mortgage loans, etc., are diverted from the countryside to the city for the purpose of parasitic consumption of the exploiting classes.

Thus, the reasons for the lag of agriculture behind industry, the deepening and aggravation of the opposition between city and countryside are rooted in the system of capitalism itself.

The Problem of Land Nationalisation Under Capitalism.

With the development of capitalism, private ownership of land becomes increasingly parasitic. The class of large landowners captures a huge mass of surplus value. There is a struggle between capitalists and landowners over the division of the spoils.

When capitalism was still young, representatives of advanced radical circles of the bourgeoisie demanded the abolition of private

ownership of land and the transfer of land into the hands of the state. They advocated the nationalisation of the land. What consequences would nationalisation of land have if capitalism continued? Absolute rent in this case would disappear, since it is based on private land ownership, and differential rent would come to the disposal of the bourgeois state. The destruction of absolute rent would lead to lower prices for agricultural products. Nationalisation of land would eliminate a number of obstacles to the development of capitalism created by private ownership of land and would free the peasantry from the remnants of feudal serfdom.

The theoretical foundations for the nationalisation of land were developed by Lenin. The demand for nationalisation of land was put forward by the Bolshevik Party back in the first Russian revolution of 1905-1907. Nationalisation of land implied the gratuitous confiscation (confiscation) of all landowners' land in favour of the peasants.

Lenin considered it possible to nationalize the land under the conditions of a bourgeois-democratic revolution only with the establishment of a revolutionary-democratic dictatorship of the proletariat and peasantry. The nationalisation of the land as a requirement of the bourgeois-democratic revolution in itself does not contain anything socialist. But the abolition of landownership strengthens the alliance of the proletariat with the main masses of the peasantry and clears the field of class struggle between the proletariat and the bourgeoisie. Nationalisation of the land in this case makes it easier for the proletariat, in alliance with the rural poor, to fight for the development of the bourgeois-democratic revolution into a socialist one.

The entire course of the historical development of capitalism confirms that in bourgeois society the bulk of the peasantry, mercilessly exploited by capitalists, landowners, moneylenders and traders, are inevitably doomed to ruin and poverty. Under capitalism, small peasants cannot count on improving their

situation. Therefore, the fundamental interests of the main masses of the peasantry coincide with the interests of the proletariat. This is the economic basis for the alliance of the proletariat with the rotting peasantry in the class struggle against the capitalist system.

BRIEF SUMMARY

1. The capitalist system of agriculture is characterised by the fact that, firstly, the overwhelming majority of the land is concentrated in the hands of large landowners who rent out the land; secondly, capitalist tenants run their economy based on the exploitation of hired workers; thirdly, there is private ownership of the means of production, including land, by a large class of small and medium-sized peasants. Agriculture in bourgeois countries, despite the growth of capitalism, is still largely fragmented between small and medium-sized peasant owners, who are exploited by capitalists and landowners.

2. Capitalist land rent is that part of the surplus value created by hired workers in agriculture, which represents an excess over the average profit and is paid by the capitalist tenant to the land owner for the right to use the land. The existence of capitalist land rent is associated with the presence of a double kind of monopoly. The monopoly of capitalist farming on land arises from the limited nature of land, its occupation by individual farms, and leads to the fact that the price of production of agricultural goods is determined by worse production conditions. The additional profit obtained on better land or through more productive expenditure of capital forms differential rent. The monopoly of private ownership of land, with the low organic composition of capital in agriculture compared to the composition of capital in industry, generates absolute rent. With the development of capitalism, the size of all types of rent

increases, the price of land, which represents capitalized rent, increases.

3. In agriculture, as in industry, large-scale production displaces small-scale production. However, large-scale machine production, even in the most developed capitalist countries, is spreading in agriculture much more slowly than in industry. At the cost of excessive, exhausting labour and a sharp decline in the standard of living of the small peasant and his family, a mass of small peasant farms, characterised by extreme instability, remain in capitalist countries.

4. Capitalism inevitably gives rise to an increasing gap between agriculture and industry, deepens and aggravates the opposition between city and countryside. The monopoly of private ownership of land diverts huge funds from agriculture in the form of land rent and unproductive costs for the purchase of land, which go to the parasitic consumption of the landowner class, and hinders the development of the productive forces of agriculture.

5. The bulk of the peasantry under capitalism are doomed to ruin and impoverishment. The fundamental interests of the proletariat and the exploited masses of the peasantry coincide. Only in alliance with the proletariat and under its leadership through a revolution that destroys the capitalist system can the working peasantry free itself from exploitation and poverty.

CHAPTER XIV. THE NATIONAL INCOME

The Aggregate Social Product and the National Income.

The entire mass of material goods produced in society over a certain period, for example a year, constitutes the total social product (or gross product).

Part of the total social product, equal to the value of the lost constant capital, in the process of reproduction goes to replace the spent means of production; the remainder embodies the new value created by the working class and the production process.

That part of the total social product in which the newly created value is embodied is national (national) income, National income is equal, therefore, the sum of variable capital and surplus value. In its natural form, national income represents the entire mass of produced items of personal consumption and that part of the produced means of production that goes to expand production.

Under capitalism, there are a mass of small commodity producers—peasants and artisans—whose labour also creates a certain part of the total social product. Therefore, the national income of the country also includes the value newly created during a given period by peasants and artisans.

The total social product, and therefore national income, is created by workers employed in sectors of material production. This includes all industries in which material wealth is created: industry, agriculture, construction, transport, etc.

In non-productive sectors, which include the state apparatus, credit, trade (with the exception of those operations that are a continuation of the production process in the sphere of circulation), etc., national income is not created.

In capitalist countries, a very significant part of the working population not only does not produce a social product and national income, but also does not participate in socially useful labour at all. This includes, first of all, the exploiting classes and their numerous parasitic servants, the gigantic police-bureaucratic, militaristic and other apparatus that protects the system of capitalist wage slavery. A large amount of labour is used, so that society does not receive any benefit from it. Thus, competition, unbridled speculation and incredibly inflated advertising are associated with unproductive labour costs due to the capitalist form of production.

The anarchy of capitalist production, devastating economic crises, and significant underutilisation of enterprises sharply reduce the use of labour. Enormous masses of workers under capitalism are deprived of the opportunity to work. Thus, in bourgeois countries, the number of completely unemployed registered in cities in the period from 1930 to 1938 was never below 14 million.

The anarchies of capitalist production, devastating economic crises, significant underutilisation of enterprises sharply reduce the use of labour, and enormous masses of workers under capitalism are deprived of the opportunity to work. Thus, in bourgeois countries, the number of registered completely unemployed in cities in the period from 1930 to 1938 was never below 14 million.

As capitalism develops, the state apparatus swells, the number of persons serving the bourgeoisie increases, the proportion of the population employed in the sphere of material production decreases, and the proportion of persons employed in the sphere of circulation increases sharply. The army of unemployed is growing, and agricultural overpopulation is intensifying.

All this extremely limits the growth of the total social product and national income in bourgeois society.

In the USA, of the total working-age population, 43.9% were employed in sectors of material production in 1910, 41.5% in 1920, 35.5% in 1930, and 31.4% in 1940.

In the United States, the average annual growth rate of national income over the last 30 years of the 19th century was 4.7%, in the period from 1900 to 1919 - 2.8, from 1920 to 1938 - 1%, and in the years after the Second World War (from 1945 to 1952)—0.8%.

The Distribution of National Income.

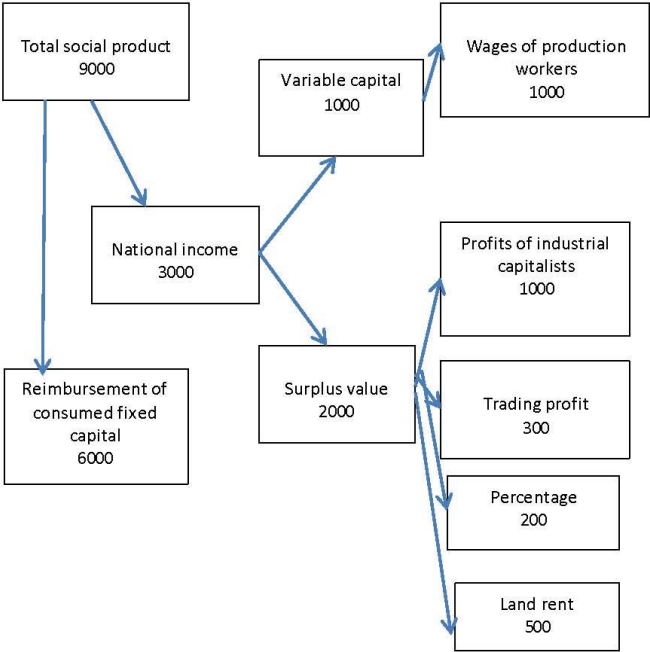
Each mode of production corresponds to historically determined forms of distribution. The distribution of national income under capitalism is determined by the fact that ownership of the means of production is concentrated in the hands of capitalists and landowners who exploit the proletariat and peasantry. As a result, the distribution of national income occurs not in the interests of the working people, but in the interests of the exploiting classes. “The question of the distribution of national income by Class is a fundamental question from the point of view. material and cultural situation of workers and peasants”¹.

Under capitalism, the national income created by the labour of workers comes primarily to the disposal of industrial capitalists (including capitalist entrepreneurs in agriculture). Industrial capitalists, selling produced goods, receive the entire amount of their value, including the amount of variable capital and surplus value. Variable capital is converted into wages, which industrial capitalists pay to workers employed in production. Surplus value remains in the hands of industrial capitalists; from it the income of

¹ J. V. Stalin, Political report of the Central Committee to the XVI Congress of the CPSU (B), Works, T. 12, p. 293.

all groups of the exploiting classes is formed. Part of the surplus value is converted into profit for industrial capitalists. Industrial capitalists concede a certain share of surplus value to merchant capitalists in the form of trading profits and to bankers in the form of interest. Industrial capitalists give part of the surplus value to landowners in the form of land rent.

This distribution of national income among the various classes of capitalist society can be schematically represented in billions of dollars or marks as follows:



The distribution also includes that share of the national income that was created in a given period by the labour of peasants and artisans: one part of it is received by the peasants and artisans

themselves, the other goes to capitalists (kulaks, buyers, traders, bankers, etc.), and the third to landowners .

The income of workers is based on their personal labour and represents labour income. The source of income for the exploiting classes is the labour of workers, as well as peasants and artisans. The income of capitalists and landowners is based on the exploitation of other people's labour and is unearned income.

In the process of further distribution of national income, the unearned income of the exploiting classes increases. Part of the income of the population—primarily the working classes—is redistributed through the state budget and used in the interests of the exploiting classes. Thus, part of the income of workers and peasants, coming in the form of taxes to the state budget, then turns into additional income of capitalists and into the income of officials. The tax burden placed on the working people by the exploiting classes is rapidly increasing.

In England at the end of the 19th century, taxes amounted to 6-7% of national income, in 1913 - 11%, in 1921 - 23%, in 1950 - 38%; in France and the end of the 19th century—10%, in 1913—13, in 1924—21, in 1950—29% of national income.

Further, part of the national income is transferred by paying for so-called services to non-productive industries (for example, for the use of utilities, medical care, entertainment enterprises, etc.). As already indicated, these industries do not create a social product, and therefore no national income; but the capitalists, by exploiting the wage workers employed here, receive part of the national income created in the branches of material production. From this income, capitalists—owners of enterprises in non-productive industries—pay wages to hired workers, cover the corresponding material costs (for premises, equipment, heating, etc.) and make a profit.

Thus, payment for services must compensate for the costs of these enterprises and ensure an average rate of profit, since

otherwise the capitalists will not apply their capital in these industries. In pursuit of high profits, capitalists seek to inflate fees for services, which leads to a further fall in the real wages of workers and the real incomes of peasants.

The redistribution of national income through the budget, as well as through high payments for services, increases the impoverishment of workers.

As a result of the entire process of distribution of national income, the latter splits into two parts: 1) the income of the exploiting classes and 2) the income of workers employed both in sectors of material production and in non-production sectors.

The share of workers and other working people of the city and countryside who do not exploit the labour of others in the national income was 54% in the United States of America (in 1923), and the share of capitalists was 46%; in England (in 1924) the share of workers was 45%, the share of capitalists was 55%; in Germany (in 1929) (the share of workers was 55%, the share of capitalists was 45%. Currently, in capitalist countries, workers, who make up 9/10 of the population, receive significantly less than half of the national income, and the exploiting classes receive significantly more than half.

The share of the working classes in the national income is steadily falling, while the share of the exploiting classes is increasing. In the USA, for example, the share of workers in national income was 58% in 1870, 56% in 1890, 54% in 1923, and approximately 40% in 1951.

National income is ultimately used for consumption and accumulation. The use of national income in bourgeois countries is determined by the class nature of capitalism and reflects the ever-increasing parasitism of the exploiting classes.

The share of national income that goes to the personal consumption of workers, who are the main productive force of society, is so low that, as a rule, it does not even provide a

subsistence minimum. A huge mass of workers and toiling peasants are forced to deny themselves and their families the most necessary things, huddle in shacks, and deprive their children of education.

A very significant part of the national income goes to the parasitic consumption of capitalists and landowners. Enormous sums are spent by capitalists and landowners on the purchase of luxury goods, as well as on the maintenance of numerous servants.

Under capitalism, the share of national income spent on expanding production is very small compared to the capabilities and needs of society. Thus, in the USA, the share of national income going to accumulation was approximately 10% for the period from 1919 to 1928, and in the decade from 1929 to 1938, accumulation averaged only 2% of US national income, and during the years of crisis the amount accumulation was lower than the amount of depreciation, that is, there was a subsidence of fixed capital.

The relatively small volume of accumulation under capitalism is due to the fact that a significant part of the national income goes to the parasitic consumption of capitalists, to unproductive expenses. Thus, the net costs of circulation reach enormous proportions, going towards the maintenance of the trading and credit apparatus, the storage of excess stocks, the costs of advertising, stock speculation, etc. In the United States, in the period between the first and second world wars, the net costs of circulation absorbed 17— 19% of national income.

An ever-increasing part of the national income under capitalism goes to military expenses, the arms race, and the maintenance of the state apparatus.

On the surface of the phenomena of capitalist society, income and its sources appear in a distorted, fetishist form. There is a deceptive appearance that capital itself generates profit, land generates rent, and workers create only value equal to their wages.

These fetishist ideas underlie bourgeois theories of national income. With the help of theories of this kind, bourgeois economists

seek to confuse the question of national income in favour of the bourgeoisie. They try to prove that, along with workers and peasants, national income is created by capitalists and landowners, as well as persons such as officials, police officers, stockbrokers, clergy, etc.

Further, bourgeois economists misrepresent the distribution of national income. They downplay the share of income received by capitalists and landowners. Thus, for example, the incomes of the exploiting classes are determined on the basis of sharply understated information from the taxpayers themselves; the huge salaries of capitalists received by many of them as heads of joint-stock companies are not taken into account; the incomes of the rural bourgeoisie are not taken into account, etc. At the same time, the incomes of the working people are artificially exaggerated by the fact that highly paid high-ranking officials, directors of enterprises, banks, trading firms, etc. are included among the workers.

Finally, bourgeois economists distort the real picture of the distribution of national income by the fact that they do not allocate expenditures on the consumption of the exploiting classes to the pure costs of circulation, they downplay the share of military expenditures, and in every possible way disguise the unproductive waste of a huge part of the national income.

The State Budget.

The bourgeois state is an organ of the exploiting classes, with the goal of keeping the exploited majority of society subordinate and ensuring the interests of the exploiting minority in all domestic and foreign policy.

To accomplish its tasks, the bourgeois state has a ramified apparatus: the army, police, punitive and judicial authorities,

intelligence, various bodies of administrative control and ideological influence on the masses.

The capitalist state receives funds for the maintenance of its apparatus into the budget through taxes and loans. The state budget is a form of redistribution of part of the national income in the interests of the exploiting classes. It is prepared in the form of an annual estimate of government revenues and expenditures. Marx characterised the budget of the capitalist state as a class budget, a budget for the bourgeoisie.

The vast majority of expenses of the capitalist state are unproductive.

A huge share of the state budget under capitalism goes to preparing and waging wars. This also includes expenses for scientific research in the field of production and improvement of new weapons of mass destruction of people, and for subversive activities abroad.

Another large share of the expenses of the capitalist state is associated with the maintenance of the apparatus of oppression of the working people.

The state spends very significant sums, especially during crises and wars, on direct support of capitalist enterprises and to ensure high profits for them. Often subsidies given to banks and industrialists; have the goal of saving them from bankruptcy during crises. Through government orders carried out at the expense of the budget, billions of additional profits are pumped into the pockets of large capitalists.

USA , for example, in 1949/50, 68% was allocated for military purposes, and for health care, public education and housing construction—7.6%, including public education—less than 1%.

The capitalist state receives the bulk of its income through taxes. In England, for example, taxes in the total amount of state budget revenues in 1938 were. 89%.

Taxes under capitalism serve as a form of additional exploitation of workers by redistributing part of their income

through the budget in favour of the bourgeoisie. Taxes are called direct; they are levied on the income of individuals. Indirect - if they are levied on goods sold (mainly consumer goods) or services (for example, cinema and theatre tickets, ballet passes on public transport, etc.). Indirect taxes increase the price of goods and payments for services. In fact, indirect taxes are paid by buyers. Capitalists also transfer part of their direct taxes to buyers if they manage to increase the price of goods or services.

The policy of the bourgeois state is aimed at reducing in every possible way the taxation of the exploiting classes. Capitalists evade paying taxes by hiding the actual size of their income. The policy of indirect taxes is especially beneficial for the propertied classes. "Indirect taxation, falling on the consumer goods of the masses, is characterised by the greatest injustice. It falls with all its weight on the poor, creating a privilege for the rich. The poorer a person is, the larger share of his income he gives to the state in the form of indirect taxes. The poor and impoverished masses make up 9/10 of the total population, consume 9/10 of all taxed products and pay 9/10 of the total amount of indirect taxes"¹.

Consequently, the main burden of taxes falls on the working masses: workers, peasants, office workers. As already indicated, at present in bourgeois countries the state budget is withdrawn through taxes about a third of the wages of workers and employees. In the countryside, the state, through taxes, takes away not only part of the value of the surplus product created by the peasants, but also part of the necessary product. High taxes accelerate the ruin of the peasants.

In addition to taxes, loans are an important source of income for a capitalist state. Most often, the bourgeois state resorts to loans to cover emergency, primarily military, expenses. A significant portion of the funds collected through loans goes to pay for

¹ V. I. Lenin. Regarding state painting, Works, vol. 5, ed. 4, p. 309.

supplies, which bring huge profits to industrialists. Ultimately, borrowing leads to further increases in taxes on workers to pay interest on the loans and to repay the loans themselves. The amount of public debt in bourgeois countries is growing rapidly.

The total amount of public debt worldwide increased from 38 billion francs in 1825 to 250 billion francs in 1900, an increase of 6.6 times. Public debt grew even faster in the 20th century. In the USA in 1914 the amount of public debt was 1.2 billion dollars, and in 1938 it was 37.2 billion, that is, it increased 31 times. In England in 1890, 24.1 million pounds sterling was paid in interest on loans, in 1951/52 - 513.6 million; in the USA in 1940, \$1 billion was paid in the form of interest on loans, and in 1951/52 - \$5.9 billion.

One of the sources of state budget revenue under capitalism is the issue of paper money. Causing inflation and rising prices, the issue of paper money transfers part of the national income to the bourgeois state by reducing the standard of living of the masses.

Thus, the state budget under capitalism serves in the hands of the bourgeois state as an instrument for additional robbery of the working people and enrichment of the capitalist class, and reinforces the unproductive and parasitic nature of the use of national income.

BRIEF SUMMARY

1. National income in a capitalist society is that part of the total social product in which newly created value is embodied. National income is created in the branches of material production by the labour of the working class, as well as the labour of peasants and artisans. In natural form, national income represents the entire mass of consumer goods produced and that part of the means of production that is intended for the expansion of production. Under capitalism, a significant part of the working-age population not only

does not create national income, but also does not participate in socially useful labour.

2. The distribution of national income under capitalism occurs in the interests of enriching the exploiting classes. The share of the working classes in national income is falling, and the share of the exploiting classes is increasing.

3. Under capitalism, the national income created by the working class is distributed in the form of wages of workers, profits of capitalists (industrialists, traders and owners of loan capital) and land rent. received by landowners. A significant part of the results of the labour of peasants and artisans is also appropriated by capitalists and landowners. Through the state budget and through high payments for services, a redistribution of national income occurs, which further increases the impoverishment of workers.

4. A huge and ever-increasing part of the national income under capitalism is used unproductively: it is spent on the parasitic consumption of the bourgeoisie, on covering the exorbitantly inflated costs of circulation, on the maintenance of the state apparatus of oppression of the masses, on the preparation and conduct of wars of conquest.

CHAPTER XV. THE REPRODUCTION OF SOCIAL CAPITAL

The Social Capital. The Composition of the Total Social Product.

Capitalist reproduction includes both the direct process of production and the process of circulation.

In order for reproduction to take place, capital must be able to freely complete its circulation, that is, move from the monetary form to the productive form, from the productive form to the commodity form, from the commodity form to the monetary form, etc. This applies not only to each individual capital, but also to all capital existing in society. "The circuits of individual capitals are intertwined, however, with each other, presuppose and condition each other, and it is precisely thanks to this interweaving that they form the movement of all social capital"¹.

Social capital is the entire mass of individual capitals in their totality and interconnection. There is a multilateral relationship between individual capitalist enterprises: some enterprises supply others with machines, raw materials and other means of production, while others produce means of subsistence, purchased by workers, and consumer and luxury goods, purchased by capitalists. Each of the individual capitals is independent in relation to the others, and at the same time they are all connected with each other. This contradiction is revealed in the course of reproduction and circulation of all social capital. The multilateral

¹ K. Marx, Capital, vol. II, 1953, p. 352.

connections that exist between individual capitalists manifest themselves spontaneously due to the anarchy of production inherent in capitalism.

When considering the process of reproduction and circulation of all social capital, in order not to complicate the issue, we assume that the entire economy of the country is conducted on capitalist principles (that is, society consists only of capitalists and workers) and that all constant capital is consumed during the year and its entire value carried over to the annual product.

In order for production to continue, the social product must be realized, that is, sold. The realisation of a social product is a change from its commodity form to a monetary one. The total social product is nothing more than social capital (with an increment in the form of surplus value) emerging from the production process in commodity form.

As was shown above, in terms of value, the entire social product is divided into three parts: the first replaces constant capital, the second replaces variable capital, and the third represents surplus value. Thus, the value of the social product is equal to $c + v + m$. When selling produced goods, capitalists must gain their value, since only under this condition can they resume production. The division of the social product by value means that its different parts play different roles in the course of reproduction. Constant capital must continue to serve in the production process. Variable capital turns into wages, which workers spend on consumption. During simple reproduction, surplus value is entirely consumed by capitalists, and during extended reproduction, it is partially consumed by capitalists and partially goes towards the purchase of additional means of production and the hiring of additional labour.

In its natural form, the entire social product consists of means of production and consumer goods. When considering the circulation and turnover of individual capital, it does not matter

which goods in their physical form (use values) are produced at a given enterprise. When considering the reproduction and circulation of all social capital, the natural form of goods produced in society acquires significant significance: for the continuous resumption of the production process, it is necessary that both the appropriate means of production and consumer goods be available. All social production is divided into two large divisions: the first division (I)—the production of means of production and the second division (II)—the production of consumer goods. Consumer goods, in turn, are divided into necessary means of subsistence, which are used to satisfy the needs of the working class, the working masses, and luxury goods, which are available only to the exploiting classes.

Steadily reducing the standard of living of the working class, capitalists force workers to increasingly replace high-grade consumer goods with low-grade goods and surrogates. At the same time, the luxury and wastefulness of the parasitic classes are increasing.

The division of the social product according to its natural form, in turn, predetermines its different parts to play different roles in the course of reproduction. So, for example, weaving machines must be used for the production of fabrics and cannot be used for any other purposes; on the other hand, finished clothing must go into personal consumption.

The question arises: how, under the conditions of anarchy of capitalist production, is the social product realized? Lenin pointed out that the question of implementation consists in analyzing the compensation of all parts of the social product in terms of value and material form. Therefore, we are talking about how to find for each part of the social product in value (constant capital, variable capital and surplus value) and in its natural form (means of production, consumer goods) another part of the product that replaces it on the market.

When considering expanded reproduction, this also includes the question of how surplus value is converted into capital, that is, where the additional means of production and consumer goods for the additional workers necessary for the expansion of production come from.

In the process of reproduction of all social capital, social value backgrounds are formed. These are certain parts of the total social product, the cost and use value of which predetermines their purpose and use: 1) the fund for the replacement of spent means of production, 2) the consumption fund and 3) the background of accumulation for the purpose of expanding production. Under capitalism, the formation of these funds has an anti-instinctive class character due to the fact that the results of the socialized labour of millions of workers are appropriated by private capitalist owners, leading production for profit.

The Conditions for Realisation Under Capitalist Simple Reproduction.

Let us first consider the conditions necessary for the realisation of a social product under capitalist simple reproduction, when all surplus value goes to the personal consumption of capitalists. These conditions can be illustrated by the following diagram.

Let in the first division, that is, in the production of means of production, the value of constant capital, expressed, for example, in millions of pounds sterling, be equal to 4,000, variable capital - 1,000, surplus value - 1,000. Let in the second division, that is, in production consumer goods, the value of constant capital is 2,000, variable capital is 500, surplus value is 500. Under this assumption, the annual social product will consist of the following parts:

$$\text{I. } 4,000 \text{ s} + 1,000 \text{ v} + 1,000 \text{ m} = 6,000$$

$$\text{II. } 2,000 \text{ s} + 500 \text{ v} + 500 \text{ m} = 3,000$$

The value of the entire product produced in the first division and existing in the form of machines, raw materials, materials, etc., is therefore 6,000. In order for the production process to resume, part of this product, equal to 4,000, must be sold to the enterprises of the first division in order to renew the constant capital of this division. The rest of the product of the first division, representing the reproduced value of variable capital (1,000) and the newly produced surplus value (1,000), which does not exist in the form of means of production, is sold to the enterprises of the second division in exchange for consumer goods for the personal consumption of workers and capitalists of the first division. In turn, the capitalists of the second division need means of production worth 2,000 to renew their constant capital.

The value of the total product produced in the second division and existing in the form of consumer goods (bread, meat, clothing, shoes, etc., as well as luxury goods) is 3,000. Part of the consumer goods produced in the second division in the amount of 2,000 is exchanged for wages and surplus value of the first division; This is how the constant capital of the second division is replaced. The rest of the product of the second division, representing the reproduced value of variable capital (500) and the newly produced surplus value (500), is sold within the second division and goes into the personal consumption of the workers and capitalists of this division.

Consequently, under conditions of simple reproduction, the following are exchanged between two divisions: 1) variable capital and surplus value of the first division, which must be exchanged for consumer goods produced in the second division, and 2) constant capital of the second division, which must be exchanged for funds products produced in the first division. The condition for implementation under capitalist simple reproduction is the following equality: variable capital plus the surplus value of the first division must be equal to the constant capital of the second division: $I(v + m) = IIc$.

This condition of simple reproduction can be expressed as follows. The entire mass of goods produced during the year in the first division—by enterprises producing means of production—must be equal in value to the mass of means of production that is consumed in the year in the enterprises of both divisions. The entire mass of goods produced during the year in the second division - enterprises producing consumer goods - should be equal in value to the sum of the incomes of the workers and capitalists of both divisions.

The Conditions for Implementation Under Capitalist Expanded Reproduction.

Capitalist expanded reproduction presupposes the accumulation of capital. Since the capital of each division consists of two parts - constant and variable capital, then the accumulated part of the surplus value is divided into these two parts: one part goes to the purchase of additional means of production, the other to the hiring of additional labour power. It follows that the annual product of the first division must contain some surplus over and above the amount of means of production necessary for simple reproduction. In other words, the sum of variable capital and surplus value of the first division must be greater than the constant capital of the second division: **I (v + m)** must be greater than **II c**. This is the main condition for realisation under capitalist expanded reproduction.

Let us consider in some more detail the conditions of implementation under capitalist expanded reproduction.

Let the value of constant capital in the first division be 4,000, the value of variable capital 1,000, and surplus value 1,000; let in the second division the value of constant capital be 1,500, variable capital—750, surplus value—750. Under this assumption, the annual social product will consist of the following parts:

$$\text{I. } 4,000 \text{ s} + 1,000 \text{ v} + 1,000 \text{ m} = 6,000$$

$$\text{II. } 1,500 \text{ s} + 750 \text{ v} + 750 \text{ m} = 3,000$$

Let us assume that in the first division, out of a surplus value of 1,000, 500 are accumulated. In accordance with the organic structure of capital in the first division (4:1), the accumulated part of the surplus value breaks down as follows: 400 goes to increase constant capital and 100 to increase variable capital. Additional constant capital (400) is present in the product of the first division itself in the form of means of production; the additional variable capital (100) must be received in exchange from the second division, which, therefore, must also accumulate. The capitalists of the second division exchange part of their surplus value, equal to 100, for means of production and convert these means of production into additional constant capital. Then, in accordance with the organic structure of capital in the second division (2:1), the variable capital in this division must increase by 50. Consequently, in the second division, out of a surplus value equal to 750, 150 is subject to accumulation.

As with simple reproduction, the second division must exchange with the first its constant capital, equal to 1,500. For its part, the first division must exchange with the second division its variable capital, equal to 1,000, and the consumed part of the surplus value, equal to 500.

Thus, the first subdivision must exchange:

| | |
|---|------------|
| part of the product reproducing the value of variable capital | 1,000 |
| part of the accumulated surplus-value, which is being added to the variable capital | 100 |
| part of the surplus-value, consumed by the capitalists | <u>500</u> |
| Total | 1,600 |

The second subdivision must exchange:

| | |
|---|------------|
| constant capital | 1,500 |
| part of the accumulated surplus-value, which is being added to the constant capital | <u>100</u> |
| | 1,600 |

An exchange between both units can only take place if these values are equal. These are the conditions for implementation under capitalist expanded reproduction.

With expanded reproduction, the sum of variable capital and surplus value of the first division should grow faster than the constant capital of the second division, and the constant capital of the first division should even more rapidly outstrip the growth of the constant capital of the second division.

Under any social system, the development of productive forces is expressed in the fact that the share of social labour going to the production of means of production increases, compared to the share going to the production of consumer goods. Under capitalism, a faster growth in the production of means of production compared to the production of consumer goods appears in the form of a faster growth of constant capital compared to variable capital, that is, in the form of an increase in the organic composition of capital. An increase in the organic composition of capital inevitably leads to an increase in unemployment and a decrease in the living standards of the working class.

With expanded reproduction, the sum of variable capital and surplus value of the first division should grow faster than the constant capital of the second division, and the constant capital of the first division should be even faster than the growth of the constant capital of the second division.

The Market Problem. The Contradictions of Capitalist Reproduction.

As can be seen from the previous presentation, in order to realize a social product, certain relationships are necessary between its individual parts and, consequently, between sectors and elements of production. Under capitalism, when production is carried out by isolated producers who are guided by the pursuit of

profit and work for a market unknown to them, these relationships cannot but be subject to constant violations. Examining the conditions for the normal course of capitalist simple and expanded reproduction, Marx points out that they “transform into equally numerous conditions for the abnormal course of reproduction, into equally numerous possibilities for crises, since equilibrium—given the spontaneous nature of this production—is itself an accident”¹. Under the conditions of the anarchy of capitalist production, the realisation of the social product occurs only amidst difficulties and constant fluctuations, which become increasingly stronger as capitalism grows.

Of particular importance in this regard is the fact that the expansion of capitalist production and, consequently, the formation of the internal market occurs not so much at the expense of consumer goods, but at the expense of the means of production. The growth in the production of means of production far outstrips the growth in the production of personal consumption goods. In the total mass of products of capitalist production, consumer goods occupy a relatively smaller and smaller place. However, the production of means of production cannot develop completely independently of the production of consumer goods and without any connection with it. Enterprises using means of production throw onto the market ever-increasing masses of goods that are stored for consumption. Thus, ultimately, production consumption (consumption of means of production) is always connected with personal consumption and always depends on it. But the volume of personal consumption of the bulk of the population in a capitalist society is limited to extremely narrow limits due to the laws of capitalist exploitation, which cause the impoverishment of the working class and peasantry.

¹ K. Marx, *Capital*, vol. II, 1953, p. 496.

The goal of capitalist production is to make profits. The means to achieve this goal is the expansion of production. In this sense, Marx wrote about “production for the sake of production”, “accumulation for the sake of accumulation”, characteristic of capitalism. But goods are ultimately produced not for production, but to satisfy people’s needs. The means—the expansion of production—inevitably comes into conflict with the goal of the capitalists—the extraction of profits. Consequently, capitalism is characterised by a deep antagonistic contradiction between production and consumption.

The contradiction between production and consumption inherent in capitalism lies in the fact that national wealth grows alongside the growth of popular poverty, and the productive forces of society grow without a corresponding growth in popular consumption. This contradiction represents one of the forms of manifestation of the main contradiction of capitalism—the contradiction between the social nature of production and the private capitalist form of appropriation.

Exposing the servants of the bourgeoisie who glossed over the deep contradictions of capitalist implementation, Lenin emphasized that “even with ideally smooth and proportional reproduction and circulation of all social capital, a contradiction between the growth of production and limited limits of consumption is inevitable. In reality, in addition, the process of implementation does not proceed with ideally smooth proportionality, but only among “difficulties,” “hesitations,” “crises,” etc.”¹

When considering the process of reproduction and circulation of all social capital, the role of the external market is left aside, since the inclusion of external. market does not change the essence of the

¹ V. I. Lenin, More on the question of the theory of implementation, Works, vol. 4, p. 71.

issue. Attracting foreign trade only. moves the issue from one level to several levels, but this does not change the essence of the implementation process at all. This, however, does not mean that the foreign market does not have a significant sign for the colonialist countries. In pursuit of profit, capitalists expand production far beyond the capacity of the domestic market and look for more profitable foreign markets.

The contradictions of capitalist implementation manifest themselves with all their force in periodic economic crises of overproduction.

BRIEF SUMMARY

1. The circulation of individual capitals in their totality forms the movement of social capital. Social capital is the entire mass of individual capitals in their interconnection.

2. The total product of capitalist society is divided by value into constant capital, variable capital and surplus value, and by natural form into means of production and consumer goods. All social production is divided into two divisions: the first division is the production of means of production and the second division is the production of consumer goods. The problem of implementation is how to find another part of the product that replaces it on the market in terms of value and material form.

3. In capitalist simple reproduction, the condition of implementation is that the variable capital plus the surplus value of the first division must be equal to the constant capital of the second division. In capitalist expanded reproduction, the condition for implementation is that the sum of variable capital and surplus value of the first division must be greater than the constant capital of the second division. With expanded reproduction, the growth of

production of means of production exceeds the growth of production of consumer goods.

4. In the course of its development, capitalism creates and develops the internal market. The growth of production and the internal market under capitalism occurs to a greater extent due to the means of production than due to consumer goods. In the process of capitalist reproduction, the disproportionality of production and the contradiction between production and consumption, which are inevitable under capitalism, are revealed, arising from the main contradiction of capitalism—the contradiction between the social nature of production and the private capitalist form of appropriation. The contradictions of capitalist reproduction are most clearly manifested in periodic economic crises of overproduction.

CHAPTER XVI. THE ECONOMIC CRISES

The Basis of Capitalist Crises is Overproduction.

Since the beginning of the 19th century, since the emergence of large-scale machine industry, the course of capitalist expanded reproduction has been periodically interrupted by economic crises.

Capitalist crises are crises of overproduction. The crisis is expressed primarily in the fact that goods do not find sales, since more of them have been produced than can be bought by the main consumers—the masses, whose purchasing power under the dominance of capitalist production relations is limited to extremely narrow limits. “Surplus” goods clutter warehouses. Capitalists are cutting production and laying off workers. Hundreds and thousands of businesses are closing. Unemployment is rising sharply. Many small producers in the city and countryside are going bankrupt. Lack of sales of manufactured goods leads to disruption of trade. Credit ties are broken. Capitalists are experiencing an acute shortage of cash for payments. A collapse breaks out on the stock exchanges—prices of stocks, bonds and other securities plummet. There is a wave of bankruptcies of industrial enterprises, trading and banking firms.

Overproduction under capitalism is not absolute, but relative. It means an excess of goods only in comparison with effective demand, and not in “comparison” with the actual needs of society. During a crisis, the working masses experience extreme need for the most essential things; their needs are met worse than at any other time. Millions of people are starving because “too much” grain has been produced, people are suffering from the cold because “too much” coal has been mined. The working people are deprived of all

means of subsistence precisely because they have produced too many of these means. This is a blatant contradiction of the capitalist mode of production.

Shocks in economic life often occurred under pre-capitalist methods of production. But they were caused by some extraordinary natural or social disaster: a flood, drought, bloody war or epidemic sometimes devastated entire countries, dooming the population to hunger and extinction. However, the fundamental difference between these economic shocks and capitalist crises is that the hunger and poverty caused by these shocks were a consequence of the underdevelopment of production and the extreme shortage of products. Meanwhile, under capitalism, crises are generated by the growth of production with a miserable standard of living of the masses, and a relative “excess” of produced goods.

As was shown above (in Chapter IV), even simple commodity production and circulation contain the possibility of crises. However, crises become inevitable only under capitalism, when production acquires a social character, and the product of the socialized labour of many thousands and millions of workers goes into the private appropriation of capitalists. The contradiction between the social nature of production and the private capitalist form of appropriation of the results of production is the main contradiction of capitalism. This contradiction forms the basis of economic crises of overproduction. Thus, the inevitability of crises is rooted in the very system of capitalist economics.

The main contradiction of capitalism manifests itself as the opposition between the organisation of production within individual enterprises and the anarchy of production throughout society. In each individual factory, the labour of workers is organised and subordinated to the single will of the entrepreneur. But in society as a whole, due to the dominance of private ownership of the means of production, production anarchy reigns, precluding the planned

development of the economy. The expansion of production occurs unevenly, as a result of which the old proportions between industries are constantly violated, and new proportions are established spontaneously, through the transfer of capital from one industry to another. Therefore, proportionality between individual industries is an accident, and constant violations of proportionality are the general rule of capitalist reproduction.

In pursuit of the greatest profit, capitalists expand production, improve technology, introduce new machines and throw huge quantities of goods onto the market. In the same direction there is a constant tendency of the rate of profit to decrease, due to the growth of the organic composition of capital. Entrepreneurs strive to compensate for the fall in the rate of profit by increasing the amount of profit by expanding the size of production and increasing the number of goods produced. Thus, capitalism is characterised by a tendency to expand production, to a huge increase in production capabilities. But as a result of falling real wages, rising unemployment, and the ruin of the peasantry, the effective demand of workers is relatively reduced.

“The basis of the crisis lies in the contradiction between the social nature of production and the capitalist form of appropriation of the results of production. An expression of this fundamental contradiction of capitalism is the contradiction between the colossal growth in the production capabilities of capitalism, designed to obtain a maximum of capitalist profit, and the relative reduction in effective demand on the part of the millions of working people, whose standard of living the capitalists always try to keep within the limits of the extreme minimum”¹.

The main contradiction of capitalism comes to light in the class antagonism between the proletariat and the bourgeoisie. Capitalism

¹ J. V. Stalin, Political Report of the Central Committee to the XVI Congress of the CPSU (B), Works,, vol. 12, pp. 243-244.

is characterised by a gap between the two most important conditions of production: between the means of production, concentrated in the hands of capitalists, and direct producers, deprived of everything except their labour power. This gap is clearly revealed in crises of overproduction, when a vicious circle is created: on one side there is a surplus of means of production and products, on the other there is a surplus of labour, masses of unemployed people deprived of the means of subsistence.

Crises are an inevitable companion to the capitalist mode of production. To destroy crises, capitalism must be destroyed.

Bourgeois economists deny the inevitability of crises under capitalism. They declare crises to be the result of random causes, which supposedly can be eliminated while maintaining the capitalist economic system. The ultimate cause of crises is declared to be either an accidental violation of proportionality between branches of production, or “under-consumption,” for the elimination of which such means as the arms race and war are recommended. In fact, both disproportionality of production and “under-consumption” are not accidents under capitalism, but inevitable forms of manifestation of the basic contradiction of capitalism, which cannot be eliminated as long as the system exists.

The Cyclical Nature of Capitalist Reproduction.

Capitalist crises of overproduction are repeated at certain intervals, every 8-12 years. Partial crises of overproduction that affected certain industries occurred in England at the end of the 18th and beginning of the 19th centuries. The first industrial crisis, which engulfed the economy of the country as a whole, broke out in England in 1825. In 1836, the crisis began in England and then spread to the United States. The crisis of 1847-1848, which engulfed the United States and a number of countries on the European

continent, was the first world crisis. The crisis of 1857 struck the main countries of Europe and America. It was followed by crises of 1866, 1873, 1882 and 1890. The deepest of them was the crisis of 1873, which marked the beginning of the transition from pre-monopoly capitalism to monopoly capitalism. In the 20th century, crises occurred in 1900-1903. (this crisis began in Russia, where its effect was much stronger than in any other country), in 1907, 1920-1921, 1929-1933, 1937-1938, 1948- 1949

The development of capitalist production proceeds from crisis to rise and from rise to a new crisis . The period from the beginning of one crisis to the beginning of another crisis is called a cycle. The cycle consists of the following phases: crisis, depression, recovery and recovery. The main phase of the cycle is crisis, which serves as the starting point of a new cycle.

A crisis is a phase of the cycle in which the contradiction between the growth of production capabilities and the relative reduction in effective demand manifests itself in a violent and destructive form. This phase of the cycle is characterised by overproduction of goods that cannot be sold, a sharp drop in prices, an acute shortage of means of payment and a stock market crash, causing mass bankruptcies, a sharp reduction in production, rising unemployment, and falling wages. Depreciation of goods, unemployment, direct destruction of machinery, equipment and entire enterprises—all this means a huge destruction of the productive forces of society. Through the ruin and death of many enterprises, through the destruction of part of the productive forces, the crisis forcibly adapts, and for a very short time, the size of production to the size of effective demand. "Crises always represent only a temporary violent resolution of existing contradictions, violent explosions that momentarily restore the disturbed balance" ¹ .

Depression is a phase of the cycle that comes immediately after a crisis. This phase of the cycle is characterised by the fact that industrial production is stagnant, commodity prices are low, trade is sluggish, and there is an abundance of free money capital. During the period of depression, the preconditions are created for subsequent revival and recovery. Accumulated stocks of goods are partially destroyed and partially sold at reduced prices. Capitalists strive to find a way out of the stagnant state of production by reducing production costs. They achieve this goal, firstly, by intensifying the exploitation of workers in every possible way, further reducing wages and increasing the intensity of labour; secondly, by re-equipping enterprises, updating fixed capital, introducing technical improvements aimed at making production profitable at the low prices that have established as a result of the crisis. The renewal of fixed capital gives impetus to the growth of production in a number of industries. Enterprises that manufacture equipment receive orders and, in turn, place demand for all kinds of raw materials and materials. There is a gradual transition from depression to recovery.

Recovery is a phase of the cycle during which enterprises that survived the crisis recover from shocks and begin to expand production. Gradually, the level of production reaches its previous levels, prices rise, and profits rise. The revival turns into an upswing.

The rise is the phase of the cycle during which production overtakes the highest point reached in the previous cycle, on the eve of the crisis. During the boom, new industrial enterprises, railways, etc. are built. Prices rise, traders strive to buy as many goods as possible in anticipation of a further increase in prices and thereby push industrialists to further expand production. Banks willingly provide loans to industrialists and traders. All this makes it possible to expand the scale of production and trade far beyond the

¹ K. Marx, *Capital*, vol. III, 1953, p. 259.

limits of effective demand. This creates the conditions for another crisis of overproduction.

Before the onset of a crisis, production reaches its highest level, but sales opportunities seem even greater. Overproduction already exists, but in a hidden form. Speculation drives up prices and inflates the demand for goods out of proportion. Surplus goods accumulate. Credit hides overproduction to an even greater extent: banks continue to lend to industry and trade, artificially supporting the expansion of production. When overproduction reaches its highest level, a crisis breaks out. Then the whole cycle repeats.

The crisis forms the starting point for new large investments of capital. In an effort to restore the profitability of their enterprises with a sharp decline in prices, capitalists, along with increasing exploitation of workers, are forced to introduce new machines and tools, new production methods. There is a massive renewal of fixed capital. In the decisive branches of large-scale industry, the life expectancy of the main means of production, taking into account not only physical but also moral wear and tear, averages about ten years. This provides the material basis for the periodicity of crises that regularly recur throughout the history of capitalism.

Each crisis prepares the ground for new, even deeper crises, as a result of which their destructive power and severity increase with the development of capitalism.

The Agrarian Crises.

Agriculture in capitalist countries is included in the general system of social division of labour. Each industrial crisis, causing unemployment, a fall in wages, and a reduction in effective demand for agricultural products, thereby generates partial or total overproduction in agriculture. Along with this, agriculture in capitalist countries is subject to long-term agrarian crises, which

have some peculiarities. Agrarian crises have been dragging on for years.

The agrarian crisis of the last quarter of the 19th century, which engulfed Western European countries. Russia, and then the USA, began in the first half of the 70s and continued in one form or another until the mid-90s of the XIX century. It was caused by the fact that, due to the development of maritime transport and the expansion of the railway network, cheaper bread from America, Russia and India began to flow into European markets in large quantities. In America, grain production was cheaper due to the ploughing of new fertile lands and the availability of free land for which absolute rent was not charged. Russia and India could export grain to Western Europe at low prices, since Russian and Indian peasants, suppressed by unaffordable taxes, were forced to sell grain for next to nothing. European capitalist tenants and peasants could not with high rents. inflated by large landowners, to withstand this competition. After the First World War, with a huge reduction in the solvency of the population, an acute agrarian crisis broke out in the spring of 1920, which hit non-European countries (USA, Canada, Argentina, Australia) with particular force. Agriculture had not yet recovered from this crisis, when at the end of 1928 clear signs of a new agrarian crisis that had begun in Canada, the USA, Brazil and Australia were revealed. This crisis has gripped the main countries of the capitalist world that export raw materials and food. The crisis affected all sectors of agriculture and was intertwined with the industrial crisis of 1929-1933. And it continued until the start of the Second World War.

The inevitability of agrarian crises is due to the same basic contradiction of capitalism, which forms the basis of industrial crises. The protracted nature of agrarian crises is explained by the following main reasons.

Firstly, the private monopoly actually expects tenants to pay the rent fixed in the contract in the same amount during agrarian crises. When the prices of agricultural goods fall, land rent is paid by

further reducing the wages of agricultural workers, as well as by profits, sometimes even by advanced capital. As a result, exiting the crisis by introducing improved technology and reducing production costs is extremely difficult.

Secondly, agriculture is a backward sector compared to industry. The presence of private ownership of land, the surviving remnants of feudal relations, the need to pay absolute and differential rent to landowners—all this prevents the free flow of capital into agriculture. The technology in this industry remains extremely backward. The organic composition of capital in agriculture is lower than in industry, and fixed capital, the massive renewal of which is the material basis for the periodicity of industrial crises, plays a much smaller role in agriculture than in industry.

Thirdly, during crises, the small peasantry strives to maintain the same volume of production in order, at the cost of excessive labour and malnutrition, to somehow stay on their own or a rented piece of land. This further increases the overproduction of agricultural products.

Thus, the common basis for the protracted nature of agrarian crises is the monopoly of private ownership of land, associated feudal remnants and the extreme backwardness of agriculture in capitalist countries.

The main burden of agrarian crises falls on the small peasantry. The agrarian crisis, like any crisis, ruins the masses of small producers; By breaking up established property relations, it accelerates the disintegration of the peasantry. development of capitalist relations in agriculture. At the same time, agrarian crises bring the agriculture of capitalist countries to direct degradation, causing a return from machines to manual labour, a sharp decrease in the use of artificial fertilizers, a reduction in acreage, a drop in the level of agricultural technology, a decrease in crop yields and livestock productivity.

The Crises and Aggravation of the Contradictions of Capitalism.

Economic crises, being a violent explosion of all the contradictions of the capitalist mode of production, inevitably lead to a further deepening and aggravation of these contradictions.

As a rule, capitalist crises of overproduction are universal. Starting in any branch of production, they quickly cover the entire national economy. Originating in one or several countries, they spread throughout the capitalist world.

Each crisis leads to a sharp reduction in production, a fall in wholesale prices for goods and stock exchange prices, and a decrease in the volume of domestic and foreign trade.

With each crisis, production falls to the level that existed a number of years ago. In the 19th century, during crises, the level of economic life of capitalist countries was set back by 3-5 years, and in the 20th century, by dozens of years.

Coal production in the United States fell during the crisis of 1873 by 9.1%, 1882 by 7.5, 1893 by 6.4, 1907 by 13.4, 1920-1921. - by 27.5, 1929-1933 - by 40.9%. Pig iron production in the USA fell during the crisis of 1873 by 27%, 1882 by 12.5, 1893 by 27.3, 1907 by 38.2, 1920-1921 by 54.8 and 1929-1933 - by 79.4%.

In Germany, total industrial production fell during the crisis of 1873 by 6.1%, 1890 by 3.4%, 1907 by 6.5% and 1929-1933 by 40.6%.

The crisis of 1857 set the United States back in coal production by two years, in iron production by four years, in exports by two years, and in imports by three years. The crisis of 1929 set the United States back in coal production by 28 years, in iron production by 36 years, in steel production by 31 years, in exports by 35 years, and in imports by 31 years.

England was thrown back by the crisis of 1929 in coal production by 35 years, in iron production by 76 years, in steel production by 23 years, in foreign trade by 36 years.

Economic crises clearly demonstrate the predatory nature of capitalism. With each crisis, in conditions of extreme need of millions of people doomed to poverty and hunger, huge masses of goods that cannot be sold are destroyed - wheat, potatoes, milk, livestock, cotton. Entire factories, shipyards, blast furnaces are mothballed or scrapped, crops of grain and industrial crops are destroyed, and fruit tree plantations are cut down.

During the three years of the crisis of 1929-1933. 92 blast furnaces were demolished in the USA, 72 in England, 28 in Germany, and 10 in France. The tonnage of sea vessels destroyed over the years amounted to more than 6.5 million registered tons. The destructive effect of the agrarian crisis is evident from the following data. In the United States, from 1926 to 1937, more than 2 million farms were forced to sell for debt. Agricultural income fell from \$6.8 billion in 1929 to \$2.4 billion in 1932. During the same time, sales of agricultural machinery and equipment decreased from \$458 million to \$65 million per year, or 7 times consumption artificial fertilizers have been reduced by almost half. The US government took all measures to reduce agricultural production. In 1933, 10.4 million acres of cotton crops were destroyed by ploughing, 6.4 million pigs were purchased and destroyed, and wheat was burned in the furnaces of steam locomotives. In Brazil, about 22 million bags of coffee were destroyed, in Denmark - 117 thousand heads of livestock.

“We must admit that the economic system. not knowing what to do with the “surplus” of its production, and forced to burn it off at a time when want, unemployment, hunger and ruin reign among the masses, such an economic system itself pronounces a death sentence on itself” ¹.

Crises bring innumerable disasters to the working class, the bulk of the peasantry, and all working people. They cause mass

¹ J. V. Stalin, Political report of the Central Committee to the XVI Congress of the CPSU(B), Works, vol. 12, p. 393.

unemployment, which condemns hundreds of thousands and millions of people to forced idleness, poverty and hunger. The capitalists use unemployment to increase the exploitation of the working class in every possible way and to sharply reduce the living standards of the working people.

The number of workers employed in US manufacturing fell by 11.8% during the 1907 crisis. During the crisis of 1929-1933. The number of American manufacturing workers fell by 38.8%, and the amount of wages paid fell by 57.7%. According to American statisticians, between 1929 and 1938, 43 million man-years were lost as a result of unemployment.

Crises greatly increase the insecurity of workers' livelihoods and their fear of the future. Without finding work for years, proletarians lose their qualifications; after the end of the crisis, many of them can no longer return to production. The living conditions of workers are deteriorating to the extreme, and the number of homeless people wandering around the country in search of work is increasing. During years of crisis, the number of suicides of people driven to despair increases sharply, beggary and crime increase.

Crises lead to an exacerbation of class contradictions between the proletariat and the bourgeoisie, between the main masses of the peasantry and the landowners, money lenders, and kulaks who exploit them. In a crisis, the working class is deprived of many of the gains it gained in a long and difficult struggle against the exploiters and the bourgeois state. This shows the workers that the only way to escape poverty and hunger is to overthrow the power of the bourgeoisie and abolish capitalist wage slavery. The broadest masses of the proletariat, doomed by crises to enormous hardships, are imbued with class consciousness and revolutionary determination. The inability of the bourgeoisie to control the productive forces of society undermines the faith of the petty-bourgeois strata of the population in the inviolability of the

capitalist order. All this leads to an intensification of the class struggle in capitalist society.

During crises, the bourgeois state comes to the aid of capitalists with monetary subsidies, for which the working masses ultimately pay. Using the apparatus of violence and coercion, the state helps the capitalists to wage an attack on the living standards of the working class and peasantry. All this increases the impoverishment of the working masses. At the same time, crises reveal the complete inability of the bourgeois state to curb to any extent the spontaneous laws of capitalism. In capitalist countries, it is not the state that controls the economy, but, on the contrary, the state itself is in the power of the capitalist economy, subordinate to big capital.

Crises are the most obvious indicator that the productive forces created by capitalism have outgrown the framework of bourgeois production relations, as a result of which these latter have become a brake on the further growth of productive forces.

“The crisis shows that modern society could produce incomparably more products that go towards improving the lives of all working people, if land, factories, machines, etc. was not captured by a handful of private owners extracting millions from the people’s poverty” ¹. Each crisis brings the collapse of the capitalist mode of production closer. Crises irrefutably indicate that in capitalist countries the economic law of mandatory correspondence of production relations to the nature of the productive forces is making its way.

The Historical Trend in the Development of Capitalism. The Proletariat as the Gravedigger of Capitalism.

After capitalism became the dominant system, the concentration of property in a few hands took giant strides. The development of capitalism leads to the ruin of small producers who fall into the ranks of the army of hired workers. The competitive struggle among capitalists is increasingly intensifying, as a result of which one capitalist beats many. Concentration of capital means the concentration of enormous wealth in the hands of an increasingly narrow circle of individuals.

While developing large-scale production, capitalism at the same time gives birth to its burial ground in the working class. The growth of industry is accompanied by an increase in the strength of the proletariat, its unity, consciousness and organisation. The proletariat is rising up more and more decisively to fight against capital. The development of capitalist society, accompanied by the exacerbation of its inherent antagonistic contradictions and the intensification of class struggle, inevitably leads to the fall of the rule of the bourgeoisie and to the victory of the proletariat.

The theoretical expression of the fundamental interests of the working class is Marxism—scientific socialism, which represents an integral and harmonious worldview. Scientific socialism teaches the proletariat to unite for class struggle against the bourgeoisie. The class interests of the proletariat coincide with the interests of the progressive development of human society, they merge with the interests of the overwhelming majority of society, for the revolution of the proletariat does not mean the destruction of this or that form of exploitation, but the destruction of all exploitation in general.

¹ V. I. Lenin, Lessons of the crisis, Works, vol. 5, p. 76.

If at the dawn of capitalism a few usurpers in the person of capitalists and landowners expropriated the masses, then the development of capitalism leads to the inevitability of the expropriation of a few usurpers by the masses. This task is carried out by the socialist revolution, which socializes the means of production and eliminates capitalism with its crises, unemployment and poverty of the masses.

“The monopoly of capital becomes the shackles of the mode of production that grew up under it and under it. The centralisation of the means of production and the socialisation of labour reach a point where they become incompatible with their capitalist shell. She explodes. The hour of capitalist private property is striking. Expropriators are expropriated”¹.

This is the historical trend in the development of the capitalist mode of production.

BRIEF SUMMARY

1. Economic crises are crises of overproduction. The basis of the crises is the contradiction between the social nature of production and the private capitalist form of appropriation of the products of labour. The forms of expression of this contradiction are, firstly, the opposition between the organisation of production within individual capitalist enterprises and the anarchy of production throughout society and, secondly, the contradiction between the enormous growth in the production capabilities of capitalism and the relative reduction in effective demand on the part of the working masses.

¹ K. Marx, Capital, vol. 1, 1953, p. 766.

The main contradiction of capitalism is manifested in the class antagonism between the proletariat and the bourgeoisie.

2. The period from the beginning of one crisis to the beginning of another crisis is called a cycle. The cycle consists of the following phases: crisis, depression, recovery, recovery. The material basis for the periodicity of capitalist crises is the periodic renewal of fixed capital. Intertwined with industrial crises are agrarian crises, which are protracted due to the monopoly of private land ownership and the extreme backwardness of agriculture under capitalism.

3. Capitalist crises mean a gigantic destruction of productive forces. They bring untold misfortunes to the working masses. Crises most clearly reveal the historically limited nature of the bourgeois system, the inability of capitalism to further manage the productive forces that have grown in its depths. To destroy crises, capitalism must be destroyed.

4. The historical tendency of the development of capitalism is that, on the one hand, it develops productive forces and socializes production, thereby creating the material prerequisites for socialism, and on the other hand, it gives birth to its gravedigger in the person of the proletariat, which organizes and leads the revolutionary struggle all working people for liberation from the yoke of capital.

THE ECONOMIC DOCTRINES OF THE ERA OF PRE-MONOPOLY CAPITALISM

With the development of capitalism and the growth of its contradictions, various directions of economic thought took shape and developed, expressing the interests of certain classes.

Bourgeois classical political economy. In the struggle against feudalism, for the establishment of capitalist orders, the bourgeoisie created its own political economy, which debunked the economic views of the ideologists of feudalism and for a certain time played a progressive role.

The capitalist mode of production established itself primarily in England. Bourgeois classical political economy also originated here. William Petty (1623-1687), whose activities date back to the period of the decomposition of mercantilism. Trying to discover the internal connection between the economic phenomena of bourgeois society. Petty made the important discovery that goods are exchanged according to the amount of labour required to produce them.

Physiocrats played an important role in the creation of bourgeois political economy. Francois Quesnay (1694-1774) was at the head of this trend. Physiocrats appeared in France in the second half of the XVIII century, during the ideological preparation of the bourgeois revolution. Like representatives of the French enlightenment philosophy of that time, the physiocrats believed that there were natural, nature-given laws of human society. France was an agricultural country at that time. In contrast to the mercantilists, who saw wealth only in money, the physiocrats declared nature to be the only source of wealth and, consequently, agriculture, which delivers the fruits of nature to man. Hence the

name of the school—"physiocrats", made up of two Greek words meaning: nature and power.

The doctrine of the "pure product" occupied a central place in the theory of the physiocrats. This is what the physiocrats called the entire surplus of the product in excess of the costs invested in production - that part of the product in which surplus value is embodied under capitalism. The physiocrats understood wealth one-sidedly—only as a certain mass of products in their material, natural form. They argued that a "pure product" arises exclusively in agriculture and cattle breeding, that is, in those industries where the natural processes of growth of plants and animals occur, while in all other industries the form of the products delivered by agriculture only changes.

The most significant work of the physiocratic school was Quesnay's "economic table". Quesnay's merit was that he made a remarkable attempt to present the process of capitalist reproduction as a whole, although he was unable to solve this problem.

Based on the fact that a "pure product" is created only in agriculture, the physiocrats demanded that all taxes be imposed on landowners, and industrialists be exempted from tax burdens. This demand clearly demonstrated the class nature of the physiocrats as ideologists of the bourgeoisie. The Physiocrats were supporters of the unlimited dominance of private property. Arguing that only free competition corresponds to the natural laws of economics and human nature, they opposed the policy of protectionism to the policy of free trade, resolutely fought against shop restrictions and against state intervention in the economic life of the country.

Bourgeois classical political economy reached its highest development in the works of A. Smith and D. Ricardo.

Adam Smith (1723-1790), whose main work is "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776), made a significant step forward in the scientific analysis of the capitalist

mode of production compared to the physiocrats. The wealth of a country lies, according to Smith, in the entire mass of goods produced in it. He rejected the one-sided and therefore incorrect idea of the physiocrats that a “pure product” is created only by agricultural labour, and for the first time proclaimed all labour to be a source of value, no matter in what branch of production it was spent. Smith was an economist during the manufacturing period of the development of capitalism, so he saw the basis for increasing labour productivity in the division of labour and in the use of machinery.

Exploring the internal connection of the phenomena of capitalism, Smith determined the value of a product by the amount of labour expended on its production; At the same time, he considered the wages of a hired worker as part of the product of his labour, determined by the cost of subsistence, and profit and rent as a deduction from the product created by the worker’s labour. However, Smith did not pursue this view consistently. Smith constantly confused the determination of the value of goods by the labour involved in them with the determination of the value of goods by the “value of labour.” He argued that the determination of value by labour applied only to the “primitive state of society,” by which he meant the simple commodity economy of small producers. Under capitalism, the value of a commodity is made up of income: wages, profits and rent. This statement reflected the deceptive appearance of the phenomena of the capitalist economy. Smith believed that the value of the entire social product consists only of income - wages, profit and rent, that is, he erroneously omitted the value of constant capital consumed in the production of goods. This “Smith’s dogma” excluded any possibility of understanding the process of social reproduction.

Smith first outlined the class structure of capitalist society, pointing out that it is divided into three classes: 1) workers, 2) capitalists and 3) landowners. But, reflecting in his views the

underdevelopment of the class struggle of that era, Smith argued that in a capitalist society a community of interests prevails, since everyone strives for his own benefit, and from the collision of individual aspirations a common benefit arises. Strongly opposing the theoretical views and policies of the mercantilists, Smith passionately defended free competition.

In the works of David Ricardo (1772-1823), bourgeois classical political economy received its completion. Ricardo lived during the period of industrial revolution in England. His main work, "Principles of Political Economy and Taxation," was published in 1817.

Ricardo developed the labour theory of value with the greatest consistency possible within the framework of the bourgeois outlook. Rejecting Smith's position that value is determined by labour only in the "primitive state of society," he showed that the value created by the labour of the worker is the source from which wages, profit, and rent alike arise.

Based on the fact that value is determined by labour, Ricardo showed the opposition of class interests of bourgeois society, as it manifests itself in the sphere of distribution. He formulated an important economic law: the higher the worker's wages, the lower the capitalist's profit and vice versa. Ricardo also showed the opposition between profit and rent: he recognized the existence of only differential rent, which he mistakenly associated with the semolina of diminishing soil fertility."

Ricardo's teaching played a major role in the development of political economy. At the same time, it bore the features of bourgeois narrow-mindedness. The capitalist system, with its antithesis of class interests, seemed to Ricardo, as well as to Smith, a natural and eternal system. Ricardo did not even raise the question of the historical origin of such economic categories as goods, money, capital, profit, etc. He understood capital unhistorically, identifying it with the means of production.

The Emergence of Vulgar Political Economy.

With the development of capitalism and the intensification of the class struggle, classical bourgeois political economy gives way to vulgar political economy. Marx called it vulgar because its representatives replaced scientific knowledge of economic phenomena with a description of their external appearance, aiming to embellish capitalism and gloss over its contradictions. Vulgar economists discarded everything that was scientific and picked up everything unscientific in the views of previous economists (especially A. Smith)—everything that was due to the class limitations of their horizons.

“From now on, the matter was no longer about whether this or that theorem was correct or incorrect, but about whether it was useful or harmful for capital, convenient or inconvenient, consistent with police considerations or not. Disinterested research gives way to the battles of hired hacks, impartial scientific research is replaced by biased, obsequious apologetics”¹.

The English vulgar economist G. R. Malthus (1766-1834) came up with the invention that the poverty of the broad masses of workers inherent in capitalism is due to the fact that people reproduce faster than the amount of means of life provided by nature can increase. According to Malthus, the necessary correspondence between the population size and the amount of livelihood provided by nature is established by hunger, poverty, epidemics, and wars. Malthus’s misanthropic “theory” was created with the aim of justifying social orders in which the parasitism and luxury of the exploiting classes coexist with backbreaking labour and the growing need of the broad masses of workers.

¹ K. Marx, *Capital*, vol. I, 1953, p. 13.

French vulgar economist J.-B. Say (1767-1832) declared the source of value “three factors of production”—labour, capital and land, concluding from this that the owners of each of the three factors of production receive the income “due” to them: the worker - wages, the capitalist—profit (or interest).), landowner—rent. Arguing that under capitalism there is supposedly no contradiction between production and consumption. Say denied the possibility of general crises of overproduction. Say’s theory was a gross distortion of reality for the benefit of the exploiting classes.

The Petty-Bourgeois Political Economy.

At the beginning of the 19th century, a petty-bourgeois trend in political economy emerged, reflecting the contradictory position of the petty bourgeoisie as an intermediate class in capitalist society. Petty-bourgeois political economy originates from the Swiss economist S. Sismondi (1773-1842). Unlike Smith and Ricardo, who considered capitalism to be the natural state of society, Sismondi criticized capitalism, condemning it from the position of the petty bourgeoisie. Sismondi idealized small-scale commodity production of peasants and artisans and came up with utopian projects for the perpetuation of small-scale property, not seeing the inevitability of the growth of capitalist relations inherent in small-scale commodity production. From the fact that the incomes of workers and small producers were decreasing, Sismondi erroneously concluded that the market would inevitably shrink as capitalism developed. He incorrectly argued that capital accumulation is possible only in the presence of small producers and a foreign market.

The views of petty-bourgeois political economy were developed in France by P.-J. Proudhon (1809-1865). He defended the reactionary idea of curing all the social evils of capitalism by establishing a special bank that would carry out non-monetary exchange of products of small producers and provide free credit to

workers. Proudhon sowed reformist illusions among the working masses, distracting them from the class struggle.

The reactionary-utopian ideas of petty-bourgeois political economy were preached at the end of the 19th century by Russian liberal populists.

The Utopian Socialists.

With the advent and development of large-scale machine industry at the end of the 18th and beginning of the 19th centuries, the contradictions of capitalism and the disasters that it brings to the working masses began to become more and more clearly revealed. But the working class was not yet aware of its historical role as the gravedigger of capitalism. During this period, the great utopian socialists came forward: A. Saint-Simon (1760-1825) and C. Fourier (1772-1837) in France, R. Owen (1771-1858) in England, who played a major role in the history of the development of socialist ideas.

In explaining economic phenomena, the utopian socialists remained on the same basis of the educational philosophy of the XVIII century on which the representatives of bourgeois classical political economy stood. But while the latter considered the capitalist system to be consistent with human nature, the utopian socialists viewed this system as contrary to human nature.

The historical significance of the utopian socialists lay in the fact that they strongly criticised bourgeois society, mercilessly castigating its ills such as poverty and deprivation of the masses doomed to hard, exhausting work, the corruption and corruption of the rich elite of society, the enormous waste of productive forces as a result competition, crises, etc. The utopian socialists opposed the capitalist system, based on private ownership of the means of production and exploitation of some classes of society by others, with the coming socialist system, based on public ownership of the

means of production and free from the exploitation of man by man. But the utopian socialists were far from understanding the actual ways of realizing socialism. Not knowing the laws of social development, the laws of class struggle, they believed that the propertied classes themselves would implement socialism when they could be convinced of the rationality, justice and expediency of this new system. Utopian socialists were completely alien to the understanding of the historical role of the proletariat. Utopian socialism “could neither explain the essence of wage slavery under capitalism, nor discover the laws of its development, nor find the social force that is capable of becoming the creator of a new society”¹.

The Revolutionary Democrats in Russia.

In Russia in the mid-nineteenth century, in the conditions of the crisis of serfdom, a brilliant galaxy of thinkers emerged who made a great contribution to the development of economic science.

A. I. Herzen (1812-1370) castigated tsarism and serfdom in Russia, calling on the people to a revolutionary struggle against them. He sharply criticized the system of capitalist exploitation that had established itself in the West. Herzen laid the foundation for utopian “peasant socialism.” He saw “socialism” in the liberation of peasants with land, in communal land ownership and in the peasant idea of “right to land.” There was nothing truly socialist in these views of Herzen, but they expressed the revolutionary aspirations of the Russian peasantry, who fought for the overthrow of the landowners’ power and for the abolition of landownership.

¹ V.I. Lenin, Three sources and three components of Marxism, Works, vol. 19, coming. 4, page 7.

The great Russian revolutionary and scientist N. G. Chernyshevsky (1828-1889) has enormous merits in the development of economic science. Chernyshevsky led the decisive struggle of revolutionary democrats against serfdom and tsarist autocracy in Russia. He gave a brilliant criticism not only of serfdom, but also of the capitalist system, which had become entrenched by that time in Western Europe and North America. Chernyshevsky deeply revealed the class character and limitations of bourgeois classical political economy and subjected to scathing criticism the vulgar economists—John Stuart Mill, Say, Malthus and others. According to Marx, N. G. Chernyshevsky masterfully revealed the bankruptcy of bourgeois political economy.

Chernyshevsky contrasted the bourgeois political economy, which serves the selfish interests of capitalists, with the “political economy of the working people,” in which labour and the interests of the working people should take a central place. Being a representative of utopian “peasant socialism,” Chernyshevsky, due to the underdevelopment of capitalist relations in contemporary Russia, did not see that the development of capitalism and the proletariat creates material conditions and social force for the implementation of socialism. But Chernyshevsky, in understanding the nature of capitalist society and its class structure, the nature of its economic development, went far ahead in comparison with Western European utopian socialists and took a major step towards scientific socialism. Unlike the socialist-utopians of the West, Chernyshevsky attached decisive importance to the revolutionary activity of the working masses, their struggle for their liberation and called for a popular revolution against the exploiters. Chernyshevsky was a consistent, militant revolutionary democrat. Lenin wrote that his writings emanate the spirit of class struggle.

Chernyshevsky's economic teaching represents the pinnacle of development of all political economy before Marx. In his

philosophical views, Chernyshevsky was a militant materialist. Like Herzen, he came close to dialectical materialism.

The revolutionary democrats—Herzen, Chernyshevsky and their like-minded people—were the predecessors of Russian Social Democracy.

The Revolutionary Revolution In Political Economy Carried Out By Marx.

By the middle of the 19th century, the capitalist economic system had become dominant in the main countries of Western Europe and in the United States of America. A proletariat emerged and began to rise up to fight against the bourgeoisie. Conditions arose for the creation of an advanced proletarian worldview—scientific socialism. Karl Marx (1818–1883) and Friedrich Engels (1820–1895) transformed socialism from a utopia into a science. The doctrine developed by Marx and Engels expresses the fundamental interests of the working class and is the banner of the struggle of the proletarian masses for the revolutionary overthrow of capitalism, for the victory of socialism.

The teachings of Marx arose as a direct and immediate continuation of the teachings of the greatest representatives of philosophy, political economy and socialism. At the same time, the emergence of Marxism was a radical revolutionary revolution in philosophy and in all social sciences. Marx and Engels armed the working class with a coherent and harmonious worldview—dialectical materialism, which is the theoretical foundation of scientific communism. Having spread dialectical materialism to the field of social phenomena, they created historical materialism, which represents the greatest achievement of scientific thought.

Applying the method of dialectical materialism to the study of economic relations. Marx made a revolutionary revolution in political economy. He is responsible for the scientific discovery of

the historically transient nature of the capitalist mode of production and the study of the laws of the emergence, development and death of capitalism. Based on a brilliant economic analysis of the capitalist system, Marx discovered the historical mission of the proletariat as the gravedigger of capitalism and the creator of a new, socialist society. Approaching political economy as a shortcoming of the working class, Marx proved the inconsistency of bourgeois and petty-bourgeois political economy and exposed the apologetic fabrications of vulgar economists. He revealed to the end the contradictions of capitalism and, firmly placing political economy on a scientific footing, created proletarian political economy.

The foundations of the Marxist worldview were proclaimed already in the first program document of scientific communism—in the “Manifesto of the Communist Party,” written by Marx and Engels in 1848. Marx published the results of his further economic research in the work “Towards a Critique of Political Economy” (1859), dedicated to analysis of goods and money; the preface to this work gives a classic presentation of the foundations of historical materialism. Marx’s main work, which he rightly called his life’s work, is *Capital*. The first volume of *Capital* (The Process of Production of Capital) was published by Marx in 1867; the second volume (“The Circulation Process of Capital”) was published by Engels after Marx’s death, in 1885, and the third volume (“The Process of Capitalist Production Taken as a Whole”) in 1894. While working on *Capital*, Marx intended to write the fourth volume, dedicated to a critical analysis of the history of political economy. The preparatory manuscripts he left behind were published after the death of Marx and Engels under the title “Theories of Surplus Value” (in three volumes). A number of Engels’ classic works are also devoted to the development of the theory of scientific communism. These include: “The Condition of the Working Class in England” (1845), “Anti-Dühring” (1878), which examines the most

important issues from the field of philosophy, natural science and social sciences, “The Origin of the Family, Private Property and the State” (1884) and others.

In creating proletarian political economy, Marx first of all comprehensively substantiated and consistently developed the labour theory of value. Exploring a commodity and the contradiction between its use value and value, Marx discovered that the labour contained in a commodity has a dual character. This is, on the one hand, concrete labour that creates the use value of a product, and, on the other hand, abstract labour that creates its value. The revelation of the dual nature of labour served Marx as the key to a scientific explanation of all phenomena of the capitalist mode of production on the basis of the labour theory of value. Having shown that value is not a thing, but a production relation of people covered with a material shell, Marx revealed the secret of commodity fetishism. He analysed the form of value, examined its historical development from the first beginnings of exchange to the complete dominance of commodity production, which gave him the opportunity to reveal the real nature of money.

The labour theory of value served Marx as the basis for his doctrine of surplus value. Marx showed for the first time that under capitalism, the commodity is not labour, but labour power. He investigated the value and use value of this specific commodity and revealed the secret of capitalist exploitation. Marx’s theory of surplus value shows the essence of the basic production relationship of capitalism—the warped one between capitalist and worker, exposes the deepest foundations of class opposition and class struggle between the proletariat and the bourgeoisie, Lenin wrote that the doctrine of surplus value is the cornerstone of Marx’s economic theory.

Marx was the first to reveal the laws of capitalist accumulation, establishing that the development of capitalism inevitably leads to the deepening, expansion and aggravation of the contradictions

inherent in this system, which are based on the contradiction between the social nature of production and the private capitalist form of appropriation. Marx discovered the universal law of capitalist accumulation, which determines the growth of wealth and luxury at one pole of society and the growth of poverty, oppression, and the torment of labour at the other pole. He showed that with the development of capitalism there occurs a relatively absolute impoverishment of the proletariat, which leads to a deepening of the gap between the proletariat and the bourgeoisie, to an intensification of the class struggle between them.

Marx gave a deep scientific analysis of the various factors that surplus value takes: profit, interest, land rent. Marx developed the theory of differential rent and for the first time scientifically substantiated the theory of absolute rent. He revealed the reactionary, parasitic role of large landownership, the essence of the form of exploitation of the peasants by the landowners and the bourgeoisie.

The analysis of the reproduction of all social capital given by Marx is of utmost importance. Having eliminated Smith's mistake, which consisted in ignoring the constant capital consumed in the production of goods, having established the division of the social product by value into three parts (**c + v + m**), and in natural form into means of production and consumer goods, Marx analysed the conditions of simple and expanded capitalist reproduction, deep contradictions of capitalist implementation, inevitably leading to crises of overproduction. He investigated the nature of economic crises and scientifically proved their inevitability under capitalism.

The economic teachings of Marx and Engels are a deep and comprehensive justification for the inevitability of the collapse of capitalism and the victory of the proletarian revolution, establishing the dictatorship of the working class and opening a new era—the era of building a socialist society.

The Disintegration Of Bourgeois Political Economy. The Revisionism.

From the second quarter of the nineteenth century, vulgar economics gained undivided dominance in bourgeois political economy. From the time Marxism entered the historical arena, the main and decisive task of bourgeois economists became the “refutation” of the rubbish.

In the field of value theory, the vulgar economical (...) value of labour time (...) was still the bourgeois classical school. Unions include. the “theory of supply and demand”, which ignores the value underlying prices and replaces the explanation of the very basis of their goods with a description of the fluctuations of these prices; the “theory” of production costs, which explains the prices of some goods with the help of the prices of other goods, that is, actually revolves in a vicious circle: the “theory” of utility, which, trying to explain the value of goods by their use value, ignores the fact that the use values of dissimilar goods are qualitatively different and therefore quantitatively incomparable.

Vulgar economists countered the revelation of the laws of capitalist exploitation with Say’s apologetic “theory of services.” modifying it depending on the circumstances. Fabrications regarding the harmony of class interests under capitalism were diligently spread by the French economist F. Bastiat (1801-1850) and the American W. Carey (1793-1879). Under the pretext of defending bourgeois “freedom of labour,” the vulgar economy waged a fierce struggle against trade unions, collective agreements, and workers’ strikes.

In Germany, in the middle of the XIX century, the so-called historical school of political economy arose (V. Roscher, B. Hildebrand and others). Representatives of this school openly denied the existence of economic laws of social development and replaced scientific research with a description of isolated non-tonic

facts. The denial of economic laws served as a justification for these economists for any reactionary tyranny, grovelling before the military-bureaucratic state, which was exalted in every possible way by them.

Later representatives of the historical school, led by G. Schmoller, formed the much-abandoned historical-ethical or historical-legal direction. A characteristic feature of this direction, also called Katheder-socialism [literally “socialism of the department”), is the replacement of economic research with harsh and idealistic chatter about moral goals, legal norms, etc. Continuing the traditions of their predecessors, the Katheder-Socialists acted as servants of the militarist German state, each event of which they declared “a piece of socialism.” The Katheder-Socialists glorified Bismarck’s reactionary policies and helped him deceive the working class.

In the last decades of the 19th century, as the ideas of Marxism spread, the bourgeoisie needed new ideological means to combat them. Then the so-called Austrian school appeared on the scene. The name of this school is due to the fact that its main representatives are K. Menger, F. Wieser and E. Böhm-Bawerk were professors at Austrian universities. In contrast to the historical direction, representatives of the Austrian school formally recognized the need to study economic laws, but in order to embellish and protect the capitalist order, they transferred the search for these laws from the sphere of social relations to the subjective psychological area, that is, they followed the path of idealism.

In the field of value theory, the Austrian school put forward the so-called principle of “marginal utility”. According to this principle, the value of a product is determined not simply by its utility, as some vulgar economists previously argued, but by the marginal utility of the product, that is, a subjective assessment of the utility of a unit of goods that satisfies the least essential of the individual’s

needs. In fact, this theory does not explain anything. It is quite obvious, for example, that the subjective assessment of a kilogram of bread is fundamentally different between a satiated bourgeois and a hungry unemployed person, and yet both of them pay the same price for bread. Economists of the Austrian school contrasted Marx's theory of surplus value with the anti-scientific "theory of imputation," which was only an updated form of the vulgar theory of the "three factors of production."

Countless attempts by bourgeois science to "destroy" Marxism did not in the least shake his position. Then the struggle against Marxism began to be waged in a double-dealing way, taking the form of "improvements" and interpretations of Marx's theorems. "The dialectic of history is such that the theoretical victory of Marxism forces its enemies to dress up as Marxists"¹.

In the 90s of the 19th century, revisionism appeared on the scene, the main representative of which was the German Social Democrat E. Bernstein. The revisionists took up arms against the teachings of Marx and Engels about the inevitability of the revolutionary collapse of capitalism and the establishment of the dictatorship of the proletariat. They subjected a complete revision (revision) to all parts of Marx's revolutionary economic teachings. The revisionists proposed combining Marx's labour theory of value with the theory of marginal utility, and essentially replacing it with the latter. They interpreted the Marxist doctrine of surplus value in the sense of a "moral condemnation" of capitalist exploitation. Hiding behind supposedly "new data" on the development of capitalism, the revisionists declared "outdated" Marx's doctrine of the victory of large-scale production over small-scale production, the impoverishment of the proletariat in capitalist society, the

¹ V. I. Lenin, Historical destinies of the teachings of Karl Marx, Works, vol. 18, p. 546.

irreconcilability and aggravation of class contradictions, and the inevitability of economic crises of overproduction under capitalism. They called on the workers to abandon the revolutionary struggle for the destruction of the capitalist system and limit themselves to the struggle for current economic interests. In Russia, the views of revisionism were taken up by the so-called “legal Marxists”, who were in fact bourgeois ideologists (P. Struve, M. Tugan-Baranovsky and others), representatives of the opportunist group of “economists” and Mensheviks.

A more subtle form of distortion of Marxism was used by the opportunists of the Second International, K. Kautsky, R. Hilferding and others, who for the time being acted under the guise of “orthodox”, that is, supposedly faithful disciples of Marx and Engels. By verbally objecting—and then very inconsistently—to some of the revisionists’ assertions, these opportunists emasculated the revolutionary soul of Marxism and tried to turn Marxism into a dead dogma. They rejected the doctrine of the dictatorship of the proletariat, which is the soul of Marxism, denied the absolute impoverishment of the proletariat, argued that crises under capitalism are becoming less frequent and weaker. Kautsky and other opportunists of the Second International propagated the anti-Marxist theory of the “peaceful growth” of capitalism into socialism, designed to deceive the workers and distract them from the revolutionary struggle. The revisionists and other opportunists of the Second International sought to adapt proletarian political economy to the interests of the bourgeoisie.

The Development of the Marxist Political Economy Of Capitalism By V. I. Lenin And J. V. Stalin.

The economic teachings of Marx and Engels received their further creative development in the works of V. I. Lenin and N. V. Stalin. Lenny and Stalin defended the revolutionary teaching of Marx-Engels from the attacks of bourgeois pseudoscience, from its distortions by revisionists and opportunists of all stripes, and raised it to the highest level on the basis of a generalisation of the new historical experience of the class struggle of the proletariat. Further development of Marxist economic science in the works of Lenin and Stalin enriches the understanding of the subject and method of political economy, the laws of the capitalist mode of production.

V. I. Lenin entered the arena of political struggle in the 90s of the nineteenth century, when the transition from pre-monopolistic capitalism to imperialism was coming to an end, when the centre of the world revolutionary movement moved to Russia, a country in which the greatest popular resolution was brewing.

In Russia, the Marxist workers' party and its worldview took shape in an irreconcilable struggle against the worst enemy of Marxism—populism. The populists denied the leading role of the proletariat in the revolutionary movement: they argued that the development of capitalism was supposedly impossible in Russia. G. V. Plekhanov (1856-1918) and the "Emancipation of Labour" group he organised spoke out against the populists. Plekhanov was the first to provide a Marxist critique of the erroneous views of the Narodniks and at the same time developed a brilliant defence of Marxist views. Plekhanov's literary works significantly undermined the position of the Narodniks. But the ideological defeat of populism was not complete. Already in the early period of his activity, Plekhanov had an erroneous understanding of a number of issues,

which was the germ of his future Menshevik views: he did not take into account that during the revolution the proletariat must lead the peasantry, he considered the liberal bourgeoisie as a force that could support the revolution, etc. The task of finishing off populism as the enemy of Marxism and uniting Marxism with the labour movement in Russia was solved by Lenin.

In the works of the 90s—"On the So—Called Question of Markets" (1893), "What are the "Other Peoples" and How do They Fight Against the Social Democrats?" (1894), "The Economic Content of Populism and its Criticism in the book by G. Struve" (1894), "On the Characterisation of Economic Romanticism" (1897)— Lenin consistently waged a struggle against both the Narodniks and the "legal Marxists" who glorified capitalism, smeared its deep contradictions and sought to subordinate the growing labor movement to the literals of the bourgeoisie. The ideological defeat of Narodism was completed by Lenin's classic work "The Development of Capitalism in Russia" (1899), which represented the largest work of Marxist literature after the appearance of Marx's "Capital".

In this work and in other works of the 90s, Lenin gave a deep analysis of the Russian economy, revealed the economic foundations of class contradictions and class struggle, and the prospects of the revolutionary movement. Summarizing the experience of the economic and political development of Russia and other countries in the last decades of the 19th century, Lenin defended and developed the provisions of Marxism about the laws of the emergence and development of the capitalist mode of production, about its insoluble contradictions and inevitable death. He further developed the question of the role of commodity production in the process of the emergence of capitalist relations, and the three stages of the development of capitalism in industry.

Having refuted populist fabrications about the "artificiality" of Russian capitalism, Lenin revealed the peculiar features of the

economy and social system of Russia associated with the peculiarities of its historical development, in particular the combination of methods of capitalist exploitation with numerous remnants of serfdom, which gave social relations in Russia a special tension.

By exposing the disdainful attitude towards the proletariat characteristic of populism. Lenin showed that the development of capitalism inevitably leads to an increase in the number, organisation and consciousness of the working class, which is the vanguard of the entire mass of working and exploited people. He comprehensively substantiated the leading role of the proletariat in the revolution.

Having clarified the essence of the processes of differentiation of the peasantry in post-reform Russia and the close intertwining of the remnants of serfdom with the oppression of capitalist relations, Lenin refuted the populist idea of the peasantry as a homogeneous mass. He gave an economic justification for the possibility and necessity of a revolutionary alliance of the working class with the working people and the exploited masses of the peasantry.

Lenin revealed the economic basis of those features of the Russian revolution that made it a revolution of a new type—a bourgeois-democratic revolution under the hegemony of the proletariat, which had the prospect of developing into a socialist revolution.

“The Development of Capitalism in Russia” summarizes a number of Lenin’s works on the theory of capitalist reproduction. In these works, he smashed the Sismondist assertions of the populists about the impossibility of realizing surplus value without the presence of small producers and an external market and gave a comprehensive substantiation of the Marxist position that the market for capitalism is created during the development of capitalism itself. Lenin further developed the tenets of Marxism about the contradictions of capitalist implementation, about the

growth of the organic structure of capital as a factor in the impoverishment of the proletariat, about the inevitability of periodic crises of overproduction under capitalism.

The most valuable contribution to Marxist political economy are Lenin's works on the agrarian question, which scientifically summarised extensive material on the development of capitalism in agriculture in Russia and a number of other countries (France, Germany, Denmark, USA, etc.). In his works "The Agrarian Question and the "Critics of Marx"" (1901-1907), "The Agrarian Program of Social Democracy in the First Russian Revolution of 1905-1907" (1907), "New Data on the Laws of Development of Capitalism in Agriculture "(1914-1915) and others, Lenin deeply and comprehensively studied the laws of capitalist development of agriculture, which were outlined by Marx only in general terms.

In the struggle against Western European and Russian revisionism, which declared agriculture to be an area of the economy where the laws of concentration and centralisation of capital allegedly do not apply, Lenin gave a scientific analysis of the features of the development of capitalism in the countryside. He showed the deep inconsistency of the economic position of the main peasant masses and the inevitability of their ruin in bourgeois society. Lenin defended and developed the Marxist theory of differential and absolute land rent. Revealing the importance of absolute rent as one of the most important factors inhibiting the development of productive forces in agriculture. Lenin comprehensively developed the question of the possibility, conditions and economic consequences of the nationalisation of land in the bourgeois-democratic and socialist revolutions. He exposed bourgeois economists who preached the pseudoscientific "law of diminishing soil fertility."

Lenin's theory of the agrarian question was a profound economic justification for the policy of the Communist Party of Russia in the field of relations between the proletariat and the

peasantry, and in particular its programmatic demand for the nationalisation of land. Lenin's works on the agrarian question constitute the theoretical basis of the agrarian program and agrarian policy of the fraternal communist parties.

Lenin's development of Marx's economic teachings was a direct and immediate preparation for Denis theory of socialist revolution.

In the works of J. V. Stalin there is further development of the basic principles of Marxist political economy.

In the work "Anarchism or Socialism?" (1906-1907) and others, Stalin debunked the views of the Western European and Russian revisionists—Bernstein, Struve, the "economists", the Mensheviks—deeply hostile to Marxism and defended the revolutionary theory of Marxism-Leninism. Exposing the falsity of the claims of bourgeois economists and opportunists to mitigate the contradictions of capitalism in the course of its historical development, Stalin justified the inevitability of further deepening and exacerbation of these contradictions, indicating the imminent demise of capitalism.

Stage developed Marxist provisions on commodity production, its characteristics and role in various economic Formations, on the law of competition and anarchy of production, on the basic economic law of capital.

In Stalin's works, based on a comprehensive analysis of the capitalist economy, further development of the agrarian question was given. In the fight against revisionism, Stalin denounced the complete inconsistency of the theory of "sustainability" of copper commodity production. Only the destroyed capitalist slavery can save the peasantry from ruin and poverty. The real question is the question of the predetermination of the exploited majority of the peasantry from the reserve of the bourgeoisie in the immediate destruction of the revolution, and from the working class in its struggle for the destruction of the capitalist system.

In his work "Marxism and the National Question" (1913) and in other works on this issue, Stalin showed the enormous importance

of the economic conditions of society in the formation of nations and national states. The commonality of the economic life of people is one of the main characteristics of a nation. The process of the jubilation of feudalism and the development of capitalism is paralleled at the same time by the process of the formation of people and nations. Stalin revealed the importance of the national market for the process of creating nominal states in Western Europe, and determined the originality of the historical course of the formation of states in the East.

Stalin's works enrich the Marxist-Leninist theory of capitalist reproduction and crises. These works provide a deep analysis of the antagonistic contradictions of capitalist reproduction, emphasizing that Marx's reproduction schemes are not limited to reflecting the specifics of capitalist production, but at the same time they contain a number of basic principles of reproduction that are valid for all social formations.

In the works "On Dialectical and Historical Materialism", "Marxism and Questions of Linguistics", "Economic Problems of Socialism in the USSR" and others, Stalin further developed the fundamental provisions of the theory of Marxism about pronounciation forces and produced relations, about the economic laws of development of society, about the subject of political economy.

Based on Marx's position on the dialectic of the development of productive forces and production relations, Stalin formed the economic law of mandatory compliance of production relations with the nature of the productive forces. This law is used by the advanced class of society in the era of revolution to overthrow the old production relations that inhibit the development of pronounciation forces, and to create new production relations corresponding to the nature of the increased productive forces. Moreover, new relations of production are the main and decisive

force that determines the further development of productive society.

Stalin attacked the Marxist thesis about the economic system as the basis of society, giving rise to a superstructure - political, legal, religious, artistic, philosophical views of society and the political, legal and other institutions corresponding to them. He showed the importance of the superstructure as the greatest force that fights for the recitation of the old, obsolete basis with its old superstructure and actively serves its new basis, helping it take shape and strengthen.

Stalin's justification of the Marxist imposition of the objective nature of carpentry laws as a reflection of processes occurring independently of the will of people is important. New economic laws arise only on the basis of new economic conditions. In every society there is a basic economic icon, which determines the main features, all the main aspects and all the main processes of production development, one hundred essence. Under capitalism, such a law is the law of surplus value discovered by Marx, the law of the birth and increase of capitalist profit. Along with the specific economic laws inherent in individual public pharmacies, there are laws common to all formations.

Stalin's works provide a description of the five main types of production relations known to history: primitive-promised, slave-owning, feudal, capitalist and socialist, and the fundamental conclusions of Marxist political economy about the inevitability of the replacement of capitalism by socialism are consistently developed and comprehensively analysed.

B. THE MONOPLY CAPITALISM— IMPERIALISM

CHAPTER XVII. IMPERIALISM IS THE HIGHEST STAGE OF CAPITALISM. THE BASIC ECONOMIC LAW OF MONOPOLY CAPITALISM

The Transition to Imperialism.

Pre-monopoly capitalism, with the dominance of free competition, reached its highest point of development in the 60-70s of the last century. During the last third of the 19th century, the transition from pre-monopoly capitalism to monopoly capitalism took place. At the end of the 19th and beginning of the 20th centuries, monopoly capitalism finally took shape.

Monopoly capitalism, or imperialism, is the highest and final stage of capitalism, the main distinguishing feature of which is the replacement of free competition by the dominance of monopolies.

The transition from pre-monopoly capitalism to monopoly capitalism—imperialism—was prepared by the entire process of development of the productive forces and production relations of bourgeois society.

The last third of the 19th century was marked by major technical changes, the growth of industry and its concentration. New methods of steel smelting (Bessemer, Thomas, open-hearth) have become widely used in metallurgy. The rapid spread of new types of engines—dynamos, internal combustion engines, steam turbines, electric motors—accelerated the development of industry and transport. Advances in science and technology have opened up the possibility of producing electrical energy on a mass scale at thermal and then at large hydroelectric power plants. The use of electrical energy led to the creation of a number of new branches of

the chemical industry, metallurgy of non-ferrous and light metals. The use of chemical methods in many industries has expanded. The improvement of internal combustion engines contributed to the emergence of automobile transport, and then aviation.

Back in the middle of the 19th century, light industry occupied a predominant place in the industry of capitalist countries. Numerous relatively small enterprises belonged to individual owners, and the share of joint-stock companies was relatively small. The economic crisis of 1873 led to the death of many such enterprises and gave a strong impetus to the concentration and centralisation of capital. Heavy industry began to play a predominant role in the industry of the main capitalist countries—primarily metallurgy and mechanical engineering, as well as the mining industry, the development of which required enormous capital. The widespread distribution of joint stock companies further increased the centralisation of capital.

The volume of world industrial output increased threefold between 1870 and 1900. World steel production increased from 0.5 million tons in 1870 to 28 million tons in 1900, and world iron production increased from 12.2 million tons to 40.7 million tons. The development of energy, metallurgy and chemistry led to an increase in world coal production (from 218 million tons in 1870 to 769 million tons in 1900) and oil (from 0.8 million tons to 20 million tons). The growth of industrial production was closely related to the development of railway transport. In 1835, 10 years after the construction of the first railway, there were 2.4 thousand kilometres of railway tracks all over the world, in 1870—over 200 thousand, and in 1900—790 thousand kilometres. Sea routes began to be served by large ships driven by steam engines and internal combustion engines.

During the 19th century, the capitalist mode of production rapidly spread throughout the globe. Back in the early 70s of the last century, the oldest bourgeois country—England—produced more fabric, smelted more iron, and mined more coal than the United

States of America, Germany, France, Italy, Russia and Japan combined. England had primacy in world industrial production and an undivided monopoly on the world market. By the end of the 19th century the situation had changed dramatically. The young capitalist countries have developed their own large industries. In terms of industrial production, the United States of America took first place in the world, and Germany took first place in Europe. Despite the obstacles created by the thoroughly rotten tsarist regime, Russia quickly followed the path of industrial development. As a result of the industrial growth of young capitalist countries, England lost its industrial primacy and monopoly position in the world market.

With the transition to imperialism, the contradictions between the productive forces and the production relations of capitalism began to take on increasingly acute forms. The subordination of production to the predatory goals of the capitalists' pursuit of the highest profits has created numerous obstacles to the development of productive forces and technical progress. Economic crises of overproduction began to recur more often, their destructive power increased, and the army of unemployed grew. Along with the growth of poverty and deprivation of the working masses of the city and countryside, there was an unprecedented increase in wealth concentrated in the hands of a handful of exploiters. The aggravation of irreconcilable class contradictions between the bourgeoisie and the proletariat led to an intensification of the economic and political struggle of the working class.

During the period of transition to imperialism, the largest capitalist powers in Europe and America seized vast colonial possessions by force and deceit. A small handful of capitalistically developed countries have turned the majority of the world's population into colonial slaves who hate their oppressors and fight against them. Colonial conquests enormously expanded the field of capitalist exploitation; The degree of exploitation of the working masses increased steadily. The extreme aggravation of the

contradictions of capitalism has found its expression in devastating imperialist wars, claiming many human lives and destroying enormous material values.

Defining the main economic features of imperialism. Lenin showed that these features are as follows: “1) the concentration of production and capital, which has reached such a high stage of development that it has created a monopoly that plays a decisive role in economic life; 2) the merger of banking capital with industrial capital and the creation, on the basis of this “Financial Capital,” of a financial oligarchy; 3) the export of capital, in contrast to the export of goods, becomes particularly important; 4) international monopoly unions of capitalists are being formed, dividing the world, and 5) the territorial division of the land by the largest capitalist powers has been completed”¹.

The Concentration of Production and Monopoly. The Monopolies and Competition.

The effect of the law of competition on the anarchy of production in the pre-monopoly period led to the concentration and centralisation of capital, to the victory of large and major companies. adoptions, in comparison with which small and medium-sized enterprises play an increasingly subordinate role. In turn, the concentration of production prepared the transition from the dominance of free competition to the dominance of monopolies.

In Germany, in enterprises with more than 50 employees, 22% of all workers and employees were concentrated in 1882, in 1895—

¹ V. I. Lenin, Imperialism as the highest stage of capitalism, Works, vol. 22, ed., 4, p. 253.

30, in 1907—37, in 1925—47.2, in 1939—49.9%. The share of the largest enterprises (with more than a thousand employees) in the entire industry increased from 1907 to 1925: in terms of the number of employees—from 9.6 to 13.3%, in terms of engine power—from 32 to 41.1%.

In the United States of America in 1904, the largest enterprises with production worth a million dollars or more accounted for 0.9% of the total number of enterprises; these enterprises employed 25.6% of the total number of workers, and they provided 38% of the total gross industrial output. In 1909, the largest enterprises, accounting for 1.1% of the total number of enterprises, had 30.5% of all employed workers and provided 43.8% of the total gross industrial output. In 1939, the largest enterprises, accounting for 5.2% of the total number of enterprises, concentrated 55% of all employed workers and 67.5% of all gross industrial output.

Russian industry was characterised by a high degree of concentration. In Russia in 1879, large enterprises (with more than 100 workers) accounted for 4.4% of all enterprises and concentrated 54.8% of the total amount of production. In 1903, 76.6% of all industrial workers were already concentrated in large enterprises, and they provided the overwhelming majority of industrial output.

The concentration of production occurs most rapidly in heavy industry and in new industries (chemical, electrical, automotive, etc.), lagging behind in light industry, in which there are many small and medium-sized enterprises in all capitalist countries.

One form of concentration of production is combination, that is, the combination in one enterprise of different types of production, representing either successive stages of processing raw materials (for example, metallurgical plants combining ore mining, iron and steel smelting, production of rolled products), or playing an auxiliary role one in relation to another (for example, the use of

production waste). Combination gives large enterprises an even greater competitive advantage.

At a certain stage of its development, the concentration of production comes close to a monopoly. Large enterprises require huge amounts of profit in order to withstand fierce competition with similar giants and be able to further expand production, and high profits are ensured only by monopoly dominance in the market. On the other hand, it is easier for several dozen giant enterprises to come to an agreement among themselves than for hundreds and thousands of small enterprises. Thus, free competition is replaced by monopoly. This is the economic essence of imperialism.

Monopoly as a capitalist form of economy is an agreement, union or association of capitalists who have concentrated in their hands the production and sale of a significant share of the products of one or several industries in order to set high prices for goods and obtain maximum profits.

The simplest forms of monopoly are short-term agreements on selling prices. They go by different names: conventions, corners, rings, etc. More developed forms of monopoly are cartels, syndicates, trusts and concerns. A cartel is a monopoly union, the participants of which agree on the terms of sale, terms of payment, divide sales markets among themselves, determine the quantity of goods produced, and set prices. The quantity of goods that each of the cartel participants has the right to produce and sell is called a quota; For violation of the quota, a fine is paid to the cartel cash desk. A syndicate is a monopolistic organisation in which the sale of goods, and sometimes the purchase of raw materials, is carried out by a common office. The trust is a monopoly in which ownership of all enterprises is united, and their owners become shareholders who receive profits based on the number of shares or shares they own. At the head of the trust is a board of directors, which manages all production, sales of products and finances of the previously

independent enterprises. Trusts are often included in larger unions-concerns. A concern is an association of a number of enterprises in various industries, trading firms, banks, transport and insurance companies on the basis of a common financial dependence on a certain group of major capitalists.

Monopolies occupy commanding heights in the economies of capitalist countries. They embraced heavy industry, as well as many branches of light industry, railway and water transport, banks, domestic and foreign trade, and established their oppression over agriculture.

The iron and steel industry of the United States of America is dominated by eight monopolies, which control 85% of the country's total steel production capacity; of these, the two largest—the American Steel Trust and the Bethlehem Steel Corporation—have 52% of the total production capacity. The oldest monopoly in the United States is the oil trust Standard Oil. In the automobile industry, three companies are of decisive importance: General Motors, Ford and Chrysler. In the electrical industry, the dominant position is occupied by two companies: General Electric and Westinghouse. The chemical industry is controlled by the DuPont de Nemours concern, and the aluminium industry by the Mellon concern.

In England, the role of monopolistic associations especially increased after the First World War, when cartel associations arose in the textile and coal industries, in ferrous metallurgy and in a number of new industries. The English Chemical Trust controls about nine-tenths of the total production of basic chemicals, about two-fifths of all the production of dyes and almost the entire production of nitrogen in the country. He is closely connected with the most important branches of English industry and especially with military concerns.

In Germany, cartels have become widespread since the end of the last century. During the period between the two world wars, the country's economy was dominated by the Steel Trust ("Vereinigte Stahlwerke"), which had about 200 thousand workers and employees,

the Chemical Trust ("Interessen-Gemeinschaft Farbenindustri") with 100 thousand workers and employees, the monopolies of the coal industry, and the cannon concern Krupp, electrical concerns "General Electricity Company" and "Siemens".

In France, in Japan and even in such small countries as Belgium, Sweden, Switzerland, monopolistic organisations occupy commanding heights in industry.

In Russia, large monopolies primarily covered the main branches of heavy industry. The Prodamet Syndicate, which emerged in 1902 (an association for the sale of products from metallurgical enterprises), controlled the sale of more than four-fifths of ferrous metal. In 1904, the Prodvagon syndicate was organised, which almost completely monopolized the production and sale of cars. The same syndicate united locomotive factories. The Produgol syndicate was created in 1904 by the largest coal enterprises in Donbas, owned by Franco-Belgian capital; it covered three quarters of all coal production in the Donbas.

Bourgeois economists, trying to embellish modern capitalism, claim that the spread of monopolies leads to the cure of the bourgeois system from such evils as competition, anarchy of production, and crises. In fact, monopolies are not only not destroyed. competition, but make the competitive struggle even more acute, fierce and destructive.

First, competition does not stop within monopolies. Participants in syndicates and cartels fight among themselves for the most profitable markets, for a larger share (quota) of production and sales. In trusts and concerns there is a struggle for leadership positions, for controlling stakes, and for the distribution of profits.

Secondly, competition is conducted between monopolies: both between monopolies of the same industry, and between monopolies of different industries that supply goods to each other (for example, steel and automobile trusts) or produce goods that can replace each other (coal, oil , electricity). Given the limited capacity of the domestic market, monopolies producing consumer

goods wage a fierce struggle to sell their goods (for the “consumer’s pocket”), resorting to all sorts of advertising tricks and deceiving customers.

Thirdly, competition occurs between monopolies and non-monopolized enterprises. The formation of monopolies causes individual capitalists to strive to take advantage of the high prices supported by the monopolies. Without entering into a monopoly union, the monopolies, for their part, take all measures to strangle such “outsiders,” “wild” enterprises that do not submit to the yoke of the monopolies and their arbitrariness.

The Concentration and Monopolies in Banking. The New Role of Banks.

In banking, as in industry, there is a concentration of capital and a transition from free competition to monopoly. Initially, banks served primarily as payment intermediaries. With the development of capitalism, the activities of banks as capital traders expanded. The accumulation of capital and the concentration of production in industry led to the concentration of huge free funds in banks, seeking profitable use. The share of large banks in the total volume of banking turnover has been steadily growing.

During the 33 years before the First World War (1880-1913), the mere increase in the amount of deposits in the banking systems of the four largest capitalist states—the United States of America, Germany, England and France—amounted to 127 billion marks. Since then, the growth of deposits has been even faster; over a period twice as short—from 1913 to 1928—deposits in these countries increased by 183 billion marks.

In the United States of America, the 20 largest banks accounted for 15% in 1900, 19% in 1929, 27% in 1939, and 29% in 1952 of the total amount of deposits in all US banks. In England, the sum of the balance sheets of the five largest banks was 28% in 1900, 37% in

1916, 73% in 1929, and 79% in 1952 of the total balance sheets of all English depository banks. In France, six depository banks accounted for 66% of the total deposits in all French banks in 1952. In Germany, on the eve of the First World War, about half of the amount of deposits available in all German banks was concentrated in large Berlin banks, and in 1929-1932—two thirds.

Concentration in banking, as in industry, leads to monopoly. The largest banks, through the purchase of shares, provision of loans, etc., subjugate the small ones. Having seized a monopoly position, large banks enter into agreements among themselves to divide spheres of influence. Monopoly unions of banks are formed. Each such union commands dozens and sometimes hundreds of smaller banks, which actually become branches of large ones. Through a developed network of branches, large banks collect funds from many enterprises into their cash desks. Almost all the money capital of the capitalist class and the savings of other sections of the population fall into the possession of small groups of banking tycoons.

The concentration of industry and the formation of banking monopolies lead to a significant change in the relationship between banks and industry. As the size of enterprises increases, large long-term loans provided by banks to industrial capitalists become increasingly important. The growth in the mass of deposits at the disposal of banks opens up wide opportunities for such long-term investment of bank funds in industry. The most common form of investing bank funds in industry is the purchase of shares in certain enterprises. Banks promote the formation of joint-stock enterprises by taking upon themselves the reorganisation of the enterprises of individual capitalists into joint-stock companies and the creation of new joint-stock companies (foundation). The sale and purchase of shares is increasingly carried out through banks.

Banks are turning from humble intermediaries into all-powerful monopolists of the money market. The interests of banks and

industrial enterprises are increasingly intertwined. When a bank finances several large enterprises in a certain industry, it is interested in a monopolistic agreement between them and facilitates such an agreement. In this way, banks greatly strengthen and accelerate the process of concentration of capital and the formation of monopolies.

As a result of the fact that banks become co-owners of industrial, trading, and transport enterprises, purchasing their shares and bonds, and industrial monopolies, in turn, own shares of banks associated with them, an interweaving of monopolistic banking and industrial capital occurs, and a new type of capital arises—financial capital. Financial capital is the fused capital of banking and industrial monopolies. The era of imperialism is the era of finance capital.

Defining financial capital, Lenin emphasized three most important points: “Concentration of production; monopolies growing out of it; the merger or merging of banks with industry—this is the history of the emergence of financial capital and the content of this concept”¹

The merging of banking capital with industrial capital is clearly manifested in the personal union of the heads of banking and industrial monopolies. The same individuals head the largest monopolistic associations in banking, industry, trade and other sectors of the capitalist economy.

In Germany, before the First World War, the six largest Berlin banks had their protégés as directors in 344 industrial enterprises and as board members in another 407, and in total in 751 companies. On the other hand, the governing bodies of these six banks included 51 major industrialists. Subsequently, this personal

¹ V. I. Lenin, *Imperialism as the highest stage of capitalism*, Works, vol. 22, p. 214.

union received even greater development. In 1932, the governing bodies of the three main Berlin banks included 70 leading representatives of industry. In the United States of America in 1950, a narrow group of 400 industrialists and bankers held one-third of the 3,705 directorships in the 250 largest corporations, holding 42% of the country's capital.

In every capitalist country, small groups of major bankers and monopolistic industrialists control all vital sectors of the economy, disposing of the overwhelming mass of social wealth. The rule of capitalist monopolies inevitably becomes the rule of a financial oligarchy (the Greek word "oligarchy" literally means "the rule of a few"). Imperialism is characterised by the omnipotence of monopoly trusts and syndicates, banks and financial oligarchy in industrial countries.

The dominance of the financial oligarchy in the economic field is carried out primarily through the so-called "participatory system". It lies in the fact that a large financial businessman or group of businessmen holds in his hands the main joint-stock company ("mother company"), which heads the concern; this company, in turn, owning controlling stakes, dominates the "subsidiaries" dependent on it; they manage in a similar way in "grandchildren societies", etc. Through this system, financial tycoons are able to manage huge amounts of other people's capital.

Through a wide-ranging system of participation, the eight largest financial groups in the United States—Morgan, Rockefeller, Kuhn-Loeb, Mellon, DuPont, Chicago, Cleveland, and Boston—occupy a dominant position in the entire national economy. By 1948, Morgan's sphere of influence covered banks and corporations with a total capital of 55 billion dollars, Rockefeller—26.7 billion, Du Ponts—6.5 billion, Mellons—6 billion dollars.

The financial oligarchy, enjoying a de facto monopoly, receives huge and ever-growing amounts of profit from founding (that is, the creation of joint-stock companies), from issuing shares and bonds,

from placing government loans, from profitable government orders. Financial capital, concentrated in a few hands, collects an ever-increasing tribute from society.

The Export of Capital.

For pre-monopoly capitalism, with the dominance of free competition, the export of goods was typical. For imperialist capitalism, with the dominance of monopolies, the export of capital has become typical.

At the threshold of the 20th century, in the richest countries, where capital accumulation had reached enormous proportions, a huge “surplus of capital” arose.

Capital turns out to be “excessive” mainly for two reasons. Firstly, the miserable standard of living of the masses poses obstacles to further growth of production. Secondly, the lag between agriculture and industry and, in general, the uneven development of various sectors of the economy are increasing. If capitalism could improve agriculture and raise the living standards of the working masses, then there would be no talk of any “excess of capital.” But then capitalism would not be capitalism, because both uneven development and the half-starved standard of living of the masses of the population are the fundamental conditions and prerequisites of this method of production. The surplus of capital in capitalistically developed countries is therefore of a relative nature. “The need for the export of capital is created by the fact that in a few countries capitalism is “overripe”, and capital lacks (given the underdevelopment of agriculture and the poverty of the masses) fields of “profitable” investment”¹.

In pursuit of maximum profit, “excess” capital rushes abroad. Capital is exported primarily to backward countries where capital is scarce, wages are low, raw materials are cheap, and the price of land is relatively low. In these countries, monopoly capital is able to and does receive huge profits.

Along with backward countries, capital is also exported to industrialized countries. This occurs during a period of particularly rapid development of such countries, causing the need for an influx of capital from outside (for example, the United States before the First World War), or in an environment of their weakening caused by the war (Germany after the First World War, Western European capitalist countries after the Second World War).

Bourgeois economists and politicians portray the export of capital as “help” and “benefits” allegedly provided by developed capitalist countries to backward peoples. In fact, the export of capital serves as one of the main foundations of the system of imperialist oppression. While accelerating the development of capitalist relations in backward countries, the export of capital at the same time directly leads to the comprehensive enslavement and plunder of these countries by foreign monopolies. The export of capital is closely related to the growth of the export of goods. Foreign monopolies take control of sales markets and sources of raw materials in debtor countries. Thus, the few rich countries that live by exploiting the labour of the peoples of colonial and dependent countries become usurer states.

The export of capital often causes stagnation in the own industrial development of the countries exporting capital. One of the important results of the export of capital is the growth of rivalry between powers, the struggle for the most profitable areas of investment of capital.

¹ V. I. Lenin, *Imperialism as the highest stage of capitalism*, Works, vol. 22, p. 253.

The export of capital occurs in two main forms: in the form of loan capital and in the form of productive capital. The export of loan capital occurs when loans are provided to governments, cities, and banks of other countries. The export of productive capital is carried out through the creation of industrial enterprises abroad, concessions, the construction of railways, as well as buying up existing enterprises for next to nothing in countries that have weakened (for example, as a result of war). Before the First World War, the main countries exporting capital were England, France and Germany. Their capital investments abroad amounted to 175-200 billion francs: England—75-100 billion, France—60 billion, Germany—44 billion francs. The export of capital from the United States has not yet played a major role, amounting to less than 10 billion francs.

After the war of 1914-1918. There have been major changes in global capital exports. Germany lost its capital abroad. Foreign capital investments from England and France decreased significantly, and the export of capital from the United States increased greatly. In 1929, the United States almost equalled England in terms of the size of its foreign investments. After the Second World War, the export of capital from the United States increased even more.

The Economic Division of the World Between Unions of Capitalists. International Monopolies.

As the export of capital grows, as the foreign connections and “spheres of influence” of the largest monopolies expand, conditions are created for the division of the world market between them. International monopolies are formed.

International monopolies are agreements between the largest monopolies of different countries on the division of markets, price policy, and production volumes. The formation of international

monopolies means a new level of concentration of production and capital, incomparably higher than the previous ones.

Defenders of international monopolies try to present them as an instrument of peace, assuring that international agreements between monopolists can peacefully resolve contradictions that arise between imperialist groups and countries. Such statements have nothing to do with reality. In fact, the economic division of the world by international monopolies occurs depending on the power of the parties, while the power of individual monopolistic groups varies. Each of them is constantly fighting to increase its share, to expand the sphere of monopoly exploitation. Changes in the balance of forces inevitably entail an intensification of the struggle for the redistribution of markets, an aggravation of contradictions between various groups and the states that support them. International agreements between monopolists are fragile and are fraught with inevitable conflicts.

International monopolies began to emerge in the 60-80s of the 19th century. By the end of the 19th century, their total number did not exceed 40. In 1910, there were about 100 inter-carbon cartels throughout the world, and in 1931 their number increased to 320.

Even before the First World War, the oil market was actually divided between the American Standard Oil trust, in the hands of Rockefeller, and the Royal Dutch Shell concern, with the predominant influence of English capital. The market for electrical products was divided between two monopolistic firms: the German General Electricity Company and the American General Electric Corporation, controlled by the Morgan group.

International monopolistic agreements have even covered areas such as arms production. The largest companies manufacturing weapons—Armstrong—Vickers in England, Schneider Creusot in France, Krupp in Germany, Bofors in Sweden—have been linked by many threads for many years.

International monopolies played a major role in the preparation of the Second World War. The largest monopolies of the United States, England and France, bound by cartel agreements with German trusts,

inspired and directed the policy of the ruling circles of these countries—the policy of encouraging and inciting Hitler’s aggressors, which led to the war.

The Completion of the Territorial Division of the World Between the Great Powers and the Struggle for its Redivision.

Along with the economic division of the world between capitalist unions and in connection with it, there is a territorial division of the world between bourgeois states, a struggle for colonies, a struggle for the seizure of foreign lands.

Colonies are countries that are deprived of state independence and are part of the possession of the imperialist metropolitan states. In the era of imperialism, there are also various types of dependent countries—semi-colonies. Semi-colonies are countries that are formally independent, but in reality are politically and economically dependent on imperialist states.

Defenders of the bourgeoisie portray imperialist domination over the colonies as a “civilising mission” supposedly aimed at leading backward peoples onto the path of progress and independent development. In fact, imperialism dooms colonial and dependent countries to economic backwardness, and hundreds of millions of the population of these countries to unprecedented oppression and bondage, lawlessness and poverty, hunger and ignorance. The seizure of colonies by the Imperialist powers leads to an unprecedented increase in national oppression and racial discrimination. From the liberator of nations, which capitalism was during the period of the struggle against feudalism, imperialist capitalism became the greatest oppressor of nations.

Back in the middle of the 18th century, England enslaved India, a country with rich natural resources and a population that was many times larger than the population of the metropolis. In the mid-19th century, the United States of America captured vast territories from neighbouring Mexico, and in the following decades established its dominance over a number of Latin American countries.

In the 60-70s of the last century, the colonial possessions of European countries still occupied a relatively small part of the overseas lands. In 1876, only one tenth of the territory of Africa was occupied by the colonies of European countries. About half of the Asian continent and the Pacific Islands (Polynesia) have not yet been captured by capitalist states.

In the last quarter of the 19th century, the world map underwent fundamental changes. Following the oldest colonial power, England, all developed capitalist countries embarked on the path of territorial conquest. France by the end of the 19th century had become a major colonial power with possessions of 3.7 million square miles. Germany captured a million square miles of territory with 14.7 million population, Belgium - 900 thousand square miles with 30 million population, the USA captured the most important stronghold in the Pacific Ocean—the Philippine Islands, as well as Cuba, Puerto Rico, Guam, Hawaii, the island Samoa established its de facto dominance over a number of countries in Central and South America.

From 1876 to 1914, the so-called “great powers” captured about millions of square kilometres of territory, which is one and a half times the area of the metropolises. A number of countries were placed in conditions of semi-colonial dependence on imperialist states: China, with a population constituting almost one-fourth of all humanity, as well as Turkey and Persia (Iran). By the beginning of the First World War, more than half of humanity was under the rule of colonial powers.

The imperialists establish and maintain their power over the colonies through methods of deception and violence, using the superiority of their military technology. The history of colonial policy represents a continuous chain of wars of conquest and punitive expeditions against enslaved peoples, as well as bloody conflicts between the countries that owned colonies. Lenin called the war of

the United States against Spain in 1898 the first war of the imperialist type, marking the beginning of the era of imperialist wars. The uprising of the Filipino people against the invaders was brutally suppressed by American troops.

England, which created the largest colonial empire, waged continuous wars of extermination against the population of the occupied countries of Asia and Africa for more than two centuries. The history of colonial conquests by Germany, France, Japan, Italy and other countries is full of cruelty.

Completion of the territorial division of the world between the great powers and the struggle for its redivision.

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England, which created the largest colonial empire, waged continuous wars of extermination against the population of the occupied countries of Asia and Africa for more than two centuries. The history of colonial conquests by Germany, France, Japan, Italy and other countries is full of cruelty.

Imperialism is a worldwide system of financial enslavement and colonial oppression by a handful of “advanced” countries of the gigantic majority of the world’s population. By the beginning of the twentieth century, the division of the world was completed, the Colonial policy of capitalist countries led to the seizure of all lands unoccupied by the imperialists, there were no more “free” lands left, a situation was created in which each new seizure presupposes the taking away of territory from its owner, the completion of the division of the world put the struggle for its redistribution. The struggle for the redivision of an already divided world is one of the main distinguishing features of monopoly capitalism. This struggle inevitably leads to imperialist wars on a global scale.

The struggle for the redivision of an already divided world ultimately results in a struggle for world domination.

Imperialist wars and the arms race bring enormous hardships to the people of all capitalist countries and cost millions of human lives. At the same time, wars and the militarisation of the economy

are a profitable source for monopolies, giving them especially high profits.

The Basic Economic Law of Monopoly Capitalism.

In the pre-monopoly period, the basic economic law of capitalism—the law of surplus value, the law of the birth and increase of capitalist profit—operated through the law of the average rate of profit. The dominance of free competition led to the equalisation of the rate of profit of individual capitalists. In the era of imperialism, under the dominance of monopolies, the basic economic law of capitalism is concretized and receives its further development in accordance with changed conditions.

Monopoly capitalism cannot be satisfied with average profits, which, moreover, tend to decline due to the increase in the organic composition of capital. Average profit represents the lowest limit of profitability, below which capitalist production becomes impossible. But the villi of monopolies are trying to secure for themselves not average profit and not super-profit, which, as a rule, represents some excess over the average profit, but maximum profit, which is the engine of monopoly capitalism.

Obtaining maximum profits is a necessary condition for monopolies for more or less regular implementation of expanded reproduction. The enormous concentration and centralisation of capital at the stage of monopoly capitalism lead to the fact that any expansion of production requires large capital investments. Fierce competition between large monopolies in the context of the growing embrace of workers and the narrowing of effective demand causes colossal costs for the sale of manufactured goods, for all kinds of financial fraud, pursuing the goal of improving competitors. In order to withstand economic crises, which in the early years of imperialism are becoming ever deeper and longer lasting, enormous

resources are needed. The militarisation of the national economy and imperialist wars also require colossal funds that are spent unproductively. All this leads to this. That obtaining maximum profits becomes a necessary condition for the implementation of expanded reproduction. On the other hand, strengthening the economic power of monopolies, strangling their competitors and ensuring for a certain period of time the dominance of monopolies in certain branches of production create objective conditions for establishing monopoly prices and obtaining maximum profits.

Thus, the basic economic law of monopoly capitalism is that modern capitalism does not require any profit, but rather maximum profit. The main features and requirements of the basic economic law of monopoly capitalism are as follows: “ensuring maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of a given country, through enslavement and systematic robbery of the peoples of other systems, especially backward countries, and finally, through wars and the militarisation of the national economy , to ensure the highest profits”¹.

It is the need to obtain maximum profits that pushes monopoly capitalism to such uninhibited steps as the enslavement and robbery of colonies, the transformation of a number of independent countries into dependent countries, the organisation of new wars, which were the most profitable business for the monopolists, and, finally, attempts to gain world economic dominance.

The basic economic law of monopoly capitalism determines the enormous increase in exploitation, ruin and impoverishment of the working class and the working masses of the peasantry, who made up the majority of the population in all capitalist countries.

¹ I.V. Stalin, Economic problems of socialism in the USSR, p. 38.

Under the conditions of monopoly capitalism, goods produced by monopolies are no longer sold according to production lines, but at significantly higher—monopoly—prices.

The monopoly price is equal to production costs plus maximum profit, which significantly exceeds the average rate of profit; The monopoly price is higher than the price of production and, as a rule, exceeds the cost of goods. At the same time, a monopoly price, as Marx pointed out, cannot destroy borders. determined by the cost of goods. The high level of monopoly prices does not change the total amount of value and surplus value produced in the world capitalist economy; What the monopolies gain, the workers of small producers and the population of dependent countries lose. One of the sources of maximum profit that monopolies receive is the redistribution of surplus value, as a result of which monopolized enterprises often do not earn even the average profit. By maintaining prices at a high level, exceeding the cost of goods, monopolies appropriate the results of increased labour productivity and reduced production costs. Thus, they impose an ever-increasing tribute on the population.

An important tool for monopolistic strangulation is the customs policy of bourgeois states. In the era of free competition, high customs duties were resorted to mainly by weaker countries, whose industries needed protection from foreign competition. In the era of imperialism, on the contrary, high duties serve as a means for monopolies to attack and fight to capture new markets. High tariffs help maintain monopoly prices within the country.

In order to conquer new foreign markets, monopolies widely use dumping—the sale of goods abroad at bargain prices, significantly lower than domestic market prices, and often even lower than production costs. Expanding sales abroad through dumping makes it possible to maintain high prices within the country without reducing production, and losses due to waste exports are covered by increasing prices on the domestic market. After this foreign market is conquered

and assigned to the monopolies, they move on to selling goods at high monopoly prices.

The general basis for the maximum profit of capitalist monopolies, like any capitalist profit, is the surplus value squeezed out of workers through their exploitation in the production process. The exploitation of the working class is increased by monopolies to an extreme degree. Through the use of all kinds of sweatshop systems of organisation and remuneration of labour, a continuous, exhausting intensification of labour is achieved, which means, first of all, a huge increase in the norm and mass of surplus value squeezed out of the workers. Further, the intensification of labour leads to the fact that many workers find themselves redundant and fall into the ranks of the army of unemployed, deprived of any hope of returning to the production process. All workers for whom the excessive acceleration of production processes is unbearable are also thrown out of the enterprises.

In the USA, the rate of surplus value in the mining and manufacturing industries, calculated on the basis of official data, was 143% in 1889, 163% in 1919, 213% in 1929, and 221% in 1939. Thus, over 50 years, the rate of surplus value increased 1 ½ times.

At the same time, real wages are steadily declining as a result of rising living costs. The growing exploitation of the working class in the production process is complemented by the robbery of workers as consumers, overpaying huge sums to monopolies that set high monopoly prices for consumer goods; the increasing severity of the tax burden and inflation further reduce the real earnings of the worker. Thus, the gap between a worker's earnings and the cost of his labour power widens. This means an even more dramatic effect of the general law of capitalist accumulation, which determines the relative and absolute impoverishment of the proletariat.

The exploitation of the bulk of the peasantry by monopolies is expressed, first of all, by the fact that the dominance of monopolies

gives rise to a growing discrepancy between the level of prices for agricultural products and for industrial axes (the so-called “scissors” of prices): by selling goods at artificially inflated prices, the monopolies at the same time they buy up the products of their farms from peasants at extremely low prices. Being a tool for pumping funds out of agriculture, monopoly prices retard its development. One of the strongest levers for the ruin of peasant farms is the development of mortgage credit. The monopoly entangles the peasants in debt and then grabs their land and property for next to nothing.

Monopolies purchasing peasant products at extremely low prices does not at all mean that urban consumers are enjoying cheap food products. Between the peasant and the urban consumer there are intermediaries—traders, united in monopolistic organisations that ruin the peasants and rob urban consumers.

The basic economic law of modern capitalism determines the enslavement and systematic robbery of economically backward and dependent countries by the bourgeoisie of imperialist states. The systematic robbery of colonies and other backward countries, the transformation of a number of independent countries into dependent countries constitute an integral feature of monopoly capitalism. Imperialism cannot live and develop without a continuous influx of tribute from the foreign countries it brutalizes.

Monopolies receive huge profits primarily from their investments in colonial and dependent countries. These profits are the result of the most cruel and inhumane exploitation of the working masses of the colonial world. Further, monopolies systematically make money through unequal exchange, that is, by selling their goods in colonial dependent countries at prices that greatly exceed their value, and by purchasing goods produced in these countries at exorbitantly low prices that do not cover their cost. Along with this, the monopolies receive exorbitantly high

profits from the colonies in transport, insurance, and banking operations.

Finally, wars and the militarisation of the economy are the source of enormous profits for the monopolies. War enormously enriches the magnates of finance capital, and in the intervals between wars the monopolies strive to maintain a high level of their profits through an unrestrained arms race. War and militarisation of the economy bring the monopolists rich military orders, paid by the treasury at inflated prices, and an abundant flow of loans and subsidies from the state budget. Enterprises working for the war are placed in extremely favourable conditions regarding the supply of raw materials, production materials and labour supply. All labour laws are repealed, workers are declared mobilized, strikes are prohibited. All this makes it possible for capitalists to increase the degree of exploitation to the extreme by raising the intensity of labour to the highest limits. At the same time, the standard of living of the working masses is steadily declining due to the huge increase in taxes, the high cost of living, the rationing of food products and other basic necessities.

Thus, the militarisation of the capitalist economy, both in war and in peacetime, means a sharp increase in exploitation of the working masses in the interests of increasing the maximum profits of the monopolies.

The basic economic law of modern capitalism, determining the entire course of development of capitalism at its imperialist stage, makes it possible to understand and explain the inevitability of growth and exacerbation of its inherent insoluble contradictions.

BRIEF SUMMARY

1. Imperialism, or monopoly capitalism, is the highest and final stage of development of the capitalist mode of production. The transition from pre-monopoly capitalism to monopoly capitalism

took place during the last third of the 19th century. Imperialism finally took shape by the beginning of the 20th century.

2. The main economic features of imperialism are as follows: 1) the concentration of production and capital, which has reached such a high stage of development that it has created monopolies that play a decisive role in economic life; 2) the merger of banking capital with industrial capital and the formation on this basis of financial capital, a financial oligarchy; 3) the export of capital, in contrast to the export of goods, becomes particularly important; 4) international monopoly unions of capitalists are formed, dividing the world among themselves; 5) the territorial division of the land by the largest imperialist powers has been completed. The completion of the territorial division of the world leads to a struggle for its redivision, which inevitably gives rise to imperialist wars on a global scale.

3. The basic economic law of monopoly capitalism is to ensure maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of a given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and finally, through wars and the militarisation of the national economy.

CHAPTER XVIII. THE COLONIAL SYSTEM OF IMPERIALISM

The Enslavement of Colonies During the Period of Imperialism

As has been shown, the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and the transformation of a number of independent countries into dependent countries constitute one of the main features of the basic economic law of modern capitalism. Capitalism, in the course of its spread throughout the world, gave rise to a tendency towards the economic rapprochement of individual countries, towards the destruction of national isolation and the gradual unification of vast territories into one coherent whole. The only way by which monopoly capitalism achieves the gradual economic unification of vast territories is the enslavement of colonies and dependent countries by the imperialist powers. This unification occurs through the creation of colonial empires based on the merciless oppression and exploitation of colonial and dependent countries by the metropolises.

Colonial robberies and seizures, imperialist arbitrariness and violence, colonial slavery, national oppression and lawlessness, and finally, the struggle of the imperialist powers among themselves, domination over the peoples of the bell countries—these are the forms in which the process of economic rapprochement of peoples took place.

During the period of imperialism, the formation of the capitalist system of the world economy, which is built on relationships of dependence, on relations of domination and subordination, is completed. “Increased export of capital to colonial and dependent countries; the expansion of “spheres of influence” and colonial

possessions, even to cover the entire globe, the transformation of capitalism into a worldwide system of financial enslavement and colonial oppression of a handful of “advanced” countries of the gigantic majority of the world’s population—all this, on the one hand, transformed individual national economies and national territories into links of a single chain called the world economy, on the other hand, split the world’s population into two camps; to a handful of “advanced” capitalist countries that exploit and oppress vast colonial and dependent countries, and to the vast majority of colonial and dependent countries forced to fight for liberation from imperialist oppression”¹.

At the monopoly stage of capitalism, the colonial system of imperialism emerged. The colonial system of imperialism is a system of oppression and enslavement of colonies and dependent countries by the imperialist powers.

Colonies and dependent countries, filled and exploited by monopoly capital, are the main rear of imperialism. By seizing and plundering colonies, imperialist states strive to overcome the growing contradictions within their countries. The significant profits siphoned out of the colonies make it possible for the bourgeoisie to bribe the elite of skilled workers, who, in the interests of the bourgeoisie, are trying to bring disintegration into the labour movement. At the same time, the exploitation of the colonies leads to an exacerbation of the contradictions of the capitalist system as a whole.

In the era of imperialism, there is an irreconcilable contradiction between the process of economic unification of individual countries and the imperialist methods of this unification. This contradiction can only be resolved through revolutionary means—as a result of the national liberation movement of the oppressed peoples, which is developing in the general mainstream

¹ J. V. Stalin, *On the foundations of Leninism*, Works, vol. 6, p. 94.

of the struggle against imperialism and is supported by the working class of capitalist countries.

The Colonies as Agricultural and Raw Materials Appendages of the Metropolises.

Colonial conquests, the desire to form large empires by conquering weaker countries and peoples existed before the monopoly stage of capitalism and even before the emergence of capitalism. But under the dominance of monopolies and financial capital, the role of colonies changes significantly. The nature of the exploitation of colonies by imperialist states is determined by the basic economic law of monopoly capitalism.

In the era of imperialism, colonies represent, first of all, the most reliable and profitable field for investing capital. In the colonies, the financial oligarchy of the imperialist countries has an undivided monopoly on the investment of capital, receiving especially high profits.

Penetrating into backward countries, finance capital disintegrates pre-capitalist forms of economy—small crafts, semi-natural small-peasant farming—and causes the development of capitalist relations. In order to exploit colonial and dependent countries, the imperialists build railways on their territory and create industrial enterprises for the extraction of raw materials. But at the same time, imperialist management in the colonies retards the growth of the productive forces and deprives these countries of the conditions necessary for their independent economic development. The imperialists are interested in the economic backwardness of the colonies, since this backwardness makes it easier for them to maintain power over dependent countries and intensify the exploitation of these countries.

Even where industry is relatively more developed—for example, in some Latin American countries—only the mining industry and some light industries are developing: cotton, leather, food. Heavy industry, which is the basis of the country's economic independence, is extremely weak; mechanical engineering is almost non-existent. The dominant monopolies take special measures to prevent the creation of production of instruments of production: they refuse loans to colonies and dependent countries for these purposes, and do not sell the necessary equipment and patents. The colonial dependence of backward countries hinders their industrialisation.

In 1920, China's share in world coal production was 1.7%, in iron smelting—0.8%, in copper production—0.03%. In India, per capita steel production on the eve of the Second World War (1938) was 2.7 kilograms per year compared to 222 kilograms in Great Britain. All of Africa in 1946 had only 1.5% of the fuel and electricity produced in the capitalist world. Even the textile industry in colonial and dependent countries is underdeveloped and backward. In India in 1947 there were about 10 million spindles against 34.5 million spindles in England, whose population is 8 times less than that of India; Latin America had 4.4 million spindles in 1945 versus 23.1 million spindles in the United States.

Deprived of conditions for independent industrial development, colonies and semi-colonies remain agricultural countries. The source of livelihood for the majority of the population of these countries is agriculture, constrained by semi-feudal relations. Stagnation and degradation of agriculture retard the growth of the domestic market.

The dominant monopolies in the colonies allow the development there only of those branches of production that ensure the supply of raw materials and food for the mother countries. This is the extraction of minerals, the cultivation of commercial crops and their primary processing. As a result, the

economy of colonies and semi-colonies becomes extremely one-sided. Imperialism turns enslaved countries into agricultural and raw materials appendages to the metropolises.

The economy of many colonial and dependent countries is specialized in the production of one or two products that are entirely exported. Thus, in the period after the Second World War, oil constituted 97% of the export of Venezuela, tin ore—70% of the export of Bolivia, coffee—about 58% of the export of Brazil, sugar—over 80% of the export of Cuba, rubber and tin—over 70% of the export of Malaya, rubber and tea—80% of the export of Ceylon, cotton—about 80% of the export of Egypt, coffee and cotton—60% of the export of Kenya and Uganda, copper—about 85% of the export of Northern Rhodesia, cocoa—about 50% of the export of the Gold Coast (Africa). The one-sided development of agriculture (the so-called monoculture) leaves entire countries at the mercy of monopolists who are buyers of raw materials.

In connection with the transformation of colonies into agricultural and raw materials appendages to the metropolises, the role of colonies as sources of cheap raw materials for imperialist states is increasing enormously. The more developed capitalism is, the more severe the shortage of raw materials, the more intense is the competition and pursuit of sources of raw materials throughout the world, the more desperate is the struggle to acquire colonies. Under the conditions of monopoly capitalism, when industry consumes huge quantities of coal, oil, cotton, iron ore, non-ferrous metals, rubber, etc., no monopoly can consider itself secure if it does not have constant sources of raw materials. From the colonies and dependent countries, the monopolies receive the huge quantities of raw materials they need at low prices. Monopoly possession of sources of raw materials provides decisive advantages in competition. Seizing sources of cheap raw materials allows

industrial monopolies to dictate monopoly prices on the world market and sell their products at inflated prices.

The imperialist powers obtain a number of the most important types of raw materials exclusively or mostly from colonies and semi-colonies. Thus, in the period after the Second World War, colonial and dependent countries supplied almost all of the natural rubber consumed in the capitalist world, almost all of the tin, 100% of jute, 50% of oil, and a number of important food products—cane sugar, cocoa, coffee, tea.

The subject of a fierce struggle is the sources of various types of strategic raw materials necessary for waging war: coal, oil, iron ores, non-ferrous and rare metals, rubber, cotton, etc. For several decades, the imperialist powers—primarily the United States and England—have been fighting for monopoly ownership of rich sources of oil. The distribution of world oil reserves affects not only economic, but also political interests and relationships between imperialist powers.

In the era of imperialism, the importance of colonies as markets for the mother countries increases. With the help of appropriate customs policies, the imperialists protect colonial sales markets from outside competition. In this way, monopolies are able to sell their products in the colonies at exorbitantly inflated prices, including inferior goods that cannot be sold in other markets. The inequality of exchange between the imperialist powers and dependent countries is steadily growing. Monopolies engaged in trade with the colonies (purchasing raw materials and marketing industrial goods) receive hundreds of per cent of profits. They are the true rulers of entire countries, controlling the lives and property of tens of millions of people.

Colonies serve as a source of extremely cheap, often almost free, labour. The monstrous exploitation of the working masses ensures especially high returns on capital invested in colonies and dependent countries. In addition, the metropolises import hundreds

of thousands of workers from these countries who perform especially hard work for meagre wages. Thus, monopolies in the United States, especially in the south of the country, subject workers from Mexico and Puerto Rico to inhumane exploitation, French monopolies subject Indo-Chinese workers, etc.

The inequality of exchange between the imperialist powers and the envied strangers is steadily growing. An idea of the size of the tribute collected by monopolies in colonies and semi-colonies is given by the following calculations made on the basis of official data. The annual tribute received by British imperialism from India on the eve of the Second World War amounted to 150-180 million pounds sterling, including: interest on British investments—40-45 million, British government expenses attributed to India—25-30 million, incomes and salaries of English officials, military specialists in India—25-30 million, commission income of English banks—15-20 million, income from trade—25-30 million, income from shipping—20-25 million. American monopolies received in 1948 income from dependent countries: from capital investments—1.9 billion dollars, from transportation, insurance and other operations—1.9 billion, from the sale of goods at inflated prices—2.5 billion, from the purchase of goods at reduced prices—1.2 billion, and in total in the form of monopolistic tribute—7.5 billion dollars. Of this tribute, at least \$2.5 billion comes from Latin American countries.

In a situation where the world has already been divided and preparations are underway for an armed struggle to redistribute it, the imperialist powers, for strategic reasons, strive to take possession of any lands, regardless of their economic importance. The imperialists seize all territories that have or may have any value as strongholds, naval or air bases.

Colonies are suppliers of cannon fodder for the metropolises. In the First World War, up to one and a half million black soldiers from African colonies fought on the side of France. During the war, the metropolitan countries shift a significant part of their financial

burdens to the colonies. A significant part of war loans was realized in the colonies; England made extensive use of the foreign exchange reserves of its colonies during the First and Second World Wars.

Imperialism's predatory exploitation of colonial and dependent countries exacerbates the irreconcilable contradiction between the urgent needs of the economies of these countries and the selfish interests of the mother countries.

The Methods of Colonial Exploitation of the Working Masses.

The main feature of colonial methods of exploitation, which ensure maximum profits for monopolies, is the combination of imperialist robbery with feudal remnants. The development of commodity production and the spread of monetary relations, the expropriation of land from huge masses of the indigenous population, the destruction of small craft production occur along with the artificial preservation of feudal remnants and the imposition of methods of forced labour. With the development of capitalist relations, rent in kind is replaced by money, taxes in kind are replaced by money, which further accelerates the ruin of the peasant masses.

The ruling classes in colonies and semi-colonies are feudal landowners and capitalists—urban and rural (kulaks). The capitalist class is divided into the comprador bourgeoisie and the national bourgeoisie. Compradors are native intermediaries between foreign monopolies and the colonial market for sales and raw materials. The feudal landowners and the comprador bourgeoisie are vassals of foreign finance capital, direct selling agents of international imperialism, enslaving colonies and semi-colonies. With the development of its own industry in the colonies, the national bourgeoisie grows, finding itself in a dual position: on the one hand,

the oppression of foreign imperialism and feudal remnants blocks its path to economic and political dominance, and on the other hand, it, together with foreign monopolies, participates in the exploitation of the working class and peasantry. In the largest colonial and semi-colonial countries there are monopolistic associations of the local bourgeoisie, which are dependent on foreign monopolies.

The working class grows in colonies and dependent countries as industry develops and capitalist relations spread. Its leading part is the industrial proletariat. A large stratum of the proletariat consists of agricultural workers—farmers, workers in capitalist factories and small enterprises, as well as urban labourers engaged in all types of manual labour.

The majority of the population of colonies and semi-colonies is the peasantry, and in most of these countries the rural population consists overwhelmingly of landless and land-poor peasants—poor and middle peasants. The numerous urban petty bourgeoisie are represented by small traders and artisans.

The concentration of land ownership in the hands of landowners and moneylenders is complemented by the seizure of vast land holdings by the colonialists. In a number of colonies, imperialism created a plantation economy. Plantations are large agricultural enterprises for the production of certain types of plant raw materials (cotton, rubber, jute, coffee, etc.), owned primarily by the colonialists and based on low technology, slave or semi-slave labour of the disenfranchised population. In the most densely populated colonial and dependent countries, small peasant farming predominates, entangled in the remnants of feudalism and relations of usurious bondage. In these countries, the concentration of land ownership in the hands of landowners is combined with small-scale land use.

Large landowners rent out land in small plots under enslaving conditions. Multi-level parasitic sublease is widespread, in which

several intermediaries wedge themselves between the land owner and the peasant cultivating the land, taking away a significant share of the farmer's harvest. Sharecropping predominates, and the peasant finds himself entirely at the mercy of the landowner, to whom he is in unpaid debt. In a number of countries, there are direct forms of corvée and labour: landless peasants are required to work for the landowner several days a week in exchange for rent or debts. Extreme need forces the peasant to get into debt, go into bondage, and sometimes into slavery to a moneylender; Often a peasant sells his family members into slavery.

Before the British Raj in India, the state received part of the products produced by the peasants in the form of taxes. After the capture of India, the British authorities turned the former tax collectors into large landowners, owning estates of hundreds of thousands of hectares. About three-quarters of India's rural population was effectively landless. In the form of rent, the peasant was forced to pay from $\frac{1}{2}$ to $\frac{2}{3}$ of the harvest to the landowner, and from the remaining part of the harvest, interest on debts to the usurer. In Pakistan, according to data for the post-war years, 70% of the total cultivated area belongs to 50 thousand large landowners.

In the countries of the Middle East, currently 75-80% of the population is employed in agriculture. Moreover, in Egypt, 105 large landowners have more land than two million poor households, making up about 75% of all households; of the 14.5 million people living by agriculture, 12 million are small tenants and farm labourers; rent absorbs up to $\frac{4}{5}$ of the harvest. In Iran, about $\frac{2}{3}$ of the land belongs to landowners, $\frac{1}{6}$ to the state and the Muslim church; the tenant receives one or two fifths of the harvest. In Turkey, more than $\frac{2}{3}$ of peasants are actually deprived of land.

In Latin American countries, land is concentrated in the hands of large landowners and foreign monopolies. For example, in Brazil, according to the 1940 census, 51% of farms had only 3.8% of the land area. In Latin American countries, an impoverished peasant is forced to take loans from the landowner, which are subject to repayment

through labour; under this system (the so-called “peonage”), obligations pass from generation to generation and the entire peasant family actually becomes the property of the landowner. Marx called peonage slavery in a hidden form.

Most of the meagre product of the backbreaking labour of the peasant and his family is appropriated by the exploiters: the landowner, the usurer, the buyer, the tax collector, etc. They seize the product of not only the surplus, but also a significant part of the necessary labour of the farmer. The income remaining with the peasant is in many cases insufficient even for a hungry existence. Many peasant farms are going bankrupt; their former owners are joining the army of farm labourers. Agrarian overpopulation is reaching enormous proportions.

Crushed by the landowner-usurious bondage, the peasant economy is able to use only the most primitive technology, which remains without significant changes for hundreds, and in some places thousands of years. Primitive cultivation techniques lead to extreme soil depletion. Therefore, many colonies, while remaining agricultural countries, are unable to feed their population and are forced to import food. The agriculture of countries enslaved by imperialism is doomed to decline and degradation.

In India, with a huge agricultural intertwined and land hunger, no more than 30% of all cultivable land is productively used (...) On lands that were once considered the most fertile (...) Frequent crop failures cause starvation of millions of people.

In the countries of the Middle East, irrigation systems have been neglected; no more than 5-6% of the land area is cultivated.

Colonial oppression dooms the working class to political disenfranchisement and brutal exploitation. The cheapness of labour determines the extremely low technical level of industrial enterprises and plantations. With low production technology, the

huge profits of the monopolies are ensured by an exorbitantly high rate of surplus value.

The working day in the colonies reaches 14-16 hours or more. As a rule, there is no labour protection at industrial enterprises and in transport. Extreme deterioration of equipment and the reluctance of entrepreneurs to spend money on repairs and safety precautions lead to frequent accidents that kill or cripple hundreds of thousands of people. The absence of any social legislation condemns the worker to starvation in the event of unemployment, injury at work, or occupational disease.

The wages of colonial workers are extremely low, insufficient even to meet basic needs. Workers have to pay a certain share of their meagre wages to all sorts of intermediaries—contractors, foremen, supervisors in charge of hiring labour. Women's labour is widespread, as is the labour of children from 6-7 years of age, which is paid even more pitifully than the labour of male workers. Most workers are entangled in debt bondage. In many cases, workers live in special barracks or camps as prisoners, deprived of the right to free movement. Forced labour is used on a large scale in both agriculture and industry.

Extreme economic backwardness, combined with a high degree of exploitation, dooms the colonial peoples to hunger, poverty and extinction. A huge share of the material wealth created in the colonies is taken away free of charge by the largest monopolies of the imperialist states. As a result of the exploitation of the colonies and the delay in the development of their productive forces, the national income per capita in the colonies is 10-15 times less than in the metropolises. The standard of living of the vast majority of the population is extremely low. The mortality rate is extremely high: famine and epidemics lead to the extinction of the population of entire regions.

In the African colonies, slavery exists officially; the authorities organize roundups of blacks, the police cordon off villages and send captured people to build roads, to cotton and other plantations, etc. The sale of children into slavery is also common. In colonial countries, debt slavery is a common phenomenon; it also existed in pre-revolutionary China. Sales and slavery are also common.

Racial discrimination in wages reigns in the colonies. In French West Africa, skilled indigenous workers still earn 4-6 times less than European workers in the same specialty. In the Belgian Congo, African workers in the mines receive 5-10 times less than European workers.

In the United States, Negro blue-collar workers receive less than half the wages paid to white blue-collar workers of the same qualifications, and the income of Negro farmers is on average half that of white farmers in the same areas. The super-exploitation of the black population of the United States gives the American monopolies annually 4 billion dollars of additional profit in the years after the Second World War. In the Union of South Africa, 65% of indigenous children die before reaching the age of two.

The National Liberation Struggle of Colonial Peoples

In the era of imperialism, the scope of the national question expands and, by the very course of things, it merges with the general question of the colonies. Thus, the national question from a private and intrastate question turns into a general and international question, into a world question about the liberation of the oppressed peoples of dependent countries and colonies from the yoke of imperialism. The only way to liberate these peoples from the yoke of exploitation is their revolutionary struggle against imperialism. Throughout the capitalist era, the peoples of colonial countries fought against foreign enslavers, often raising uprisings that were brutally pacified by the colonialists. During the period of

imperialism, the liberation struggle of the peoples of the colonial and lowland countries acquired an unprecedented scale.

Already at the beginning of the twentieth century, especially after the first Russian revolution of 1905, the working masses of colonial and dependent countries were awakened to political life. The revolutionary movement arose in China, Korea, Persia, and Turkey.

The countries of the colonial world differ from each other in the level of economic development and in the degree of formation of the proletariat in them. It is necessary to distinguish at least three categories of colonial and dependent countries: 1) countries that are industrially completely undeveloped, having no or almost no proletariat of their own; 2) countries that are industrially underdeveloped and have a relatively small proletariat, and 3) countries that are capitalistically more or less developed and have a more or less numerous proletariat. This determines the characteristics of the national liberation movement in colonial and dependent countries.

The national liberation movement in the colonies and dependent countries, headed by the proletariat, as the recognized leader of the broad masses of the peasantry and all working people, is drawing into the struggle against imperialism the vast majority of the world's population, oppressed by the financial oligarchy of several major capitalist powers. The interests of the proletarian movement in capitalistically developed countries and the national liberation movement in the colonies require the union of these two types of revolutionary movements into a common front of struggle against the common enemy, against imperialism. Proletarian internationalism proceeds from the fact that a people who oppresses other peoples cannot be free. At the same time, as Leninism teaches, effective support by the proletariat of the ruling nations for the liberation movement of oppressed peoples means

upholding, defending, and putting into practice the slogan about the right of nations to secede and to independent state existence.

The growth of the national liberation struggle of the oppressed peoples in the column and dependent countries undermines the foundations of imperialism and prepares for its collapse.

“The outcome of the struggle,” wrote Lenin in 1923, “depends, ultimately, on the fact that Russia, India, China, etc. constitute the gigantic majority of the population. And it is precisely this majority of the population that has been drawn in with extraordinary speed in recent years into struggle for their liberation, so that in this sense there cannot be a shadow of doubt as to what the final solution of the world struggle will be. In this sense, the final victory of socialism is completely and unconditionally assured”¹.

BRIEF SUMMARY

1. The basic economic law of monopoly capitalism—the law of ensuring maximum profits for monopolies—determines the importance of colonies and semi-colonies as one of the most important conditions for the existence of modern capitalism. The maximum profits of monopolies are inextricably linked with the exploitation of colonies and semi-colonies as sales markets, sources of raw materials, areas of capital application, and reservoirs of cheap labour. Destroying pre-capitalist forms of economy and causing an accelerated growth of capitalist relations, imperialism allows only such development of colonies and dependent countries in which they are deprived of the opportunity to achieve economic

¹ V.I. Lenin, *Less is better; yes better*. Works, vol. 33, back, 4. p. 458.

independence and independence. Colonies serve as agricultural and raw materials appendages of the metropolises.

2. The colonial world is characterised by the interweaving of capitalist exploitation and robbery with various remnants of feudal, even slave oppression. Finance capital artificially preserves the remnants of feudalism in colonies and dependent countries and enforces forced labour and slavery. Hard labour conditions with an extremely low level of technology, complete lack of rights, ruin and impoverishment, hunger and mass extinction are the lot of the working class and peasantry of colonial and semi-colonial countries.

3. Strengthening colonial exploitation and oppression inevitably provokes resistance from the broadest masses of the population of colonial and dependent countries. The national liberation movement of the enslaved peoples is drawing the vast majority of the world's population into the struggle against imperialism, undermining the foundations of imperialism and preparing for its collapse.

CHAPTER XIX. THE HISTORICAL PLACE OF IMPERIALISM

Imperialism is the Last Stage of Capitalism.

Characterising imperialism as monopoly capitalism, Lenin pointed out that this already determines the historical place of imperialism. Defining more specifically the historical place of imperialism in relation to capitalism in general, Lenin wrote: "Imperialism is a special historical stage of capitalism. This feature is threefold: imperialism is (1) monopoly capitalism; (2)—parasitic or decaying capitalism; (3)—dying capitalism"¹.

Monopoly capitalism does not eliminate the foundations of old capitalism. It is, in a certain sense, a superstructure over the old, pre-monopoly capitalism, which is everywhere combined with pre-capitalist forms of economy. Even in the most developed countries, along with monopolies, there are many small and medium-sized enterprises, especially in light industry, agriculture, trade and other sectors of the economy. In almost all capitalist countries, a significant part of the population is the peasantry, who for the most part engage in simple commodity farming. The vast majority of humanity lives in colonial and semi-colonial countries, where imperialist oppression is intertwined with pre-capitalist, especially feudal, forms of exploitation. All this further exacerbates the contradictions of capitalism.

In Stalin's monopoly capitalism, the laws of the capitalist mode of production are preserved, but their actions are determined by

¹ V. I. Lenin, *Imperialism and the split of socialism*, Works, vol. 23, p. 94.

the basic economic law of modern capitalism—the law of ensuring maximum capitalist profit. Therefore, they act with increased destructive power. This is the case with the laws of value and surplus value, with the law of competition in the anarchy of production, with the general law of capitalist accumulation, which determines the relative and absolute impoverishment of the working class and dooms the bulk of the working peasantry to impoverishment and ruin, with the contradictions of capitalist reproduction, with economic crises.

Monopolies take the socialisation of production to the limit possible under capitalism. Large and large enterprises, each employing thousands of people, produce a significant share of all output in the most important industries. Monopolies bind giant enterprises together, take into account sales markets, sources of raw materials, and seize scientific personnel, inventions and improvements into their hands. Large banks control almost all the country's funds. The connections between various sectors of the economy and their interdependence are increasing enormously. Industry, having gigantic production capacities, is capable of quickly increasing the mass of goods produced.

At the same time, the means of production remain the private property of capitalists. The decisive part of the means of production is at the disposal of monopolies. In pursuit of maximum profits, monopolies are doing their best to increase the degree of exploitation of the working class, which leads to a sharp increase in the impoverishment of the working masses and a decrease in their purchasing power.

Thus, the dominance of monopolies greatly exacerbates the main contradiction of capitalism—the contradiction between the social nature of production and the private capitalist form of appropriation of the result of production. It is increasingly being discovered that the social nature of the production process requires social ownership of the means of production.

In the era of imperialism, the productive forces of society have reached such a level of development that they do not fit within the narrow framework of capitalist production relations. Capitalism, which replaced feudalism as a more progressive method of production, turned into a reactionary force at the imperialist stage, retarding the development of human society. The economic law of the mandatory correspondence of production relations to the nature of the productive forces requires the replacement of capitalist production relations with new, socialist ones. This law meets with the strongest resistance from the ruling classes and, above all, from the monopoly bourgeoisie and large landowners, who are trying to prevent the working class from creating an alliance with the peasantry and overthrowing the bourgeois system.

The high level of development of the productive forces and the socialisation of production, the extreme aggravation of all the contradictions of bourgeois society indicate that capitalism, having entered the last stage of its development, is fully ripe to be replaced by a higher social system—socialism.

Imperialism is Parasitic or Decaying Capitalism.

Imperialism is parasitic or decaying capitalism. The tendency towards stagnation and decay is inevitably generated by the dominance of monopolies seeking to obtain maximum profits. Monopolies, since they are able to dictate prices on the market and artificially maintain them at a high level, are not always interested in the use of technical innovations. Monopolies often hinder technological progress; They have been keeping major scientific discoveries and technical inventions under wraps for years.

Thus, monopolies are characterised by a tendency to stagnation and decay, and under certain conditions this tendency takes over. This circumstance, however, did not at all exclude the relatively

rapid growth of capitalism before the Second World War. But this growth occurred extremely unevenly, falling further and further behind the enormous opportunities opened up by modern science and technology.

Modern highly developed technology puts forward enormous tasks, the implementation of which turns out to be beyond the capabilities of decaying capitalism. No capitalist country can, for example, make extensive use of its hydroelectric resources because of the obstacles posed by private ownership of land and the dominance of monopolies. Capitalist countries are unable to use the capabilities of modern science and technology to carry out extensive work to increase soil fertility. The interests of capitalist monopolies prevent the use of atomic energy for peaceful purposes.

“Wherever you look,” wrote V.I. Lenin back in 1913, “at every step you encounter problems that humanity is quite capable of solving immediately. Capitalism gets in the way. He accumulated piles of wealth—and made people slaves to that wealth. He solved the most complex problems of technology—and stalled the implementation of technical improvements because of the poverty and darkness of millions of the population, because of the stupid stinginess of a handful of millionaires”¹.

The decay of capitalism is expressed in the growth of parasitism. The capitalist class loses all connection with the production process. Enterprise management is concentrated in the hands of hired technical personnel. The overwhelming majority of the bourgeoisie and landowners are turning into rentiers—people who own securities and live on the income from these securities (by cutting coupons). The parasitic consumption of the exploiting classes is growing.

¹ V. I. Lenin, *Civilized barbarism*, Works, t, 19, p. 349.

The complete isolation of the rentier layer from production is further strengthened by the export of capital and income from foreign investment. The export of capital leaves the imprint of parasitism on the entire country, which lives by exploiting the peoples of other countries and colonies. Capital exported abroad constitutes an ever-increasing share of the national wealth of the imperialist countries, and the income from this capital is an ever-increasing part of the income of the capitalist class. Lenin called the export of capital parasitism squared.

In 1929, the capital invested abroad was in relation to national wealth: in England—18%, in France—16%, in Holland—about 20%, in Belgium and Switzerland—12% each. In 1929, income from capital invested abroad exceeded income from foreign trade: in England—more than 7 times, in the United States—5 times.

In the United States of America, rentier income from securities was \$1.8 billion in 1913, and \$8.1 billion in 1931, which was 1.4 times the entire gross cash income of the 30 million farming population in the same year. The USA is a country where the parasitic features of modern capitalism, as well as the predatory nature of imperialism, are especially pronounced.

The parasitic nature of capitalism is clearly manifested in the fact that a number of bourgeois countries are turning into rentier states. Through enslaving loans, the largest imperialist countries extract huge profits from debtor countries, subjugate them economically and politically. The rentier state is a state of parasitic, decaying capitalism. The exploitation of colonies and dependent countries, which is one of the main sources of maximum profits for monopolies, turns a handful of the richest capitalist countries into parasites on the body of the rest of humanity.

The parasitic nature of capitalism finds expression in the growth of militarism. An ever-increasing share of the national income, and mainly the income of the working people, is taken into the state budget and spent on maintaining huge armies, on preparing and

waging imperialist wars. Being one of the most important methods for ensuring maximum profits for monopolies, the militarisation of the economy and imperialist wars mean at the same time the predatory destruction of many human lives and enormous material values.

The growth of parasitism is manifested in the fact that gigantic masses of people are being separated from socially useful work. The army of unemployed is growing, the number of people employed in serving the exploiting classes in the state apparatus, as well as in the incredibly widespread sphere of collapse, is increasing.

The decay of capitalism is further manifested in the fact that the imperialist bourgeoisie, at the expense of its profits from the exploitation of colonies and overpriced countries, systematically bribes by higher wages and other handouts a small elite of skilled workers—the so-called working aristocracy. With the support of the bourgeoisie, the working aristocracy seizes command posts in trade unions; along with petty-bourgeois elements, it forms the active core of right-wing socialist parties and poses a serious danger to the labour movement. This stratum of bourgeois workers is the social basis of opportunism.

Opportunism in the labour movement is the adaptation of the labour movement to the interests of the bourgeoisie by undermining the revolutionary struggle of the proletariat for liberation from capitalist slavery. The opportunists poison the consciousness of the workers by preaching the reformist path of “improving” capitalism; they demand that the workers support the bourgeois governments in all their internal and external imperialist policies.

Opportunists are bourgeois agents in the labour movement. By splitting the ranks of the working class, the opportunists are preventing the workers from uniting forces to overthrow capitalism. Opportunism is one of the most important reasons why in many countries the bourgeoisie still continues to hold power.

Pre-monopoly capitalism with its free competition was matched by limited bourgeois democracy. Imperialism, with its dominance of monopolies, is characterised by a turn from democracy to political reaction in the domestic and foreign policy of bourgeois states. Political reaction along the entire line is a characteristic of imperialism. To consolidate their power, the reactionary monopolistic cliques are striving to destroy the democratic rights of the working people, won through the stubborn struggle of many generations.

Imperialism is the Eve of the Socialist Revolution.

Imperialism is dying capitalism. The action of the basic economic law of modern capitalism exacerbates all the contradictions of capitalism, brings them to the last line, to the extreme limits, beyond which the revolution begins. The most important of these contradictions are the following three contradictions.

Firstly, the contradiction between labour and capital. The dominance of monopolies and financial oligarchy in capitalist countries leads to increased exploitation of the working classes. The sharp deterioration in the financial situation and the strengthening of political oppression of the working class causes an increase in its indignation and leads to an intensification of the class struggle between the proletariat and the bourgeoisie. Under these conditions, the previous methods of economic and parliamentary struggle of the working class are completely insufficient. Imperialism is leading the working class to the socialist revolution as the only salvation.

Secondly, the contradiction between the imperialist powers. In the struggle for maximum profits, monopolies of different countries collide, and each group of capitalists seeks to ensure dominance by

seizing sales markets, sources of raw materials, and areas of investment of capital. The fierce struggle between imperialist countries for spheres of influence inevitably leads to imperialist wars, which weaken the position of capitalism in general and bring the socialist revolution closer.

Thirdly, the contradiction between the oppressed peoples of the colonies and dependent countries and the imperialist powers that exploit them. As a result of the development of capitalism in colonies and semi-colonies, the national liberation movement against imperialism is intensifying. Colonies and dependent countries are being transformed from reserves of imperialism into reserves of the proletarian revolution.

These main contradictions characterise imperialism as dying capitalism. This does not mean that capitalism can die out on its own, in the order of “automatic collapse,” without the most decisive struggle of the popular masses, led by the working class, to eliminate the rule of the bourgeoisie. This only means that imperialism is that stage of development of capitalism at which the proletarian revolution has become a practical inevitability and favourable conditions have matured for a direct assault on the strongholds of capitalism. Therefore, Lenin characterised imperialism as the eve of the socialist revolution.

The State-Monopoly Capitalism.

In the era of imperialism, the bourgeois state, representing the dictatorship of a financial oligarchy, carries out all its activities in the interests of the ruling monopolies.

The dominance of the financial oligarchy means the dominance of reaction in the political life of capitalist countries. The leaders of the monopolies or their protégés occupy decisive positions in governments and in the entire state apparatus. Exposing false

fabrications regarding democracy under capitalism, J. V. Stalin points out that in the conditions of capitalism, the government of the state is not the people, but the Rothschilds and Stannies, the Rockefellers and the Morgans.

As the contradictions of imperialism intensify, the ruling monopolies strengthen their direct leadership of the state apparatus. Increasingly, the largest capital magnates personally act as heads of the state apparatus. There is a process of transformation of monopoly capitalism into state-monopoly capitalism. Already the First World War greatly accelerated and intensified this process.

State-monopoly capitalism consists of subordinating the state apparatus to capitalist monopolies and using it to interfere in the economic life of the country (especially in connection with its militarisation), in order to ensure maximum profits for the monopolies and strengthen the all-powerful financial capital. At the same time, a certain part of the wealth and private enterprises comes into the ownership or control of the state, while maintaining the complete dominance of private ownership of the means of production in the country.

Monopolies use state power to actively promote the concentration and centralisation of capital, strengthening the power and influence of the largest monopolies: the state, through special measures, forces independent entrepreneurs to submit to monopolistic associations, and during war it carries out a forced concentration of production, closing many small and medium-sized enterprises. In the interests of monopolies, the state, on the one hand, sets high customs duties on imported goods, and on the other hand, encourages the export of goods by paying export duties to monopolies and making it easier for them to conquer new markets through dumping.

Monopolies use the state budget to rob the population of their country through taxes and obtaining orders from the state that

bring huge profits. The bourgeois state, under the pretext of “encouraging economic initiative,” pays the largest entrepreneurs huge sums in the form of subsidies. If monopolies are threatened with bankruptcy, they receive funds from the state to cover losses, and their tax debt to the state is written off.

The development of state-monopoly capitalism is especially intensified during the period of preparation and conduct of imperialist wars. Lenin called state-monopoly capitalism a hard labour for workers, a paradise for capitalists. The governments of the imperialist countries give huge orders to the monopolies for the supply of weapons, equipment and food, build military factories at the expense of the treasury and place them at the disposal of the monopolies, and issue war loans. At the same time, the bourgeois states shift all the burdens of war onto the working people. All this provides the monopolies with enormous profits.

The development of state-monopoly capitalism leads, firstly, to a further acceleration of the capitalist socialisation of production, which creates the material prerequisites for the replacement of capitalism with socialism. Lenin pointed out that “state-monopoly capitalism is the most complete material preparation for socialism, it is the threshold of it, it is that rung of the historical ladder between which (the rung) and the rung called socialism there are no intermediate steps”¹.

The development of state-monopoly capitalism leads, secondly, to increased relative and absolute impoverishment of the proletariat. With the help of state power, monopolies in every possible way increase the degree of exploitation of the working class, peasantry and broad layers of the intelligentsia, which leads to a sharp aggravation of contradictions between the exploited and

¹ V.I. Lenin, *The impending catastrophe and how to deal with it*, Works, volume 25, ml. 4, p. 332.

the exploiters, to an intensification of the struggle of the proletariat and other layers of workers for the destruction of capitalism.

Apologists of capitalism, hiding the subordination of the bourgeois state to capitalist monopolies, claim that the state has become the decisive force in the economy of capitalist countries and is capable of providing planned management of the national economy. In fact, the bourgeois state cannot lead the economy, since the economy is not at its disposal, and in the hands of monopolies. Any attempts by the state to “regulate” the economy under capitalism are powerless in the face of the spontaneous laws of economic life.

The Law of Uneven Economic and Political Development of Capitalist Countries During the Period of Imperialism and the Possibility of the Victory of Socialism in One Country.

Under capitalism, individual enterprises and sectors of the economy cannot develop evenly. In conditions of competition and anarchy of production, an uneven development of the capitalist economy is inevitable. But in the pre-monopoly era, capitalism as a whole was still going uphill. Production was fragmented among a large number of enterprises, free competition reigned, and there were no monopolies. Capitalism could still develop relatively smoothly. Some countries have been ahead of others over a long period of application. At that time, there were vast territories on the globe that were not occupied by anyone. The matter was managed without military clashes on a global scale.

The situation changed radically with the transition to monopoly capitalism. The high level of technological development has opened up the opportunity for young countries to quickly, leapfrog and get

ahead of their older rivals. Countries that have entered the path of capitalist development better than others use the ready-made results of technical progress—machines of production, etc. On the other hand, in old countries, the dominance of monopolies had previously developed, which are characterised by a tendency toward parasitism, decay, and stagnation of technology. Hence, rapid, spasmodic development of some systems, stunting of others. This spasmodic development is also greatly enhanced by the export of capital.

As a result of accelerated development, some previously backward countries are rapidly approaching the level of advanced countries. A certain levelling is taking place, that is, an equalisation of the economic levels of different countries. But this is precisely why the struggle for some countries to outstrip others is becoming even more intense. An opportunity is being created for some countries to overtake other countries, to push them out of markets, to achieve with an armed hand the redivision of an already divided world. During the period of imperialism, the uneven development of capitalist countries turned into a decisive force in imperialist development. Therefore, one cannot confuse the economic inequality of individual countries during the period of pre-monopoly capitalism with the uneven economic and political development of capitalist countries, which acquired particular strength and severity during the period of imperialism.

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The unevenness of economic development in the era of imperialism also determines the unevenness of political development, which means that the political prerequisites for the victory of the proletarian revolution matured at different times in different countries. These prerequisites include, first of all, the severity of class contradictions and the degree of development of the class struggle, the level of class consciousness, political organisation and revolutionary determination of the proletariat, its ability to lead the bulk of the peasantry.

Due to the uneven development of capitalist countries during the period of imperialism, world capitalism cannot develop otherwise than through crises and military disasters. The aggravation of contradictions in the camp of imperialism and the inevitability of military clashes lead to the mutual weakening of the imperialists. The world front of imperialism becomes easily vulnerable to the proletarian revolution. On this basis, a breakthrough of the front can occur at the link where the chain of the imperialist front is weakest, at the point where the most favourable conditions for the victory of the proletariat are developing.

The law of uneven economic and political development of capitalist countries during the period of imperialism constitutes the starting point of the Lenin-Stalin doctrine about the possibility of the victory of socialism initially in several countries or even in one single country. This teaching lies at the basis of the new, complete theory of socialist revolution created by Lenin and Stalin.

Marx and Engels in the mid-19th century, studying pre-monopoly capitalism, came to the conclusion that the socialist revolution can only win simultaneously in all or most civilized countries. However, at the beginning of the 20th century, especially during the First World War, the situation changed radically. Pre-monopoly capitalism has grown into monopoly capitalism. Ascending capitalism has turned into descending, dying capitalism. The war revealed the incurable weaknesses of the world imperialist front. At the same time, the law of uneven development predetermined the different times in which the proletarian revolution matured in different countries. Based on the law of uneven development of capitalism in the era of imperialism, Lenin came to the conclusion that the old formula of Marx and Engels no longer corresponds to the new historical conditions, that in the new conditions the socialist revolution may well win in one single country, that the simultaneous victory of the socialist revolution in all countries or in most civilized countries is impossible due to the uneven maturation of the revolution in these countries.

“The unevenness of economic and political development,” Lenin wrote, “is an unconditional law of capitalism. It follows from this that the victory of socialism is possible initially in a few or even in one individual capitalist country”¹.

Leninism teaches that under the conditions of imperialism, the socialist revolution first triumphs not necessarily in those countries where capitalism is most developed and the proletariat makes up the majority of the population, but first of all in those countries that are the weak link in the goals of world imperialism. With the transition to imperialism, the objective conditions for the socialist revolution matured throughout the entire system of the world capitalist economy. Under such conditions, the presence of this

¹ V. I. Lenin, On the slogan of the United States of Europe, Works, vol. 21, p. 311.

unintentional attitude cannot serve as an obstacle to the revolution. For the victory of the socialist revolution, at least an average level of development of capitalism is necessary; the presence of a revolutionary proletariat and a proletarian vanguard, united in a political party, the presence of a serious one in a given country. an ally of the proletariat in the person of the peasantry, capable of following the proletariat in a decisive struggle against imperialism.

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In the era of imperialism, when the revolutionary movement is growing throughout the world, the imperialist bourgeoisie enters into an alliance with all reactionary forces without exception and makes every possible use of the remnants of serfdom to increase profits. Because of this, the elimination of the feudal-serf system is impossible without a revolutionary struggle against imperialism. Under these conditions, the proletariat becomes the hegemon of the bourgeois-democratic revolution, rallying around itself the masses of the peasantry to fight against serfdom and imperialist colonial oppression. As the anti-feudal and national liberation tasks

are resolved, the bourgeois-democratic revolution develops into a socialist revolution.

During the period of imperialism, the indignation of the proletariat grows in capitalist countries, elements of a revolutionary explosion accumulate, and a liberation war against imperialism develops in colonial and dependent countries. Imperialist wars for the redivision of the world weaken the system of imperialism and strengthen the tendency to unite the forces of proletarian revolution in capitalist countries with the national liberation movement in the colonies.

Leninism teaches that the proletarian revolution, which was victorious in one country, is strengthened at the same time by the beginning of the world socialist revolution and the powerful basis for its further development. Lenin and Stalin scientifically foresaw that the world revolution would unfold through the revolutionary breakaway of a number of new countries from the system of imperialist states with the support of the proletarians of these countries from the proletariat of the imperialist states, and the very development of the world revolution, the very process of taking over a number of new countries from imperialism will occur the more quickly and solid, the more thoroughly socialism is strengthened in the first country of the victorious socialist revolution.

BRIEF SUMMARY

1. Imperialism is a special and final stage of capitalism. Imperialism is: 1) monopoly capitalism, 2) decaying or parasitic capitalism, 3) dying capitalism, the eve of the socialist revolution.

2. The decay and parasitism of capitalism are expressed in the retardation of technical progress and the growth of productive forces by monopolies, in the transformation of a number of bourgeois countries into rentier states living off the exploitation of

the peoples of colonies and dependent countries, in rampant militarism, in the growth of parasitic consumption of the bourgeoisie, in a reactionary internal and the foreign policy of the imperialist states, in the bribery of the small upper class of the working class by the bourgeoisie of the imperialist countries. The decay of capitalism sharply increases the impoverishment of the working class and the working masses of the peasantry.

3. As a result of the action of the basic economic law of modern capitalism, the three main contradictions of imperialism are sharply aggravated: 1) the contradiction between labour and capital, 2) the contradiction between imperialist powers fighting for dominance, and ultimately for world domination, and 3) the contradiction between the metropolises and colonies. Imperialism is bringing the proletariat close to the socialist revolution.

4. State-monopoly capitalism is the subordination of the state apparatus to capitalist monopolies in order to ensure maximum profits and strengthen the dominance of the financial oligarchy. Signifying the highest level of capitalist socialisation of production, state-monopoly capitalism brings with it a further increase in the exploitation of the working class, impoverishment and ruin of the broad working masses.

5. The law of uneven economic and political development of capitalist countries during the period of imperialism weakens the united front of world imperialism. The uneven maturation of the revolution excludes the possibility of the simultaneous victory of socialism in all countries or in most countries. The possibility of breaking through the imperialist chain at its weakest link is being created, the possibility of the victory of the socialist revolution first in one, separately taken, capitalist country and the construction of a socialist society in this country.

CHAPTER XX. THE GENERAL CRISIS OF CAPITALISM

The Essence of the General Crisis of Capitalism.

Along with the growth of the contradictions of imperialism, the preconditions for a general crisis of capitalism accumulated. The aggravation of these contradictions reaches such an extent that breaks in the chain of imperialism begin in individual countries and the revolutionary breakaway of these countries from the capitalist system.

The general crisis of capitalism is a comprehensive crisis of the world capitalist system as a whole, characterised by wars and revolutions, the struggle between dying capitalism and growing socialism. The general crisis of capitalism covers all aspects of capitalism, both economics and politics. It is based on the ever-increasing disintegration of the world economic system of capitalism, on the one hand, and the growing economic power of countries that have broken away from capitalism, on the other hand.

The fundamental features of the general crisis of capitalism are: the split of the world into two systems—capitalist and socialist—and the struggle between them, the crisis of the colonial system of imperialism, the aggravation of the problem of markets and the emergence, in connection with this, of chronic underutilisation of enterprises and chronic mass unemployment.

As already indicated, the law of uneven economic and political development of capitalist countries in the era of imperialism predetermines the different times in which the socialist revolution matures in different countries. This means that the general crisis of capitalism covers an entire historical period, which is an integral

part of the era of imperialism, the period of the collapse of capitalism and the victory of socialism on a worldwide scale.

The uneven development of capitalist countries over time gives rise to a discrepancy between the existing division of sales markets, spheres of influence and colonies and the changed balance of power in the main capitalist states. On this basis, crises of the capitalist system of the world economy arise, representing a sharp imbalance within the world system of capitalism, leading to a split of the capitalist world into two warring factions, entering between them. The global heat weakens the forces of imperialism and makes it easier to break through the imperialist front.

The general crisis of capitalism began during the First World War, especially as a result of the fall of the Soviet Union from the capitalist system. This was the first crisis of the capitalist system of the world economy, the first stage of the general crisis of capitalism. During the Second World War, the second crisis of the capitalist system of the world economy, the second stage of the general crisis of capitalism, unfolded, especially after the falling away from the capitalist system of the people's democratic countries in Europe and Asia. "The first crisis during the Second World War and the second crisis during the Second World War should be considered not as separate, independent crises isolated from each other, but as stages in the development of the general crisis of the world capitalist system"¹.

The First Crisis of the Capitalist System of the World Economy was the First World War.

The first crisis of the world capitalist system matured as the contradictions between the imperialist powers intensified. Germany, later than a number of other countries, embarked on the

¹ I.V. Stalin, Economic problems of socialism in the USSR, p. 57.

path of capitalist development and came to the division of markets and spheres of influence, when the world was divided between the old imperialist powers. However, already at the beginning of the twentieth century, Germany, having surpassed England in terms of industrial development, took second place in the world and first in Europe. Germany began to squeeze England and France in world markets. The change in the balance of economic and military forces of the main capitalist states raised the question of the redivision of the world. Germany faced England, France and their dependent Tsarist Russia.

Germany sought to take away part of the colonies from England and France, oust England from the Middle East and put an end to its maritime dominance, take away Ukraine, Poland, the Baltic states from Russia, and subjugate all of Central and South-Eastern Europe. In turn, England sought to end German competition in the world market and completely secure dominance in the Middle East and the African continent. France set the task of returning what was conquered by Germany in 1870-1871. Alsace and Lorraine and capture the Saar Basin from Germany. Tsarist Russia and other bourgeois states participating in the war also pursued aggressive goals.

The struggle of two imperialist blocs—Anglo-French and German—for the redivision of the world affected the interests of all imperialist countries and therefore led to a world war, in which Japan, the USA and a number of other countries subsequently took part. The First World War had an imperialist character on both sides.

The war shook the capitalist world to its deepest foundations. In terms of its scale, it left far behind all previous wars in human history.

During the war, the effect of the basic economic law of modern capitalism was especially clearly manifested. War was a means of ensuring maximum profits for monopolies. US capitalists especially

profited. The profits of all American monopolies in 1917 exceeded the level of profits in 1914 by three to four times. During the five years of war (from 1914 to 1918), American monopolies received over \$35 billion in profits (before taxes). The largest monopolies increased their profits tenfold.

The population of the countries actively participating in the war was about 800 million people. About 70 million people were drafted into the army. The war consumed as many human lives as died in all the wars in Europe over a thousand years. The number of killed reached 10 million, the number of wounded and maimed exceeded 20 million. Millions of people died from famine and epidemics. The war brought enormous damage to the national economies of the warring countries. Direct military expenses of the warring powers amounted to 208 billion dollars during the entire war (1914-1918) (at prices of the corresponding years).

During the war, the importance of monopolies grew and their subordination to the state apparatus intensified. The state apparatus was used by the largest monopolies to ensure maximum profits. The military settlement of the economy was carried out in order to enrich the largest monopolies. To achieve this, in a number of countries the working day was extended, strikes were banned, barracks rules and forced labour were introduced in enterprises. The main source of unprecedented growth in profits was state military orders at the expense of the budget. Military expenses absorbed a huge part of national income during the war and were covered primarily by increasing taxes on workers. The bulk of military allocations went to the monopolists in the form of payment for military orders, non-repayable loans and subsidies. Prices for military orders provided the monopolies with huge profits. Lenin called military supplies legalized embezzlement. Monopolies profited by reducing the real wages of workers through inflation, as well as through direct robbery of the occupied territories. During the war, a rationing system for food distribution was introduced in European countries, limiting the consumption of workers to starvation rations.

The war brought poverty and suffering to the extreme of the masses, it aggravated class contradictions and caused an upsurge in the revolutionary struggle of the working class and working peasants in capitalist countries. At the same time, the war, which turned from a European into a world war, drew into its orbit the rear areas of imperialism—the colonies and dependent countries, which facilitated the connection of the revolutionary movement in Europe with the national liberation movement of the peoples of the East.

Being a reflection of the general crisis of capitalism, the war exacerbated this crisis and weakened world capitalism. The war intensified capitalist contradictions to the extreme, accelerating and facilitating the revolutionary battles of the proletariat.

The victory of the Great October Socialist Revolution and the split of the world into two systems: capitalist and socialist.

The proletarian revolution broke through the front of imperialism first of all in Russia, which turned out to be the weakest link in the chain of imperialism. Russia was the focal point of all the contradictions of imperialism. In Russia, the omnipotence of capital was intertwined with tsarist despotism, with the remnants of serfdom and colonial oppression against non-Russian peoples. Lenin called tsarism “military-feudal imperialism.”

Tsarist Russia was a reserve of Western imperialism as a sphere of application of foreign capital, which held in its hands the decisive branches of industry—fuel and metallurgy, and as a support of Western imperialism in the East, connecting the financial capital of the West with the colonies of the East. The interests of tsarism and Western imperialism merged into a single tangle of imperialist interests.

The large concentration of Russian industry and the presence of such a revolutionary party as the Communist Party turned Rossini’s working class into the greatest force in the political life of the country. The Russian proletariat had such a serious alliance as the

peasant poor, who made up the vast majority of the peasant population. Under these conditions, it is bourgeois: the democratic revolution in Russia inevitably had to develop into a socialist revolution, take on an international character and shake the very foundations of world imperialism.

The international significance of the Great October Socialist Revolution lies in the fact that, firstly, it broke through the front of imperialism, overthrew the imperialist bourgeoisie in one of the largest capitalist countries, and for the first time in history put the proletariat in power; secondly, it not only undermined imperialism in the metropolises, but also struck at the rear of imperialism, undermining its dominance in the colonies and dependent countries; thirdly, by weakening the power of imperialism in the metropolises and shaking its dominance in the colonies, it thereby called into question the very existence of world imperialism as a whole.

The Great October Socialist Revolution meant a radical turn in the world history of mankind; it opened a new era—the era of proletarian revolutions in the countries of imperialism and the national October Revolution wrested one-sixth of the working people from the power of capital, which meant a split of the world into two systems: capitalist and socialist. The split of the world into two systems was the most striking expression of the general crisis of capitalism. As a result of the split of the world into two systems, a fundamentally new contradiction of world-historical significance arose—the contradiction between dying capitalism and growing socialism. The struggle between the two systems—capitalism and socialism—has acquired decisive significance in the modern era of world history.

Characterising the general crisis of capitalism, J. V. Stalin said: “This means, first of all, that the imperialist war and its consequences intensified the decay of capitalism and undermined its balance, that we now live in an era of wars and revolutions, that

capitalism no longer represents the only and an all-encompassing system of the world economy, that along with the capitalist economic system there is a socialist system that is growing, which is prospering, which opposes the capitalist system and which, by the very fact of its existence, demonstrates the rottenness of capitalism and is shaking its foundations”¹.

The first years after the war of 1914-1918. were a period of acute devastation in the economies of capitalist countries, a period of fierce struggle between the proletariat and the bourgeoisie. As a result of the shock of world capitalism and under the direct influence of the Great October Socialist Revolution, a number of revolutions and revolutionary uprisings took place both on the continent of Europe and in colonial and semi-colonial countries. In 1920-1921 The main capitalist countries were gripped by a deep economic crisis.

Having emerged from the post-war economic chaos, the capitalist world entered a period of relative stabilisation in 1924. The revolutionary upsurge gave way to a temporary ebb of revolution in a number of European countries. This was a temporary, partial stabilisation of capitalism, achieved through increased exploitation of workers. Under the banner of capitalist “rationalisation,” a brutal intensification of labour was carried out. Capitalist stabilisation inevitably led to an exacerbation of contradictions between workers and capitalists, between imperialism and colonial peoples, and between imperialists of different countries. The global economic crisis that began in 1929 put an end to capitalist stabilisation.

At the same time, the national economy of the USSR developed steadily along an ascending line, without crises or disasters. The Soviet Union was then the only country that did not know crises and

¹ J. V. Stalin, Political report of the Central Committee to the XVI Congress of the CPSU(b). Works, vol. 12, p. 246.

other contradictions of capitalism. The industry of the Soviet Union was constantly growing at a pace unprecedented in history. In 1938, the industrial output of the USSR amounted to 908.8% compared to the production of 1913, while the industrial output of the USA was only 120%, England—113.3%, France—93.2%. A comparison of the economic development of the USSR and capitalist countries clearly reveals the decisive advantages of the socialist economic system and the doom of the capitalist economic system.

The experience of the USSR has shown that working people can successfully govern the country, build and manage the economy without the bourgeoisie and against the bourgeoisie. Every year of peaceful competition between socialism and capitalism undermines and weakens capitalism and strengthens socialism.

The emergence of the world's first socialist state introduced a new moment in the development of the revolutionary struggle of the workers. The USSR is a powerful centre of gravity, around which a united front of the revolutionary and national liberation struggle of peoples against imperialism is rallying. International imperialism seeks to strangle or at least weaken the socialist state. The imperialist camp is trying to resolve its internal difficulties and contradictions by fomenting war against the USSR. In the struggle against the machinations of imperialism, the Soviet Union relies on its economic and military might, on the support of the international proletariat, and also uses the contradictions between the nationalists.

Historical experience has proven that in the struggle between two systems, the socialist economic system is guaranteed victory over capitalism on the basis of peaceful competition. The Soviet state in its foreign policy proceeds from the possibility of peaceful coexistence of two systems—capitalism and socialism—and firmly adheres to the policy of peace between peoples.

The crisis of the colonial system of imperialism. An integral part of the general crisis of capitalism is the crisis of the colonial system

of imperialism. Having emerged during the First World War, this crisis is expanding and deepening. The crisis of the colonial system of imperialism consists in a sharp aggravation of contradictions between the imperialist powers, on the one hand, and the colonies and dependent countries, on the other, in the development of the national liberation struggle of the oppressed peoples of these countries, led by the industrial proletariat.

During the period of the general crisis of capitalism, the role of colonies as a source of maximum profits for monopolies increases. The intensification of the struggle between the imperialists for markets and spheres of influence, the aggravation of internal difficulties and contradictions in the capitalist countries lead to increased pressure by the imperialists on the colonies, to increased exploitation of the peoples of colonial and dependent countries.

The First World War, during which the export of industrial goods from the metropolitan countries sharply decreased, gave a significant impetus to the industrial development of the colonies. In the period between the two wars, due to the increased export of capital to backward countries, capitalism in the colonies continued to develop. In connection with this, the proletariat grew in the colonial countries.

The total number of industrial establishments increased in India from 2,874 in 1914 to 10,466 in 1939. In connection with this, the number of factory workers increased. The number of workers in the Indian manufacturing industry was 951 thousand people in 1914, and 1,751.1 thousand people in 1939. The total number of workers in India, including miners, railway and water transport workers, and plantation workers, was about 5 million people in 1939. In China (without Manchuria), the number of industrial enterprises (those with at least 30 workers) grew from 200 in 1910 to 2,500 in 1937, and the number of workers employed in them grew from 150 thousand people in 1910 to 2,750 thousand people in 1937. Taking into account the more industrially developed Manchuria, the

number of workers in industry and transport (not counting small enterprises) in China on the eve of the Second World War was about 4 million people. The industrial proletariat has grown significantly in Indonesia, Malaya, African and other colonies.

During the period of the general crisis of capitalism, the exploitation of the working class of the colonies intensifies. A commission that examined the situation of Indian workers in 1929-1931 found that the family of an ordinary worker had earnings per family member that amounted to only about half the cost of keeping a prisoner in Bombay prisons. The bulk of workers fall into enslaving debt dependence to moneylenders. Forced labour became widespread in the colonies, especially in the mining industry and agriculture (on plantations).

The emergence of a proletarian class, the emergence of a local intelligentsia, the awakening of national self-awareness, the strengthening of the liberation movement—these are the inevitable results of the imperialist exploitation of colonial countries. This circumstance fundamentally undermines the position of imperialism and means a new stage in the development of the national liberation movement in the colonies.

As noted, despite some development of industry, imperialism slows down the economic development of the colonies. In these countries, heavy industry still does not develop, and they remain agricultural and raw material appendages to the metropolises. Imperialism preserves the remnants of feudal relations existing in the colonies, using them to intensify the exploitation of oppressed peoples. Under these conditions, the certain development of capitalist relations in the countryside, which destroys natural forms of economy, only increases the degree of exploitation and pauperisation of the peasantry. The struggle against the remnants of feudalism is the basis of the bourgeois-democratic revolution in colonial countries. The bourgeois-democratic revolution in the colonies is directed not only against feudal oppression, but at the

same time against imperialism. It is impossible to eliminate feudal remnants in the colonies without a revolutionary overthrow of imperialist oppression. The colonial revolution is the combination of two streams of the revolutionary movement—the movement against feudal remnants and the movement against imperialism. In this regard, the largest force in colonial revolutions is the peasantry, which makes up the bulk of the population of the colonies.

The hegemon (leader) of the revolution in the colonies becomes the working class, which is a consistent fighter against imperialism, capable of rallying the millions of masses of the peasantry and bringing the revolution to an end. The alliance of the working class and the peasantry under the leadership of the working class is a decisive condition for the success of the national liberation struggle of the oppressed peoples of the colonial countries.

A certain part of the local bourgeoisie, the so-called comprador bourgeoisie, which plays the role of an intermediary between foreign capital and the local market, is a direct agent of foreign imperialism. As for the national bourgeoisie in the colonies, whose interests are infringed by foreign capital, at a certain stage of the revolution they can support the struggle against imperialism. However, the national bourgeoisie in the colonies is weak and inconsistent in the fight against imperialism. As the revolutionary movement of the working class develops, it increasingly slides into the camp of counter-revolution and forms a bloc with the imperialists.

The Great October Socialist Revolution unleashed a number of powerful national liberation movements in China, Indonesia, India and other countries. It opened a new era—the era of colonial revolutions in which leadership belongs to the proletariat.

During the period of the general crisis of capitalism, the national liberation movement is an inextricable component of the world proletarian revolution.

The Exacerbation of the Problem of Markets. The Chronic Underutilisation of Enterprises and Chronic Mass Unemployment.

The most important feature of the general malaise of capitalism is the progressive aggravation of the problem of markets and the resulting chronic underutilisation of enterprises and chronic mass unemployment.

The aggravation of the problem of markets during the period of the general crisis of capitalism is caused primarily by the loss of individual countries from the world system of imperialism. The fall away from the capitalist system of Russia, with its huge markets and sources of raw materials, could not but affect the economic situation of the capitalist world. The operation of the basic economic law of modern capitalism is inevitably accompanied by the growing impoverishment of workers, whose living standards are kept by the capitalists within the extreme minimum, which leads to an exacerbation of the problem of markets. The aggravation of the problem of markets is also caused by the development in the colonies and dependent countries of their own capitalism, which successfully competes in the markets with the old capitalist countries. The development of the national liberation struggle of the peoples of colonial countries also complicates the position of imperialist states in foreign markets.

As a result, instead of a growing market, as was the case previously, the period between the two world wars created relative stability of markets with the growth of the production capabilities of capitalism. This could not but aggravate to the extreme all capitalist contradictions. In 1927, J. V. Stalin pointed out: "This contradiction between the growth of production capabilities and the relative stability of markets formed the basis for the fact that the problem of markets is now the main problem of capitalism, the aggravation of

the problem of sales markets in general, the aggravation of the problem of foreign markets in particular, the aggravation of the problem of markets for the export of capital in particular—this is the current state of capitalism.

This, in fact, explains that under-utilisation of plants and factories is becoming a common phenomenon.”¹

Previously, massive underutilisation of factories and factories occurred only during economic crises. The period of the general crisis of capitalism is characterised by chronic underutilisation of enterprises.

So, during the rise of 1925-1929. US manufacturing capacity was only 80% utilised. In 1930-1934, manufacturing capacity utilisation has dropped to 60%. It is necessary to take into account that bourgeois statistics in the United States, when calculating the production capacity of the manufacturing industry, did not take into account long-term idle enterprises and accepted as a condition the operation of enterprises in one shift.

Closely related to the chronic underutilisation of enterprises is chronic mass unemployment. Before the First World War, the reserve army of labour grew during times of crisis, and during periods of recovery it shrank to a relatively small size. During the period of the general crisis of capitalism, unemployment acquires enormous proportions and remains at a high level during the years of recovery and recovery. The reserve army of labour has turned into a permanent army of millions of unemployed.

¹ J. V. Stalin, Political report of the Central Committee to the XVI Congress of the CPSU(b). Works, vol. 12, p. 275.

At the time of the highest industrial growth between the two world wars—in 1929—the number of completely unemployed people in the United States was about 2 million people, and in subsequent years, until the Second World War, it did not fall below 8 million people. In England, the number of completely unemployed among the insured did not fall below 1.2 million people per year during the period from 1922 to 1938. Millions of workers eked out odd jobs and suffered from partial unemployment.

Chronic mass unemployment sharply worsens the situation of the working class. The main form of unemployment is stagnant unemployment. The presence of chronic mass unemployment makes it possible for capitalists to greatly increase the intensity of labour at enterprises, throw out workers already exhausted by excessive labour and recruit new, stronger and healthier ones. In this regard, the “working age” of the worker and the duration of his work at the enterprise are greatly reduced. The uncertainty of busy workers about the future is growing. Capitalists use chronic mass unemployment to sharply reduce the wages of employed workers. The income of a working family is also declining due to a decrease in the number of working family members.

In the USA, according to bourgeois statistics, the rise in unemployment from 1920 to 1933 was accompanied by a fall in the average annual wage of workers employed in industry, construction and railway transport, from \$1,483 in 1920 to \$915 in 1933, that is by 38.3%. Unemployed family members are forced to support their existence on the meagre wages of working family members. If the entire wage fund is attributed not only to the employed, but to all workers, both employed and unemployed, then it turns out that earnings per worker (including the unemployed) decreased due to the increase in unemployment from \$1,332 in 1920 to \$497 in 1933, an increase of 62.7%.

Chronic mass unemployment has a serious impact on the situation of the peasantry. Firstly, it narrows the domestic market and reduces the demand of the urban population for agricultural products. This leads to deepening agrarian crises. Secondly, it worsens the situation on the labour market and makes it difficult to involve peasants going bankrupt and fleeing to the cities in search of work into industrial production. As a result of this, agrarian overpopulation and pauperisation of the peasantry are increasing. Chronic mass unemployment, as well as chronic underutilisation of enterprises, is evidence of the progressive decay of capitalism, its inability to use the productive forces of society.

The increased exploitation of the working class and the sharp decline in its standard of living during the period of the general crisis of capitalism lead to a further aggravation of the contradictions between labour and capital.

The Deepening Crises of Overproduction and The Changes in the Capitalist Cycle.

The narrowing of sales markets and the development of mass chronic unemployment, occurring simultaneously with the growth of production capabilities, extremely aggravate the contradictions of capitalism and lead to deepening crises of overproduction, to significant changes in the capitalist cycle.

These changes boil down to the following: the duration of the cycle is shortened, as a result of which crises become more frequent; the depth and severity of crises increases, which is reflected in an intensifying decline in production, an increase in unemployment, etc.; exit from the crisis becomes more difficult, and therefore the duration of the crisis phase increases, the depression phase lengthens, and the recovery becomes less and less stable and less and less durable.

Before the First World War, economic crises usually occurred every 10-12 and only sometimes after 8 years. During the period (between the two world wars—from 1920 to 1938, that is, in 18 years), there were three economic crises: in 1920-1921, in 1929-1933, in 1937-1938.

The depth of the decline in production increases from crisis to crisis. US manufacturing output fell during the recession of 1907–1908. (from the highest point before the crisis to the lowest point of the crisis) by 16.4%, during the crisis of 1920-1921—by 23%, and during the crisis of 1929-1933—by 47.1%.

Economic crisis 1929-1933 covered all countries of the capitalist world without exception. As a result, it turned out to be impossible for some countries to manoeuvre at the expense of others. The crisis hit the largest country of modern capitalism—the United States of America—with the greatest force. The industrial crisis in the main capitalist countries was intertwined with the agricultural crisis in agricultural countries, which led to a deepening economic crisis as a whole. Crisis of 1929-1933 turned out to be the deepest and most acute of all economic crises in the history of capitalism. Industrial production throughout the capitalist world fell by 36%, and in individual countries - even more. World trade turnover has fallen to one third. The finances of capitalist countries have fallen into complete disarray.

The percentage of completely unemployed at the time of the greatest drop in production, according to official data, was 32% in the USA in 1932, and 22% in England. In Germany, the percentage of completely unemployed among trade union members in 1932 reached 43.8% and partially unemployed—22.6%. In absolute figures, the number of completely unemployed in 1932 was: in the USA, according to official data, 13.2 million people, in Germany 5.5 million people, in England 2.8 million people. Throughout the capitalist world in 1933, there were 30 million people completely unemployed. The number of semi-unemployed has reached enormous proportions.

Thus, in the USA the number of semi-unemployed in February 1932 amounted to 11 million people.

Chronic underutilisation of factories and factories and extreme impoverishment of the masses make it difficult to overcome the crisis. Chronic underutilisation of enterprises limits the scope of renewal and expansion of fixed capital and impedes the transition from depression to revival and recovery. Chronic mass unemployment and the policy of high monopoly prices act in the same direction, limiting the expansion of sales of consumer goods. In this regard, the crisis phase is lengthening. If earlier crises were resolved in one or two years, then the crisis of 1929-1933. lasted over four years.

The revival and recovery that came after the crisis of 1920-1921 occurred very unevenly and was more than once interrupted by partial crises. In the United States, partial crises of overproduction occurred in 1924 and 1927. In England and Germany, a significant drop in production occurred in 1926. After the crisis of 1929-1933. It was not an ordinary depression that set in, but a depression of a special kind, which did not lead to a new rise and prosperity of industry, although it did not return it to the point of greatest decline. After a special kind of depression, a certain revival occurred, which did not, however, lead to prosperity on a new, higher basis. World capitalist industry had risen by mid-1937 to only 95-96% of the 1929 level, after which a new economic crisis began, which arose in the USA and then spread to England, France and a number of other countries.

The volume of industrial production in 1938 compared to the level of 1929 decreased in the USA to 72%, in France to 70%. The total volume of industrial production in the capitalist world in 1938 was 10.3% lower than in 1937.

Crisis of 1937-1938 differed from the crisis of 1929-1933. primarily because it arose not after a phase of industrial prosperity, as was the case in 1929, but after a special kind of depression and some recovery. Further, this crisis began at a time when Japan started a war in China, and Germany and Italy transferred their economy to the rails of a war economy, when all other capitalist countries began to rebuild on a war footing. This meant that capitalism had much fewer resources for a normal exit from this crisis than during the crisis of 1929-1933.

In the conditions of the general crisis of capitalism, agrarian crises are becoming more frequent and deepening. Following the agrarian crisis of the first half of the 1920s, a new deep agrarian crisis began in 1928, which lasted until the Second World War. The relative overproduction of agricultural products caused a sharp drop in prices, which worsened the situation of the peasantry.

In the USA in 1921, the index of yen received by farmers fell to 58.5% of the 1920 level, and in 1932 to 43.6% of the 1928 level. In connection with this, the level of agricultural production and Peasant incomes fell. Field crop production in the United States fell in 1934 to 67.9% of the 1928 level and to 70.6% of the 1920 level.

The ruin and pauperisation of the main masses of the peasantry causes the growth of revolutionary sentiments among them and pushes the peasantry onto the path of struggle against capitalism under the leadership of the working class.

The arms race and world wars, used by monopolies to ensure maximum profits, have a great influence on the course of capitalist reproduction and the capitalist cycle in the conditions of the general crisis of capitalism. At first, military-inflationary factors may lead to a temporary revival of the market situation. The First World War interrupted the economic crisis that was brewing in 1914. The Second World War interrupted and did not allow the economic crisis that began in 1937 to fully develop. Preparations for war can

slow down the entry of a capitalist country into an economic crisis. Aggressive countries—Japan, Italy, Germany—restructured their economies on a war footing, unlike other capitalist countries, did not experience this in 1937-1938. state of crisis of overproduction. The intensive development of the military industry delayed their entry into the crisis.

But wars and militarisation of the economy cannot save the capitalist economy from crises. Moreover, they are the most important factor deepening and aggravating economic crises. World wars lead to enormous destruction of productive forces and social wealth: factories and factories, stocks of material assets, human lives. By increasing the impoverishment of the working people, wars exacerbate the contradiction between production and consumption, thereby preparing the conditions for new, deeper crises of overproduction.

In the same way, the arms race and preparations for war, while temporarily delaying the onset of a crisis, create conditions for the onset of a crisis in an even more acute form. “For what does it mean to transfer the country’s economy onto the rails of a war economy? This means giving industry a one-sided, military direction, expanding in every possible way the production of items necessary for war, not related to the consumption of the population, limiting in every possible way the production and especially the release on the market of consumer goods for the population - therefore, reducing the consumption of the population and putting the country before economic crisis”¹.

The increasing decay during the period of the general crisis of capitalism is reflected in a general decline in the rate of production. The average annual growth rate of industrial production in the

¹ J. V. Stalin, Report at the XVIII Party Congress on the work of the Central Committee of the All-Union Communist Party (6), Questions of Leninism, above II, 1952. p. 606.

capitalist world was: for the period from 1890 to 1913—3.7%, for the period from 1913 to 1929—2.4% , and during the period from 1929 to 1938 production did not increase, but decreased.

During the period of the general crisis of capitalism, the monopoly bourgeoisie, trying to delay the collapse of the capitalist system and maintain its dominance, is waging a frantic attack on the living standards of the working people, imposing police methods of management. The development of state monopoly capitalism is intensifying in all major capitalist countries.

No longer able to rule over the old methods of parliamentarism and bourgeois democracy, the bourgeoisie in a number of countries—Italy, Germany, Japan and others—established Fascist regimes. Fascism is an open terrorist dictatorship of the most reactionary and aggressive groups of financial capital. The fascist goal is to destroy the organisations of the working class within the country and suppress all progressive forces, and externally to prepare and launch a war of conquest for world domination. Fascism achieves these goals through the methods of terror and social demagoguery.

Thus, the global economic crisis of 1929-1933. and the crisis of 1937-1938. led to a particularly sharp aggravation of contradictions both within capitalist countries and between them. The imperialist states sought a way out of these contradictions by preparing a war for a new redivision of the world.

BRIEF SUMMARY

1. The general crisis of capitalism is a comprehensive crisis of the world capitalist system as a whole. It covers both economics and politics. The 6th basis lies in the ever-increasing disintegration of the world economic system of capitalism, on the one hand, and the

growing economic power of countries that have fallen away from capitalism, on the other hand.

2. The general crisis of capitalism covers an entire historical period, the content of which is the collapse of capitalism and the victory of socialism on a worldwide scale. The general crisis of capitalism began during the First World War and especially as a result of the fall of the Soviet Union from the capitalist system. This was the first curve of the capitalist system of the world economy, the first stage of the general crisis of capitalism.

3. The Great October Socialist Revolution meant a radical turn in the world history of mankind from the old, capitalist, to the new, socialist world. The split of the world into two systems—the system of capitalism and the system of socialism—and the struggle between them is the main symptom of the general crisis of capitalism. With the split of the world into two systems, two lines of economic development were determined: while the capitalist system is increasingly entangled in insoluble contradictions, the socialist system is developing steadily in an ascending line, without crises or disasters

4. An integral part of the general crisis of capitalism is the crisis of the colonial system of imperialism. This crisis lies in the development of the national liberation struggle, which is shaking the foundations of imperialism in the colonies. The working class stands at the head of the national liberation struggle of the oppressed peoples. The Great October Socialist Revolution unleashed the revolutionary activity of the oppressed peoples and ushered in the era of colonial revolutions led by the proletariat.

5. In the conditions of the general crisis of capitalism, as a result of the falling away from the system of imperialism of individual countries, the increasing impoverishment of the working people, and also as a result of the development of capitalism in the colonies, the market problem is becoming more acute. A characteristic feature of the general crisis of capitalism is the chronic

underutilisation of enterprises and chronic mass unemployment. Under the influence of the aggravation of the market problem, chronic underutilisation of enterprises and chronic mass unemployment, deepening economic crises and significant imputations in the capitalist cycle occur.

CHAPTER XXI. THE DEEPENING OF THE GENERAL CRISIS OF CAPITALISM AFTER THE SECOND WORLD WAR

The Second World War and the Second Stage of the General Crisis of Capitalism.

The distribution of spheres of influence “between the imperialist countries that emerged as a result of the First World War turned out to be even more fragile than that which existed before this war. The role of England and France in world industrial production has decreased significantly, and their positions in the world capitalist market have deteriorated. The American monopolies, which became very rich during the war, expanded their production capacity and came out on top in the capitalist world in the export of capital. Germany, defeated in the First World War, quickly restored its heavy industry with the help of American and British loans and began to demand a redistribution of spheres of influence. Japan has embarked on the path of aggression against China. Italy laid claim to a number of foreign colonial possessions.

Thus, the operation of the law of uneven development of capitalist countries in the period after the First World War led to a new sharp imbalance within the world system of capitalism. Once again, the capitalist world split into two hostile camps, leading to the Second World War. (...) which at the same time is the second stage of the general crisis of capitalism.

The Second World War, prepared by the forces of international imperialist reaction, was unleashed by a bloc of fascist states—Germany, Japan and Italy. The ruling circles of the USA, England and France, trying to direct the aggression of German fascism and

Japanese imperialism against the Soviet Union, condoned the aggressors in every possible way and encouraged them in every possible way to start a war. This war was a war of aggression and plunder on the part of Germany and its robber allies. It was a just war of liberation on the part of the Soviet Union and other peoples who found themselves victims of a fascist attack.

In terms of the scope of military operations, the number of armed forces and the volume of use of military equipment, the number of casualties and the scale of destruction of material assets, the Second World War far surpassed the First. Many countries in Europe and Asia suffered gigantic human losses and unprecedented material damage.

Direct military expenditures of the states participating in the war reached approximately one thousand billion dollars, and this does not include damage from destruction caused by military operations. The economy and culture of many peoples of Europe and Asia suffered enormous damage due to the predatory rule of the Nazi and Japanese occupiers.

The war led to the further development of state-monopoly capitalism. The war-induced measures of bourgeois states, completely subordinated to monopolies, were aimed at ensuring monopoly high, maximum profits for the magnates of finance capital. This goal was served by such measures as providing billion-dollar military orders to the largest monopolies on extremely favourable terms, transferring state-owned enterprises to the monopolies for next to nothing, distributing scarce raw materials and labour in the interests of leading companies, forcing the closure of hundreds and thousands of small and medium-sized enterprises or subordinating them to a few military - industrial companies.

The military expenses of the warring capitalist powers were covered by taxes, loans and the issue of paper money. In 1943-1944. in the main capitalist countries (USA, England, Germany), taxes absorbed approximately 35% of national income. Inflation caused a huge rise in prices. The lengthening of the working day, the militarisation of labour, the increase in the tax burden and the high

cost of living, a sharp drop in the level of consumption - all this meant an even greater increase in the exploitation of the working class and the bulk of the peasantry.

The monopolies made fabulous profits during the war. Even according to understated official data, profits of American monopolies rose from \$3.3 billion in 1938 to \$17.2 billion in 1941, \$21.1 billion in 1942, \$25.1 billion in 1943, and 24.3 billion dollars in 1944. Huge profits were made during the war by the monopolies of England, France, Nazi Germany, Italy, and Japan.

The Second World War ended with the complete defeat of the fascist states by the armed forces of the countries of the anti-Hitler coalition. The decisive role in this defeat was played by the Soviet Union, which saved civilisation, freedom, independence and the very existence of the peoples of Europe from the fascist enslavers. The Great Patriotic War of the Soviet Union showed the strength and power of the world's first socialist power, the enormous advantages of the socialist social and state system.

The war led to a further weakening of the world capitalist system. Each of the two capitalist coalitions that fought each other during the war hoped to defeat the enemy and achieve world domination. In this they sought a way out of the general crisis. Both capitalist groups counted on the death or significant weakening of the Soviet Union during the war, on the strangulation of the labour movement in the metropolises and the national liberation movement in the colonies. The United States sought to disable its most dangerous competitors—Germany and Japan—to seize world markets and sources of raw materials, and to gain world domination.

Thanks to the heroic struggle of the Soviet people, the economic and military power of the USSR, the calculations of the imperialists failed. Instead of destroying or weakening the Soviet Union, the war led to its strengthening and growth of its international authority. Instead of weakening and defeating the

revolutionary movement, the war led to the falling away from the capitalist system of many countries in Europe and Asia. The peoples of a number of countries in Central and South-Eastern Europe—Poland, Czechoslovakia, Romania, Hungary, Bulgaria, Albania, liberated by the Soviet Army from fascist occupation, threw off the yoke of reactionary regimes, created people's democratic republics, carried out radical socio-economic transformations and embarked on the path of building socialism.

Instead of further enslavement of the peoples of the colonies and dependent countries, there was a new powerful upsurge in the national liberation struggle in these countries. The historic victory of the great Chinese people wrested a huge country with a population of 600 million people from the rule of imperialism. As a result of the fall away from capitalism of a number of countries in Europe and Asia, now more than a third of humanity has been freed from the capitalist yoke.

All this led to a further change in the balance of forces between socialism and capitalism—in favour of socialism, to the detriment of capitalism.

The Formation of Two Camps in the International Arena and the Collapse of the Single World Market.

The countries of Europe and Asia, which fell away from the capitalist system after the Second World War, formed, together with the Soviet Union, a single and powerful socialist camp opposing the camp of capitalism. The two camps—the socialist one led by the USSR and the capitalist one led by the USA—embody two lines of economic development. One line is the line of growth of economic power, the continuous rise of the peaceful economy and the steady

increase in the well-being of the working masses of the Soviet Union and people's democracies. The other line is the line of the economy of capitalism, the productive forces of which are marking time, this is the line of militarisation of the economy, a decline in the living standards of workers in the conditions of the ever-deepening general crisis of the world capitalist system.

These two camps embody two opposing courses of international politics. The ruling circles of the USA and other imperialist states are following the path of preparing a new world war and fascisation of the internal life of their countries. The socialist camp is fighting against the threat of new wars and imperialist expansion, for the eradication of fascism, strengthening peace and democracy.

The Second World War and its economic consequences had as their most important economic result the collapse of a single all-encompassing world market, the formation of two parallel world markets opposing each other. This determined the further deepening of the general crisis of capitalism.

During the post-war period, the countries of the socialist camp came together economically and established close economic cooperation and mutual assistance. Economic cooperation between the countries of the socialist camp is based on a sincere desire to help each other and achieve common economic growth, and the Soviet Union provides the people's democracies with the cheapest and technically first-class assistance possible. The main capitalist countries—the USA, England and France—subjected an economic blockade to the Soviet Union, China and the European people's democracies in the hope of strangling these countries. But by doing this they contributed, against their will, to the formation and strengthening of a new parallel world market. Thanks to the crisis-free development of the countries' economies. socialist camp, the new world market does not know the difficulties of sales, its capacity is constantly growing. Moreover, due to the high rates of

industrial development in these countries, they will soon no longer need to import goods from capitalist countries and will themselves feel the need to sell excess goods of their production abroad.

From all this it follows that “the sphere of application of the forces of the main capitalist countries (USA, England, France) to world resources will not expand, but will shrink, that the conditions of the world sales market for these countries will worsen, and the underutilisation of enterprises in these countries will increase. This, in fact, is the deepening of the general crisis of the world capitalist system of communication with the collapse of the world market”¹.

As a result of the collapse of the single world market, the relative stability of markets that existed at the first stage of the general crisis of capitalism came to an end. The second stage of the general crisis of capitalism is characterised by a reduction in the capacity of the world capitalist market. This means that production growth in capitalist countries will occur on a reduced basis. Chronic underutilisation of enterprises in capitalist countries has increased in the post-war period. This especially applies to the United States, despite the fact that after the end of the Second World War, huge production capacities in various US industries were partially mothballed and partially destroyed.

The action of the basic economic law of modern capitalism in a situation of narrowing the sphere of application of the forces of the main capitalist countries to world resources inevitably causes an intensification of the struggle between the countries of the imperialist camp for markets and sources. raw materials, for areas of capital application. The imperialists, and primarily the American ones, are trying to overcome the difficulties that have arisen as a result of the loss of huge markets by intensified expansion at the expense of their competitors, acts of aggression, the arms race, and the militarisation of industry. But all these measures lead to an even

¹ J. V. Stalin; Economic problems of socialism in the USSR, pp. 31-32.

greater aggravation and deepening of the contradictions of capitalism.

The Exacerbation of the Crisis of the Colonial System of Imperialism.

The second stage of the general crisis of capitalism is characterised by a sharp aggravation of the crisis of the colonial system. The imperialist powers seek to shift the burdens caused by the war and its consequences onto the peoples of their dependent countries. The standard of living of the working population of the colonial world is catastrophically declining. All this strengthens the contradictions between the colonies and the metropolises. American monopolies systematically penetrate and introduce themselves into the colonies and spheres of influence of Western European countries under the banner of “help” to underdeveloped countries, which leads to even greater robbery of enslaved peoples and to deepening contradictions between the imperialist powers. At the same time, the development of industry caused by the war in a number of colonial and semi-colonial countries contributed to the growth of the proletariat, which is increasingly opposed to imperialism.

Under the influence of these conditions, the national liberation struggle of the peoples of the colonial world intensified. The defeat of the armed forces of German and Japanese imperialism by the Soviet Union created a new, favourable environment for the success of this movement.

As a result of the Second World War and a new upsurge of national liberation struggles in colonial and dependent countries, the colonial system of imperialism is actually collapsing. This disintegration is characterised primarily by the breakthrough of the imperialist front in a number of colonial countries and the falling

away of these countries from the world system of imperialism. The sphere of colonial exploitation is increasingly narrowing. The victory of the great Chinese people, led by the Chinese Communist Party, over the combined forces of American imperialism and internal feudal reaction eliminated the dominance of finance capital and feudal exploiters in the largest semi-colonial country in the world. The formation of the People's Republic of China was a severe blow to the entire system of imperialism after the Great October Socialist Revolution in Russia and the victory of the Soviet Union in the Second World War. People's republics emerged in Korea and Vietnam.

In a number of enslaved countries (Malaya, the Philippines, Indonesia), the development of the popular movement led to organised armed struggle among the colonialists. The peoples of Africa (Madagascar, Gold Coast, Kenya, Union of South Africa), those most oppressed by imperialist oppression, joined the national liberation struggle. Resistance to the imperialists is growing in the countries of the Near and Middle East (Iraq, Egypt) and North Africa (Tunisia, Morocco).

The national liberation movement of the oppressed peoples acquired a number of new distinctive features. In most colonial countries the leading role of the proletariat in the communist parties has increased and strengthened. This is a decisive condition for the success of the struggle of the enslaved peoples, aimed at expelling the imperialists and carrying out democratic reforms. Under the leadership of the communist parties, a united national democratic front is being created, the alliance of the working class with the peasantry is strengthening in the anti-imperialist and anti-feudal struggle.

In their desire to retard the growth of the national liberation movement, the colonial powers complement the methods of violence with methods of deception, proclaiming the fictitious

“independence” of some colonies, while maintaining their complete de facto domination in these countries.

As a bastion of reaction and aggression throughout the world, American imperialism leads the colonial powers in their attempts to strangle the national liberation movements of the oppressed peoples. The American, French, and Dutch imperialists are waging war against the colonial peoples fighting for their independence.

The beginning of the collapse of the colonial system of imperialism further intensifies the economic and political difficulties of capitalist countries and undermines the foundations of capitalism as a whole.

The Increasing Uneven Development of Capitalism. The Expansion of American Imperialism.

Being a product of the uneven development of capitalist countries, the Second World War led to a further aggravation of this unevenness. Three imperialist powers - Germany, Japan and Italy - suffered military defeat. France suffered great damage, England was seriously weakened. At the same time, US monopolies, having profited from the war, strengthened their positions in the capitalist world. After the defeat of the fascist aggressors in the Second World War, the centre of world reaction and aggression moved to the United States of America.

Taking advantage of the weakening of their competitors, American monopolies, in pursuit of maximum profits in the post-war period, captured a significant share of the world capitalist market.

By the end of 1949, American investment abroad exceeded the amount of foreign investment of all other capitalist states combined. The total amount of American capital invested abroad increased from

\$11.4 billion at the end of 1939 to \$39.5 billion at the end of 1953. The total amount of British capital invested abroad decreased from £3.5 billion to 1938 to 2 billion pounds sterling in 1951. The USA concentrated the overwhelming majority of the gold reserves of capitalist countries and became the main creditor of these countries.

At first, American expansion acted under the banner of “helping with the post-war reconstruction of Europe.” The Marshall Plan, which operated from 1948 to 1952, had the goal of enslaving Western European countries and strangling their industry, turning these countries into markets for stale American goods, eliminating the national sovereignty of these countries, drawing them into the orbit of aggressive American policies, and speeding up the militarisation of their economy. The Marshall Plan served as the basis for the North Atlantic Pact, an aggressive alliance created in 1949 by American imperialism with the active support of the ruling circles of England with the aim of establishing its world domination. After the end of the Marshall Plan, it was replaced by the “mutual security” program, according to which American “aid” is given only for the arms race, to prepare for a new war. Thus, American imperialism has finally thrown off the mask of “restorer” of the economy of capitalist countries.

The plans of the American financial oligarchy to establish its dominance in the world capitalist market failed. In the narrowed world capitalist market, the United States had to face increased competition from Western European countries, primarily England. The struggle for sales markets intensified even more due to the fact that 5-6 years after the end of the war, the monopolies of West Germany and Japan again entered into this struggle. The US imperialists are trying to compensate for their losses from the narrowing of the world capitalist market by unbridled economic and political expansion, complete or partial subjugation of other capitalist countries, and the virtual destruction of their national independence.

During the war, American exports increased greatly due to a sharp drop in exports from European countries, especially England. In 1945, the share of US exports in the total exports of capitalist countries was 40.1% against 12.6% in 1937, while the share of England dropped from 9.9% in 1937 to 7.4% in 1945. However, after the end of the war, as a result of the intensification of the struggle on the world market and the growth of exports of European countries, the share of the United States in the exports of capitalist countries fell and amounted to 19.7% in 1951, and the share of England in the same year was 9.9%.

American monopolies strive to increase in every possible way the export of goods to other countries of the capitalist camp, using for this purpose both the enslaving terms of loans provided to these countries and overt dumping. At the same time, the United States does its best to protect its domestic market from the import of foreign goods, imposing extremely high customs duties on these goods. This one-sided nature of American foreign trade creates a chronic dollar deficit in other capitalist countries, that is, a lack of dollars to pay for goods imported from the United States.

The economic expansion of the United States is leading to a severance of historically established multilateral economic ties between countries. American imperialism is depriving Western Europe of the opportunity to receive food and raw materials from Eastern European countries, which supplied these goods in exchange for Western European industrial products. One of the factors that aggravated the post-war difficulties of the capitalist economy is the fact that the imperialists themselves closed access to the world market of the democratic camp, reducing trade with the Soviet Union, the People's Republic of China, and the European countries of People's Democracies to almost nothing.

After the Second World War, US exports averaged \$12.5 billion per year, while imports amounted to only 7.3 billion. The United

States imported an average of \$1 billion of goods per year to the countries of Clockwork Europe, and exported goods to these countries. amounting to about 4 billion. Over six years (1946-1951), the gap between US exports to Western European countries and imports from these countries to the United States exceeded 19 billion dollars.

The trade turnover of the United States with countries now included in the democratic camp decreased in 1951 compared to 1937 by 10 times, the trade turnover of England with these countries—by 6 times, and France—by more than 4 times.

American imperialism acts as an international exploiter and enslaver of peoples, as a force disorganizing the economies of other capitalist countries. The expansion of American monopolies deals sensitive blows to the interests of the monopolies of England and France. American monopolies, under the guise of “help”, by providing loans, are being introduced into the economies of these countries, trying to turn them into an appendage of the US economy, and are seizing important positions in the British and French colonies. England and France, which are imperialist countries for which cheap raw materials and secure markets are of paramount importance, cannot endlessly tolerate this situation. The defeated countries—West Germany, Japan, Italy—living under the yoke of American occupation also cannot come to terms with the miserable fate to which they are condemned by the American contenders for world domination. Their economy, their foreign and domestic policies, their entire way of life are shackled by the American occupation regime. It would be wrong to think. that these countries will not try to break out of American captivity and take the path of independent development.

Thus, the increasing uneven development of capitalist countries after the Second World War gives rise to growing contradictions in the camp of imperialism. The main ones are the contradictions between the USA and England. These contradictions are manifested

in the open struggle between the American and English monopolies for markets for goods (especially in the countries of the British Empire—Australia, Canada, India, etc.), for sources of raw materials (primarily oil, rubber, non-ferrous and rare metals), for spheres of influence in general (in Western Europe, the Middle and Far East, Latin America). The aggressive blocs of imperialist states put together by the United States and directed against the countries of the democratic camp cannot eliminate antagonisms and conflicts between their participants based on the struggle for the possibility of obtaining maximum profits with a reduced volume of territory subject to capital.

Theoretically, there is no doubt that in the conditions of the general crisis of capitalism, the main contradiction on a global scale is the contradiction between capitalism and socialism. However, the Second World War began not with the war with the USSR, but with the war between capitalist countries. This is explained by the fact that a war with the USSR, as a country of socialism, is more dangerous for capitalism than a war between capitalist countries. If a war between capitalist countries raises the question only of the predominance of some capitalist countries over other capitalist countries, then a war with the USSR must necessarily raise the question of the existence of capitalism itself. In addition, although the capitalists make noise for the purpose of “propaganda” about the aggressiveness of the Soviet Union, they themselves do not believe in its aggressiveness, since they take into account the peaceful policy of the Soviet Union and know that the Soviet Union itself will not attack capitalist countries.

Thus, the increasing uneven development of capitalist countries after the Second World War gives rise to growing contradictions in the camp of imperialism. The main ones are the contradictions between the USA and England. These contradictions are manifested in the open struggle between the American and English monopolies for markets for goods (especially in the countries of the British

Empire—Australia, Canada, India, etc.), for sources of raw materials (primarily oil, rubber, non-ferrous and rare metals), for spheres of influence in general (in Western Europe, the Middle and Far East, Latin America). The aggressive blocs of imperialist states put together by the United States and directed against the countries of the democratic camp cannot eliminate antagonisms and conflicts between their participants based on the struggle for the possibility of obtaining maximum profits with a reduced volume of territory subject to capital.

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Thus, historical experience teaches that the struggle of capitalist countries for the market and the desire to drown their competitors turned out to be practically stronger than the contradictions between the camp of capitalism and the camp of socialism. It follows that capitalist countries in the current period remain in force the inevitability of wars between countries, determined by law uneven development of capitalist countries in the era of imperialism.

The modern movement for the preservation of peace, which does not have as its goal the overthrow of capitalism and the establishment of socialism, to prevent a new world war, which the militant imperialists are already preparing at the present time. Therefore, the success of the peace movement is essential for the peoples. But this is not enough to completely eliminate the inevitability of wars between capitalist countries. To eliminate the inevitability of wars, imperialism must be destroyed.

The Further Changes in the Capitalist Cycle. The Militarisation of the Economy of Capitalist Countries.

The deepening of the general crisis of the world capitalist system after the Second World War is expressed in a further change in the capitalist cycle resulting from the collapse of the world market. In view of the new conditions that arose after the Second World War, expressed in the collapse of the single world market, the previous position that capitalism as a whole, despite its decay, is growing immeasurably faster than before, has lost its force.

“It is obvious,” J. V. Stalin pointed out, “that after the world market split and the sphere of application of the forces of the main capitalist countries (USA, England, France) to world resources began to decline, the cyclical nature of the development of capitalism—growth and reduction in production—should still be preserved. However, the growth of production in these countries will occur on a narrowed base because the volume of production in these countries will be reduced”¹.

The development of capitalism remains cyclical. This means that the cycle phases change and, above all, the inevitability of

¹ I.V. Stalin, Economic problems of socialism in the USSR. page 50.

periodic economic crises of overproduction remains. At the same time, the narrowing of the basis on which capitalism develops inevitably determines further changes in the capitalist cycle. In the United States, for example, throughout the entire post-war period, production volume was 10 per cent more than the level reached in 1943. While previously the change of phases of the cycle—growth and decline of production—occurred in conditions of a general increase in the volume of capitalist production, now this the change of phases will occur on a narrowed basis, in conditions of crushing the volume of production in the main capitalist countries. This determines the particular severity and destructive power of economic crises. At the same time, this leads to the fact that in the conditions of the collapse of the world market and the narrowing of the sphere of application of the forces of the main capitalist countries to world resources, the dominant monopolies are increasingly resorting to the militarisation of the economy as a means of achieving some growth in production and ensuring the highest profits. However, the militarisation of the economy makes the brewing of new economic crises and disasters inevitable.

After the end of the Second World War, the industry of the United States, without going through a phase of general growth, following a short and weak revival at the end of 1948, was hit by a new economic crisis, which deepened throughout 1949. signs of crisis were also observed in the capitalist countries of Western Europe.

From October 1948 to October 1949, the level of industrial production in the United States fell by 22%. Compared to the highest point during the war years (1943), the volume of industrial production in the United States fell by 35% by 1949, the level of mechanical engineering by 53.3%, and the number of workers in manufacturing by 23%. By the beginning of 1950, according to official, understated data, the number of completely unemployed in the United States

reached 4.5 million, and the number of partially unemployed—12 million.

The expansion of military production in the United States and other countries of the Atlantic bloc, which especially intensified since mid-1950, after the start of the aggressive war of American imperialism against the Korean people, made it possible for capitalist countries to increase the level of industrial production for some time. But this was achieved at the cost of the one-sided development of the national economy of capitalist countries as a result of its militarisation.

The economic essence of the militarisation of the economy lies in the fact that, firstly, an increasingly large part of the finished product of raw materials is absorbed by unproductive military consumption or mortified in the form of huge strategic reserves, and secondly, the expansion of military production is carried out due to a further reduction in wages of workers and the ruin of the peasantry, increasing the tax burden, robbing the peoples of colonial and dependent countries. All this significantly reduces the purchasing power of the population, reduces demand for industrial and agricultural products, and leads to a sharp reduction in civilian production.

Thus, the militarisation of the economy of capitalist countries, deepening the disproportion between production capabilities and the declining effective demand of the population, inevitably leads to a new economic crisis. The results of the one-sided economic development of the main capitalist countries were already felt in 1952 in the form of a decrease in the overall level of industrial production and foreign trade of these countries, despite the forced arms race.

The militarisation of the economy of capitalist countries, the unbridled arms race in the period after the Second World War, is one of the most striking manifestations of the increasing parasitism

and decay of capitalism. It leads to a huge increase in the profits of monopolies. The share of direct and indirect expenditures on the arms race in state budgets is constantly increasing. The growth of state budgets, covering an increasingly significant share of national income, is accompanied by an increase in their deficit, an increase in public debt, a breakdown of the entire fiscal and monetary system of capitalist countries, and an overflow of monetary circulation channels with paper money, the purchasing power of which is systematically falling.

According to official, clearly understated data, the profits of American monopolies increased from \$ 3.3 billion in 1938 to \$42.9 billion in 1951, that is, 13 times over the seven post-war years, the profits of American monopolies amounted to \$ 217 billion. In England, the profits of joint-stock companies in 1951 amounted to 2.953 million pounds against 828 million in 1938.

Over the five years 1946-1950, the total amount of US military spending, including the cost of arming the countries participating in the North Atlantic Pact and the production of atomic bombs, amounted to at least 180 dollars. Direct reimbursable expenses in the United States increased from \$1 billion in the 1937/38 budget to \$58.2 billion in 1952/53, when they accounted for 74% of the total budget against 14% in 1937/38. In England, military expenditures increased respectively from 197 million to 1634 million pounds, accounting for 34% of the total budget against 17% in the reporting period. In France, military spending accounts for almost 40% of the total budget.

According to official, clearly embellished data, the purchasing power of the US dollar in 1951 was only 43% compared to 1339, the purchasing power of the British pound was 32, the French franc was 3.8, and the Italian lira was less than 2%.

The Increasing Impoverishment of the Working Class in Capitalist Countries.

The operation of the basic economic law of modern capitalism led after the Second World War to the further impoverishment of the proletariat. By achieving maximum profits in the conditionally narrowed world capitalist market, monopolies greatly increase the exploitation of workers. Monopoly capital shifts onto the shoulders of the working people all the destructive consequences of war and the militarisation of the economy.

The period after the Second World War is characterised by an even greater deepening of the gap between the social poles of capitalist society. The increasing exploitation of the proletariat is expressed primarily in a fall in the real wages of workers. The largest factor in the decline in real working class wages is the presence of persistent mass unemployment. At the same time, the working conditions of employed workers are systematically deteriorating as a result of the widespread use of various sweatshop wage systems, which ensure an uncontrollable increase in labour intensity.

Monopolies, with the support of right-wing socialists and trade union officials, are seeking to reduce the cut wages of workers by “freezing” nominal wages, that is, prohibiting their increase, in conditions of inflation and an increase in the tax burden. Inflation causes an increase in the cost of living, a rapid increase in prices for consumer goods, and a widening gap between nominal and real wages. External expansion and militarisation of the economy of capitalist countries is carried out due to a huge increase in the tax burden placed on workers. One of the means of reducing the standard of living of the working class is the rapid increase in rents and the deterioration of living conditions. The fall in real wages leads to a systematic deterioration in the nutrition of the working population. In England, there is still a card system with extremely meagre ports for issuing food.

The position of the working intelligentsia in capitalist countries is sharply deteriorating: mass chronic unemployment in its ranks is growing, its income is decreasing due to rising costs, taxes and inflation.

In France and Italy, workers' real wages in 1952 were less than half of pre-war wages; in England they were 20% lower than pre-war wages.

The total number of fully and partially unemployed in capitalist countries reached 45 million in 1950, which, together with their families, amounted to more than 150 million people. In 1952, despite the growth of military production, there were at least 3 million fully unemployed and 10 million partially unemployed in the United States. There are over half a million completely unemployed people in England. In West Germany, the number of fully and partially unemployed has reached almost 3 million people. There are over 2 million fully unemployed and even more partially unemployed in Italy. There are about 10 million fully and privately unemployed people in Japan. The situation of the working intelligentsia in capitalist countries is sharply deteriorating: mass chronic unemployment in its ranks is growing, its incomes are falling due to the increase in high prices, taxes and inflation.

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In the USA, direct taxes on the population in the 1952/53 budget year increased by more than 12 times compared to the 1937/38 budget year, even taking into account currency depreciation. In Western European countries, where the tax burden was very heavy even before the Second World War, taxes over the same period increased: in England by 2 times, in France by 2.6 times, in Italy by one and a half times.

Due to extremely low rationing standards and high food prices on the black market in England, per capita consumption in 1951 decreased compared to pre-war times: meat products by 40%, animal butter by 40%, sugar by 16% and etc.

The rent of a working family in the United States in 1952 was more than 190% of the 1939 level.

According to the Census Bureau, in 1949 in the United States, 72.2% of all American families had income below the extremely meagre official subsistence level, with 34.3% of all families having income less than half this minimum, 18.5% less than a quarter and 9.4%—less than an eighth of this minimum. Over 6.5 million Americans survive on odd jobs.

The deterioration of the financial situation of large sections of the population of capitalist countries leads to growing indignation among the masses and to an intensification of the struggle against monopoly capital. This is expressed in the rise of the strike movement in capitalist countries, in the strengthening of progressive trade unions united by the World Federation of Trade Unions created in 1945, in the growth of communist parties and the expansion of their influence on the masses, in the development of the political struggle of the working class. Communist parties and progressive trade unions, resolutely fighting right-wing socialists and reactionary trade union leaders, educate the working class in the spirit of proletarian solidarity, in the spirit of the struggle for liberation from imperialist oppression.

The Degradation of Agriculture in Capitalist Countries and Ruin of the Peasantry.

The deepening of the general crisis of capitalism in the period after the Second World War is also characterised by the strengthening of the dominance of monopolies and financial capital in agriculture, the further degradation of agricultural production, the growing differentiation of the peasantry and the ruin of its main masses.

Financial capital is taking over agriculture more and more widely and deeply. Mortgage banks, providing a loan secured by land, become the actual owners of land plots, inventory and other property of ruined peasants. Banks of short-term loans and insurance companies entangle peasants in a network of debt.

Monopolies profit from all stages of the passage of agricultural goods from producer to consumer. By setting low prices for products purchased from small peasants and inflating retail prices, the monopolies appropriate a significant part of the income of the peasantry. Monopolies engaged in the processing of agricultural products (in the flour-grinding, meat, canning, and sugar industries) receive huge profits at the expense of the bulk of the peasants. Measures of state power—tax policy, purchasing operations, and various forms of so-called “aid” to agriculture—lead to the further enrichment of monopolies and the impoverishment of the bulk of the peasantry. The exploitation of peasants by monopolies is combined with many remnants of feudal exploitation, primarily with sharecropping, in which the tenant is forced to give a very significant part of the harvest to the landowners in exchange for renting land and equipment.

In the USA, the share of large and largest farms with an area of more than 500 acres, which in 1950 constituted less than 6% of all farms, in the total land area increased from 44.9% in 1940 to 53.5% in

1950, and the share of latifundia with area over 1 thousand acres increased from 34.3% to 42.6%. According to the 1950 census, 44% of all farms produced only 5% of all marketable products, that is, they conducted primitive, low-productivity, consumer farming, while 103 thousand large farms, which made up only 2% of all farms, produced 26% of all marketable products. In France in 1946, small farms with an area of up to 10 hectares, which made up 58.2% of all farms, owned only 16.4% of all agricultural land, while 4.3% of large farms owned 30% of the land. In West Germany, small farms with an area of up to 5 hectares, which constituted 55.8% of all farms in 1949, owned only 11% of all land, while 0.7% of large farms owned 27.7% of the land. In Italy there are 2.5 million landless peasants and 1.7 million land-poor peasants. In the decade from 1940 to 1950, more than 700 thousand farms failed in the United States.

The total amount of ground rent in the United States increased from \$760 million in 1937 to \$2.3 billion in 1947. In Italy, several hundred landowners receive annually 450 billion lire in ground rent, while the wages of 2.5 million agricultural labourers amount to about 250 billion liras. The total debt of American farmers to banks and other lending institutions nearly doubled between 1946 and 1952, reaching \$14.1 billion. The property tax on the farming population in 1950 was almost 2 times higher than in 1942.

According to official data for 1951, the American farmer received 16% of the retail price of wheat bread; milk is sold by monopolies in large cities at prices that are 4-6 times higher than purchasing targets.

After the Second World War, an unprecedented increase in the impoverishment of the working class and peasantry in capitalist countries, the enormous expenses that these countries incur on armaments, led to a fall in effective demand and a narrowing of markets for agricultural products. In this regard, a new agrarian crisis is growing in capitalist countries. Inventories and "surpluses" of agricultural goods that cannot be sold are rapidly increasing, crops are being reduced, the income of the bulk of the peasantry from selling their products is sharply falling, small producers are

being massively ruined, a huge amount of food is being destroyed while at the same time reducing food consumption and direct malnutrition of the working masses.

Carrying stocks of wheat in the USA in 1952 exceeded the maximum level of stocks during the crisis of 1929-1933. and 3 times higher than the reserves available in 1947. In order to maintain inflated food prices, government agencies in the United States are buying up and destroying huge quantities of potatoes, vegetables, fruits, livestock, and poultry.

The area under wheat in capitalist countries fell from 105 million hectares in 1938 to 95 million hectares in 1951. In 1952, the net income of US farmers decreased by \$4 billion, or 29%, compared to 1947. During this same time, production costs and other farmer expenses, babbling price increases and the depreciation of the dollar increased significantly. In 1950, over 80% of farm families had an annual income below the subsistence level of a working family, 51% less than half of this minimum, and the income of almost a million farm families was less than \$500 per year, that is, 8-9 times less than the subsistence level.

The second stage of the general crisis of capitalism brought a further aggravation of the crisis of bourgeois democracy; the bourgeoisie threw overboard the banner of bourgeois democratic freedoms, the banner of national independence and national sovereignty. The bourgeoisie trampled on the principle of equality of people and nations. This principle has now been replaced in capitalist countries by the principle of full rights for the exploiting minority and no rights for the exploited majority of members of society. Thus, the anti-people and anti-national character of bourgeois rule is now emerging more and more openly.

The bourgeois is looking for a way out of the general crisis of capitalism along the paths of war and Fascisation of the country's political life. The masses of the capitalist countries, driven by war, unemployment, and constant deprivation to the extreme degree of

impoverishment and ruin, are looking for a way out along the paths of revolutionary struggle against the entire system of imperialist slavery. The contradiction between the productive forces of society and capitalist production relations, which has reached its extreme limits, clearly shows the historical doom of the outdated bourgeois system. The development of the general crisis of the world capitalist system inevitably leads to the revolutionary collapse of capitalism, to the complete victory of socialism throughout the world.

BRIEF SUMMARY

1. During the Second World War, especially after the fall away from the capitalist system of the people's democratic states in Europe and Asia, the second crisis of the world capitalist system unfolded. The most important economic result of the existence of two opposing camps in the international arena was the collapse of a single all-encompassing world market and the formation of two parallel markets: the market of the countries of the socialist camp and the market of the countries of the capitalist camp. This determined the deepening of the general crisis of capitalism. Due to the collapse of the single world market, the sphere of application of the forces of the main capitalist countries - the USA, England, France - to world resources has sharply decreased. In capitalist countries, sales difficulties and chronic underutilisation of enterprises are growing.

2. One of the most important results of the Second World War was a sharp aggravation of the crisis of the colonial system of imperialism. A new upsurge in the national liberation struggle in colonial and dependent countries led to the beginning of the collapse of the colonial system, to the fall of China and some other countries from the world system of imperialism.

3. A further increase in the uneven development of capitalist countries causes an inevitable aggravation of internal contradictions in the camp of imperialism. American imperialism, having taken the path of unbridled expansion, seeks to subjugate the economies of other capitalist countries. The militarisation of the economy causes a widening gap between the production capabilities of the industry of capitalist countries and the possibilities for marketing its products and thereby prepares new economic crises and disasters.

4. Due to the operation of the basic economic law of modern capitalism, there is a sharp deterioration in the financial situation of the broad masses of workers. This is reflected in a further fall in the real wages of the working class, an increase in permanent armies of the unemployed, the widespread use of sweatshop systems of labour organisation, inflation and rising costs, an increase in the tax burden, the impoverishment and ruin of the bulk of the peasantry of capitalist countries and the intensification of colonial exploitation. The growth of the forces of the camp of peace, democracy and socialism, the weakening of the imperialist camp of reaction and war, the rise of the liberation struggle of the working class, peasantry, and colonial peoples show that the modern era is the era of the collapse of capitalism, the era of the victory of communism.

THE ECONOMIC TEACHINGS OF THE ERA OF IMPERIALISM

The Bourgeois Political Economy.

The transition of capitalism to a higher, monopolistic stage of development and the associated extreme aggravation of social contradictions and class struggle caused further degradation of bourgeois political economy.

After the Great October Revolution and the victory of socialism in the USSR practically showed the inconsistency of the claims of bourgeois ideologists about the loudness of the capitalist system. Bourgeois economists consider one of their main tasks to be slandering the Soviet Union in order to hide from the working people of capitalist countries the truth about the world-historical achievements of the country of socialism. At the same time, distorting the facts and mixing it up is broken in the Capitalist slings, weeded out imperialism try to present modern capitalism as a supposedly healthy and vibrant social system. To this end, they argue that crises of overproduction, constant mass unemployment, and impoverishment of workers are not inevitable concomitants of capitalism, but represent only individual shortcomings from which society can be relieved while maintaining the capitalist system through the implementation of certain policies of the bourgeois state. The temporary bourgeois political economy is an ideological weapon of the financial oligarchy and is the handmaiden of imperialist reaction and aggression.

In the era of imperialism, bourgeois economists discard all elements of a scientific approach to the study of economic processes, ignore objective economic laws and preach the most reactionary, vulgar apologetic theories.

In explaining such categories of capitalism as value, price, wages, profit, rent, bourgeois economists of the era of imperialism usually take the position of the subjective psychological direction, one of the varieties of which is the Austrian school discussed above, and repeat in different ways the old vulgar theory of three factors of production. The English economist Alfred Marshall (1842–1924) attempted an eclectic reconciliation of three competing vulgar theories of value: supply and demand, marginal utility and cost of production. The American economist John Bates Clark (1847–1938), preaching the false idea of “harmony of interests” of various classes of bourgeois society, put forward the theory of “marginal productivity,” which in reality is only a peculiar combination of the old pulp theory of “productivity of capital” with the vulgar theory of marginal utility.” Austrian school. Profit, according to Clark, is supposedly a reward for the work of the entrepreneur, and the working classes create only a small share of wealth and receive it in full.

Unlike bourgeois economists of the era of pre-monopoly capitalism, who praised freedom of competition as the main condition for the economic development of society, bourgeois economists of the era of imperialism usually emphasize the need for full state intervention in economic life. They extol the imperialist state as a force supposedly standing over classes and capable of subordinating the economy of capitalist countries to a planned principle. Meanwhile, in reality, the intervention of the bourgeois state in economic life has nothing to do with planning the national economy and only strengthens the anarchy of production. Apologists for monopolies hypocritically present as “organised capitalism” the subordination of the imperialist state to the financial oligarchy, its widespread use of the state apparatus in its own selfish interests to further increase the profits of the monopolies.

In the first decades of the twentieth century, the so-called social direction, or social-organic School of political economy (A.

Ammon, R. Stolzmann, O. Spann, etc.) became widespread in Germany. In contrast to the Austrian school with its subjective psychological approach to economic phenomena, representatives of the social movement talked about the social relations of People, but they viewed these relations idealistically, as legal forms, devoid of any material content. Social economists argued that social life and management are supposedly legal and ethical norms. They covered up their zealous service to the capitalist monopolies with demagogic arguments about the "common good" and the need to subordinate the "part," that is, the working masses, to the "whole," that is, the imperialist state. They extolled the activities of capitalists, declaring them to be a service to society. The reactionary industrial school of obedience is an ideological weapon for fascism in Germany and other bourgeois countries.

German fascism used the most reactionary elements of German vulgar economy, its extreme chauvinism, the worship of the bourgeois state, the preaching of the conquest of foreign lands and "class peace" within Germany. Being the worst party of socialism and all progressive humanity, the German fascists resorted to anti-capitalist demagoguery and hypocritically called themselves National Socialists. Italian and German fascists preached the reactionary theory of the "corporate state", according to which capitalism, classes and class contradictions were supposedly eliminated in fascist countries. Fascist economists justified the predatory practice of seizing foreign lands by Hitler's Germany directly with the help of the so-called "racial theory" and "theory of living space." According to these "theories", the Germans are supposedly the "superior race", while all other nations are "inferior", and as a "master race" the Germans allegedly have the right to seize the lands of other peoples by force and extend their rule over the whole world. Historical experience has clearly demonstrated the absurdity and impracticability of Hitler's delusional plans for world domination.

In the era of the general crisis of capitalism, the problem of economic crises and constant mass unemployment has acquired unprecedented urgency. In this regard, various theories appear, the authors of which seek to instil the illusion of the possibility of ensuring “full employment” and eliminating crises while maintaining the capitalist system. The theory of the Chilean economist J. M. Keynes (1883-1946), most fully expounded in the 5th book “The General Theory of Employment, Interest and Money” (1936), became widespread among bourgeois economists.

By obscuring the real causes of constant mass unemployment and crises under capitalism, Keynes tries to prove that the cause of these “flaws” in the capitalist system lies in random imbalances caused by the psychological motives of people. According to Keynes, unemployment is the result of insufficient demand for items of personal and industrial consumption. The lack of consumer demand is supposedly caused by the inherent tendency of people to save part of their income, and the lack of demand for consumer goods is caused by the weakening of capitalists’ interest in using their capital in various sectors of the economy due to a general decrease in the profitability of capital. At the same time, Keynes attributes a particularly important role to the seemingly unfavourable relationship between the rate of profit, on the one hand, and the rate of interest, on the other: he argues that while the profitability of capital decreases, the rate of interest remains stable. To increase employment, Keynes argues, it is necessary to expand capital investment, for which the state, along with increasing its investments, must ensure an increase in the return on capital. For these purposes, Keynes recommends carrying out a hidden reduction in the real wages of workers through inflation and lowering the interest rate. To expand consumer demand, Keynes recommends a further increase in parasitic consumption and wastefulness of the ruling classes, an increase in expenses for the

maintenance of the state apparatus, for military purposes and for other unproductive expenditures of the state.

Keynes's theory is completely untenable and deeply reactionary in its essence. The lack of consumer demand is caused not by the mythical "propensity of people to save", but by the impoverishment of working people. Keynes's assertion about the supposed "decline" in the profitability of capital is in blatant contradiction with the enormous increase in profits of capitalist monopolies. The measures planned by Keynes supposedly in the interests of ensuring full employment of the population—inflation, the growth of unproductive expenses for maintaining the state and the preparation of wars—in fact lead to higher prices, an increase in the tax burden and a further decline in the living standards of workers, to a narrowing of the market and increased unemployment. Keynes's vulgar theory is now widely used by bourgeois economists, as well as right-wing socialists in the United States. England and other capitalist countries, acting as apologists for state-monopoly capitalism and (...).

Modern vulgar austerity in the United States is characterised by a theory that advocates an inflated state budget and praises the unbridled growth of public debt as a means of overcoming all the ills of capitalism. The American economist A. Hansen, believing that the possibilities for the further development of capitalism through the action of spontaneous economic forces alone are significantly narrowed, argues for the need for the state to "retouch" the capitalist economy through artificial forced capital investment through increased government orders. He preaches organisation at the expense of the state budget, that is, through taxes and loans, public works, which, in the conditions of the imperialist powers preparing for a world war, in reality means the construction of highways, strategic railways, airfields, naval bases, etc.

Some bourgeois economists in the USA and England preach the need for the "free play of economic forces," by which in reality they

mean the unlimited freedom of monopolies to exploit workers and rob consumers. These economists hypocritically denounce union activism in defence of workers as a violation of “economic freedom” and praise the reactionary anti-labour legislation of the imperialist state.

Both the heralds of “regulation” of the economy by the bourgeois state and the defenders of the “free play of economic forces” express the interests of the financial oligarchy, which seeks to secure maximum profits for itself by further increasing the exploitation of the working masses within the country and through imperialist aggression in the international arena.

Bourgeois economists strive to justify the predatory policy of the imperialist powers seizing foreign lands, enslaving and robbing other peoples with anti-scientific fabrications about the “inequality” of various races and nations in the civilizing mission of the “superior” races and nations in relation to the “inferior” ones, etc. They are especially zealous in this regard, modern American economists, who, following in the footsteps of the German fascists, seek to impose on everyone the misanthropic idea of the “superiority” of English-speaking nations over all other nations and preach delusional plans for establishing US world domination.

The flip side of racial theory is bourgeois cosmopolitanism, which denies the principle of equal rights of nations and preaches the need to abolish state borders. Bourgeois cosmopolitans declare national sovereignty and the independence of peoples to be an outdated concept, and the existence of national states is proclaimed as the main cause of all the social disasters of modern bourgeois society—militarism, war, unemployment, poverty of people, etc. By obscuring the deep contradictions between different countries in the camp of imperialism, They oppose the principle of national sovereignty to the cosmopolitan idea of a “world state”, in which they invariably assign the leading role to the United States. The same goal of eliminating the national sovereignty of European

peoples and their complete subordination to the domination of US imperialists is pursued by the intensified propaganda of the ideas of a "united Europe", "United States of Europe" . The preaching of cosmopolitanism sets the task of ideologically disarming peoples and breaking their will to resist the encroachments of American imperialism. The same interests of the aggressive policy of American imperialism are served by the demands put forward by bourgeois economists for "open doors," "equal opportunities" in world trade, and "free access" to world sources of raw materials.

(...) The preachers of this anti-scientific theory, glossing over the impoverishment and lack of rights of the working masses, grossly falsifying data on the wages of American workers and the income of working farmers, are trying to portray the United States as a country of (...) capitalism," supposedly free from class contradictions.

Many US bourgeois economists come out with direct propaganda for a new world war. They declare war to be a natural and eternal phenomenon of social life, instilling the false idea that peaceful coexistence between the countries of the capitalist camp and the countries of the socialist camp is impossible. Based on Keynes's assertions about the need for artificial state-forced market demand or maintaining high market conditions, these economists proclaim the arms race and war as a means of reducing unemployment, preventing crises of overproduction and ensuring economic prosperity. Hypocritically declaring the militarisation of the economy beneficial for all classes of society, they demand an all-out increase in military orders by increasing taxes on workers, money issues and loans.

In order to justify imperialist aggression and prepare for a new world war, the long-debunked theories of Malthus are widely propagated in bourgeois literature. Modern Malthusianism is characterised by a combination of the reactionary ideas of Malthus with racial theory. The Malthusians of the USA and other bourgeois

countries claim that the globe is overpopulated as a result of “excessive reproduction of people, which is the root cause of hunger and all other disasters of the working masses. Under the pretext of imaginary overpopulation, they demand a sharp reduction in the population, especially of colonial and dependent countries, whose people are waging a liberation struggle against imperialism. Modern Malthusians come out with demands for legislative restrictions on the birth rate among workers, widespread forced sterilisation; they call for devastating wars using atomic bombs and other means of mass extermination of people, they praise heads and epidemics. Modern Malthusianism is the ideology of militant imperialist reaction.

All these statements by the apologists of capitalism serve as clear evidence of the complete bankruptcy of modern bourgeois political economy, its increasing fascination. In reality, neither a frantic arms race nor the outbreak of a new war can save capitalism, but only exacerbate its inherent antagonistic contradictions and bring its inevitable death closer.

The Economic Theories of the Opportunists of the Second International and the Modern Right-Wing Socialists.

In the field of the theory of imperialism, as in other questions of political economy, the opportunists of the Second International and modern right-wing socialists repeat the anti-scientific inventions of bourgeois scientists. He played the role of agents of the imperialist bourgeoisie in the labour movement, he defended monopolies, preached class peace between the workers and the bourgeoisie, and actively supported the repressive domestic and aggressive foreign policies of imperialism.

Lenin pointed out that “the opportunists objectively represent a part of the petty bourgeoisie and certain layers of the working class, bribed with funds from imperialist superprofits, dressed up as watchdogs of capitalism, as corrupters of the labour movement”¹.

K. Kautsky (1854-1938), in order to gloss over the deep contradictions of monopoly capitalism, interpreted imperialism only as a special type of policy, namely, as the desire of highly developed industrial countries to subjugate agricultural areas. This theory sowed illusions about the possibility of a different, non-aggressive policy under the conditions of monopoly capitalism. During the First World War, Kautsky came up with the anti-Marxist theory of ultra-imperialism (super-imperialism), arguing that under imperialism it was possible, through an agreement between capitalists of different countries, to eliminate wars and lay the foundation for an organised world economy. This editorial theory embellished imperialism and disarmed the working class to please the bourgeoisie, sowing illusions about the possibility of a peaceful and crisis-free development of capitalism. The same goal was served by the vulgar theory of productive forces preached by Kautsky, according to which socialism is supposedly a mechanical result of the development of the productive forces of society without class struggle and revolution. After the Great October Socialist Revolution in the USSR, which marked the beginning of the world proletarian revolution, Kautsky took the path of open struggle in the world of the dictatorship of the proletariat and called for intervention against THE USSR.

R. Hilferding (1877-1941) in his work “Financial Capital” (1910), devoted to the study of the “newest phase of capitalism”, obscured the decisive role of monopolies in modern capitalism and the aggravation of all its contradictions, ignored the most important features of imperialism — the parasites, the decay of capitalism, the

¹ V.I. Lenin, Imperialism and the split of socialism, Work vol. 23, ed. 4, p. 93.

division of the world and the struggle for its redistribution. During the years of temporary, partial stabilisation of capitalism, Hilferding argued, following bourgeois economists, that the era of “organised capitalism” had arrived, when, thanks to the activities of monopolies, capitalism destroys competition, anarchy of production, crises and follows the path of continuous prosperity.

The embellishment of imperialism by Kautsky, Hilferding and other reformist theorists of social democracy is inextricably linked with their counter-revolutionary preaching of the “peaceful growth of capitalism into socialism,” aimed at distracting the working class from the tasks of the revolutionary struggle for socialism, to subordinating the labour movement to the interests of the imperialist bourgeoisie. This goal was served in particular by the apologetic theory of “economic democracy”, which was spread by socialist leaders in the period between the two world wars. According to this theory, workers, acting as representatives of trade unions in factory management and other bodies, supposedly take an equal part in the management of the economy and gradually become the masters of production. With their policy of betraying the interests of the working class, the Social Democrats of the Second International cleared the way for fascism in Germany and in some other countries.

In Russia, anti-Marxist, Kautskyite views on the theory of imperialism were spread by the worst enemies of socialism—the Mensheviks, Trotsky, Bukharin and others. With their apologetic theories of “pure imperialism”, “organised capitalism”, etc., they sought to cover up the growing contradictions of monopoly capitalism. Denying the law of uneven development of capitalism in the era of imperialism, they tried to poison the consciousness of the working class with the poison of disbelief in the possibility of the victory of socialism in one country.

In the period after the Second World War, the English labourites K. Attlee, M. Phillips, right-wing socialists L. Blum (1872-

1950), Guy-Mollet (France), K. Renner (1870-1950), A. Scherf were zealous defenders of imperialism (Austria), Saragat (Italy) and others. Trying to reconcile the working people with imperialism, to instil in the working class faith in the possibility of improving their situation under capitalism, English Labourites, as well as L. Bloom, K. Renner and other right-wing socialists, composed the theory of “democratic socialism,” which is a type of theory of the peaceful growth of capitalism into socialism.

The preachers of the theory of “democratic socialism” claim that in England, the USA, France and other capitalist countries, exploitation and the opposition of the class interests of the proletariat to the bourgeoisie no longer exist. The imperialist state is declared by right-wing socialists to be a supra-class organisation, and everything undertaken that constitutes the property of this state is demagogically proclaimed a “socialist enterprise.” The economy of the state of Sikh countries where monopolies dominate, along with other “state-capitalist” enterprises, is what right-wing socialists call a “mixed economy”, in which capitalism is supposedly “combined”, “merged” with socialism. Labour declared the nationalisation of the Bank of England, railways and some industries carried out while they were in power after the World War as a triumph of “democratic socialism”. In reality, Labour nationalisation was a bourgeois measure that did not change the economic nature of nationalized enterprises as capitalist enterprises; the real owners in England continued to be the imperialist bourgeoisie and large landowners—landlords. Owners of nationalized enterprises that were previously unprofitable received generous compensation and a high guaranteed income, and workers employed in nationalized industries were forced to work even harder at low wages. The theory of “democratic socialism” serves as a screen to cover up the growing oppression of the working masses by state-monopoly capitalism, which represents the highest level of domination by financial oligarchy.

Preaching "Class Peace" in capitalist society, right-wing socialists at the same time actively help the bourgeoisie to carry out a broad attack on the living standards of the working masses, to stifle the working class in the metropolitan countries and the national liberation movement in the colonies of independent countries. Following the bourgeois economists, they propagate the misanthropic racial theory of the bourgeoisie, cosmopolitanism, Malthusianism.

Right-wing socialists appear not only as agents of the bourgeoisie of their countries, but also as tents of American imperialism. Betraying the interests of the peoples of their countries, right-wing socialists fight against the principle of national independence and equality of peoples, actively supported the North Atlantic and other aggressive blocs put together by the American imperialists in order to prepare a new world war, and support the adventurist policy of reviving German and Japanese militarism. The right-wing socialists, being the greatest enemies of the working class and socialism, are waging a fierce struggle against the Soviet Union and the people's democracies, against the progressive forces of the labour movement in their countries, against the camp of peace, democracy and socialism in the international arena. By undermining the unity of the working class, deceiving the working masses with "socialist" phrases and distracting them from the revolutionary movement, the right-wing socialists serve as the main social support of the bourgeoisie.

The consistent struggle against the resection "theories" of bourgeois economists and right-wing socialists is being waged by communist and workers' parties, which are guided in their activities by the theory of Marxism-Leninism.

In the struggle for the national indispensability of their people, for peace, against the instigators of a new war, the progressive part of the intelligentsia, including a number of economists, is taking an increasingly active part.

The Creation by V. I. Lenin and J. V. Stalin of the Doctrine of Imperialism and the General Crisis of Capitalism.

Marx and Engels, who lived in the era of pre-monopoly capitalism, naturally could not provide an analysis of imperialism. The great merit of the Marxist study of the monopoly stage of capitalism belongs to V. I. Lenin and J. V. Stalin.

Based on the main provisions of Capital and generalizing new phenomena in the economy of capitalist countries, Lenin was the first Marxist to give a comprehensive analysis of imperialism as the last phase of capitalism, as the eve of the social revolution of the proletariat. This analysis is contained in his classic work "Imperialism, as the highest stage of capitalism" (1916) and in other works of the period of the First World War: "Socialism and War", "On the slogan of the United States of Europe", "On the caricature of Marxism and "imperialist economism" "Imperialism and the split of socialism", "Military program of the proletarian revolution".

Lenin developed the question of state-monopoly capitalism, of the subordination of the apparatus of the bourgeois state to monopolies. He showed that state-monopoly capitalism means the highest form of capitalist socialisation of production and the material preparation of socialism, on the one hand, and the every possible strengthening of the exploitation of the working class and all working masses, on the other hand.

Lenin discovered the law of uneven economic and political development of capitalist countries during the period of imperialism. Based on this law, he made a great scientific discovery about the possibility of breaking the chain of world imperialism in its weakest link, the conclusion about the possibility of the victory of socialism initially in several countries or even in one single country and the impossibility of the simultaneous victory of socialism in all

countries. Lenin substantiated the enormous role of the peasantry as an ally of the proletariat in the revolution.

Lenin's theory of imperialism proceeds from the fact that the deepest basis of imperialism, its economic essence, is the dominance of monopolies, that imperialism is monopoly capitalism. Lenin subjected a comprehensive study to the main economic features of imperialism and the specific forms of monopoly domination.

Characterising imperialism as a new, highest stage of capitalism, he showed that imperialism is parasitic, decaying and dying capitalism. Lenin's theory of imperialism reveals the contradictions of capitalism at the monopoly stage of its development—the contradictions between labour and capital, between metropolises and colonies, between imperialist countries. It shows the inevitability of imperialist wars for a new mine redistribution. The aggravation and deepening of all these contradictions reaches extreme limits, beyond which the revolution begins. Lenin defined the historical place of imperialism as the eve of socialist revolutions.

Lenin developed the question of state-monopoly capitalism, of the subordination of the apparatus of the bourgeois state to monopolies. He showed that state-monopoly capitalism means the highest form of capitalist socialisation of production and the material preparation of socialism, on the one hand, and the every possible strengthening of the exploitation of the working class and all working masses, on the other hand.

Lenin discovered the law of uneven economic and political development of capitalism under imperialism. Based on this law, he created a theory about the possibility of the whitening of socialism initially in several countries or even in one individual country and the impossibility of the simultaneous victory of socialism in all countries. Lenin substantiated the enormous role of the peasantry as an ally of the proletariat in the revolution, the possibility and

necessity of uniting the proletarian movement in developed countries and the national liberation movement in columns in the general Front of struggle against the common enemy—imperialism. Thus, Lenin created a new, complete theory of the socialist revolution.

Lenin developed the theory of imperialism in an irreconcilable struggle against bourgeois economists and opportunists of the Second International. He revealed the complete theoretical inconsistency and political harmfulness of the anti-Marxist theory of “ultra-imperialism” of Kautsky and its varieties represented by Trotsky and Bukharin, showed the deep connection of opportunism with imperialism and exposed the political role of opportunists as agents of the bourgeoisie in the labour movement. Lenin dealt a crushing blow to the opportunists’ apologetic interpretation of state-monopoly capitalism, which they tried to pass off as “socialism.” Lenin’s works against opportunism are of great importance for the revolutionary movement, since without exposing the ideological and political content of opportunism and its treacherous role in the labour movement, there can be no real struggle against imperialism.

J. V. Stalin defended the Leninist theory of imperialism from the attacks of the enemies of Leninism, enriched it on the basis of a generalisation of the new experience of world social development. In his works: “On the Foundations of Leninism” (1924), “On the Issues of Leninism” (1926), “History of the All-Union Communist Party (Bolsheviks)” (1938), “Economic Problems of Socialism in the USSR (1952) .) and others, he developed Lenin’s propositions about the economic essence of imperialism and its contradictions. Stalin discovered the basic economic law of modern capitalism. Stalin’s works further developed the law of uneven economic and political development of capitalist countries under imperialism.

Stalin’s defence and further development of Lenin’s theory on the possibility of the victory of socialism in one country was of

enormous importance for the fate of socialism in the USSR and for the cause of the international workers' movement. Armed with this theory, the Communist Party of the Soviet Union defeated counter-revolutionary Trotskyism and right-wing restorers of capitalism who fought against socialism. Stalin's works comprehensively developed Lenin's teachings on the allies of the proletariat in the era of imperialism, on the roles of the peasantry and on the importance of the national liberation movement in the colonies for the victory of the socialist revolution.

Stalin created the doctrine of the general crisis of capitalism, which is a direct continuation and development of Lenin's theory of imperialism. He exposed the servants of the bourgeoisie who are keeping up with the capitalist economic system, he proved that modern capitalism is in a state of general all-round crisis, covering both economics and politics. The most striking expression of the general crisis of capitalism is the world-historical victory of the Great October Socialist Revolution in the USSR and the split of the world at the bottom of the system - capitalist and socialist. An integral part of the general crisis of capitalism is the crisis of the colonial system of imperialism.

Stalin's works illuminated the essence and significance of new phenomena in the economies of bourgeois countries, conditioned by the general crisis of capitalism—the extreme aggravation of the market problem, chronic underutilisation of enterprises, and constant mass unemployment. Developing the Marxist theory of crises. Stalin analysed changes in the nature of the capitalist cycle and economic crosses in the modern era. He showed the futility of the bourgeois state's attempts to fight the cadences, the inconsistency of the assertion about the possibility of planned economic management under capitalism.

During the period of partial stabilisation of capitalism, when bourgeois economists, opportunists of the II. The International, the Trotskyists and the Bukharinites proclaimed the era of "organised

capitalism", the era of "prosperity" of cannibalism, J. V. Stalin smashed these theories and showed that the stabilisation of capitalism is variable, rotten, fragile, that the deepest and most acute crisis grows out of it world capitalism, fraught with new imperialist wars. Life has completely confirmed the correctness of Stalin's scientific foresight. Stalin's writings exposed the deeply reductive and aggressive essence of fascism and the treacherous role of modern right-wing socialists.

Stalin revealed the nature and character of two crises of the capitalist system of the world economy, which led to two world wars, and showed that these two are two stages of the general crisis of capitalism. The works of J. V. Stalin provide an analysis of the economic and political conditions that caused the Second World War, as well as its results and economic consequences, which include, first of all, the collapse of a single all-encompassing world breakthrough and the formation of two parallel world markets that opposed each other, which determined further deepening of the common crease of the world capitalist system. By exposing the instigators of a new world war, Stalin found out the reasons for the further growth of contradictions in the capitalist economy as a result of its militarisation, showed the growth of the forces of the democratic camp in socialism and the weakening of the imperialist camp.

The teachings of V. I. Lenin and J. V. Stalin on imperialism and the general crisis of capitalism have world-historical significance. It is a powerful weapon in the struggle of the working class and all working people for peace, democracy and socialism.

SECTION THREE. THE SOCIALIST MODE OF PRODUCTION

A. The Transition Period from Capitalism to Socialism

CHAPTER XXII. the MAIN FEATURES OF THE TRANSITIONAL PERIOD FROM CAPITALISM TO SOCIALISM

The Proletarian Revolution and the Need for the Transition from Capitalism to Socialism.

The entire course of development of the capitalist mode of production and class struggle in bourgeois society inevitably leads to the revolutionary replacement of capitalism with socialism. As shown above, capitalism has given production a social character, incompatible with private capitalist property and requiring public ownership of the means of production. In the era of imperialism, the conflict between the growing productive forces and bourgeois production relations, which have become fetters for these productive forces, reaches unprecedented severity. The law of mandatory correspondence of production relations to the nature of the productive forces requires the elimination of old, bourgeois production relations and the creation of new, socialist production relations. From this follows the objective necessity of a proletarian, socialist revolution.

Due to the contradiction of the foundations of bourgeois and socialist societies, the antagonism of the interests of labour and capital, the peaceful “growth” of capitalism into socialism, which the opportunists advocate, is impossible. The transition from capitalism to socialism can only be accomplished through the proletarian revolution and the dictatorship of the proletariat; the proletariat, by virtue of its own economic situation, is the only class capable of uniting all working people around itself for the overthrow of capitalism and the victory of socialism.

The proletarian revolution is fundamentally different from all previous revolutions. During the transition from the slave system to

the feudal system and from the feudal to the capitalist system, one form of private property was replaced by another form of real property, the power of some exploiters was replaced by another form of exploiters. Because all methods of production based on exploitation have failed. The complete basis—private property and the means of production—of the new economic order gradually matured in the depths of the old mode of production. Thus, a bourgeois revolution usually begins with the appearance of more or less ready-made forms of the capitalist way of life, which grew and matured in the womb of feudalism. A bourgeois revolution usually ends with the seizure of power.

The proletarian revolution is aimed at the abolition of private ownership of the means of production and all exploitation of man by man. She does not find any ready-made shoots of a socialist economy. A socialist structure based on public ownership of the means of production cannot grow within the bourgeois society based on private property. The main task of the proletarian revolution is to build a new, socialist economy after the establishment of the power of the proletariat. The seizure of power by the working class is only the beginning of the proletarian revolution, and power is used as a lever to restructure the old economy and organize a new one.

In view of this, the replacement of the capitalist system with a socialist system requires in each country a special transition period covering an entire historical era. "Between capitalist and communist society lies a period of revolutionary transformation of the first into the second. This period corresponds both to the political transition period and to the state of this period, which can be nothing other than the revolutionary dictatorship of the proletariat"¹. The transition period from capitalism to socialism begins with the victory of the proletarian revolution and ends with the construction of socialism—the first phase of communist society. During the transition period in the country of the proletarian revolution, the

old, capitalist basis is eliminated and a new, socialist basis is created, and the development of the productive forces necessary for the victory of socialism is ensured. During the transition period, the proletariat must strengthen itself as a force capable of governing the country and re-educating the petty-bourgeois masses in the spirit of socialism.

Based on the principles of Marx and Engels, Lenin and Stalin created a holistic doctrine of the transition period from capitalism to socialism and the dictatorship of the proletariat, arming the working class of the whole world with scientific knowledge of the ways to build socialism.

The proletarian revolution whitewashed everything in Russia. Russia has reached a level of development of capitalism sufficient for the beginning of the proletarian revolution. At the same time, Russia turned out to be the focus of all the contradictions of imperialism, which sharply intensified the process of revolutionism of the proletariat and the rallying of the peasant masses around it. In October 1917, the Russian proletariat, led by the Communist Party, armed with the Lenin-Stalin doctrine of the possibility of whitewashing socialism throughout the country, in alliance with the peasant poor, overthrew the power of the capitalists and landowners and established their own dictatorship. The Great October Socialist Revolution, which paved the way to socialism for the first time in human history, set an example of what a proletarian revolution should basically be like in any country.

¹ K. Marx, Critique of the Gotha Program, K. Marx, F. Engels, Selected Works, vol. II., 1948, p. 23.

The Dictatorship of the Proletariat as a Tool for Building a Socialist Economy.

Without the dictatorship of the proletariat as a political superstructure, the economic liberation of the working people is impossible, the transition from the capitalist mode of production to the socialist one is impossible. Since the task of the proletarian revolution is the abolition of all exploitation, it cannot do without the destruction of the old state machine designed to suppress the working masses. The proletarian revolution gives birth to a new type of state—the dictatorship of the proletariat. The dictatorship of the proletariat is the state leadership of society carried out by the working class. The state in all its preliminary forms suppressed the exploited majority in the interests of the exploiting minority. The dictatorship of the proletariat suppresses the exploiting minority in the interests of the working majority.

The dictatorship of the proletariat is true democracy; it expresses the vital interests of the working people and for the first time in history makes the working people the masters of their country. If bourgeois revolutions, strengthening a new type of exploitation, cannot rally the masses of the working people and the exploited around the bourgeoisie for any long period, then the proletarian revolution, which eliminates all exploitation, can and should also bind these masses into a strong alliance with the proletariat. The alliance of the working class with the peasantry under the leadership of the working class, directed against the exploiting classes, is the highest principle of the dictatorship of the proletariat. Without this union it is impossible to strengthen the power of the proletariat and build a socialist economy.

The dictatorship of the proletariat is a continuation of the class struggle of the proletariat in new conditions and in new forms against the exploiters within the country and against the hostile actions of the capitalist encirclement.

In accordance with the task of building socialism, the dictatorship of the proletariat has three main aspects. This means using the proletariat's call to power, firstly, to suppress the former exploiters, to defend the country, to strengthen ties with the proletarians of other countries; secondly, for the final separation of the working and exploited masses from the bourgeoisie, for simplicity. establishing an alliance between the proletariat and these masses with the aim of involving these masses in the cause of socialist construction; thirdly, building a new, socialist society.

The dictatorship of the proletariat as a political superstructure is generated by a new, mature economic the need of society for the transition from capitalism to socialism. But, having come into being, the dictatorship of the proletariat, as an instrument for building socialism, itself becomes the greatest force. It actively helps its socialist base to take shape and strengthen itself, and helps the new system finish off and eliminate the old base. Socialist forms of economy, being based on public ownership, cannot arise and develop spontaneously, by gravity. They arise and develop through planned activities of the proletarian state. The proletarian state can fulfil its task of creating a new basis, a new, socialist economy, only due to the fact that it is based on the objective economic law of the mandatory correspondence of production relations to the nature of the productive forces and on new economic laws that arise on the basis of the development of socialist production relations. The dictatorship of the proletariat ensures the creation of a higher type of social organisation of labour than colonialism. This is the main source of strength of the socialist system and its victory over the capitalist system.

The forms of the dictatorship of the proletariat can be different. "The transition from capitalism to communism, of course, cannot but produce an enormous abundance and diversity of political forms, but the essence will inevitably be the same: the dictatorship of the proletariat"¹. This basic position of Marxism-Leninism is fully

confirmed by both the historical experience of the USSR, where an open Lenin , the form of the dictatorship of the proletariat is Soviet power, and the subsequent historical experience of the countries of Central and South-Eastern Europe, where the dictatorship of the proletariat exists in the form of people's democracy.

The leadership of the entire process of the systematic construction of the socialist mode of production belongs in the countries of the dictatorship of the proletariat to the communist (workers') parties armed with the theory of Marxism-Leninism, the foundations of the economic development of society.

The Socialist Nationalisation of the Means of Production.

The development of capitalism has made it economically necessary and possible for the socialist socialisation of large-scale machine industry, mechanized transport, etc., that is, industries in where the main means of production are concentrated. In view of this, the economic transformation of the country begins with the nationalisation of large capitalist production. Following the overthrow of the political power of the bourgeoisie, the proletarian state deprives the capitalists of their dominant position in the economy through their expropriation, that is, the socialist nationalisation of the main means of production. Socialist nationalisation of the means of production is the revolutionary seizure by the proletarian government of the property of the exploiting classes and its transformation into state, socialist property—into the people's property. Socialist nationalisation eliminates the main contradiction of capitalism—the contradiction between the social nature of production and the private capitalist a form of appropriation in industry. "The productive forces of our country, especially in industry," said J. V. Stalin, characterizing the socialist revolution in Russia, "were of a social nature, but the form

of ownership was private, capitalist. Based on the economic law of mandatory compliance of production relations with the nature of the productive forces. The Soviet government socialized the means of production, made them the property of the entire people, and thereby destroyed the system of exploitation and created socialist forms of economy. Without this law and without relying on it. The Soviet government would not have been able to fulfil its task”¹.

The socialist nationalisation of large industry, which represents the leading branch of the national economy, is the basis of all socialist construction. Along with this, the nationalisation of banks, railway transport, merchant fleet and communications, large domestic trade enterprises, as well as the nationalisation of foreign trade is taking place.

Socialist nationalisation, firstly, deprives the capitalists of the means of production and thereby destroys the economic dominance of the bourgeoisie in the country; secondly, it brings the economic basis under the dictatorship of the proletariat, transferring into the hands of the working people the commanding heights of the national economy, that is, the leading sectors of the economy. In these industries, public ownership of the affinities of production is established as the basis of socialist production relations.

Based on the urgent need to eliminate the remnants of serfdom, the long-outdated landownership, the proletarian state carries out immediate confiscation of the lands of large landowners and their farms with living and dead implements. The predominant part of the confiscated lands is transferred to the working peasantry. Large state agricultural enterprises are being organised on some, smaller part of the confiscated lands.

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 7.

One of the conditions for building socialism is the nationalisation of land, that is, the elimination of private ownership of land and the transfer of land into state ownership. Question about methods and timing The nationalisation of all land is decided by the proletarian government depending on the specific conditions of each country. In Russia, where peasants had a tradition of private ownership of land relatively weaker. The Soviet government, in accordance with the demands of the peasant masses, carried out the nationalisation of the entire land. Thus, absolute rent disappeared. For the first time in history, the Soviet peasantry received land from the hands of the proletarian revolution for free use. In those countries where small-peasant private ownership of land has existed for a long time and where, therefore, the peasants have a stronger tradition of private ownership of land, the working class that has risen to power does not carry out a complete abolition of private ownership of land at the beginning of the revolution, that is, it does not carry out nationalisation all lands confiscated from large landowners, which forms a state fund; Most of the confiscated lands become the private property of peasants. The question of the nationalisation of all land is practically resolved in the course of the socialist reorganisation of agriculture.

The Great October Socialist Revolution, having broken the state apparatus of the bourgeoisie, already in the first months nationalized and took away the means of production and other wealth free of charge from the landowners and large capitalists.

On October 26 (November 8), 1917, a decree on land was issued. Lands in the hands of landowners, the bourgeoisie, the royal family, churches and monasteries. were confiscated and alienated without ransom. The right of private ownership of land was abolished forever. The entire land, together with its subsoil, forests and waters, became state property (national property). The purchase and sale of land was prohibited. The peasantry received over 150 million acres of new land for free use , except for those lands that it used before the revolution, and was

freed from rental payments to landowners, as well as from expenses for the purchase of land in a total amount of over 700 million rubles in gold annually. The nationalisation of land was the basis for the liquidation of the landowner class. It meant the complete eradication of the remnants of serfdom. Thus, the socialist revolution incidentally resolved to end tasks of the bourgeois- democratic revolution. Nationalisation of land in itself has not yet created village of socialist production relations, since on land that has become the property of the whole people, Private farming continued. But it was of great importance for socialist construction. The nationalisation of land strengthened the economic basis of the dictatorship of the proletariat and improved the economic situation of the working peasants. It facilitated the subsequent transition of the peasantry to the path of socialist development.

As a transitional measure to the broad nationalisation of capitalist enterprises and to implement a certain regulation of their activities, the Soviet government introduced workers' control, that is, control by the collectives of workers of these enterprises over production, trade and finance. In December 1917, the nationalisation of banks was carried out. The Soviet government cancelled all loans received by the tsarist and Provisional governments from both foreign and domestic capitalists. Foreign trade was declared a state monopoly, the import from abroad and export of goods abroad were removed from the hands of private individuals and transferred to government agencies. The foreign trade monopoly introduced by the Soviet government was a barrier that reliably protected the country from the economic aggression of the imperialists who sought to enslave it and turn it into their colony. Railways and communications, sea and large river merchant fleets became national property. The Soviet government increasingly carried out the nationalisation of industrial enterprises through their confiscation, without ransom. In June 1918, the nationalisation of large enterprises in all industries was announced.

The nationalisation of large industry, banks, transport, and foreign trade meant that Soviet power broke the economic power of the bourgeoisie and seized the commanding heights of the national economy.

At nationalized enterprises, capitalist relations of production were replaced by socialist ones. The means of production, having become public property, ceased to be capital. The exploitation of man by man was abolished .

Overcoming the resistance of the bourgeoisie, sabotage and sabotage of bourgeois specialists and officials, in a stubborn struggle against the petty-bourgeois element Soviet The authorities began to establish a socialist economy. A new, socialist labour discipline was introduced. As workers matured, socialist competition gradually emerged. Socialist principles of production management were instilled, combining unity of command with the creative activity of the masses. The organisation of nationwide accounting and control over the production and distribution of products began.

The Economic Structures and Classes in the Transition Period.

As a result of the nationalisation of large industry, transport, banks, etc., a socialist economic structure emerges . Along with the socialist structure, based on public ownership of the means of production, in the transition period there inevitably exist structures (that is, forms of economy) inherited from the past and based on private ownership of the means of production. During the transition period in the USSR there were the following five economic structures: 1) patriarchal economy, 2) small-scale commodity production, 3) private capitalism, 4) state capitalism, 5) socialist structure.

The patriarchal small-peasant economy, based on personal labour, was almost entirely a subsistence economy.

Small commodity production was an economy based on personal labour and associated to a lesser extent with the market. It was predominantly a middle peasant farm that produced the bulk of

marketable grain, as well as a farm of artisans who did not use hired labour. The small-scale commodity structure during the transition period covered the majority of the country's population for a considerable time.

Private capitalism was introduced. The most numerous of the exploiting classes are the kulaks, the owners of non-nationalized, mainly small and medium-sized capitalist industrial enterprises, as well as traders. In capitalist enterprises, wage labour was used, labour remained a commodity, there were relations of exploitation and surplus value in its various forms.

State capitalism existed mainly in the form of concessions granted by the Soviet government to foreign capitalists, and in some state-owned enterprises were leased to capitalists. State capitalism under the dictatorship of the proletariat differs significantly from state capitalism under the rule of the bourgeoisie. Under the dictatorship of the proletariat, it is an economic structure strictly limited by the proletarian government and used by it for socialist construction, to fight private capitalism and petty-bourgeois elements. In the economy of the USSR, state capitalism occupied a very insignificant place.

The socialist structure included, firstly, factories, factories, transport, banks, state farms, trading and other enterprises in the hands of the Soviet state and, secondly, cooperation—consumer, supply, credit, production, including its highest form—collective farms. The basis of the socialist structure was large-scale machine industry. Already at the beginning of the transition period, the socialist structure began to play a leading role in the development of the entire economy.

In the socialist sector of the economy, labour ceased to be a commodity, labour lost the character of wage labour and turned into work for oneself, for one's state. There is no surplus value. Socialist ownership of the means of production, which unites the economy, made it necessary and possible for a gradual transition to

planning the work of nationalized enterprises on the scale of industries, and subsequently on the scale of the entire public sector as a whole. As a result of the establishment of socialist ownership of the means of production, products produced by the state, that is, by the entire working people.

The main forms of social economy in the transition period are socialism, small-scale commodity production, and capitalism. These forms of social economy correspond to classes: the working class, the petty bourgeoisie (especially the peasantry), the bourgeoisie. The main features of the economy, class relations, and therefore the foundations of the economic policy of the dictatorship of the proletariat in the transition period are common to all countries, despite the peculiarities existing in each country .

The position of classes in the transition period, compared with their position under capitalism, changes radically.

The working class, from being an oppressed class under capitalism, has become the ruling class, which holds power in its hands and owns, together with all working people, the means of production socialized by the state. The financial situation of the working class is steadily improving, and its cultural level is growing.

The working peasantry receives from the socialist state land, liberation from the landlord yoke, protection from the kulaks, and comprehensive economic and cultural assistance. As a result of the October Revolution and the assistance of Soviet power, the middle and poor peasants already in 1926/27 produced over 4 billion poods of grain, while before the revolution they produced 2.5 billion poods per year.

Peasant small-scale production inevitably gives rise to capitalist elements; There is a class stratification of the peasantry into the poor and kulaks. But the process of differentiation of the peasantry in the transition period is of a different nature than under capitalism. Under the conditions of capitalism, the poor and kulaks are growing in the countryside, while the middle peasantry is

shrinking; for the most part, it is going bankrupt and joining the ranks of the poor and the proletariat. During the transition period in the USSR, before the entry of the bulk of the peasantry onto the path of socialism, there was an increase in the number and proportion of middle peasants due to a reduction in the poor, some of which rose to the level of the middle peasants; at the same time, the kulaks grew to a much smaller extent than under capitalism, and the middle peasant became the central figure in agriculture.

After the October Revolution, already in 1918, middle peasants predominated among the peasants. This happened because the peasants received free land, part of the landowner's livestock and equipment. In 1918, a partial expropriation of the kulaks was carried out, from whom 50 million hectares of land were taken and transferred to the poor and middle peasants. In 1926/29 among the peasant households there were: 35% poor, 60% middle peasants, 4-5% kulaks.

The middle peasant is dual in nature: as a worker he gravitates towards the proletariat, as a small owner—towards the bourgeoisie. Both the bourgeoisie and the proletariat are striving to win over the masses of the middle peasantry. At the same time, the working class turns to the fundamental interests of the peasant as a worker, and the bourgeoisie tries to use the private interests of the peasant. Lenin teaches that the working class, leading the peasantry, must always distinguish between two sides in the peasant—the worker and the private owner.

The policy of the working class towards the peasantry in the transition period is determined by the Leninist formula: a strong alliance with the middle peasants, reliance on the poor, an irreconcilable struggle against the kulaks. During the transition period, especially while the peasantry bases its existence on private property and small-scale production, there are some non-antagonistic contradictions between the working class and the

peasantry, for example, regarding prices and taxes. But these contradictions are not fundamental. On fundamental issues, the interests of the working class and the working masses of the peasantry coincide—both classes are vitally interested in the elimination of exploitation and in the victory of socialism. This is the basis for a strong alliance of two friendly classes—the working class and the peasantry. The working class and peasantry are the main classes in the transition period.

The bourgeoisie, with the loss of power and the main means of production, is no longer one of the main classes of society. Large capitalists and a significant part of the average urban bourgeoisie are deprived of their means of production at the beginning of the transition period. But after this, part of the urban bourgeoisie remains, as well as the rural bourgeoisie—the kulaks. During a number of years of the transition period, the bourgeoisie still retains significant strength. This is explained by the inevitability of the spontaneous emergence of capitalist elements from a small-scale commodity economy, the impossibility of immediately replacing the capitalist economy with a socialist one in all sectors of the economy. Even after the loss of its dominance, the bourgeoisie retains, to one degree or another, monetary and material resources and relies on support from international capital.

The main contradiction of the economy of the transition period is the contradiction between the born, but at first still weak socialism, to which the future belongs, and the overthrown, but at first still strong capitalism, which has roots in small-scale commodity farming and represents the past. In all areas of economic life during the transition period, a struggle is unfolding between socialism and capitalism according to the principle of “who will win”. Between workers between the class and the main masses of the peasantry, on the one hand, and the bourgeoisie, on the other hand, there are antagonistic, irreconcilable contradictions. During the transition period, the proletarian state first pursues a policy of limiting and

ousting capitalist elements, and later a policy of their complete elimination. What is natural for the transition period is not the attenuation, but the increasing intensification of the class struggle of the proletariat, the working masses against the bourgeoisie, whose resistance intensifies as socialist construction unfolds.

The War Communism.

The presence in the transition period of peasant economy leads to the fact that socialism must inevitably be built using the market and money economy. Back in the spring of 1918, the Soviet government began to establish the exchange of goods with the countryside through purchase and sale. Preparations for monetary reform began. But in view of foreign intervention, it was necessary to put the entire economy at the service of the front in conditions of extremely limited material resources. The intervention sharply intensified the devastation of the country caused by the First World War. Soviet power did not have industrial goods to exchange for agricultural products, the quantity of which was also greatly reduced. It was impossible to procure agricultural products for the army and the city using the purchase and sale method. They had to be obtained in addition to the market, through food appropriation, that is, the state confiscating surplus food from the peasants. Thus, objective conditions forced the Soviet government to introduce a policy called "war communism."

War communism is a policy of proletarian dictatorship, imposed by the military situation and intervention, designed to establish direct product exchange between city and countryside not through the market, but in addition to the market, and with the goal of organizing such a distribution of products that could ensure the supply of revolutionary armies at the front and workers in the rear.

Food appropriation was caused by dire need: it was necessary to give bread to the army, to save the working masses from starvation. Due to the lack of commodity resources from the state, it was prohibited trade in basic products so that they do not go to speculators. Consumer goods were issued on ration cards at very low rates. The class principle was observed in the distribution; in addition, the size of the ration depended on the severity of the work and the importance of the enterprise. General conscription was introduced. The bourgeoisie were involved in compulsory socially useful labour. The conditions of the war required that the Soviet government take control of not only large and medium-sized industry, but also a significant part of small industry. Due to limited resources in industry, a system of strict centralized natural supply, subordinate to the tasks of the front service units. Enterprises received and handed over products on orders, without monetary payment and did not have any economic independence. Under the influence of the imperialist and civil wars, the national economy of the USSR reached extreme decline. In 1920, compared with 1913, the output of large-scale industry fell by almost 7 times, and agricultural output by approximately half. To cover government expenses, masses of paper money were issued, which quickly depreciated.

Workers at enterprises, like Red Army soldiers on the Fronts, showed heroism. In the wake of war communism, the first rudiments of communist labour arose in the form of subbotniks. The working class gained experience in production management. In 1920, a plan for the electrification of the country was developed and approved—Goelro (an abbreviated name for the State Commission for Electrification of Russia). This was the first long-term plan for the development of the national economy in the history of mankind, a unified economic plan designed to create the production and technical base of socialism within 10-15 years.

In the context of foreign intervention and civil war, a military-political alliance between the working class and the peasantry was formed and strengthened. His goal was to unite the efforts of workers and peasants in order to repel the onslaught of foreign invaders and White Guards, and to defend the Motherland, Soviet power. The Soviet government gave the peasantry land and protection from the landowner and kulak; The peasantry provided

the working class with food through surplus appropriation—this was the basis of the military-political alliance of workers and peasants under war communism.

War communism was inevitable in certain historical conditions of war and economic devastation. But war communism, with surplus appropriation and the prohibition of trade, deprives the peasants of a material interest in the production of food; it is incompatible with the economic link between city and countryside. Therefore, war communism cannot be a policy for building socialism and is not an obligatory phase of the proletarian revolution. In the absence of intervention and economic devastation caused by a long war, the dictatorship of the proletariat can do without military communism. This is confirmed by the experience of European people's democracies.

Having put an end to foreign intervention and the civil war, Soviet power in the spring of 1921 moved to a new economic policy (abbreviated as NEP), so named in contrast to the policy of war communism. The principles of NEP were outlined by Lenin in the spring of 1918, but their implementation was interrupted by intervention. Only three years later did the Soviet government have the opportunity to return to this policy.

The Fundamentals of the New Economic Policy.

For the victory of the socialist structure over the capitalist one, for the construction of a socialist society, it is necessary to powerfully develop socialist state industry and transfer small private peasant farming to large-scale collective production. This is impossible without economic ties between the countries. From the nature of peasant farming as a commodity production, it follows that the only acceptable form of economic relations with the city for peasants is exchange through purchase and sale. Thus, during the

transition period, the trade bond between state industry and small peasant farming is an economic necessity.

All this determines the inevitability of a new economic policy. The basic principles of the new economic policy and the ways of its implementation were developed by Lenin and Stalin.

The new economic policy is a policy of building socialism in the order of using the market and the money economy: it is designed for the admission of capitalism in the presence of commanding heights in the hands of the proletarian state, for the struggle of socialist and capitalist elements, for the victory of socialist elements over capitalist ones, for the elimination of the exploiting classes and the creation of an economic bases of socialism. The NEP represents the only path leading in the transition period to the rise of state industry and to the liquidation of the capitalist economy. Only the NEP ensures the economic alliance of the working class with the peasantry, which is necessary to involve the peasant masses in socialist construction.

In the USSR, with the transition to NEP, the first task arose was to restore the economy. It was necessary to start with creating the economic interest of working peasants in the rapid rise of agriculture in order to provide the urban population with food and industry with raw materials. On this basis, it was necessary to move forward state industry and closely link it with agriculture, displacing private capital: then, having accumulated sufficient funds, create a powerful socialist industry and launch a decisive attack on capitalist elements in order to eradicate the remnants of capitalism in the country.

Trade was the main link that needed to be grasped in order to pull out the entire chain of economic construction. The end of the war made it possible to replace food appropriation with a food tax. Tax in kind, the amount of which was established in advance, before spring sowing, was smaller in size than the surplus appropriation

system and left surplus grain and other products for peasants to freely sell on the market, to exchange them for industrial goods.

The need for commodity circulation between city and countryside led to the development of commodity relations in industry itself and required the strengthening of the country's monetary economy. Natural supply in industry was replaced by a system of purchase and sale, state enterprises transferred to economic accounting, began to increasingly work on bridges. The system of supplying the population with cards was replaced by extensive trade. In 1924, the monetary reform was completed, providing the country with a stable currency.

Thus, during the transition period from capitalism to socialism inevitably persist Commodity production, trade and money are essential, and therefore not the law of value. However, thanks to the socialisation of the main means of production, the scope of commodity production and the law of value is limited, and their role becomes fundamentally different than under capitalism.

The proletarian state uses trade and money to build a socialist economy and eliminate capitalism. Behind the form of these old economic categories lies something new. content. "The point is not at all," says J. V. Stalin, "that trade and the monetary system are methods of a capitalist economy." The fact is that the socialist elements of our economy, fighting the capitalist elements, master these methods and weapons of the bourgeoisie to overcome the capitalist elements, that they successfully use them against capitalism, successfully use them to build the socialist foundation of our economy. The point is, therefore, that, thanks to the dialectics of our development, the functions and purpose of these instruments of the bourgeoisie are changing fundamentally, radically, changing in favour of socialism, to the detriment of capitalism"¹.

Since the socialist sector embraced commanding heights in the economy, capitalist forms of economy and the laws of their development (the basic economic law of capitalism, the law of competition and anarchy of production, etc.) lost their dominance. role in the national economy of the country. On the basis of new economic conditions, new economic laws inherent in socialist production relations arose and began to gradually expand the scope of their action.

With the emergence and development of the socialist system, the basic economic law of socialism began to gradually take shape, which determined a new goal of production. In the socialist sector production began to be carried out not for the sake of extracting capitalist profit, but in the interests of satisfying the material and cultural needs of the working people, in the interests of building socialism. Socialist relations of production increasingly opened up opportunities for achieving this goal through a continuous and rapid rise in industrial production and the widespread introduction of advanced technology. Since in the country's economy, along with the socialist sector, there were small-scale commodity and capitalist sectors and there was still no problem of "who-whom," the scope of the aspen economic law was limited to fornication socialism. He acted within the framework of the socialist structure, while at the same time influencing the development of the entire national economy. With the strengthening and growth of socialist production relations, the scope of the main economic the law of socialism expanded more and more. The socialist state in its economic policy increasingly relied on this law.

Public property of all the people, uniting the efforts of the socialist sector, makes its planned development necessary and

¹ Concluding remarks on the political report of the Central Committee and the 10th Congress of the CPSU (b), Works, vol. 7, p. 369-370.

possible. On the basis of developing socialist production relations in the transition period, the economic law of planned (proportional) development of the national economy arises and gradually begins to manifest its effect. This law required planned management of the economy and the establishment in a planned manner of such proportions between sectors of the economy that were necessary for the victory of socialism, to satisfy the growing needs of the working people. At first, the scope of this new law was narrow, since the socialist structure covered a smaller part of the national economy. The Soviet government was just beginning to master the matter of planning. As the socialist system disintegrated and the law of competition and anarchy of production lost its force, more and more scope opened up for the law of planned development of the national economy to operate. Based on this law, the Soviet government gradually limited the scope of the law of value, moving step by step to the planning of state industry, to the planned coordination of its industries.

Within the public sector, the Soviet government carried out direct planning, bringing production targets to enterprises. It began to set fixed prices for goods produced by state-owned enterprises. For peasant farming, such planning was impossible. The state's influence on peasant farming was carried out through indirect economic regulation—through trade, supply, procurement, prices, credit, and finance. These economic instruments of policy were used by the Soviet state to strengthen the bond with the peasant economy and to strengthen the leading role of the socialist structure. The effect of the law of value on the private market was manifested in the fact that prices formed spontaneously, competition remained, speculation took place, and capitalist elements profited at the expense of the working people. Concentrating in its hands a growing mass of goods, expanding the procurement of agricultural products more and more widely, the Soviet state is in a stubborn struggle with... other

essential goods, without allowing free play of market prices. The regulatory role of the state in relation to the private market became increasingly stronger.

Relying on socialist industry, on the financial and credit system, on state trade, on cooperation. In the fierce class struggle, the Soviet government consistently pursued a policy of limiting and displacing capitalist elements — kulaks, merchants, industrialists, increased taxation of capitalists, lamented the possibility of using their means of production and wage labour. If in the early years of the NEP the revival and growth of capitalist elements took place within certain limits, then soon their role in the economy began to decline more and more intensively.

Thus, a two-way process was taking place in the economy. On the one hand, until a certain time and within certain limits, capitalist elements grew spontaneously. On the other hand, there was a steady and much faster systematic growth of socialist elements, which determined the course of development of the entire national economy.

A necessary condition for the rise of state industry was the use of the personal material interest of workers in the development of socialist production. In the socialist sector of the national economy, the principle of socialism was increasingly established: “from each according to his ability, to each according to his work.” On the basis of new, socialist statements, relations arose and began to operate within the framework of the socialist structure of the economic law of distribution according to work. Based on the requirements of this law, the socialist state increasingly based the wages of workers and employees in accordance with the quantity and quality of labour expended by each worker. This stimulated a systematic increase in labour productivity.

In industrial production in the first years of the NEP, the share of the private sector was up to 1/4, and in 1929/30 it dropped to 1/10. If in

1921/22 private trade accounted for about 3/4 of retail trade turnover, then by 1926 state and cooperative trade, successfully displacing private traders, firmly occupied a predominant position in retail trade turnover.

The revival of trade turnover and the strengthening of the trade bond served as conditions for the rapid restoration of the economy and the rise of socialist industry. Realizing the advantages inherent in socialist industry. The Soviet government ensured that large-scale industry in 1926 reached the levels of 1913 in terms of the volume of its production. Thanks to the comprehensive assistance of the Soviet government to the working peasantry, agriculture in terms of the total volume of its production in 1926 exceeded the level of 1913.

After the restoration of industry and agriculture, the transition to the socialist reconstruction of the entire national economy began. Based on the growth of industry and agriculture, the material and cultural level of the working people rose .

The New Economic Policy has international implications. It is necessary for every country making the transition from capitalism to socialism. This position is fully confirmed by the experience of the European people's democracies , which are successfully creating the foundations of a socialist economy.

The Conditions for the Transition from a Multi-Structure Economy to the Economy of Socialism.

The consistent implementation of the new economic policy strengthened and developed socialist forms of economy, created the necessary conditions for eliminating the multi-structure economy and building a socialist society in the USSR. The Lenin-Stalin doctrine of the victory of socialism in one country was of utmost importance for the construction of socialism in the USSR. This teaching armed the party and the working class with clarity of

perspective, confidence in the possibility of building socialism in our country, and indicated the ways and methods of struggle for the victory of socialism.

In the question of the victory of socialism in one country, it is necessary to distinguish between two sides: domestic and international. The internal side of the question of the victory of socialism in one country covers the problem of class relations within the country. The Communist Party proceeded from the fact that the working class could overcome contradictions with the peasantry and strengthen the alliance with them, involving the peasant masses in the construction of socialism. The working class, in alliance with the peasantry, is quite capable, after capitalism was politically defeated in the USSR in October 1917, to overcome its bourgeoisie as well *economically* and build a socialist society. *The international* side of the question of the victory of socialism in one country covers the problem of relations with capitalist countries. The victory of socialism can be final only when the danger of intervention and restoration of capitalism from the capitalist environment disappears.

A necessary condition for successful socialist construction in the USSR was the defeat of the Trotskyist-Bukharinist restorers of capitalism, who preached the bourgeois “theory” about the impossibility of building socialism in one country.

The Lenin-Stalin Plan for building socialism included the following tasks, solved in a natural sequence: mastering the commanding heights of the national economy through socialist nationalisation; establishing a trade link between socialist industry and peasant farming and supplying the villages with consumer goods; socialist industrialisation of the country and the establishment of a production link with the countryside by supplying it with advanced machinery; collectivisation of agriculture and creation of the economic base of socialism in the countryside.

Socialist production relations in industry open up broad opportunities for the socialist industrialisation of the country, that is, such a development of heavy industry that supplies the entire national economy, including agriculture, with first-class machinery. By providing an advanced technical basis for agriculture, socialist industrialisation thereby creates the material basis for the socialist socialisation of peasant farms. The objective need for industrialisation of the country and collectivisation of agriculture follows from the law of mandatory correspondence of production relations to the nature of the productive forces. This law requires the establishment of socialist production relations throughout the national economy—not only in industry, but also in agriculture. Only under this condition do the productive forces receive full scope for their development. The socialist industrialisation of the country and the collectivisation of agriculture ensure the victory of socialism throughout the national economy.

The law of mandatory correspondence of production relations to the nature of the productive forces received full scope in the USSR due to the fact that such a social force was found here as the union of the working class and the peasantry, who make up the overwhelming majority of society. The resistance of the bourgeoisie, whose vital interests this law contradicted, was defeated. The working class, vitally interested in implementing the requirements of this law, used it to overthrow the old, bourgeois relations of production and create new, socialist relations of production throughout the national economy.

BRIEF SUMMARY

1. The Great October Socialist Revolution for the first time in human history paved the way to socialism. The historical inevitability of the proletarian revolution follows from the law of mandatory correspondence of production relations to the nature of

the productive forces. For the revolutionary transformation of a capitalist society into a socialist one, a transition period is necessary. The state in the transition period is the dictatorship of the proletariat in the form of Soviet power or in the form of people's democracy. Transformation of the economy begins with the socialist nationalisation of capital assets production, which were in the hands of the exploiting classes, with the creation of a socialist structure, covering the commanding heights of the national economy.

2. During the transition period, the main forms of social economy are: socialism, small-scale commodity production, capitalism; they correspond to classes—the working class, the peasantry, the bourgeoisie. The main classes in the transition period are the working class and the peasantry. The highest principle of the dictatorship of the proletariat is the union of the working class and the peasantry under the leadership of the working class, directed against the exploiting classes. The main contradiction of the transition period is the contradiction between growing socialism and dying capitalism. The limitation and ousting, and then the liquidation of capitalist elements are carried out in the process of intensifying class struggle.

3. The New Economic Policy is politics designed for the victory of socialist elements over capitalist elements and the construction of a socialist economy using the market, NEP ensures the economic link between socialist industry and peasant farming, the socialist industrialisation of the country and the collectivisation of agriculture. The implementation of the principles of the new economic policy is necessary for every country during the transition period from capitalism to socialism.

4. During the transition period, as the socialist structure grows and strengthens and capitalist elements are overcome, the economic laws of capitalism, which express relations of exploitation, disappear from the scene. The law of value, trade, money, credit are

increasingly used by the proletarian government to the detriment of capitalism and in the interests of socialism. New economic laws of socialism arise, begin to operate and expand their sphere of influence, on which the dictatorship of the proletariat rests.

CHAPTER XXIII. THE SOCIALIST INDUSTRIALISATION

The Historical Necessity of Socialist Industrialisation.

Socialism can only be built on the basis of large-scale machine production in the city and countryside, armed with advanced technology. "The only material basis of socialism can be large-scale machine industry, capable of reorganizing agriculture"¹. By developing large-scale industry, capitalism thereby created the preconditions for the proletarian revolution and the construction of socialism. But due to its inherent contradictions, capitalism was unable to rebuild all sectors of the economy on the basis of large-scale machine production. This particularly applies to agriculture, which is highly fragmented between small and medium-sized producers. Therefore, without the reconstruction of all branches of production on the basis of advanced technology, it is impossible to ensure the victory of socialism throughout the national economy. This implies the need for socialist industrialisation of the country, the development of a large industrial industry capable of equip all sectors of the national economy with advanced technology.

Stalin, relying on Lenin's provisions on the importance of large-scale industry for the victory of socialism, developed theory of socialist industrialisation. Socialist industrialisation means, first of all, the development of heavy industry with its core - mechanical engineering. "The centre of industrialisation, the basis it consists in

¹ IN AND. Lenin, Theses of the report on the tactics of the RCP at the Third Congress of the Communist International, Works, T. 32, ed., 4, p. 434.

the development of heavy industry. (fuel, metal, etc.), in the development, ultimately, of the production of means of production, in the development of their own mechanical engineering”¹. Heavy industry and mechanical engineering saturate all sectors of the national economy with first-class technology, ensure the growth of industry, transport, and agriculture, and serve as the basis for achieving higher productivity of social labour.

Socialist industrialisation creates the material basis for the development of socialist forms of economy, for the elimination of all capitalist elements, and gives socialist forms of economy the superiority in technology necessary to completely defeat and finish off the capitalist structure. Therefore, to build socialism, we need such industrialisation that ensures a growing predominance of socialist forms of industry over small-scale and capitalist forms.

The development of heavy industry is the key to the socialist transformation of agriculture on the basis of advanced machinery. By supplying agriculture with tractors, combines and other agricultural machines, socialist industry leads to the emergence of new productive forces in the countryside, necessary for the victory of the collective farm system.

Socialist industrialisation results in an increase in the number of the working class, its share and leading role in society, and strengthens the foundations of the dictatorship of the working class and its alliance with the peasantry.

By ensuring the rise of all branches of production and the victory of socialist forms of economy, industrialisation thereby serves as a prerequisite for the steady growth of the well-being of workers and an increase in the level of public consumption.

Socialist industrialisation is a condition for the very existence of working-class dictatorship countries in a capitalist environment.

¹ J. V. Stalin, On the economic situation of the Soviet Union and party policy, Works, vol. 8, p. 120.

Historical experience shows that countries that do not have their own developed industry inevitably become dependent on more advanced technical and economic capitalist countries and turn into agricultural appendages to them. Industrialisation ensures the technical and economic independence of countries under the dictatorship of the working- industrial class. The development of our own heavy industry serves as the material basis for the production of modern species weapons necessary for the defence of these countries from the hostile actions of the capitalist encirclement.

Consequently, socialist industrialisation is the development of large socialist industry and, first of all, heavy industry , which ensures the restructuring of the entire national economy on the basis of advanced machine technology, the victory of socialist forms of economy, and the technical and economic independence of the country of the dictatorship of the working class from the capitalist environment.

The socialist industrialisation of the country was of vital importance for the USSR. Pre-revolutionary Russia, although it had large industry, was predominantly an agricultural country. In terms of the level of development of industry, especially heavy industry , it lagged significantly behind the main capitalist countries.

Occupying the territory first place among all countries in the world, and in third place in terms of population (after China and India), tsarist Russia in terms of industrial output was in fifth place in the world and fourth in Europe. In 1913, agricultural products accounted for 57.9% of the total gross output of large-scale industry and agriculture, and industrial products—42.1%. Heavy industry lagged sharply behind light industry. Many important industries were absent; for the production of machine tools, tractors, cars and others. Pre-revolutionary Russia was equipped with modern guns production is ten times worse than America, five times worse than Germany, ten times worse than America. Economic and technical backwardness made Russia dependent on developed capitalist countries. She was forced to import from abroad a significant part of the

equipment and other means of production. The main branches of the country's heavy industry were controlled by foreign capitalists.

The domination of capitalists and landowners led to the fact that Rossini's semi-colonial dependence on Western imperialist powers increasingly intensified. A direct threat of loss of national independence looms over the country. The exploiting classes are unable to destroy the centuries-old technical and economic backwardness of Russia. Only the working class could solve this historical problem. Even on the eve of the Great October Revolution, Lenin emphasized that the question life or death for Russia is catch up and overtake the most developed capitalist countries in technical and economic terms. Either die or go full steam ahead to strive towards socialism—this is how history posed the question.

The level of productive forces and, in particular, the presence of large concentrated industry in pre-revolutionary Russia were sufficient for the victory of the proletarian revolution, for the establishment of Soviet power - the most advanced political power in the world. However, in order to create the economic basis of socialism, it was necessary to eliminate the country's centuries-old technical and economic backwardness. With the victory of the proletarian revolution in Russia, a contradiction arose between the most advanced political power in the world—Soviet power—and the backward technical and economic base inherited from the past. The Soviet government could not remain for long on the basis of a backward industry. To overcome this contradiction, it was necessary to carry out socialist industrialisation.

Thus, the need for socialist industrialisation is dictated by the entire course of development of countries making the transition from capitalism to socialism. Without large socialist industry, which provides an advanced technical base for the entire national economy, the victory of socialist production relations over capitalist

ones is impossible. Therefore, the development of large-scale socialist industry, which ensures that the entire national economy, including agriculture, is equipped with higher technology, is an objective necessity for the transition period from capitalism to socialism.

The Communist Party and the Soviet state realized this historical necessity and consistently pursued a comprehensive policy of socialist industrialisation of the country. The XIV Congress of the Communist Party (1925) set the socialist industrialisation of the country as the central task of the party. The resolution of the congress stated: “to carry out economic construction from such an angle so that the USSR from a country importing machinery and equipment turns into a country producing machinery and equipment, so that in this way the USSR, in a situation of capitalist encirclement, cannot at all turn into an economic appendage of the capitalist world economy, but was an independent economic unit, built in a socialist manner”¹.

The Pace of Socialist Industrialisation.

The fundamental tasks of the socialist transformation of the country and ensuring its independence required the implementation of industrialisation in the historically shortest possible time.

The need for a rapid pace of industrialisation was caused by the external and internal conditions of the development of the Soviet Union, the world’s first socialist country.

¹ “The CPSU (B) in resolutions and decisions of congresses, conferences and plenums of the Central Committee,” n. II , ed. 6, pp. 48-49.

The external conditions for the development of the USSR were determined by the presence of a hostile capitalist environment. The imperialist countries had a more powerful industrial base and sought to destroy or at least weaken the Soviet state. The question of the rapid pace of industrial development would not have been so acute if the Soviet Union had the same developed industry as the advanced capitalist countries. This question would not have been so acute if the dictatorship of the proletariat had existed at that time in other, more industrially developed states. But the Soviet Union was a technically and economically backward country and the only country of the dictatorship of the proletariat. In view of this, the creation of an advanced industrial base had to be carried out at a rapid pace.

The internal conditions of the development of the USSR also required a rapid pace of industrialisation. As long as the Soviet country remained small-peasant, it retained a stronger economic basis for capitalism than for socialism. In order to solve the question of "who-whom," it was necessary in a historically short time to transform the scattered private ownership economy of the peasants on the basis of collective labour, armed with advanced technology, and to deprive capitalism of its base in small-scale commodity production. This problem could not be solved without the rapid development of heavy industry.

J. V. Stalin, justifying the historical necessity of high rates of socialist industrialisation, said: "We are 50-100 years behind advanced countries. We must run this distance in ten years, Either we do it, or we will be crushed" ¹.

The possibility of high rates of socialist industrialisation was determined by the advantages of the socialist economic system and the features of the socialist method of industrialisation.

¹ J. V. Stalin. On the tasks of business executives, Works, vol. 13, pp. 39.

For the period 1929-1937. The average annual growth rate of industrial production in the USSR was about 20%, while in capitalist countries they averaged only 0.3% during this period. The rate of industrial growth in the USSR was many times higher than the rate of industrial growth of the main capitalist countries at the best time of their development. So. in the USA, the average annual increase in industrial production was: for 1890-1895 - 8.2%, for 1895-1900 - 5.2, for 1900-1905 - 2.6, for 1905-1910 - 3.6%.

The Socialist Mode of Industrialisation. The Sources of Funds for Socialist Industrialisation.

It is possible to industrialise the country in the shortest possible time only on the basis of the socialist method of industrialisation.

In capitalist countries, industrialisation usually begins with the development of light industry. Only after a long time does it turn to the development of heavy industry.

For the Soviet country, this path of industrialisation was unacceptable due to its extreme duration. The Communist Party rejected the capitalist path of industrialisation and began the process of industrialising the country with the development of heavy industry.

Capitalist industrialisation is carried out spontaneously as a result of the capitalists' pursuit of profit. Socialist industrialisation was carried out on the basis of the law of planned development of the national economy in the interests of building socialism and meeting the growing needs of the working people. It could not occur on the basis of the law of value, since this would mean a priority development of light industry, as more profitable. The Soviet state, in a planned manner, established such proportions in the distribution of labour and means of production between various

sectors, which were dictated by the need for socialist industrialisation of the country, ensuring the priority development of heavy industry. The financial system, credit, and foreign trade were used in the interests of industrialisation. First, according to the second and five-year plans, the Soviet state directed the bulk of capital investments not into light industry, which generated the greatest income, but into heavy industry enterprises, the construction of which was crucial for the victory of socialism.

Capitalist industrialisation leads to increased exploitation and extermination of the working class and peasantry, to a deepening of the gap between city and countryside, and to the enslavement of colonial peoples. Socialist industrialisation provides a solid basis for the continuous growth of production based on higher technology and leads to the elimination of unemployment, an increase in the real wages of workers, an increase in the well-being of the working people, the masses of the peasantry, and a rapprochement between the peasantry and the countryside; this is a powerful factor in the economic and cultural recovery of previously backward national regions. Hence the direct interest of workers and peasants in the industrialisation of the country. The socialist method of industrialisation steadily expands the domestic market and increases the capacity of this market, thus creating a solid domestic base for the development of industry.

The industrialisation of a country as backward in the past as Russia was a difficult task, because the creation of a powerful heavy industry requires enormous material and financial costs.

In the industrialisation of capitalist countries, along with hers. The most important role was played by the merciless exploitation of workers and peasants due to the influx of funds from outside, through colonial plunder, war indemnities, enslaving loans and concessions. These methods of mobilizing funds for industrial construction are incompatible with the principles of the socialist system; new sources are appearing in the countries of the

proletarian dictatorship. accumulations that capitalist countries could not know and which make it possible to solve the problem of accumulation independently, without extortionate loans from outside, at the expense of internal resources, at the expense of systematically carried out socialist accumulation. Socialist accumulation is the use of part of the national accumulation of socialist production.

The expropriation of landowners and capitalists opened up the possibility of using socialist industrialisation of a significant part of the funds that had previously been appropriated to the exploiters and spent on parasitic consumption. The Soviet government also freed the country from annual payments for the issuance of hundreds of millions of rubles in the form of interest on tsarist loans and subsidies to foreign capitalists for their capital located in Russia: before the revolution, 800-900 million rubles in gold were spent annually for these purposes.

The Soviet peasantry got rid of rent payments to landowners for land and from a significant debt to banks. The peasantry, being interested in the development of industry, was able to allocate part of their funds for this purpose.

The most important source of funds for socialist industrialisation were the income of nationalized industry, foreign trade, state internal trade and the banking system. The importance of this source increased more and more with the growth of socialist industry.

Socialist industry has undeniable advantages over capitalist industry in ensuring the growth of savings. It is the largest and most concentrated industry, united throughout the country; it is free from the law of competition and anarchy of production. The planned management of industry, the rational use of its resources, the labour activity of the working class, and the rapid development of technology created the conditions for the continuous growth of labour productivity. Because of this, socialist industry received the

opportunity to steadily reduce production costs, that is, the costs of enterprises expressed in monetary terms for the production and sale of industrial products.

One of the most important advantages of a socialist economy over a capitalist one is the concentration of all monetary savings of state and cooperative enterprises in the country, as well as the free funds of the population in state credit institutions and their planned use for industrial development. The Soviet state ensured reasonable spending of accumulated funds in order to satisfy the most important demands of industrialisation. It pursued a policy of the strictest austerity regime, every possible simplification and reduction in cost of the state and cooperative apparatus, strengthening economic accounting, financial discipline, and combating excesses in the expenditure of public funds.

All these sources of internal accumulation provided billions of rubles for the industrialisation of the country and made it possible to make large capital investments in industry, especially in heavy industry.

Thus, the Soviet government successfully overcame the difficulties associated with accumulating the funds necessary for the industrialisation of the country.

The use of the Soviet method of industrialisation gave a huge gain in time, ensuring the creation in the shortest possible time of a first-class socialist industry and its high growth rates.

During the first five-year plan (1929-1932), capital investments in industry (including costs for major repairs) amounted to 24.8 billion rubles, of which 21.3 billion were invested in heavy industry. During the second five-year plan (1933-1937), capital investments in industry amounted to 58.6 billion rubles, of which 49.8 billion were allocated to the heavy industry. During the three and a half years of the Third Five-Year Plan (1938—the first half of 1941), 64 billion rubles were invested in industry, of which 55 billion rubles were invested in heavy industry.

The Transformation of the USSR from a Backward Agricultural Country into an Advanced Industrial Power.

The victory of socialist industrialisation in the USSR was possible because the Communist Party and the Soviet state relied on the laws of economic development and skilfully used the advantages of the socialist economy. In accordance with the task of building socialism and satisfying the material and cultural needs of the working people, gigantic industrial construction was launched, the likes of which history has never seen before. The country's industrialisation program received. The program, concretely embodied in five-year plans, which armed the working people, the masses of working people in building socialism, industrialized the country, received concrete embodiment in five-year plans, which armed the working masses of working people in building socialism.

The Communist Party and the Soviet State organised and led the activities and creative initiative millionth mass. During the years of the first five-year plan, mass socialist competition unfolded in the struggle to fulfil and exceed plans. The Second Five-Year Plan was marked by the Stakhanov movement, which was associated with workers mastering new technology in production, breaking old technical standards and replacing them with new, higher ones. The Stakhanov movement was a new, highest stage of socialist competition. In the competition of the broad masses of the working class, the great role of new, socialist production relations was revealed, as the main and decisive force for the powerful rise of productive forces. Socialist competition revealed inexhaustible reserves for increasing labour productivity and accelerating the pace of industrialisation. Widespread socialist competition was the main factor in the early implementation of the first and second five-year plan.

In the struggle for the industrialisation of the country, an important role was played by the consistent application of the economic law of distribution according to labour, combining the personal material interest of workers with the interests of social production. Remuneration for labour depending on its quantity and quality stimulated an increase in labour productivity, an increase in the qualifications of workers and an improvement in production methods.

One of the main conditions for the high pace of industrialisation, the development of new factories and the use to the fullest of new technology was the successful solution by the Soviet government within several years of the most difficult problem of creating numerous industrial personnel. The task of training numerous new cadres of production and technical intelligentsia arose with all the urgency. The working class had to create its own production and technical intelligentsia, capable of defending its interests in production, as the interests of the ruling class. During the years of the first and second five-year plans, the Soviet state launched a huge effort to train personnel through the system of higher educational institutions and technical schools for industry and other sectors of the national economy. At the same time, the training of skilled workers for new enterprises was organised on a large scale through factory apprenticeship schools and various industrial and technical training courses for new workers.

The systematic organisation of personnel training by the Soviet state and the interest of workers in increasing social production accelerated and contributed to the rapid growth of labour productivity.

Between 1928 and 1937, the number of workers employed in large-scale industry increased from 3.8 million to 10.1 million, 2.7 times the number of workers employed in ... machinery grew much faster than the total number of the working class. During the period from 1926 to 1939,

the number of turners increased by 6.8 times, milling operators by 13 times, etc., the number of engineers increased by 7.7 times.

Successful the implementation of the industrialisation program changed the relationship between industry and agriculture, with a significant increase in agricultural production, industrial production grew much faster, In view of this the share of industrial products in the country's total output increased sharply. Socialist industry has grown into a decisive force in the national economy. The relationship between industries producing means of production and industries producing consumer goods has changed. The production of means of production took a predominant place in the total mass of industrial products and began to play a leading role in the development of industry and the entire economy of the country.

In terms of the pace of development and level of technology, the industry of the USSR has caught up and surpassed the industry of the main capitalist countries. From the point of view of the saturation of industrial production with new technology, the Soviet country has become the most advanced in the world. Mechanical engineering in the USSR had reached such a level of development that it could produce any type of machine within the country. The Soviet Union achieved technical and economic independence from capitalist countries.

During the years of the first two five-year plans, a powerful heavy industry was built in the USSR, equipped with the latest technology. In 1937, the main production assets of the entire industry (industrial buildings and structures, machinery and equipment) exceeded the 1928 level by 5.5 times, and for industries producing means of production—by more than 7 times. Dozens of new industries were created that were unknown to pre-revolutionary Russia: the automobile and tractor industries, machine tool manufacturing, a number of chemical industries, aircraft manufacturing, engine building, the production of combine harvesters, powerful turbines and

generators, high-quality steels and many others. During the five-year plans, thousands of factories and factories were built and put into operation. Among them are dozens of giants of socialist industry: the Magnitogorsk and Kuznetsk metallurgical plants, the Dnieper hydroelectric power station, the Stalingrad and Kharkov tractor plants, automobile plants in Moscow and Gorky, the Ural and Kramatorsk heavy engineering plants, a ball bearing plant in Moscow, chemical plants in Stalinogorsk, Solikamsk and Berezniki and many other enterprises. New enterprises began to play a major role in the total volume of industrial output. Already in 1937, over 80% of all production was obtained from enterprises newly created or reconstructed during the years of the first two five-year plans.

From 1913 to 1940, the output of large-scale industry in the USSR increased almost 12 times. By volume industrial production of the Soviet Union is already at the end The second five-year plan took first place in Europe and second in the world. In terms of railway freight turnover, the USSR took second place in the world. Share of large industry in the gross output of large industry and agriculture rose from 42.1% in 1913 to 77.4% in 1937. In 1913, the share of means of production in the gross output of all industry was 33.3%, in 1940—more than 60%. In 1913 In general production industry mechanical engineering products accounted for only 6%, in 1940 - 30%. According to the share of mechanical engineering in industrial products. The Soviet Union came out on top in the world. On the eve of the first five-year plan, the USSR reached the borders with approximately one third of all vehicles. In 1932, less than 13% was imported , and in 1937, only 0.9%. The Soviet Union not only stopped the import of cars, tractors, agricultural and other products from capitalist countries cars, but also began to export them abroad.

The rapid growth of socialist industry led to large socialist state-owned factories and plants taking a dominant position in industry. In 1924/25, the share of the private sector in the industrial output of the USSR was 20.7%. As a result of the implementation of the Second Five-Year Plan, private industry was finally liquidated . The socialist system became the only system in the industry of the USSR.

Socialist industrialisation led to a rise in the material and cultural level of the working people. Already in the years the first five-year plan—at the end of 1930—unemployment was completely eliminated in the USSR. The creation of heavy industry served as the basis for technical reconstruction and the powerful development of industries producing consumer goods - agriculture, light and food industries. Capital investments in industry producing consumer goods during the second five-year period more than tripled compared to the first five-year period.

In the process of socialist industrialisation There have been fundamental changes in the location of industry. New ones were created first-class industrial bases in the eastern regions of the country—in the Urals, Western Siberia, and Kazakhstan. Socialist industrialisation was accompanied by the growth of old cities and the creation of new ones. Throughout the country, especially in the east, large cities and industrial centres that have become economic and cultural centres that transform the entire appearance of the surrounding areas. The planned distribution of industry eliminated the division of the regions of the Soviet Union into industrial and agricultural .

As a result of industrialisation, the Soviet Union turned from a backward, agricultural country into a powerful *socialist industrial power*. A solid industrial base was created for the technical reconstruction of the entire national economy, strengthening the defence capability of the USSR and the steady rise in the well-being of the people. The contradiction between the most advanced political power in the world and the backward technical and economic base inherited from the past was eliminated.

Thus, during the pre-war five-year plans, there was a rapid growth in the productive forces of socialist industry. During the 13 pre-war years, the Soviet Union travelled a path that the developed capitalist countries spent approximately ten times longer on. This was the greatest leap from backwardness to progress, unparalleled

in world history. The gigantic development of the productive forces in the USSR would not have taken place if the old, capitalist relations of production had not been replaced by new, socialist relations of production.

The victory of industrialisation in the USSR was achieved by the Communist Party and the Soviet state in the struggle to overcome enormous difficulties associated with the backwardness of the country's economy, the fierce resistance of the liquidated capitalist elements and the presence of a hostile capitalist environment. The Communist Party defended the course of industrialisation countries in the struggle against the worst enemies of socialism—the Trotskyists and Bukharinites, who opposed the general line of the party for the industrialisation of the country, the line for transforming the Soviet country into an agricultural appendage to the imperialist countries and tried to return the USSR to the path of capitalist development.

The socialist industrialisation of the USSR was an event of enormous international significance. The rapid transformation of a previously backward country into a powerful industrial power proved the undeniable advantages of the socialist economic system and strengthened the position of the USSR in the international arena. The experience of industrialisation of the USSR is now being used by people's democracies moving along the path of building socialism.

BRIEF SUMMARY

1. Socialist industrialisation is a necessary condition for building socialism. The essence of socialist industrialisation is the creation, at the expense of internal sources of accumulation , of a powerful heavy industry capable of reorganizing the entire national economy, including agriculture, on the basis of the latest technology, ensuring

the undivided dominance of socialist forms of economy and the technical and economic independence of the country.

2. Socialist method of industrialisation, having undeniable advantages over the capitalist method, it ensures the creation of large-scale industry in historically the shortest possible time. Socialist industrialisation is carried out systematically, begins with the development of heavy industry and is carried out in the interests of the working people. Nationalisation of industry banks, transport, foreign trade creates new sources of accumulation, unprecedented under capitalism , and makes it possible to quickly mobilize and pump funds into heavy industry.

3. The Soviet state, led by the Communist Party, successfully implemented the industrialisation program, embodied in the five-year plans, due to the fact that its policies were based on economic laws and took advantage of the advantages of the socialist economy and the labour upsurge of the working class. During the years of the pre-war five-year plans, a first-class, technically advanced industry, which served as the basis for the technical reconstruction of the entire national economy, strengthening the country's defence capability and increasing the well-being of the people. The Soviet Union has become a powerful industrial power, independent of other countries, producing all the necessary machinery and equipment on its own. The new, socialist relations of production that established themselves in the country were the decisive force that determined and ensured the rapid development of the productive forces of socialist industry.

CHAPTER XXIV. THE COLLECTIVISATION OF AGRICULTURE

The Historical Necessity of Collectivisation of Agriculture.

To build socialism, it is necessary not only to industrialise the country, but also to transform agriculture on a socialist basis. Socialism is an economic organisation that unites industry and rural agriculture into the beginnings of the socialisation of the means of production.

Unlike industry, where the socialist revolution finds large, high concentrated production, agriculture in capitalist countries has not reached such a degree of socialisation of production. It is numerically dominated by small, fragmented peasant farms. As long as the predominant form of agricultural production remains small individual farming, as long as the base of the bourgeois economic system in the countryside remains preserved, and the rural bourgeoisie of the economic building in the village exploitation the poor and a significant part of the middle peasants by the rural bourgeoisie. The system of small commodity production The system of small production is not able to save the peasant masses from poverty and oppression.

The only way to deliver the working masses of the peasantry from all exploitation, from poverty and ruin is to involve them after socialist development through cooperation after the conquest of power by the working class socialist development through cooperation. Marxism-Leninism rejects, as senseless and criminal, the path of expropriation of small and medium-sized producers and the transformation of their means of production into state property, for such a path would undermine any possibility of victory of the

proletarian revolution and would throw the peasantry for a long time into the camp of the enemies of the proletariat.

Based on the general provisions of Marx and Engels on the need for cooperation of small peasant farms after the victory of the socialist revolution, Lenin developed a program to involve the bulk of the peasantry in the work of building socialism through cooperation.

Lenin's cooperative plan was based on the fact that under the conditions of the dictatorship of the proletariat, it is cooperation that represents the most accessible, understandable and profitable way for millions of people to transition from fragmented individual economies to large production associations—collective farms . The cooperation of the main masses of the peasantry should occur gradually, first in the field of sales, and then in the field of production, with strict adherence to the principle of voluntariness.

In a bourgeois society, where the means of production belong to the exploiters, cooperation is a capitalist form of economy. In agricultural cooperation under capitalism, the bourgeoisie dominates economically, exploiting the masses of the peasantry. In a social system where political power is in the hands of the working people themselves and the main means of production are the property of the proletarian state, cooperation is a socialist form of economy. “ The building of civilized cooperatives with class ownership of the means of production, similar to the class victory of the proletariat over the bourgeoisie, is the system of socialism” ¹.

Developing the cooperative plan of Lenin, Stalin created the theory of collectivisation of agriculture, which substantiates the objective necessity and indicates the path of transition from individual peasant farming to a socialist, collective farm system.

¹ V.I. Lenin, On cooperation, Works, vol. 33, isa. 4, p. 431.

In a multi-level economy in the transition period, there is, on the one hand, large socialist industry, the basis of which is public ownership of the means of production, and on the other hand, small-peasant farming, the basis of which is private ownership of the means of production. Large-scale industry is equipped at a high rate, according to the principle of expanded reproduction, while small-peasant farming not only does not carry out expanded reproduction on a large scale every year, but very rarely has the opportunity to carry out even simple reproduction. Large industry is centralized on the scale of the entire national economy and is conducted on the basis of a state plan, while small peasant farming is fragmented and subject to the influence of market forces. Large socialist industry destroys capitalist elements, and small peasant farming constantly gives birth to them on a mass scale. The socialist state and the construction of socialism cannot, for a more or less long period, be based on two different foundations—on the basis of the largest and most united socialist industry and on the basis of the most fragmented and backward small-scale peasant economy. This would ultimately lead to the collapse of the entire national economy.

Thus, in the economy of the transition period from capitalism to socialism, there is inevitably a contradiction between large-scale socialist industry, on the one hand, and small-peasant farming, on the other hand. This contradiction can only be resolved by transferring small peasant farming onto the rails of large-scale socialist agriculture.

The development of socialist industry and the growth of the urban population during the transition period in the USSR were accompanied by a rapid increase in demand for agricultural products. But the pace of agricultural development lagged far behind the pace of industrial development. The main branch of agriculture, grain farming, developed especially slowly. Small peasant farming, which was the main supplier of commercial grain, was semi-consumer in

nature and released only a tenth of the gross grain harvest to the market . Despite the fact that in 1926 the sown areas and gross grain harvests almost reached pre-war levels, commercial products grain was half the level of 1913. Small peasant farming was unable to satisfy the increasing demand for food for the population and for raw materials for industry.

There are two ways to create a large-scale agricultural enterprise—capitalist and socialist. The capitalist path means the planting of large capitalist farms in agriculture, based on the exploitation of wage labour, which is inevitably accompanied by the impoverishment and ruin of the working masses of the peasantry. The socialist path means the unification of small peasant farms into large collective farms, armed with advanced technology, liberated peasants from exploitation, misery and poverty and ensured a steady rise in their material and cultural level. There is no third way.

The transition from small individual peasant farming to large socialist farming cannot happen by itself. Under capitalism, the village spontaneously follows the city, since capitalist economy in the city and small peasant economy in the countryside are basically the same type of economy, based on private ownership of the means of production. Under the conditions of the dictatorship of the working class, the small peasant village cannot spontaneously follow the socialist city. Lenin spoke about the commodity-capitalist tendency of the peasantry in contrast to the socialist tendency of the proletariat. The socialist city leads the small peasant village by organizing large socialist agricultural enterprises in the form of collective farms, MTS and state farms.

The industrialisation of the country equips the villages with advanced machinery. At the same time, personnel are being created that master new technology. New productive forces are emerging in agriculture. The old production relations of small peasant farming do not correspond to the new productive forces. This gives rise to the need to bring the production relations of the village into line

with the level of productive forces, by uniting small individual farms into large collective farms.

Thus, the gradual unification of small peasant farms into production cooperatives, armed with advanced technology, is an objective necessity in the transition period from capitalism to socialism, a process based on the law of mandatory correspondence of production relations to the nature of the productive forces. The path of collectivisation is the only acceptable one from the point of view of the task of building socialism and satisfying the fundamental, vital interests of the peasantry.

The Communist Party and the Soviet state realized the historical need for collectivisation, rejected the capitalist path of agricultural development as destructive to the cause of socialism, and chose the socialist path. This found expression in the consistently pursued policy of collectivisation of agriculture. The XV Congress of the All-Union Communist Party of Bolsheviks (1927) decided: "It is necessary to set as a priority task, based on further cooperation of the peasantry, a gradual transition of scattered peasant farms to large-scale production (collective cultivation of the land based on the intensification and mechanisation of agriculture), fully supporting and encouraging the sprouts of socialized agricultural labour"¹.

The history of socialist construction in the USSR has shown that this path is completely self-sufficient. In all countries that have a more or less numerous class of small and medium-sized producers, after the establishment of the power of the working class, this path of development is the only possible and expedient for the victory of socialism.

¹ "The CPSU (6) in resolutions and decisions of congresses, conferences and plenums of the Central Committee" II. ed., 6 p. 225.

The Prerequisites for Complete Collectivisation.

The accomplishment of a grandiose historical task—the collectivisation of millions of small peasant farms—required appropriate preparation. If the very development of capitalism prepared the material conditions for the socialist transformation of industry, then in agriculture these conditions must be created to a large extent during the transition period.

The nationalisation of land in the USSR freed the small peasant from slavish adherence to his piece of land and thereby facilitated the transition from small peasant farming to large collective farming. The nationalisation of land created favourable conditions for the organisation of large socialist farms in agriculture, which did not have to spend unproductively on purchasing land and paying land rent.

Of decisive importance in the preparation of collectivisation was the comprehensive development of socialist industry, which is the key to the socialist transformation of agriculture. In the USSR, the first successes of industrialisation made it possible to begin the construction of factories for the production of tractors, combines and other complex agricultural machines. During the first five-year plan alone, USSR agriculture received 153.9 thousand tractors.

In this way, an industrial base was created to supply the village with tractors, combines and other agricultural machines.

The massive transition of peasants to the path of collective farms was prepared by the development of agricultural cooperation. The lowest level of cooperation among peasant farms is cooperation in area marketing agricultural products and supplying the village with both means of production and items consumption (industrial goods), as well as credit cooperation. These forms of cooperation play a big role in the transition from individual peasant farming to large, social farming. They instil in broad layers of the

peasantry the skills of collective management of economic affairs. At this stage , there is primarily a trade bond between socialist industry and peasant farming, which does not yet change the private property foundations of peasant production.

In the relationship between the state and cooperative associations, the contracting system is of great importance, representing is a form of organised trade turnover. This trade turnover is carried out on the basis of contracts under which the state orders cooperative producers to produce a certain amount of agricultural products, supplies the cooperatives with seeds and production tools, and buys marketable products from them to supply the population with food and industry with raw materials. This system is beneficial to both parties and connects peasant farms with industry directly, without private trade intermediaries.

The highest level of cooperation among the peasantry is the organisation of collective farms—kolkhozes, which means the transition to large-scale socialized production. A collective farm is a large socialist agricultural enterprise, which is a voluntary production cooperative association of peasants, the basis of which is public ownership. The means of production are collective labour, excluding the exploitation of man by man.

The first collective farms, which were created shortly after the socialist revolution, play a large role in the preparation of mass collectivisation. Using the example of these collective farms, the godsons are convinced of the advantages of collective forms of farming over individual farming.

The leading role of large socialist industry in the collectivisation of agriculture is carried out through machine and tractor stations. The Machine and Tractor Station (MTS) is a state socialist enterprise in agriculture, concentrating it owns tractors, combines, as well as other complex agricultural machines and collective farm production services that operate on a contractual basis. MTS is a form of organisation by the socialist state of the material and production

base of large collective agriculture, which provides the most complete combination of the initiative of the collective farm masses in the construction of their collective farms with the guidance and assistance of the socialist state.

Machine and tractor stations are a powerful lever for the socialist reorganisation of agriculture, a means of establishing a production link between industry and agriculture.

An important role in the socialist transformation of agriculture is played by large state agricultural enterprises, organised by the socialist state on part of the former landowners' lands, as well as on free lands of the state fund. In the USSR, state-owned Soviet farms (sovkhozes) began to be created in the first year after the socialist revolution. The state farm is a large socialist agricultural enterprise in which the means of production and all products produced belong to the Soviet state. State farms represent one of the most important sources of food and raw materials, coming at the disposal of the state. State farms as examples of highly mechanized and highly marketable socialist farms gave peasants the opportunity to see the enormous advantages of large socialist farms, provided them with tractors, high-quality seeds, and breeding stock. They facilitated the turn of the peasant masses to socialism, to the path of collectivisation.

The collective farm system arose with the financial and organisational support of the working class. The Soviet state spent enormous amounts of money to finance collective and state farm construction. In the first years of the mass collective farm movement, the best party workers and tens of thousands of advanced workers were sent to the countryside and provided enormous assistance to the peasants in organizing collective farms.

State expenditures only from the state budget to finance agriculture, not counting expenditures on agriculture socio-cultural events amounted to 1923/24-1927/28. 1.3 billion rubles, 1928/29-1932—9.5 billion rubles and 1933-1937—36.9 billion rubles.

The turn of the main masses of the peasantry towards the path of collectivisation required an irreconcilable class struggle against the kulaks. The resistance of the kulaks to the policies of Soviet power in the countryside especially intensified in 1927-1928, when the Soviet country was experiencing difficulties with bread. The kulaks organised sabotage grain procurements, committed terrorist acts against collective farmers, party and Soviet workers, set fire to collective farms and state grain warehouses. The policy of a decisive struggle against the kulaks and protection of the interests of the working peasants rallied the poor and middle peasant masses around the Communist Party and the Soviet state.

The Solid Collectivisation and the Liquidation of the Kulaks as a Class.

A radical turn of the peasantry towards collective farms was evident in the USSR in the second half of 1929. By this time, the economic and political prerequisites for the collectivisation of agriculture had been created. farms. The middle peasants, that is, the bulk of the peasantry, went to collective farms. Peasants joined collective farms no longer in separate groups, but in entire villages and regions. The process of complete collectivisation began in the Soviet village.

Before complete collectivisation, the Communist Party and the Soviet state pursued a policy of limiting and ousting the capitalist elements of the countryside. Tax policy, price policy, restrictions on land rental and hired labour—all this set a certain framework for kulak exploitation and led to the ousting of certain groups of kulaks. But this policy did not destroy the economic foundations of the kulaks and did not entail their liquidation as a class. Such a policy was necessary until the conditions for complete collectivisation were created, until there was a wide network of collective and state

farms in the countryside that could replace capitalist grain production with socialist production.

In 1926/27, the kulaks produced 617 million poods of grain and sold 126 million poods in non-village exchange, while state and collective farms produced 80 million poods and produced 37.8 million poods of marketable grain. Things changed radically in 1929, when state and collective farms produced at least 400 million poods and produced more than 130 million poods of commercial grain, that is, they blocked the kulak production of commercial grain.

The great turn of the main peasant masses towards socialism marked a radical shift of class forces in the country in favour of socialism, against capitalism. This made it possible for the Communist Party and the Socialist state to move from the old policy of limiting and ousting the capitalist elements of the countryside to a new policy, to the policy of eliminating the kulaks as a class on the basis of complete collectivisation.

The transition to collectivisation is carried out not in the order of a simple and peaceful entry of peasants into collective farms, but in the order of a mass struggle of peasants against the kulaks. The kulaks supported collectivisation. furious resistance. The working class, leading the main masses of the peasantry, led them to storm the last capitalist stronghold in the country in order to defeat the kulaks in open battle, in front of the entire peasantry, and to convince the masses of peasants of the weakness of the capitalist elements. With complete collectivisation, the land area in the area of villages and villages was transferred to the use of collective farms. But since a significant part of this land was owned by the kulaks, the peasants, organizing collective farms, took the land, livestock, and equipment from the kulaks, dispossessing them. The Soviet government abolished the laws on renting land, hiring labour and lifted the ban on dispossession. Thus, the elimination of the kulaks as a class was necessary an integral part of complete collectivisation.

Collectivisation was carried out in strict compliance with the Lenin-Stalin principles of collective farm construction: the voluntariness of peasants joining collective farms, taking into account the characteristics of the economy and the level of culture in various regions of the country, the inadmissibility of skipping over the agricultural artel, as the main form of collective farm construction, to the commune.

Complete collectivisation and the liquidation of the kulaks as a class, carried out on its basis, represented “a profound revolutionary revolution, a leap from the old qualitative state of society to a new qualitative state, equivalent in its consequences to the revolutionary coup in October 1917.”¹

It was a revolution that eliminated the old, bourgeois individual-peasant economic system in the countryside and created a new, socialist collective farm system. The uniqueness of this revolution was that it was carried out from above, on the initiative of state power, with direct support from below, from the millions of peasants who fought against kulak bondage, for free collective farm life.

This revolution resolved a number of fundamental problems of socialist construction.

First, it eliminated the largest exploiting class in the country, the kulaks. The liquidation of the kulaks as a class on the basis of complete collectivisation was a decisive step in the destruction of the exploiting classes. The “who-whom” problem was resolved not only in the city, but also in the countryside in favour of socialism. Within the country, the last sources of restoration of capitalism were destroyed.

Secondly, it transferred from the path of individual farming, which gives birth to capitalism, to the path of public collective farm, socialist farming, the most numerous working class in the country -

¹ “History of the CPSU (B), Short Course”, p. 291.

the class of peasants, thereby solving the most difficult historical task of the proletarian revolution after the conquest of power .

Thirdly, it gave the Soviet government a socialist base in the most extensive and vital, but also in the most backward area of the people's farms—in rural farms. Agriculture began to develop on the same basis as industry—on the basis of public ownership of the means of production. Thus, one of the deepest contradictions of the transition period was resolved—the contradiction between large-scale socialist industry and small individual peasant farming—and the basis for the opposition between city and countryside was eliminated.

The old, capitalist relations of production in the countryside, which were a brake on the productive forces, were replaced by new, collectivist relations of production. Thanks to this, the productive forces in agriculture received full scope for their development. Without this love spell, they would vegetate just as they vegetate now in capitalist countries.

Agricultural artel as the main form of collective farming. The main and main form of collective farm construction was the agricultural artel.

Before complete collectivisation, the predominant form of collective farms were partnerships for joint cultivation of land (TOZ's), in which the land use and labour, but draft animals and agricultural implements remained the private property of the peasant. In a number of areas there were agricultural communes in which not only all means of production, but also personal farming were socialised. These communes turned out to be unviable, since they arose in conditions of undeveloped technology and lack of products. They practiced equal distribution of consumer goods. With the development of complete collectivisation, TOZs turned out to be a stage already passed, and the conditions were not yet ripe for the organisation of communes.

An agricultural artel is a form of collective farming in which the main means of farming of peasant farms, Moreover, the personal ownership of collective farmers on subsidiary plots is preserved. In an agricultural artel, the following are socialized: agricultural equipment, all working livestock, seed stocks, feed for socialized livestock, outbuildings necessary for running the artel farm, and all food processing enterprises. In an agricultural artel, residential buildings, his personal livestock, poultry, outbuildings necessary for keeping livestock that remain in the personal property of the peasant, and small agricultural implements necessary for personal subsidiary plots remain in the personal ownership of the collective farm yard. Collective farmers receive their main income from the public economy of the collective farms, which is the main and decisive one.

According to the Charter of the agricultural artel, each collective farm yard, depending on the characteristics of the farms in individual areas, can also have personal property: in areas with a predominance of grains, potatoes, vegetables, beets and other industrial crops - 1 cow, up to 2 heads of young cattle, 1 sow with offspring, or, if the board is together, unlimited. 2 sows with offspring, up to 10 sheep and goats together, unlimited number of poultry and rabbits, up to 20 hives; and in agricultural areas with livestock raising—2-3 cows and, in addition, young animals, from 2 to 3 sows with offspring, from 20 to 25 sheep and goats together, and an unlimited number of poultry and rabbits and up to 20 hives; and in livestock-raising areas, where agriculture is of little importance, and livestock farming plays a decisive role in the economy, the number of livestock in the personal property of collective farmers is much greater.

From the generalized land plots, a household plot of land in the amount of 1/4 to 1/2 hectare is allocated for the personal use of each collective farm for sowing a subsidiary plot, and in some areas—up to 1 hectare, depending on the characteristics of the districts.

The agricultural artel fully meets the vital interests of the peasantry, since it correctly combines personal ones. Household

personal interests collective farmers with their public interests. The artel successfully adapts personal, everyday interests to public interests, thereby making it easier to educate yesterday's individual farmers in the spirit of collectivism.

The reorganisation period in USSR agriculture ended at the end of the first five-year plan. In 1932, collective farms united over 60% of all peasant farms and concentrated more than 75% of all peasant crops. But the kulaks defeated in open battle, have not yet been finished off. Penetrating the collective farms with deceit, the kulaks, through various methods of sabotage, sought to blow up the collective farms from the inside. The Communist Party and the Soviet state set as the main task of collective farm construction the organisational and economic strengthening of collective farms, that is, strengthening the party and state leadership of collective farms, clearing the collective farms of kulak elements that had infiltrated them, protecting public socialist property, strengthening the discipline of collective labour.

The victory of the collective farm system was won in a decisive struggle against the exploiting classes and their ideologists, Trotskyists and Bukharinites, who defended the kulaks with all their might, fought against the creation of collective and state farms, and demanded their dissolution and liquidation.

The Transformation of the USSR from a Country of Small Peasant Farming into the Largest and Most Mechanised Agriculture in the World.

By the end of the second Five-Year Plan, the collectivisation of agriculture was completed. The collectivisation method turned out to be a highly progressive method, since it made it possible within a few years to cover the entire country with large collective farms

that had the opportunity to apply new technology and use all agronomic achievements and provide the country with more marketable products; it opened the way to improving the well-being of the peasantry.

The USSR created and strengthened the world's largest agriculture in the form of a comprehensive system of collective farms, MTS and state farms, which represent a new, socialist method of production in agriculture .

Instead of the 25 million peasant farms that existed in the USSR on the eve of complete collectivisation, by mid-1938 there were 242.4 thousand collective farms (not counting fishing and commercial farms). Each collective farm accounted for an average of 1,534 hectares of agricultural land, including 485 hectares of cultivated area. In the United States in 1940, there were only 1.6% of all farms with a land area of 405 hectares or more.

The collective farm system showed its undeniable advantage over the capitalist system of agriculture and small-peasant farming.

“ The great significance of collective farms lies precisely in the fact that they represent the main basis for the use of machines and tractors in agriculture, that they constitute the main basis for remaking the peasant, for reworking his psychology in the spirit of socialism” ¹. During the years of the first two five-year plans, a genuine technical revolution was carried out in agriculture of the USSR, as a result of which a solid material and production base of socialism was created in the countryside. Socialist agriculture is not only the largest, but also the most mechanized agriculture in the world. While under capitalism the use of machines in agriculture is inevitably accompanied by the ruin of small peasants, the mechanisation of socialist agriculture on the basis of collective labour facilitates the work of the peasant and leads to an increase in his well-being.

In 1940, in the agriculture of the USSR there were 530 thousand tractors, 182 thousand combines and 228 thousand trucks. The number of MTS was 158 in 1930, and 7,069 in 1940. The level of mechanisation of agriculture in the USSR reached in 1940 for tractor ploughing: fallow rise - 83%, rise of plough land - 71%; for tractor sowing of spring and winter crops - 52-53%, for grain harvesting with combines - 43%. At the same time, in the United States, only half of the ploughing and one third of the sowing were done with tractors, not to mention European countries, where the technical equipment of agriculture is much lower than in the United States.

Based on the mechanisation of production and the use of socialist forms of labour organisation, collective farms achieved a high level of labour productivity. Labour productivity on collective farms has become much higher than in peasant and capitalist economies not only in old Russia, but also in other capitalist countries. Labour productivity in grain farming on collective farms in 1937 was 3.3 times higher than in pre-revolutionary agriculture, and taking into account the reduction in working hours, it increased almost 4 times. Tractors in the USSR are used several times more productively than in the USA. Socialist competition arose and developed on collective farms to increase crop yields and livestock productivity.

The collective farm system ensured a significant increase in agricultural production and high marketability of agriculture, which has important for supplying the country with food and raw materials. The gross agricultural output of the USSR in 1940 exceeded the pre-revolutionary level (1913) by almost 2 times. The marketability of collective and state farm grain production reached 40% of gross grain production in 1938 against 26% in 1913. At the

¹ J. V. Stalin, On issues of agricultural policy in the USSR, Works, vol. 12, 165.

same time, the marketability of grain in poor-middle peasant farms in pre-revolutionary times was only 14.7%.

The victory of the collective farm system provided the Soviet peasantry with the necessary conditions for a prosperous and cultural life. The collective farm system destroyed the possibility of stratification of the peasantry, poverty and misery in the countryside. Tens of millions of poor people, having joined collective farms, turned into wealthy people. Thanks to collective farms, there were no horseless, cowless, without inventory peasant farms. Gross The grain collection per household on collective farms in 1937 was two and a half times more than among the poor and middle peasants before the revolution. The personal income of collective farmers from the public economy of collective farms and from personal subsidiary plots increased 2.7 times during the period from 1932 to 1937 alone.

As a result of the victory of the collective farm system, the friendly alliance of workers and peasants became immeasurably **stronger**. The collective farm peasantry became a new, strong support of Soviet power in the countryside. Now not only the working class, but also the peasantry began to base their existence on public, socialist ownership of the means of production.

The experience of the socialist transformation of agriculture in the USSR serves as an example for all countries that have embarked on the path of building socialism.

BRIEF SUMMARY

1. A necessary condition for building socialism is the collectivisation of agriculture. The essence of collectivisation of agriculture is a gradual and voluntary unification peasant farms into production cooperatives, that is, into collective farms. Collectivisation means the transition from small, individual,

backward private economy to large socialist economy, armed with advanced machinery. collectivisation eliminates the working peasantry from exploitation and poverty, and opens the way for him to a prosperous cultural life. Collectivisation meets the vital interests of the peasantry and all working people.

2. The most important prerequisites for complete collectivisation are: the socialist industrialisation of the country, the development of agricultural cooperation, the experience of the first collective farms and large state farms in agriculture, showing the peasants the advantages of a large socialist economy, the creation of machine and tractor stations, and a decisive fight against the kulaks.

3. Complete collectivisation and, on its basis, the liquidation of the kulaks as a class, carried out under the leadership of the Communist Party and the Soviet state, represented a profound revolutionary revolution, which meant a transition from the bourgeois individual-peasant system, from the countryside to a new, socialist, collective farm system. This revolution eliminated the largest exploiting class, the kulaks, transferred the largest working class, the peasantry, from the capitalist path of development to the socialist path of development, and created a solid socialist base in agriculture for the Soviet state.

4. As a result of the victory of the collective farm system, the Soviet Union turned from a country of small-peasant farming into a country of the largest and most mechanized agriculture in the world. The productive forces of agriculture received full scope for their development. On the basis of highly productive and high-commodity socialist farms—collective farms and state farms - the grain problem was resolved in a short time and high rates of development of all agriculture were ensured, the Soviet peasantry was forever freed from exploitation, poverty and destitution were eliminated in the countryside, ensuring a continuous rise in the material and cultural standard of living collective farm peasantry.

CHAPTER XXV. THE VICTORY OF SOCIALISM IN THE USSR

The Creation of a Socialist Mode of Production.

The successes of the country's socialist industrialisation and collectivisation of agriculture led to a radical change in the balance of class forces in the USSR in favour of socialism to the detriment of capitalism. Until the second half of 1929, the decisive offensive against capitalist elements was carried out mainly along the city lines. With the transition to complete collectivisation of peasant farms and the liquidation of the kulaks as a class, this offensive also spread to the countryside, thus taking on a general character. A rapid offensive of socialism began along the entire front. As a result of the turn of the main masses of the peasantry towards socialism, the capitalist structure lost its base in the form of small-scale commodity production and began to go to the bottom. In 1930, the socialist sector already held in its hands the levers of the entire government of the people farms. This meant that the USSR entered the period of socialism.

The entry into the period of socialism was not the end of the transition period, since the task of building a socialist society had not yet been fully accomplished. But that was already the last one stage of the transition period. If at the beginning of the NEP there was some revival of capitalism, now the final stage of the NEP has arrived—the stage of the complete elimination of capitalist elements in the country.

The advance of socialism along the entire front took place in conditions of intensified class struggle, in order to overcome enormous difficulties. These were difficulties associated with the radical reconstruction of industry and agriculture, with the radical

reconstruction of industry and agriculture , with the construction of the technical base of the entire national economy. In the economy, reconstruction was impossible without a simultaneous restructuring of the old economic structure, without the collectivisation of peasant farms, and without uprooting the roots of capitalism in the countryside. The onset of socialism inevitably provoked desperate resistance from the dying exploiting classes, which, with the support of the capitalist environment, carried out sabotage, sabotage, sabotage and terror. The difficulties of socialist construction are fundamentally different from the difficulties inherent in a capitalist economy. The difficulties of the capitalist economy are expressed in crises, depressions, and rising unemployment: they are difficulties of decline or stagnation. On the contrary, the difficulties of socialist construction are difficulties of growth, rise, and advancement; therefore, they themselves contain the possibility of overcoming them.

As a result of the first five-year plan in the USSR, the foundation of a socialist economy was built in the form of socialist industry and large-scale collective agriculture, armed with advanced technology. Capitalist elements in industry were eliminated. Collectivisation in the main agricultural areas of the country was largely accomplished; The kulaks were defeated, although not yet finished off. The transition to Soviet trade has been completed—to trade without capitalists, small and large; private trade was completely replaced by state, cooperative and collective farm trade.

Already at the beginning of the second five-year plan, the USSR economy ceased to be multi-structured. Of the five economic structures, available in folk economy, three structures—private capitalism, state capitalism and patriarchal economy—no longer existed, the small-scale commodity structure was relegated to an dividedly dominant secondary position, and the socialist structure became the dividedly dominant and sole commanding force 20 of

the entire national economy. This meant that Soviet power began to be based both in the city and in the countryside on a socialist basis.

In the second five-year plan, the technical reconstruction of the entire national economy was completed. Collectivisation has ended peasant farms, the collective farm system was finally strengthened. Thus, the roots of capitalism in the economy were uprooted. The process of differentiation of the peasantry and the birth of capitalist elements stopped. The liquidation of all exploiting classes was completed, the causes that gave rise to the exploitation of man by man were destroyed.

The main contradiction of the transition period—the contradiction between growing socialism and the overthrown, but at first still strong capitalism, which had its base in small-scale production—was overcome. The question “who-whom” was entirely decided in favour of socialism. The purpose of NEP, calculated for the complete victory of socialist forms of economy, was achieved. Lenin said that NEP was being introduced seriously and for a long time, but not forever, that NEP Russia would be socialist Russia. Lenin’s scientific foresight came true. The victory of socialism meant the end of the transition period, the end of NEP.

In 1936, the share of socialist forms of economy in the total amount of means of production reached 98.7%, including: in industry—99.95%, in agriculture—96.3%, from 1923/24 to 1936. the share of socialist forms of economy increased: in gross industrial output—from 76.3% to 99.8%, in gross agricultural output (including personal subsidiary plots of collective farmers)—from 1.5% to 97.7%, in retail turnover trading enterprises—from 43% to 100%, in national income—from 35% in 1924/25 to 99.1% in 1936

During the years of transition in the USSR, the most progressive of all the methods of production that have existed so far in history was created—the socialist method of production, which represents the unity of the productive forces and production relations of

socialism. New, powerful productive forces were created throughout the national economy. Large-scale machine production covered all branches of the national economy and spread to agriculture. In turn, the socialist relations of production, which won both in the city and in the countryside, opened up space for the development of productive forces, and ensured the continuous growth of socialist production. The construction of socialism was the only way that led to the elimination of the age-old technical and economic backwardness of Russia, freed the country from foreign bondage and ensured its national independence. In the historically shortest period of time, the USSR became a powerful industrial and collective farm power, taking first place in the world in terms of technology, industry and agriculture. The working class, the working masses of the USSR under the leadership of the Communist Party, having built a socialist society, realised the aspirations of many generations of working people.

Socialism is a system based on public ownership of the means of production, in which there is no exploitation of man by man, the national economy develops systematically, in order to constantly raise the material and cultural level of the working people through a continuous rise in production, and the guiding principle of social life is the principle "from each according to his ability", to each according to his work."

The building of socialism in the USSR represented the most profound revolutionary revolution in the history of mankind.

The Changes in the Class Structure of Society.

The construction of a socialist economy led to fundamental changes in the class structure of society in the USSR. Under socialism there are no exploiting classes. Socialist society consists of

two friendly working classes—the working class and the peasantry—and the intelligentsia, which is rooted in these classes.

In pre-revolutionary Russia in 1913, workers and employees made up 16.7% of the population, small commodity producers (peasants, handicraftsmen, artisans)—65.1, exploiting classes—15.9 (including kulaks—12.3), other population (students, pensioners, army and others)—2.3%.

In the USSR in 1937, workers and employees made up 34.7% of the population, the collective farm peasantry and cooperative artisans—53.5%, students, pensioners, the army and others—4.2%. Peasants—individual farmers and non-cooperative working handicraftsmen , that is, persons engaged in their labour in small-scale farming, made up only 5.6% of the population. The classes of landowners and bourgeoisie were eliminated during the transition.

The victory of socialism radically changed the character and position of the working class, peasantry and intelligentsia.

The working class has ceased to be the proletariat, that is, a class deprived of the means of production, selling its labour power and exploited by capitalists. The working class of the USSR turned into a completely new class, unprecedented in history, owning together with all the people with the means of production and freed from exploitation. The working class in the USSR bases its existence on the state popular property and socialist labour. He is the advanced class of socialist society, the leading force in its development. Therefore, in the USSR, state leadership of society (dictatorship) belongs to the working class.

The peasantry, from a class of small scattered producers, basing their existence on private property, individual labour and primitive technology and exploited by landowners, kulaks, merchants and moneylenders, turned into a completely new class, the like of which history has never known. The peasantry in the USSR is freed from exploitation; it bases its work and its wealth on property, collective

labour and advanced technology. In close alliance with the working class and under its leadership, the peasantry actively participates in the administration of the Soviet state, which is a socialist state of workers and peasants.

The victory of socialism in the USSR completely ended the exploitation of the countryside by the city, and the ruin of the peasantry by capitalism. Thus, the age-old opposition was eliminated between city and countryside. The city, which under capitalism was the centre of exploitation of the countryside, became under socialism economic, political and cultural assistance to the village. "Great assistance to our peasantry from the socialist city, from our working class, provided in the liquidation of the landowners kulaks, strengthened the basis for the alliance of the working class and its peasantry and the systematic supply of the peasantry and its collective farms with first-class tractors and other machines turned the alliance of the working class and the peasantry into friendship between them."¹

Thanks to the socialist city, the village acquired new, powerful productive forces. The bow became stronger and stronger industry and agriculture. The opposition of interests disappeared. cities and villages. Not a trace remained of the village's former mistrust, much less hatred of the city. Both the city and the countryside are developing on a socialist basis. The interests of workers and peasants lie on one general line—strengthening the socialist system and building communism.

Previously unprecedented, socialist intelligentsia was born in the USSR, which included that part of the old intelligentsia that, after the revolution, joined the people. In bourgeois society, the intelligentsia is replenished mainly by people from the propertied classes, serves the capitalists, exploits the mines and itself helps them exploit the workers and peasants. Under capitalism, a

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 36.

significant part of the intelligentsia is forced to engage in unskilled labour or fall into the ranks of the unemployed. In the USSR, the overwhelming majority of the intelligentsia are from the working class and the peasantry. The Soviet intelligentsia does not know exploitation, serves the working people, the cause of socialism and has every opportunity for the fruitful application of their knowledge. Under socialism, the intelligentsia, along with the working class and peasantry, are equal members of society and actively participate in governing the country. In 1937, the Soviet intelligentsia numbered 9.6 million people. Taking into account family members, the intelligentsia made up approximately 13-14% of the USSR population.

With the victory of socialism in the USSR, the age-old opposition between mental and physical labour was eliminated—the exploitation of manual workers by representatives of mental labour. Workers and managers of enterprises form a single labour collective interested in increasing production. The monopoly of the propertied classes on education has been ended, science is used in the interests of the entire people, education is the property of workers and peasants.

The victory of socialism created all the necessary conditions for a prosperous and cultural life of the masses. In accordance with the fact that socialist production is carried out with the aim of satisfying the needs of the working people, during the years of the transition period the well-being of the working class, peasantry and intelligentsia has increased significantly. Unemployment and poverty disappeared. There were no more poor peasants in the countryside, the real wages of workers and office workers increased significantly, and the real incomes of the peasantry increased. The country has undergone a Cultural Revolution. As a result of the first two five-year plans, universal compulsory primary education was implemented in the languages of the nationalities of the USSR. A network of educational institutions has grown on a huge scale

throughout the country. The number of specialists for various sectors of the economy and culture has increased several times.

The national income of the USSR, which belongs entirely to the working people, increased in 1937 compared to 1913 at constant prices by more than 4½ times. The production of personal consumption goods by large industry increased in 1937 compared to 1913 by almost 6 times. During the second five-year plan alone, real wages of workers and office workers doubled.

The number of students in primary and secondary schools increased from 7.9 million in 1914 to 29.6 million in 1937, the number of students in higher educational institutions increased from 117 thousand to 547.2 thousand, and the circulation of books increased from 86.7 million to 673.5 million, newspaper circulation from 2.7 million to 36.2 million.

In accordance with the principles of the socialist system, the Soviet government put an end to the oppressed position of women. In the USSR, women actually enjoy equal rights with men in all areas economic, cultural and socio-political life. The victory of socialism introduced millions of women to skilled labour. During the five-year period, numerous leadership cadres from among women grew up. Women ranked equal to men's position in the intelligentsia. A radical revolution in the position of women in the countryside occurred with the victory of collective farms, which eliminated the previous inequality between women and men that took place in individual peasant farming. Women were given the opportunity to stand on an equal footing with men and take an honourable place in the public economy. The victory of socialism freed women from the semi-Russian state in which they found themselves in a number of national outskirts, where feudal and patriarchal remnants existed. Women from the national outskirts, along with women throughout the country, became active builders of socialism.

In 1936, women made up 42% of those admitted to universities and 48% of those admitted to technical schools. The proportion of women among students at industrial universities of the USSR in 1935 was 7 times higher than in Germany, 10 times higher than in England, and 20 times higher than in Italy. The number of women doctors in the USSR in 1940 compared to 1913 increased 40 times. If in 1913 women made up 9.7% of the total number of doctors, then in 1940 about 60% of the total number of doctors were women.

With the victory of socialism and the elimination of human exploitation in the USSR, there were no hostile, antagonistic classes, no irreconcilable class contradictions. The class relations of a socialist society are characterised by friendship and comradesly cooperation of the working class, peasantry, and intelligentsia. Class differences between the working class and the peasantry, as well as between these classes and the intelligentsia, are gradually being erased. While capitalist society is torn apart by class and national antagonisms, giving it instability, socialist society, which does not know class and national antagonisms, is characterised by solidity and stability. The undivided dominance of public property and the socialist economic system in the USSR was the economic basis on which such powerful driving forces of social development as the moral and political unity of Soviet society, the friendship of the peoples of the USSR, and Soviet patriotism developed. These social forces have a huge impact on the economy, accelerating its development.

The fundamental changes that took place in the socialist economy and class structure of the USSR were reflected in the area of the state superstructure. The Soviet socialist state, as J. V. Stalin showed, went through two main phases in its development. The first phase refers to the period from the October Revolution to the liquidation of the exploiting classes. During this period, the state suppressed the overthrown classes, defended the country from attack from outside. Economic, organisational and cultural and

educational function of the state, but this function had not yet fully developed. In the second phase of its development, the Soviet state completed the task of organising a socialist economy throughout the country and eliminating the last remnants of capitalist elements. The function of suppressing exploiters disappeared, its place was taken by the function of protecting socialist property; the function of military defence of the country from capitalist encirclement was preserved. Creation of a socialist basis ensured the full development of the functions of economic-organisational and cultural- educational work of state bodies.

As a result of the changes that took place in 1936, a new Constitution of the USSR was adopted, which enshrined in the legislative order the principles and basic foundations of socialism. It is not limited to fixing the formal rights of citizens, but shifts the focus to the actual provision of these rights. Thus, the Constitution of the USSR does not simply proclaim the right of workers to work. For rest, for financial support in old age, in case of illness and loss of ability to work, as well as the right to education. The real implementation of these rights is ensured by the socialist system of people's economy, the elimination of unemployment, an eight-hour working day, annual leaves for workers and employees with retention of wages, social insurance of workers and employees at the expense of the state, providing workers wide networks of sanatoriums, holiday homes, state protection of the interests of mother and child, universal compulsory primary education, free seven-year education, state scholarships for students and other material resources. Thus, the victory of socialism in the USSR created a solid economic foundation guaranteeing the actual implementation of workers' rights. This expresses genuine socialist democracy of Soviet society and the Constitution of the USSR.

Eliminating the Economic Inequality Among Nations.

Socialism, which destroys all exploitation, also eradicates the causes that give rise to the oppression of a nation. The socialist system eliminates both political, economic and cultural inequality of nations, ensuring the material and cultural advancement of all peoples without exception. "If private property and capital inevitably divide people, incite national discord and strengthen national oppression, then collective property and labour just as inevitably bring people together, undermine national discord and destroy national oppression. The existence of capitalism without national oppression is just as unthinkable as the existence of socialism is unthinkable without the liberation of oppressed nations, without national freedom"¹.

With the establishment of the dictatorship of the proletariat in the USSR, the political inequality of nations, the system of national oppression and colonial exploitation were destroyed. Next, the task arose of eliminating the economic inequality of nationalities, putting an end to the economic and cultural backwardness of a number of peoples inherited from the past. This problem could be solved only on the basis of socialist construction.

Of the population of the national outskirts of Russia, about 25 million people were at the pre-capitalist stage of development, and 6 million people were pastoral tribes that had not yet switched to agriculture and had not outlived the patriarchal clan system. It was necessary to help the peoples of the national outskirts to free themselves from numerous feudal and patriarchal remnants, to eradicate the remnants of colonialist elements, and to enable these peoples to build a socialist economy.

¹ J. V. Stalin, On the immediate tasks of the party on the national question. Works, volume 5, p. 19.

Lenin and Stalin discovered and scientifically substantiated the possibility of a non-capitalist path of development for backward countries and peoples. The backward countries, having thrown off the yoke of imperialism, can, with the help of the advanced countries of the proletarian dictatorship, gradually move onto the path of socialist construction, bypassing the stage of capitalist development. In a country of proletarian dictatorship, such a non-capitalist path of development is followed by backward peoples with the help of advanced peoples. As a result of the comprehensive assistance of the Russian people, the Russian working class to the backward peoples of the national outskirts, these peoples made the greatest leap from patriarchal and feudal forms of economy to socialism, bypassing the painful and long path of capitalist development. The construction of socialism in the USSR was carried out with careful consideration of the characteristics of the economic situation, historical past, life and culture of each people.

In the USSR, the actual inequality in economic and cultural development between peoples of different nationalities, inherited from the bourgeois-landlord system, has been eliminated. Between central Russia that has moved forward and the national outskirts that lagged behind in the past. There are no more backward peoples in the Soviet Union. The national outskirts of Tsarist Russia turned from colonies and semi-colonies into truly independent states—Soviet socialist republics. In previously backward national republics and regions, large socialist industry was created, the collective farm system was established, numerous national working class personnel, including skilled workers, grew, and the national intelligentsia grew. Powerful economic growth and the rise of the national outskirts was accompanied by a rapid increase in material well-being and a huge increase in the cultural level of the working people.

Given the generally high growth rates of industry in the USSR, industry in the national republics grew especially rapidly. The gross output of large-scale industry increased in 1940 compared to 1913 as a whole USSR almost 12 times, in the Kazakh SSR—20 times, in the Georgian SSR—27 times, in the Kirghiz SSR—153 times, in the Tajik SSR—308 times.

48 nationalities under Soviet rule for the first time got writing. While before the revolution the vast majority of the population of the national outskirts was illiterate, the socialist revolution led to the fact that already in 1939 the overwhelming majority of the population of the national republics became literate. The number of students in primary and secondary schools in 1940 increased compared to 1914/15; in the Azerbaijan SSR—9 times, in the Armenian SSR—9.4 times, in the Kazakh SSR—10.9 times, in the Turkmen SSR—35 times, in the Kirghiz SSR—47 times, in the Uzbek SSR—73 times, in the Tajik SSR 822 times.

The building of socialism radically changes the nature of nations. As a result of the revolutionary transformation of social relations, the place of the bourgeois nations that make up capitalist society is taken by new, socialist nations, formed on the basis of the old, bourgeois nations. While capitalism divides nations into classes and groups with opposing interests, socialism unites nations on the basis of public ownership and common interests. Each socialist line is monolithic, it consists of working people led by the working class.

“The main features inherent in an advanced socialist nation are the following:

Firstly, the presence of the most advanced social and state system in the world, in which there are no exploiting classes and all power belongs to the people.

Secondly, the presence of a highly developed socialist industry and large-scale socialist agriculture.

Thirdly, universal literacy of the population, compulsory education for children, a developed system of higher education, ensuring the training of national specialists for all areas economy and culture; prosperity of science and art.

Fourth, a systematic increase in the standard of living of the entire population by ensuring an increase in the real wages of workers and employees and the income of peasants, through the development of trade turnover, the growth of cities and their improvement, and the improvement of living conditions; the presence of a wide network of medical institutions ensuring the protection of public health.

Fifthly, the triumph of the ideology of equality of all races and nations, the ideology of friendship of peoples”¹. The victory of socialism consolidated the unity of the economic and political interests of the peoples of the USSR and led to the flourishing of their cultures— national in form, socialist in content.

The Soviet Union is the most durable and viable multinational state, based on the fraternal cooperation of peoples, and representing a model with both resolving the national question for the whole world.

The USSR Entered the Period of Completing the Construction of a Socialist Society and the Gradual Transition from Socialism to Communism.

With the victory of socialism, the USSR entered a new period of its development, the period of completion of the construction of a socialist society and the gradual transition from socialism to communism.

Communism is a social system, with no classes or class distinctions, all means of production and products are national property, the level of productive forces ensures an abundance of

¹ L. Beria; Speech at the 19th Congress of the CPSU (B), 1952, p. 10.

products, and the guiding principle of social life is the principle that everyone has abilities, “from each according to his ability, to each according to his needs.”

Socialism and communism are two phases of the same, communist socio-economic formation. Socialism represents is a less mature, first, lower phase of the communist formation, while communism is understood as a more mature, second, higher phase of this formation. The development of socialism leads to the creation of the material and production balance of communism and an abundance of products, to the inclusion of a nationwide form of ownership of all means of production and production products, to a huge increase in the well-being and level of culture of the people. Thus, the completion of the construction of a socialist society means at the same time the implementation of a gradual transition to communism. The entire people—the working class, the peasantry, the intelligentsia—are vitally interested in the creation of a communist system, they are active prospectors for communism, which means the greatest material and cultural flourishing of society.

An important milestone on the path to communism was the third five-year plan. During the first three and a half years (1938-June 1941), the tasks of the third five-year plan were successfully completed . A new, significant growth in industry and, above all, in heavy industry, was achieved, as well as further strengthening and growth of collective farm agriculture. The peaceful creative work of the Soviet people to build communism was interrupted in 1941 by a treacherous attack on the USSR by Nazi Germany and its vassals.

The Great Patriotic War of the Soviet Union (1941-1945) was the most difficult of all the wars that took place in the history of Russia. The war confirmed that the USSR has the world’s most durable public and state we are building. The Soviet system turned out to be not only the best form of organizing the economic and cultural rise of the country during the years of peaceful

construction, but also the best form of mobilizing all the forces of the people to repel the enemy during the war.

A powerful economic base for the active defence of the country, used during the war, was created during the years of the pre-war five-year plans as a result of the implementation of the policy of industrialisation and collectivisation.

In 1940, the USSR had arbitrarily: 15 million tons of cast iron, that is, almost 4 times more than in 1913; 18,300 thousand tons of steel, that is, four and a half times more than in 1913; 166 million tons of coal; that is, 5 and a half times more than in 1913; 31 million tons of oil, that is, 3 and a half times more than in 1913; 38,300 thousand tons of marketable grain, that is, 17 million tons more than in 1913; 2,700 thousand tons of raw cotton, that is, 3 and a half times more than in 1913.

The socialist system made it possible to create a coherent and rapidly growing military economy in the USSR in the shortest possible time. The economic basis of the Soviet state turned out to be incomparably more viable than the economies of enemy states. Thanks to the advantages of a planned socialist economy, the Soviet state, in incredibly difficult conditions caused by the temporary loss of a number of important regions of the country, was able to timely carry out maximum mobilisation and the most effective use of material, labour and financial resources. Despite the enormous damage caused to the country's economy, the high level of socialist accumulation ensured that at the end of the war the volume of capital investment in industry exceeded the pre-war level. The Soviet state launched a huge construction of new enterprises and ensured intensive growth of industrial output. Throughout the war continuously improved technology and the organisation of industrial production, the quantity and quality of Soviet weapons grew rapidly. Despite the enemy's temporary occupation of the most important agricultural areas, collective and state farms supplied the

army and the country with food and industry with raw materials without serious interruptions. The collective farm system withstood the harsh trials of war and showed its great vitality.

The working class, peasantry, intelligentsia, including Soviet women and youth, showed selflessness in their work. The nationwide socialist competition produced enormous results. Thanks to increased labour productivity in the heavy and defence industries, very significant reductions in production costs have been achieved. This made it possible to dramatically expand weapons production.

The moral and political unity of socialist society, the friendship of peoples, and Soviet patriotism gave rise to mass heroism of the Soviet people at the front and in the rear. The Communist Party, leading the defence of the country, skilfully directed all the forces of the people to defeat the enemy. The decisive advantages of socialism and the indestructible strength of the Soviet rear ensured the Soviet Union an economic and military victory, which it won in a mortal struggle against imperialist Germany, which had resources of many European countries, and against the imperialist Japan. The Soviet people not only defended the freedom and independence of their Motherland and their socialist conquests, but also liberated the peoples of Europe from the Hitlerite yoke and saved world civilisation from fascism.

The war caused enormous damage to the national economy of the USSR. Any, even the largest capitalist state, having suffered such damage, would inevitably be thrown back decades and turn into a minor power. But the USSR, thanks to the advantages of the socialist system, successfully coped with the most difficult tasks of eliminating the consequences of the war. Having ended the war with victory over the enemies. The Soviet Union was able, on its own, within a few years, not only to achieve the pre-war level of production, but also to leave it far behind. Successfully the fourth five-year plan (1946-1950) was implemented, the main objectives

of which were to restore the affected areas of the country, restore the pre-war level of industry and agriculture and then surpass this level by a significant amount. The fourth five-year plan for industrial development was completed ahead of schedule.

The successful implementation of the Fourth Five-Year Plan meant a major step along the path of development of Soviet society from socialism to communism. The further movement of the USSR towards communism is carried out on the basis of solving the tasks of the fifth five-year plan (1951-1955).

The victory of socialism in the USSR is of the greatest international significance. It was a new powerful blow to the world imperialist system, which further undermined its foundations. With the establishment of socialism, the superiority of the socialist system of national economy over the capitalist system was revealed with all force. It took capitalism about a hundred years, and feudalism about two centuries, to prove its superiority over previous methods of production. The socialist economic system has shown its undeniable superiority over capitalism already during the years of the transition period, that is, in less than twenty years. In fact, the correctness of the Marxist-Leninist theory of socialist revolution has been proven. This strengthened the faith of the working masses in the strength of the working class, in the final victory of socialism throughout the world.

BRIEF SUMMARY

1. As a result of the transition period from capitalism to socialism in the USSR, capitalist elements were eliminated in all sectors of the economy, the socialist system became the only system of the national economy, and the economic basis of a socialist society was created. The victory of socialism was reflected

and legislatively enshrined in the Constitution of the USSR, the most democratic constitution in the world.

2. Socialism is a system based on the ownership of the means of production, in which there is no exploitation of man by man, the national economy develops systematically on the goals satisfying the growing material and cultural needs of the entire society through a continuous rise in production, and the guiding principle of social life is the principle “from each according to his ability, to each according to his work.”

3. Socialist society consists of two friendly classes—the workers and the collective farm peasantry—and the intelligentsia. The victory of socialism led to a radical improvement in the material and cultural situation of the working people, to the elimination of the opposition between city and countryside, between mental and physical labour, to the elimination of inequality between nations and the emergence of new, socialist nations.

4. With the victory of socialism, the USSR entered a period of gradual transition from socialism to communism. Thanks to the advantages of the socialist system, the USSR won an economic and military victory in the Great Patriotic War. After the war, the Soviet Union quickly restored the national economy and achieved a new powerful rise, successfully continuing its path to communism. The victory of socialism in the USSR had world-historical significance. It actually proved the superiority of socialism over capitalism.

B. SOCIALIST SYSTEM OF NATIONAL ECONOMY

CHAPTER XXVI. THE MATERIAL AND PRODUCTION BASE OF SOCIALISM

The Main Features of the Material and the Production Base of Socialism.

As a result of two greatest transformations—the socialist industrialisation of the country and the collectivisation of agriculture—the material and production base of socialism was created in the USSR. The material and production base of socialism is large-scale machine production in all sectors of the national economy, based on higher technology and the labour of workers free from exploitation.

The material and production base of socialism represents a new, higher stage in the development of large-scale machine production compared to capitalism, and is fundamentally different from the material and production base of capitalist society.

Socialist production is united by public ownership of the means of production and develops systematically in the interests of the whole society. The development of socialist production does not encounter obstacles caused by private ownership of the means of production.

Socialist production is the largest and most concentrated in the world. The socialist system that has established itself in the USSR means the undivided dominance of large-scale production not only in industry, but also in agriculture, while under capitalism, agriculture is dominated by small, fragmented peasants .

Socialist production is the most mechanized in the world. While in bourgeois society machines are instruments of exploitation and are introduced into production only when they increase the capitalist's profits by saving on workers' wages, under socialism machines are used when they save labour for society. In a socialist

society, machines have become a powerful means of facilitating the work of workers and peasants and increasing the people's well-being. There is no unemployment in the USSR, and machines cannot compete with workers . Because of this, under socialism, workers are very willing to use machines in the national economy.

As a result of the elimination of private ownership of the means of production, all achievements of advanced science and technology under socialism are the property of the entire society. In a socialist economy there can be no question of the artificial delay in technical progress that capitalist monopolies practice for their own selfish purposes.

Socialism requires steady and rapid development and improvement of technology; old equipment must be replaced by new, and new by the latest. Hence the need for large capital investments in the national economy. A socialist state, concentrating in its hands the main means of production and accumulation of the national economy, can make capital investments in the national economy on a scale inaccessible to capitalism. A socialist state is able to assume losses associated with the decommissioning of old machines and replacing them with new ones, in order to reimburse the expenses incurred **after a** number of years . As a result, technical development under socialism, unlike capitalism, is not hampered by the burden of old technology. Soviet industry and agriculture embodies the newest, most perfect that modern science and technology have at their disposal. The national economy of the USSR has the youngest production and technical apparatus in terms of age.

Thus, socialism ensures the consistent introduction of modern machinery into all sectors and processes of production, including Agriculture. Between However, under capitalism, agriculture and even entire industries are based mainly on manual labour.

Under socialism, the position of production workers changes radically. The labour of workers, collective farmers, and

intelligentsia freed from exploitation from technology is the basis for the existence of a socialist society. Working people work for themselves, for society, and not for exploiters, and therefore are deeply interested in improving production on the basis of higher technology. At the same time, socialism leads to a steady and rapid increase in the general cultural level and technical training of workers. This determines the creative activity of workers in the development of production and tools. Workers, collective farmers and the intelligentsia are making a serious contribution to the cause of technical progress, overcoming old standards for the use of technology, and mastering new, ever higher standards.

Socialism ensures the continuous growth of the productive forces at a rapid pace unattainable by capitalism.

The Socialist Industry.

Socialist industry represents a highly concentrated and technically advanced industry united on the basis of public ownership throughout the country. Socialist industry plays a leading role in the national economy; it equips all sectors of the national economy with advanced technology. This is ensured by the faster growth of industries producing means of production and the high level of development of mechanical engineering.

Socialism has risen to unprecedented heights of the technical level of industry. From the point of view of production technology, the saturation of industrial production with new technology, the industry of the USSR ranks first in the world.

The main production assets of the USSR industry increased in 1952 by 77% compared to 1940. The output of all industry in 1952 increased 2.3 times compared to 1940, including the output of industries producing means of production,—2.7 times and industries

producing means of production—2.7 times and industries producing consumer goods—1.6 times. The share of mechanical engineering in industrial output was 27% in 1938, and 39% in 1950, that is, much higher than in any economically developed capitalist country. Thus, before the war in the United States, mechanical engineering accounted for 17.5% of all industrial output; in Germany—14.6%, in England—16.2%.

Socialist industry is the most concentrated industry in the world. The concentration of production under socialism is carried out systematically and is accompanied by a general increase in production in the interests of the whole society. Meanwhile, under capitalism, concentration occurs spontaneously, accompanied by the ruin and death of small and medium-sized enterprises and the establishment of monopoly dominance. “We are the country with the most concentrated industry. This means that we can build our industry on the basis of the best technologies and, thanks to this, ensure unprecedented labour productivity, an unprecedented rate of accumulation”¹.

One of the important forms of concentration—the combination of production—is widely developed under socialist conditions. Combining production allows for more complete use of raw materials and fuel, reduces transportation costs, and leads to acceleration of the production process.

In 1940, in the industry of the USSR, 71% of all workers and 84% of all products were concentrated in enterprises with an annual production of over 5 million rubles (at constant 1926/27 prices), and in 1950 - 79% of all workers and 92% of all industrial products.

If we compare the data on industrial concentration for the USSR and the USA (for convenience of comparison, both countries are

¹ J. V. Stalin, *On the tasks of business executives*, Works, vol. 13, p. 33-34.

grouped by the number of workers and employees), it turns out that in 1950 in the manufacturing industry of the USSR, 62 were concentrated in enterprises with the number of workers and employees of over a thousand % of all workers and employees and these enterprises produced 70% of all industrial products; in the US manufacturing industry, according to the post-war census (1947), enterprises with more than a thousand workers and employees concentrated 32% of workers and produced 34% of industrial products.

The increase in concentration of production is accompanied in the USSR by the specialisation of industrial enterprises. Specialisation of industrial production is the concentration of an enterprise on the production of a certain type of product, its individual parts and components , or on the performance of individual operations in the production of a product. Specialisation in the USSR expresses the systematic use by society of the benefits of the division of labour between individual enterprises. She gives the possibility of introducing high-performance equipment , introducing standardisation and mass flow production, providing a significant increase in labour productivity.

Under socialism there is widespread development planned cooperation of industrial enterprises , that is, the organisation of permanent production relations between enterprises jointly participating in the production any object, but being economically independent in relation to each other. Cooperation of enterprises is organised primarily within individual economic regions in order to relieve transport from long-distance transportation. Planned distances. Planned cooperation of enterprises is an important factor in the growth of social labour productivity.

The development of industry and its technical re-equipment are accompanied by the growth of the working class and a rise in the cultural and technical level of the workers. In contrast to capitalism, where the introduction of machines usually leads to the

disqualification of the bulk of workers, under socialism the introduction of new technology leads to an increase in the number and proportion of skilled mechanized labour workers, and a decrease in the number and proportion of unskilled manual labour workers. The number of engineering and technical workers is steadily growing . In terms of its abundance of engineering and technical personnel, Soviet industry has no equal in the world.

The USSR created a powerful, technically advanced transport, connecting various sectors of the national economy and regions of the country. Characterizing the role of railways. Lenin said that they represent “one of the manifestations of the most striking connection between city and countryside, between industry and agriculture, on on which socialism is entirely based “¹.

The concentration of all transport (railway, waterway, road, air) in the hands of the state eliminated the competition between various types of transport, characteristic of capitalism, and opened up the possibility of systematic coordination of their work. In the USSR, a unified transport system has been created throughout the country, systematically combining all types of transport equipped with advanced technology.

The Socialist Agriculture.

The socialisation of previously fragmented peasant farming and the creation of collective and state farms opened up the possibility of widespread use of machinery, the introduction of advanced agricultural technology in agriculture, and ensured a powerful increase in agricultural production.

¹ V.I. Lenin, Closing speech on the report on the immediate tasks and the creation of the All-Russian Central Executive Committee on April 29, 1918, Works, vol. 27, ed. 4, p. 277.

Socialist agriculture of the USSR, conducted on the basis of public ownership, is the largest and most mechanized agriculture in the world. Machine and tractor stations have failed for collective farms the material and technical base of large-scale machine production. The Soviet state created an extensive system of machine and tractor stations in grain, flax, cotton, beet and suburban areas. Special machine and livestock breeding stations have been organised for the mechanisation of labour-intensive work in livestock farming, and meadow reclamation stations for the mechanisation of land drainage and improvement of meadows and pastures. Electric tractor stations are being created for use in collective farm electricity production. All MTS, depending on the production direction of the collective farms, have appropriate agricultural machines and qualified specialists . In 1952, the USSR had 8,939 MTS and other specialized stations serving collective farms and ensuring a high level of mechanisation in all branches of agricultural production. In accordance with the characteristics of farming based on tractor traction, a system of machines has been created to perform basic agricultural work: ploughing, sowing, harvesting, and threshing.

For 1946-1951 Agriculture of the USSR received 673 thousand tractors (translated into fifteen-mile ones) , 146 thousand grain combines and many other tillage, sowing and harvesting machines. In this regard, the level of mechanisation of agricultural work has increased sharply.

The introduction of machines radically changed the structure of agricultural energy resources. IN 1916 draft cattle accounted for 99.2%, mechanical engines accounted for only 0.8% of all agricultural energy resources farms. In 1940 , draft animals accounted for 22.3%, and mechanical engines—77.7%, and by the beginning of 1952, respectively - 10.5 and 89.5% (including tractors—35.4%, trucks—27.5, combine engines—14.6, electrical installations—3.4, other engines—8.6%).

The rapid growth of mechanisation of agricultural production in the post - war period necessitated the consolidation of collective farms, since the sown area on small collective farms did not ensure the effective use of modern agricultural cars. As a result, carried out in 1950-1951. According to the decisions of the general meetings of collective farmers consolidating collective farms, collective farm production became even more concentrated: in 1952, after consolidation, there were 97 thousand collective farms instead of 254 thousand collective farms on January 1, 1950. On average, one collective farm in 1952 accounted for 4,100 hectares of agricultural land and 1,348 hectares of cultivated area. The consolidation of collective farms gave the opportunity to ensure more efficient use of agricultural machinery and the labour of collective farmers.

The socialist transformation of agriculture eliminated a primitive three-field farming system that had existed for centuries and created a new, most progressive farming system in the world. The main features of this system are: the widespread introduction of the latest technology and achievements of advanced agronomic science into agricultural production, the introduction of correct crop rotations with the widespread development of grass sowing, sowing of forage, vegetable and industrial crops, the use of artificial and organic fertilizers, irrigation of lands in dry areas, drainage of swamps etc.

In socialist agriculture there is a rational combination of individual sectors and, above all, agriculture and animal husbandry; on this basis, the narrow specialisation inherent in agriculture in capitalist countries has been eliminated. The specialisation of socialist agricultural enterprises is expressed in the fact that, in accordance with the natural and economic conditions of individual regions, leading agricultural enterprises are allocated in a planned manner. Industries, and along with them additional industries are developing. Thus, specialisation does not deny, but presupposes the

development of a diversified economy with the right combination of basic and additional industries. One of important advantages large-scale socialist agriculture is that it has the greatest opportunities for the development of a diversified, integrated economy, in which land and labour are used productively.

Along with the strengthening and technical re-equipment of agriculture, new cadres of agricultural production workers are being created who own modern advanced technology and agronomic knowledge. In the USSR, the achievements of agronomic science became the property of the broad masses of the peasantry for the first time in history. The massive introduction of new equipment gave rise to new professions of mechanized agricultural labour: tractor drivers, combine operators, drivers, mechanics, machinists threshing machines, flax hoe, cotton pickers and other machines. The collective farm system gave birth to hundreds of thousands of qualified managers and organizers of production—collective farm chairmen, foremen, agronomists and livestock specialists, farm managers, etc.

Thus, the socialist reconstruction of agriculture created all the conditions for systematically increasing productivity and unprecedented under capitalism growth of agricultural products.

The sown area of all agricultural crops in the USSR in 1952 exceeded the pre-war level by 5.3 million hectares. In 1952, the gross grain harvest amounted to 8 billion poods compared to 7.3 billion poods in 1940. More The production of industrial crops is growing at a faster pace . In 1952, the gross production of raw cotton exceeded the pre-war level by more than one and a half times, and of sugar beets by more than one third. Significantly surpassed pre-war level the number of socialized livestock on collective and state farms and by product livestock farming.

The Paths of Technical Progress Under Socialism.

The main lines of technical progress under socialism are: mechanisation and automation of production, electrification of the national economy, and the widespread use of chemistry in production.

Mechanisation is the replacement of manual labour with machine labour . Consistent mechanisation of labour processes is an economic necessity under socialism . Continuous and rapid growth of socialist production can be ensured only through constant improvement of technology and comprehensive mechanisation of labour processes . Mechanisation of labour processes is the decisive force without which it is impossible to ensure the high rates and huge scale of production characteristic of socialism.

In the USSR, the task of mechanizing the basic and most labour-intensive production processes in all sectors of the national economy is being consistently implemented. Mechanisation of production occurs in the USSR through the introduction of new, most advanced machines, mechanisms and advanced technological processes.

In the USSR, but in all industries, the mechanisation of production has reached a level unprecedented under capitalism. In the coal industry, where before the revolution it was completely dominated heavy manual labour, mechanisation based on the widespread introduction of cutting machines, electric transport means and loading mechanisms already in 1940 accounted for 94.8% for cutting and breaking, 90.4% for delivery, 58.4% for hauling , and 86.5% for loading coal into railway pens. Post-war mechanisation nicks, mining and delivery of coal, as well as underground transport and loading of coal into railway cars was completely completed. Large successes achieved in mechanisation and other industries. For example, in the construction of hydroelectric power stations Such

outstanding achievements of Soviet technology are used as new powerful excavators, bulldozers, dredgers, etc. The four-cubic-meter walking excavator of the Uralmashplant can remove over 2.5 million cubic meters of land per year and replace the physical labour of 7 thousand workers.

In 1952, collective farms were mechanized almost all ploughing and over 80% of sowing; almost sowing of cotton, sugar beets and other industrial crops is fully mechanized; 70% of the area cereals crops were removed combines, more two thirds crops sugar beets removed beet harvesters And tractor beet lifters. TO end of the fifth five-year plan, the mechanisation of basic field work on collective farms will be completed. On state farms, the main agricultural work is almost completely mechanized. The mechanisation of labour-intensive work in livestock farming, vegetable growing, horticulture, transportation, loading and unloading of agricultural products, mechanisation is being widely deployed irrigation, drainage of wetlands and development of new lands.

During the post-war period, Soviet mechanical engineering annually creates and masters the production of 500-550 new types of high-performance machines. If in 1940 the mechanical engineering industry produced 84 types of agricultural machines and implements, then in 1950 there were already 222 types. High-speed methods of metal cutting, stamping instead of free forging, hardening of parts with high-frequency currents, machine forming of parts and other new methods that provide a great economic effect are being widely introduced into production.

Under socialism, comprehensive mechanisation is developing more and more widely. Comprehensive mechanisation means mechanisation of all interconnected stages production process, both main and auxiliary, and is based on a system of mutually complementary machines. She eliminates gaps in production mechanisation. As a result of a comprehensive mechanisation an integral system of machines is created, covering the entire production process.

So, for example, in the coal industry the problem of complex mechanisation was solved in the post-war time based on the use of coal miners created by Soviet designers, which combine cutting operations, breaking and loading coal onto the conveyor and representing a new word in world technology. Mechanisation of the fastening process will make it possible to complete the comprehensive mechanisation of coal mining.

The highest degree of mechanisation is production automation, that is, the use of automatic machines , operating on the basis of self-regulation. In close connection with automation, there are telemechanics, that is, control and monitoring of the operation of mechanisms at a distance (remote control). In cases where the entire system of machines covering the production process as a whole operates on the basis of self-regulation, an automatic system of machines takes place. An automatic system of machines carries out all the production processes necessary to transform raw material into a finished product without human assistance and only requires the supervision of a worker.

At the USSR ferrous metallurgy enterprises in 1951, 95% of all cast iron was smelted in blast furnaces with automatic blast temperature control, and 87% of all steel production was smelted in open-hearth furnaces equipped with automatic temperature control. In mechanical engineering with everyone Every year the fleet of automatic and semi-automatic metalworking machines, forging and pressing machines, as well as automatic contralto-measuring equipment is increasing . Automatic equipment is widely used in the chemical, paper, oil refining and other industries. Automatic machine systems exist in the USSR in the form of automated lines of machine tools and other mechanisms or in the form of separate automated enterprises.

The high level of mechanisation and automation of production under socialism is the basis for the rapid growth of labour

productivity and leads to an ever greater convergence of physical labour with mental labour.

The restructuring of all sectors of the economy on the basis of large-scale machine production and the consistent mechanisation of production processes are closely related to electrification. Electricity is the technical basis of modern large-scale production.

Socialism ensures the systematic introduction of electricity into all sectors of the national economy. Electrification under socialism is characterised by: firstly, the centralisation of electricity production and the concentration of capacity at large power plants, the rapid development of high-voltage power lines connecting individual stations into powerful regional or inter-district systems with the prospect of forming a single high-voltage network for the entire country; secondly, the widespread construction of hydroelectric power stations and the systematic increase in their share in total electricity generation, which serves as the most important means of improving the country's energy balance; thirdly, the development of district heating in large cities and industrial centres, the use of low-grade and local fuels.

Electrification of industry is changing the face of factories and factories. Instead of a central engine with a complex transmission mechanism, almost all enterprises have introduced an individual electric drive. The electrification of working machines represents the energy basis for comprehensive mechanisation and automation of production. On the base With the use of electricity, new industries arose—electrometallurgy of ferrous and non-ferrous metals, electrochemistry, as well as new methods of metal processing.

The construction of hydroelectric power stations on the Volga, Dnieper, Don and other rivers, which began in the fifth five-year plan, is of great importance for the further electrification of the USSR. Some of them will be the largest in the world. This construction provides a comprehensive solution to the problems of

obtaining cheap electricity on a huge scale, widespread development of electrification of agriculture, transport, creation of new electricity-intensive industries, improvement of shipping, etc.

In terms of the level of electrification of industry, the USSR was already in first place in the world at the end of the second Five-Year Plan. In 1950, the level of electrical equipment in industry increased by one and a half times compared to 1940. In the post-war period Intensified introduction of electricity into agriculture began. Mechanisation of threshing, as well as a range of production processes in livestock farming in many collective and state farms occurs on the basis of the use of electrical energy (preparing feed, water supply, husking cows, shearing sheep, etc.). Widespread introduction of electricity into agriculture will occur, especially in areas of large hydroelectric power stations (electric ploughing , etc.).

The progress of modern technology is also expressed in the increasingly widespread development of chemistry and the use of methods for chemical processing of matter. Chemical methods ensure the acceleration of production processes, the most complete use of raw materials, and allow the creation of new types of raw materials and materials. The chemical industry became a powerful factor in the technical development of the entire national economy in the USSR . Modern chemical production, as a rule, is automated, occurs continuously, in a closed equipment with automatic control and regulation, without direct human intervention.

The development of the material and production base of socialism is based on the achievements of Soviet advanced science, which for the first time in the world successfully solved major tasks in the field of improvement and consistent introduction of higher technology into production in the interests of workers. Soviet technical thought occupies a leading position in solving a number of new technical problems and designing new machines and mechanisms for all branches of production. Soviet designers have

priority in the creation of such machines as, for example, mountain harvesters, many agricultural machines (potato planters , machines, flax harvesters) combine , beet harvester), new examples of modern equipment in the field of energy (high-pressure once-through boiler, the world's largest hydraulic turbines), powerful mechanisms for construction, new types of metal-cutting machines and others.

The Location of Socialist Production.

Under socialism, a new location of production and a new system of connections between branches of production and regions of the country are taking shape.

In bourgeois society, the pursuit of profit and competition lead to uneven and irrational production location. Industry is spontaneously concentrated in a few centres, while vast territories , especially the colonial outskirts, are doomed to industrial backwardness. Under socialism placement production is carried out systematically, in the interests of increasing the productivity of social labour, strengthening the power of the socialist state and raising the well-being of the working people.

The basis for permitting production in conditions Socialism is based on the following principles.

First, bringing production closer to sources of raw materials and areas of consumption of industrial and agricultural products. This makes it possible to better use natural resources and eliminate wasteful transportation, which ensures significant labour savings throughout society and accelerates the growth rate of socialist production.

Secondly, the elimination of actual economic inequality between peoples, rapid climb economy of previously backward national regions, which is the material basis for strengthening friendship and cooperation between the peoples of the USSR.

Thirdly, a planned territorial division of labour between economic regions in combination with the integrated development of the economy within these regions. The integrated development of the regional economy, which meets the needs of the given region for fuel, building materials, mass-produced light industrial products and food, reduces unnecessary long-distance and other unsustainable transportation, and contributes to the mobilisation of local sources of raw materials.

Fourthly, the systematic distribution of industry within the country's territory, providing education in previously backward areas agricultural areas of new cities and industrial centres, bringing agriculture closer to industry. This helps to eliminate the essential difference between city and countryside.

Fifth, strengthening the defence capability of the socialist country. The presence of a hostile capitalist environment necessitates particularly rapid development of industry in the interior regions of the country.

As a result of the implementation of these principles, the uneven distribution of production inherited from capitalism was eliminated in the USSR.

The bringing of industry closer to sources of raw materials was expressed primarily in the accelerated development of the eastern regions of the country and the creation of new fuel and metallurgical bases, new centres of mechanical engineering, light industry in the Urals, Western Siberia, Central Asia and Kazakhstan. Newly created industrial outbreaks became economic and cultural centres, transforming the entire appearance of these areas and regions. The creation of a powerful industrial base in the east of the country was one of the most important conditions for the victory of the Soviet Union in the Great Patriotic War.

The total volume of industrial production in the eastern regions of the country (Volga region, Ural, Siberia, Far East, Union republics of

Central Asia) increased three times by 1952 compared to 1940. In 1951, about one third of the total production was produced in these regions, industrial products of the USSR, More than half of the total amount of steel and rolled products, almost half of the total amount of coal to oil and over 40% of electricity.

Central Asian Soviet republics in industrial development quickly overtook bordering the USSR eastern countries have gone far ahead. At five Soviet republics—Uzbek, Kazakh, Kyrgyz, Turkmen and Tajik, with a population of about 17 million Human, electricity generated three times more than in Turkey and Iran. Pakistan, Egypt, Iraq, Syria and Afghanistan, combined, with a population of 156 million.

The Soviet republics were far ahead in their industrial development of the old industrial countries of Western Europe; Soviet Ukraine smelts much more pig iron than France and Italy combined, produces more steel and rolled products than France, and more than three times more than Italy, together, produces almost three times more tractors than France and Italy produce together. In terms of technical equipment in agriculture, the Soviet republics of the East are significantly higher than the most developed capitalist countries of Europe. In Soviet Uzbekistan, for every thousand in France there are 14 hectares of sown area, while in France there are 7 tractors for the same area, and in Italy there are 4 tractors of much less power.

Cotton—one of the leading industrial crops in the developed diversified agriculture of the Soviet republics of the East, the yield of raw cotton in 1951 in these republics was on average 21 centners per hectare. Such productivity There is no cotton in one country in the world . In the same 1951, cotton yield in Egypt was 11.5 centners per hectare, in the USA—8.3, in India—3.4, in Pakistan—5.2, in Turkey—7.2, in Iran—4.5 centners per hectare. It should be taken into account that high cotton yields in the Soviet republics of the East were obtained over large areas. Named The Soviet republics above produce the same amount of cotton as India, Egypt, Iran, Turkey and Afghanistan combined.

The development of socialist industry in a number of regions that previously had no industry led to the fact that the old division

of regions into industrial and agricultural have become obsolete. All economic regions of the country began to be more or less industrial in nature.

At the same time, important shifts have been made in the location of agricultural production. A powerful grain base has been created in the eastern regions of the USSR, a new wheat base in the non-chernozem zone, agricultural crops have been advanced far to the north, food bases have grown around cities and industrial centres. The pre-revolutionary one-sided specialisation of agriculture was eliminated. Due to the growth of agricultural production in industrial areas, the treatment of areas for consuming and producing has outlived its usefulness; The regions, which in the past had an extremely weak agricultural base, increased crops of cereals, potatoes, vegetables, developed dairy and meat farming and thus turned from consuming to producing.

The socialist distribution of production is based on the economic regionalisation of the country. Economic zoning is the planned division of the entire territory of the country into separate large areas in accordance with their economic and natural characteristics.

The socialist distribution of production ensures the best use of the country's natural resources and labour resources and is an important condition for increasing the productivity of social labour, accelerating the growth rate of production, and strengthening the economic power of the USSR.

BRIEF SUMMARY

1. The material and production base of socialism is large-scale machine production, covering all sectors of the national economy. Under socialism, the machine serves as a means of saving and facilitating the labour of workers and peasants, and increasing the people's well-being. The socialist industry of the USSR is the most concentrated in the world, technically the most advanced and centralized on the scale of the entire national economy; it serves as the basis for the development of all sectors of the economy. Socialist agriculture is the largest and most mechanized in the world; it is an increasingly growing source of food and industrial raw materials.

2. The material and production base of socialism is based on the latest achievements of modern advanced science and technology. Socialism eliminated the unevenness inherent in capitalism in the use of machinery between individual sectors and production processes and ensured the consistent introduction of new technology into all sectors of the national economy. The main lines of technological development under socialism are mechanisation and automation of production, electrification of the national economy and the widespread use of chemistry.

3. Socialism ensured the planned and rational placement of production, bringing it closer to sources of raw materials and areas of consumption, overcoming the economic backwardness of national regions, bringing industry and agriculture closer together. The socialist distribution of production makes it possible to rationally use natural and labour resources, leads to huge saving expenses on unrepentant raw materials and products, is an important factor in accelerating the growth of socialist production and strengthening defence capability countries.

CHAPTER XXVII. THE PUBLIC OWNERSHIP OF THE MEANS OF PRODUCTION—THE BASIS OF PRODUCTION RELATIONS OF SOCIALISM

The Need for Two Forms of Public Property Under Socialism.

The socialist economic system is characterised by a new way of connecting producers with the means of production. Which is based on public ownership. Under socialism there is no gap between labour and property, as is the case under capitalism, No classes that monopolize the means of production, and, on the other hand, classes deprived of ownership of the means of production. Under socialism, the means of production are social property, that is, they belong to the working people represented by the socialist state or by collective farms and other cooperative associations. Because of this, the means of production have ceased to be capital, that is, an instrument of exploitation.

The dominance of social ownership of the means of production also determines the nature of ownership of the products of labour. Material goods produced in a socialist society also constitute public property and are used in the interests of workers, in contrast to bourgeois society, where the products of wage labour are the private property of capitalists and are used by them for the purpose of their own enrichment.

Under socialism, there are two forms of public property: 1) state property, which is the public property , and 2) cooperative-collective farm property, that is, the property of collective farms and other cooperative associations. The presence of two forms of public property determines the existence of two main forms, two

main forms, two the main sectors of socialist production: state and collective farm.

The existence of two forms of socialist property is caused by the historical conditions in which the proletarian revolution and the building of communism are carried out. While capitalist industry is dominated by large machine production, in the agriculture of bourgeois countries, despite the development of capitalism in the countryside, there is a large class of small and medium-sized owner-producers. The proletarian revolution treats differently the large property of the bourgeoisie, based on the exploitation of the labour of others, and the small property of peasants and artisans, based on their own labour. If the large property of the bourgeoisie is expropriated and turned into public property, then small and medium-sized commodity producers voluntarily unite into production cooperatives, that is, collective farms, artels fishing cooperation, and their ownership is the main means of production are transformed into conservative collective farm property. The working class of a socialist society works in enterprises that are the property of the whole people, and the collective farm peasantry works in enterprises that are collective farm property.

The presence of two forms of social ownership and corresponding forms of socialist production is an objective necessity and expresses the uniqueness of the paths along which the working class and peasantry come to socialism, and then to communism.

"Both of the two classes existing in the USSR are building socialism and are part of the socialist economic system. But, being in one general system of socialist economy, the working class is connected by its labour with state socialist property (national property) , and the collective farm peasantry is connected with cooperative-collective farm property that belonged to individual collective farms and collective farm-cooperative associations. This connection with various forms of socialist property primarily determines the difference in the position of these classes. This also

determines the well-known difference ways of their further development.

What is common in their development is that that both of these classes are developing towards communism”¹.

The two forms of social property, like the two main forms of production, are of the same type in their social nature, since both of them are socialist and exclude the exploitation of man by man. At the same time, there are certain differences between state property and cooperative-collective farm property, as well as between state enterprises and collective farms.

State Ownership of the Means of Production is a Public Property.

The predominant form of socialist property in the USSR is state ownership. State property consists of: land, its subsoil, water, forests, plants, factories, mines, mines, railway, water and air transport, communications, banks, organised by the state large agricultural (state farms, machine and tractor stations, etc.), state-owned trading and procurement enterprises, enterprises and institutions for cultural and everyday purposes, the main housing stock in cities and industrial areas.

State property under socialism is the property of the entire people in the person of the socialist state of workers and peasants and represents Thus, the national wealth in opposite state property in capitalist countries, which is a type of bourgeois property.

State-owned enterprises of the USSR are socialist, in contrast to enterprises owned by the bourgeois state, which are state-capitalist enterprises. The socialist nature of state enterprises in the USSR is

¹ V. M. Molotov, The Constitution of Socialism, Articles and Speeches, Portizdat, 1937, p. 267.

determined by the fact that they are public property. Under socialism, the working class holds power, owns the means of production, and is therefore free from exploitation. The labour force used in socialist enterprises is not a commodity. The working class, which owns the means of production, cannot hire itself or sell its labour power.

The product produced at state enterprises of the USSR is also a national property. It is managed by the socialist state through its economic bodies. Remuneration at state enterprises of the USSR is made in the form of wages, the size and form of which are established by state bodies. The socialist state manages its enterprises through managers (directors) appointed by it. The state directly plans all economic activities of its enterprises and regulates the main provisions in the field of labour organisation.

State ownership is the highest and leading form of socialist property, and the state form of production is the highest and leading form of socialist production. At state enterprises, the means of production, the labour of workers and employees, and the products they produce are socialized on the scale of the entire society. The state form of production covers the leading branch of the national economy of the USSR—large socialist industry. Not only all means of production, production, used in state enterprises of the USSR, but also the overwhelming majority of means of production used in collective farm agriculture. State owned land and main tools production—tractors, combines and others agricultural machines concentrated in machine and tractor stations.

In general, socialist property covered in 1950 99.4% of the means of production used in the entire national economy of the USSR, including those owned by the state 90.9% were in cooperative-collective farm ownership—8.5% of the means of production, and collective farm property was 6.6% and the property of others types of cooperation—1.9%.

In industry, socialist ownership covered 100% of the means of production, including state ownership—97.9%, and cooperative ownership—2.1%; in agriculture, socialist property covered 97.4% of the means of production, including state property—74.2% and cooperative-collective farm property—23.2%.

All lands with their wealth are the property of the people. The territory of the Soviet Union occupies a sixth of the earth's landmass—22.4 million personnel kilometres. More than a quarter of this territory (over 600 million hectares) is agricultural land , almost one third (700 million hectares) is covered with forests. The USSR is the richest country in the world in terms of mineral reserves. The sociolinguistic economic system gave rise to wealth that remained untouched in Tsarist Russia. In terms of reserves of iron ore, oil, potassium salts, apatite, peat and a number of other important minerals, the USSR ranks first in the world; in terms of coal reserves, it ranks second.

The state property of the USSR, which arose as a result of the socialist nationalisation of all land, as well as factories, factories, transport, etc., owned by capitalists and landowners, was greatly increased during the years of socialist construction by the labour of the Soviet people.

The national heritage includes 200 thousand pedagogical practices of state industry, the entire railway network, about 5 thousand large state farms, about 9 thousand machine and tractor stations, many thousands of trading enterprises, numerous scientific and cultural institutions.

The strengthening of state ownership and the development of the state form of production is a decisive prerequisite for the further growth of the entire national economy of the USSR and the gradual transition of Soviet society from socialism to communism.

The Cooperative-Collective Farm Property.

There is cooperative-collective farm property public property of individual collective farms, fishing cooperative artels, and consumer societies.

Collective farms and other cooperative enterprises of the USSR are socialist enterprises. They work on land that is the property of the socialist state. The main instruments of production used on collective farms are concentrated in machine and tractor stations and are state property. Outbuildings, equipment, seeds, working and productive livestock, as well as products, produced collectively labour ... eventfulness of collective farms. The main property of collective farms in the USSR is collective farm products.

Collective farms founded on public property and collective work, exclude the exploitation of man by man.

Cooperative-collective farm property, being socialist property, at the same time differs from state property, and collective farms and other cooperative enterprises differ from state ones enterprises. Cooperative-collective farm property is group property the property of individual associations of workers, while state property represents the property of the entire people. Thus, cooperative-collective farm property is a less developed, less mature form of socialist property, and the cooperative-collective farm form of production is a less developed, less mature form of socialist production.

Payment for labour on collective farms is carried out in the form of distribution of collective farm income among collective farm workdays, and not in the form of wages, as is the case at state enterprises. The order of management on the collective farm is determined by the cooperative form of the collective farm: all affairs of the agricultural artel are managed by its highest body—the general meeting of collective farmers, and in the interval between meetings, the board and the chairman of the collective farm are

elected by the general meeting. The production and financial plans of the artel, internal rules, production standards and prices, and the procedure for distributing income are established by the collective farmers themselves on the basis of the Charter of the agricultural artel, guided by existing laws and the planned tasks and targets of the socialist state.

The cooperative form of industrial production in the USSR exists in the vend of enterprises of fishing artels, which arose as a result of the voluntary association of small producers—artisans and artisans. Commercial cooperation is designed to develop the production of mainly consumer goods, using primarily local raw material resources for this purpose. The means of production used by enterprises of commercial cooperation (with the exception of land), and the produced cooperation of all systems numbered in 1952 more than 16 thousand artels with industrial production. The cooperative form of enterprises in trade is represented in the form of consumer societies, uniting mainly the rural population. In 1952, there were 24 thousand such societies in the USSR.

The Personal Property Under Socialism.

Public ownership under socialism extends to the means of production and to the products produced. Part of the produced products subsequently serves as means of production, remaining public property. Another part of the production, consisting of consumer goods, is distributed among workers in accordance with the quantity and quality of labour expended by each of them and becomes personal characteristic of workers.

Socialist society not only does not abolish personal ownership of consumer goods, but creates a strong guarantee of increasingly complete satisfaction of the personal needs of all members of society. In contrast to capitalism, where production is put at the service of the selfish goals of enriching the exploiters, socialism has

subordinated production to the goals of maximizing the satisfaction of the ever-growing material and cultural needs of the entire society.

The right of personal property of workers of a socialist society extends to their labour income and savings, to a residential house and subsidiary household, to household and household items, to items of personal consumption and convenience. Personal property under socialism is inextricably linked with public property as its basis. With the increase in public property and with the growth of the people's wealth, ever larger masses of products are used to satisfy the personal needs of the workers of a socialist society.

A special type of personal property under socialism is the property of the collective farm yard. Each collective farm yard has personal ownership of a subsidiary plot on a personal plot, a residential building, productive livestock, poultry and small agricultural implements.

The source of personal property under socialism is exclusively labour, and personal property cannot be turned into a means of exploiting the labour of others. The right to personal property, as well as the right to inherit personal property of citizens is protected by the Constitution of the USSR.

The Nature of Socialist Production Relations.

Industrial relations of socialist society By to your being fundamentally different from production relations between capitalism and other social formations, based on private ownership of the means of production.

Socialist relations of production are characterised by: 1) the undivided dominance of public ownership of the means of production; 2) liberation of workers from exploitation and the establishment of comradely cooperation and socialist mutual

assistance; 3) distribution of products in the interests of the workers themselves.

The basis of the production relations of socialism is public ownership of the means of production (state and cooperative-collective farm). The Socialist ownership of the means of production determines a completely different nature of mutual relations between people in the production process than under capitalism. While private ownership of the means of production inevitably divides people, it gives rise to relations of domination and subordination, the exploitation of some people by others, causes opposition of interests, class struggle and competition, public ownership of the means of production unites people, ensures a genuine community of their economic interests and comradely cooperation. Under socialism, all workers are united by an equal attitude to the means of production and to the product of labour, both social means of production and the social product of labour, and equal freedom from oppression and exploitation.

The dominance of public ownership of the means of production also determines the completely different nature of the distribution of products under socialism compared to capitalism.

Since in a socialist society there are no exploiting classes and exploitation of man by man, to that extent there is no division of labour into necessary and surplus labour, and also dividing the product into necessary and surplus product. Socialist relations of production determine the objective necessity of a division of labour and its product that is completely different from that under capitalism. Since under socialism the means of production are in public ownership, and production itself is designed to satisfy the needs of the whole society and each of its members, the labour of production workers is divided here into the following two parts: work for themselves and work for society. Accordingly, this product of labour (minus that part of it that goes to reimbursement of spent means of production) is also divided into two parts: a product for

society. Labour for itself creates a product distributed among workers in accordance with the quantity and quality of their labour, going on covering personal needs employee and his family. Labour for society creates a product, going for social needs: for the expansion of production, the development of education, health care, for the organisation of defence, etc. In a socialist society, where the working people themselves stand, work for society is as necessary for them as work for themselves. Thus, the product for society, which goes towards expanding socialist production, multiplies the material prerequisites for the further growth of the well-being of the working people. A product for society, spent on the development of education, health care, social security and other national needs, also serves the purpose of meeting the needs of workers, a product for itself.

The social nature of ownership of products and the distribution of products in the interests of workers means distribution products in the interests of the working people mean the greatest advantage of the socialist economic system over the capitalist system. All the benefits of big social production, which ensures a huge increase in the productive power of labour, goes to society as a whole and the working masses, and not to the exploiters, as is the case under capitalism.

The dominance of public ownership of the means of production means that socialist production is free from the contradiction between the social nature of production and the private capitalist form of appropriation of the results of production inherent in capitalism. Under socialism, the social nature of production corresponds to the social socialist ownership of the means of production. Because of this, in a socialist society between production relations and there is complete correspondence between productive forces .

Describing the socialist system, J. V. Stalin writes:

“Here the relations of production are in full accordance with the state of the productive forces, for the social nature of the production process is reinforced by public ownership of the means of production.

Therefore, socialist production in the USSR does not know periodic crises of overproduction or associated absurdities.

Therefore, the productive forces are developing here at an accelerated pace, since the relations of production corresponding to them give them full scope for such development”¹.

In contrast to the production relations of modern capitalism, which serve as fetters for the development of the productive forces, socialist production relations ensure the rapid growth of the productive forces. Socialist relations of production are the main and decisive force determining the powerful development of the productive forces.

Full compliance of socialist production relations with the nature of the productive forces of society does not mean, however, that there are no contradictions between them. Being the most mobile and revolutionary element of production, the productive forces under socialism go ahead of production relations, and production relations only after only after some time are they brought into line with the state productive forces. Current production relations in the USSR are going through a period when they, fully consistent with the growth of the productive forces, are moving them forward at a rapid pace. But contradictions between them inevitably arise, since the development of production relations lags and will continue to lag behind the development of productive forces. However, under socialism, unlike social formations based on exploitation, it usually does not come to the point of conflict between production relations and productive forces. Socialist society has the ability to promptly

¹ J. V. Stalin, *On dialectical and historical materialism*, Questions of Leninism, ed. 11, 1952, p. 597.

bring production relations into line with the nature of the productive forces, since it does not include classes interested in preserving outdated forms of economy.

Public property is the basis of the socialist system, the source of the country's wealth and power, the source of growth in the material well-being and culture of the working people. She is sacred and inviolable. The Constitution of the USSR obliges every citizen of Soviet society to protect, preserve and strengthen socialist property.

BRIEF SUMMARY

1. In the USSR, public ownership of the means of production reigns supreme. Under socialism, there are two forms of public ownership: state and cooperative-collective farm. Accordingly, there are two main forms of socialist production: state enterprises and collective farms.

2. In a socialist society, state property is the common property of the people. In the USSR it covers the overwhelming majority of the country's wealth. State property is the highest, most developed form of socialist property; it plays a leading role in the development of the entire national economy of the USSR.

3. Cooperative-collective farm property is the group property of individual collective farms and fishing artels cooperation, consumer societies. The main property of collective farms is collective farm products.

4. Personal property under socialism extends to consumer goods. A special type of personal property is the personal property of the collective farm yard. The personal property of the working people grows on the basis of the multiplication of public socialist property.

5. The production relations of socialism are characterised by: 1) the undivided dominance of public ownership of the means of production; 2) freedom of workers from exploitation, comradely cooperation and socialist mutual assistance between people in the process of producing material goods; 3) distribution of the product in the interests of the workers themselves.

The work of workers in socialist production is divided into two parts: work for themselves and work for society. Through labour for themselves, workers create a product that is distributed among them in quantity and the quality of labour, and labour for society - a product that goes to public needs.

Under socialism, production relations are in full accordance with the nature of the productive forces and are the main and decisive force determining the rapid growth of the productive forces of a socialist society.

CHAPTER XXVIII. THE BASIC ECONOMIC LAW OF SOCIALISM

The Nature of Economic Laws Under Socialism.

The socialist mode of production has its own special laws of economic development. As a result of the replacement of old, bourgeois production relations in the USSR with socialist ones, the economic laws of capitalism, expressing the relations of exploitation of man by man, lost their force. The laws of surplus value and capitalist profit, the basic economic law of modern capitalism, have disappeared from the scene. The general law of capitalist accumulation, the law of competition and anarchy of production, and others ceased to operate. The categories expressing capitalist relations have disappeared; capital, surplus value, profit on capital, price of production, stuffed labour, cost of labour power, etc.

With the establishment of socialist production relations, on the basis of new economic conditions, new economic laws arose and began to operate: the basic economic law of socialism, the law of planned (proportional) development of the national economy, the law steady increase in labour productivity, law steady increase in labour productivity, the law of distribution according to labour and others.

Since under socialism it remains commodity production, in a socialist economy the law of value operates and there are categories associated with it. However, mainly the form has been preserved from the old categories, but in essence they have radically changed in relation to the needs of the development of socialist economy. The new economic conditions that emerged as a result of the victory of socialism changed the nature of commodity

production and commodity circulation and limited the scope of their action. Under socialism, commodity production and commodity circulation exist without capitalists and serve the socialist economy. The scope of the law of value is also placed within a strictly limited framework. money, trade, banks, etc. are used as tools for socialist construction.

This shows that under socialism economic development occurs in the order of gradual changes: the old is not simply abolished completely, but changes its nature to the new, retaining only its form, and the new does not simply destroy the old, but penetrates the old, changes its nature, its functions, does not break its shape, but uses it to grow and strengthen the new.

The development of the socialist mode of production is also subject to economic laws that are common to all formations, such as the law mandatory correspondence of production relations to the nature of the productive forces.

The economic laws of socialism express relations of comradely cooperation and mutual assistance of workers free from exploitation, while the economic laws of capitalism express the growing exploitation of labour by capital. The economic laws of socialism lead to an ever greater strengthening of the unity of socialist society, to the flourishing of its economy, the growth of the well-being of the people and create the conditions for a gradual transition to communism, while the action of the economic laws of bourgeois society causes an ever greater aggravation of class antagonisms, the impoverishment of the masses, and the decay of capitalist society. building and ultimately, its death.

The economic laws of socialism, like the economic laws of any other method of production, arise and act independently of the will of people, that is, they have an objective character. They cannot be created, shaped, transformed or abolished by the will of people.

Denying the objective nature of the economic laws of socialism would mean the liquidation of the political economy of socialism as

a science, would deprive socialist society of the opportunity to foresee the course of events in the economic life of the country and establish at least the most elementary economic leadership. Such a denial is a departure from Marxism to the position of subjective idealism; it inevitably leads to adventurism in politics, to arbitrariness in the practice of leadership farming.

The objective nature of the economic laws of socialism does not at all mean that they act as a spontaneous force dominating people. To consider the economic laws of socialism as spontaneously acting laws means identifying the socialist economy with the capitalist economy and taking the path of gravity in socialist construction.

If the economic laws of capitalism make their way as a blind, destructive force acting behind the backs of private commodity producers, then with the transition to socialism there will be no the anarchy of production and the economic development of society inevitably acquires a systematic character. With the liquidation of capitalism and the socialisation of the means of production, people are freed from the oppression of socio- economic relations and become masters of their social life. Having learned objective facts, people use them completely consciously in the interests of the whole society. In that consists of freedom as known necessity.

Under socialism, due to the replacement of private ownership of the means of production with public property, to a huge extent are expanding possibilities knowledge and use by society of the laws of economic development.

Under capitalism, to the extent that the bourgeoisie is able to comprehend objective economic laws, it uses them in narrow class interests that are in contradictions with the interests of the working masses. Under socialism, since the class interests of the proletariat merge with the interests of the vast majority of society, economic laws are applied in the interests of the masses. The interests of the working class and workers fully correspond to the objective course of the progressive development of society leading to the victory of

communism. Therefore, the working class, all working people, are vitally interested in learning and using the laws of economic development.

Thus, the objective nature of the economic laws of socialism lies in the fact that these laws exist independently of the will and consciousness of people; they cannot be abolished or transformed by the will of people; Failure to comply with the requirements of these laws inevitably leads to economic breakdown in the country. But a socialist society can learn these laws, master them and use them to its advantage.

The economic laws of socialism make it possible to develop and advance forward socialist economy. To transform this In reality, it is necessary to learn to apply these objective economic laws with full knowledge of the matter. Scientific knowledge of objective economic laws is the basis of the economic policy of the Communist Party and the socialist state. The more completely socialist society learns economic laws, the more accurately it reflects the requirements of these laws in its practical activities, the more successful it is in its goals.

The Essential Features of the Basic Economic Law of Socialism.

Among the economic laws of socialism, the decisive role is played by the basic economic law, determining all the main aspects and all the main processes of development of socialist production.

The basic economic law of socialism was discovered and scientifically substantiated by J. V. Stalin. The essential features and requirements of this law are “ensuring maximum satisfaction of the ever-growing material and cultural needs of the entire society through the continuous growth and improvement of socialist production based on higher technology”¹.

The basic economic law of socialism expresses the goal of socialist production and the means to achieve it.

If the purpose of production in modern bourgeois society is to ensure maximum profits for capitalists, then under socialism production is aimed at ensuring maximum satisfaction of the ever-growing material and cultural needs of the entire society.

The purpose of production is determined by the relations of ownership of the means of production. When the means of production belong to the bourgeoisie, production is inevitably carried out to enrich the owners of capital, that is, the vast majority of society, which serve only as raw human material for exploitation. Capitalism needs the consumption of workers only to the extent that it ensures the extraction of profit, therefore a person with his needs cannot be the goal of production here and disappears from sight. When the means of production belong to the working people, and the exploiting classes are liquidated, production is carried out in the interests of the working people, that is, the entire socialist society. Therefore, a person with his needs, the most complete satisfaction of his growing material and cultural needs, inevitably becomes the immediate goal of production.

Socialism does not mean a reduction in personal needs, but their every possible expansion, not a limitation or refusal to satisfy these needs, but a comprehensive and complete satisfaction of all the needs of culturally developed people. working people.

The goal to which production is subordinated is inextricably linked with the means that ensure the achievement of this goal. In accordance with the goal of socialist production—satisfying the growing needs of the working people—the only means to achieve this goal can be the continuous growth and improvement of socialist production on the basis of higher technology.

¹ J. V. Stalin. Economic problems of socialism in the USSR, p. 40.

Let us consider the relationship between the goal of socialist production and the means of ensuring it.

Satisfying the needs of the population depends on the level of productive forces, on available resources that has socialist society. Systematic growth of the needs of the working people of a socialist society necessitates continuous expansion of production. Without continuous A rise in production is impossible to ensure a steady increase in public consumption. In turn, maximum satisfaction of the constantly growing needs of workers is a necessary condition without which production cannot continuously grow.

Under socialism, the main contradiction of capitalism—between the social nature of production and the private capitalist form of appropriation—is absent. Therefore, socialism does not know the antagonism between production and consumption. If under capitalism the miserable level of consumption (purchasing power) of the masses always lags behind production, slows down its development, periodically dooms it to crises, then socialist consumption has the possibility of constantly expanding production and is guaranteed against crises of overproduction.

In a socialist society, the consumption (purchasing power) of the masses is growing all the time outpaces the growth of production, pushing it forward. This is the non-antagonistic contradiction between the level of socialist production achieved at any given moment , and also more rapidly growing needs of the masses. This contradiction is resolved by increasing production, which leads to consumption by workers and to a new increase in needs, causing a further expansion of production. Thus, the constant growth of the material and cultural needs of the people under socialism serves as a powerful driving incentive for the continuous development of production. Unlike capitalist production, which develops intermittently—from crisis to rise and from rise to crisis, socialist production grows continuously.

A necessary condition for the continuous growth of socialist production is the priority that is, the relatively faster development of industries producing means of production, compared to the development of industries producing personal basic items—mechanical engineering—is the main source of the rise of the socialist national economy as a whole. Without the preferential growth of heavy industry, supplying all sectors of the national economy with equipment, machinery, fuel and energy, it is impossible to expand production in sectors engaged production of goods for the population, and ensure satisfaction of the growing needs of workers. The predominant development of the production of means of production under socialism leads to a systematic and rapid increase in the quantity of personal consumption items produced.

The continuous growth of socialist production requires its constant improvement, improvement of production methods, and a steady increase in the productivity of social labour. This is impossible without constantly improving the technical level of production, replacing outdated technology new, and new technology—the latest. Therefore, the development of higher technology is the basis for the continuous growth and improvement of socialist production.

Socialist production relations have opened up unprecedented scope for technical progress, which in bourgeois society is limited by the framework of ensuring maximum profit. If capitalism is characterised by unevenness and periodic interruptions in the development of technology, then socialism is characterised by continuous improvement of technology in all branches of production.

In bourgeois society, labour power serves only as an appendage to the instruments of production belonging to capitalists, living labour is only a means of increasing capital.

In a socialist society, workers—the main productive force—are themselves the masters of production. Accumulated labour, that is, the growing mass of means of production, is used by society to ease working conditions and increase public consumption. Arming frontline production workers serves as technology under socialism main means increased labour productivity. The higher the level of technology, the greater resources socialist society is positioned to meet the growing needs of the working people. The economic system of socialism creates a direct interest of the working people in increasing production and in the widespread use of technology. In turn, this interest of the masses in the development of socialist production serves as a permanent factor in developing the creative initiative of the broad masses, aimed at the comprehensive improvement of production and technical innovation.

Thus, what emerges from the goal of socialist production is that the development of production has become vital the work of the workers themselves . This is the greatest source of the continuous rise of the socialist economy.

The basic economic law of socialism plays a decisive role in the process of production and distribution of material goods in a socialist society. All economic laws of socialism are based on the basic economic law. Their action is subordinated to the task contained in the basic economic law in the form of its requirements. At the same time, the basic economic law is implemented through all the other economic laws of socialism.

The basic economic law of socialism and the growth of workers' well-being. The basic economic law of socialism expresses the fundamental advantages of the socialist system over the capitalist one. The action of the basic economic law of modern capitalism leads to an increasing inhibition of the development of productive forces, to their destruction, to the growing impoverishment of the masses of a given country, the enslavement and systematic robbery of the peoples of other countries, to the militarisation of the

economy and bloody wars that exterminate millions of people. The action of the basic economic law of socialism leads to a constant powerful rise in the productive forces, a systematic increase in the material and cultural level of the working masses of the country of socialism, to the flourishing of its peaceful economy, and to the strengthening of peaceful cooperation with the peoples of other countries.

The basic economic law determines the continuous nature and high rates of development socialist production. Based on the basic economic law of socialism, Soviet society from year to year increases the mass of material goods produced throughout the national economy. Soviet industry is steadily on an upward trajectory based on the rise in peaceful production.

In 1939, the volume of industrial production compared to the level of 1929 remained: in the USSR—552%, in the USA—99, in England—123, in France—80, in Italy—108%. Despite the colossal destruction, caused to the Soviet national economy during the war years, the pre-war level of production in the USSR was soon significantly exceeded. As a result, the volume of industrial production in the USSR in 1951 compared to 1929 amounted to 1266%. From 1929 to 1939, US industrial production stagnated, then it expanded due to increased military production and the arms race, and in 1951 it exceeded the 1929 level by only 100%. Industrial output in England in 1951 was higher than in 1929 by only 60%, in France by 4%, in Italy by 34%.

The continuous growth of socialist production constitutes a solid material basis for the constant increase in the material and cultural standard of living of the Soviet people. In a socialist society, the restrictions on the level of consumption of the masses inherent in the bourgeois system have disappeared . Under socialism, the mass of product created by labour for oneself invariably increases , going for personal consumption of workers. The mass of the

product created by labour for a society going to expansion of production and to meet the material and cultural needs of workers.

In accordance with the requirements of the basic economic law of socialism in the USSR, there is a steady increase in the real population and systematically The number of consumer goods arriving at oil stores at decreasing prices is increasing .

Real incomes of working people of the USSR (that is, incomes taken in comparable prices) increased, calculated per worker, as follows: among workers in 1940 compared to 1913, taking into account the elimination of unemployment, by more than three times; among peasants—about three and a half times; in 1951, the incomes of workers and employees increased by approximately another 57% compared to 1940, and the incomes of peasants by approximately 60%.

The volume of production of consumer goods in large-scale industry in the USSR at comparable prices increased compared to 1913 in 1940 by 7.6 times, and in 1952 by 12 times.

A permanent factor in the growth of real incomes of the working people of the USSR is the provision of to the population by the Soviet state on a large scale of free cultural and everyday services, pensions, benefits, scholarships, benefits, etc. In the Soviet Union there is unavailable capitalism truly folk system social insurance and social security.

Socialism means the continuous improvement of working and living conditions. He turns the household services of the population from a means of obtaining the profit of the capitalists into a powerful source of raising the standard of living of the people. While capitalism is increasingly worsening the housing situation of workers, forcing them to live in slums, socialism ensures a steady improvement in the living conditions of the population. In the USSR, thanks to public ownership of the main housing stock in cities and

huge public housing construction, urban slums were eliminated, and unsettled dwellings were replaced by new, well-maintained houses.

In the USSR, a multilateral state system of public health protection was established, providing free provision of all types of medical care through an extensive network of medical and sanitary facilities, medical institutions, etc. In bourgeois countries, medical care, being a private matter, is mainly in the hands of capitalist entrepreneurs, is provided mainly for high fees and therefore is inaccessible to the broad masses of the population.

Socialism opens up unlimited opportunities for the cultural growth of the working people, for the development of abilities and talents. of which there is an inexhaustible spring among the people. If capitalism allows the education of workers only within those very narrow limits that are dictated by the interests of capitalist exploitation, then socialism creates conditions for ever more fully satisfying the rapidly growing needs of the broad masses in the field of education, culture, science, art. Under socialism, technology, science. culture has ceased to be a tool for the enrichment of the bourgeoisie and the oppression of the masses, as is the case under capitalism, but is developed for the benefit of the cathode. "Previously," said V. I. Lenin in 1918, "the entire human mind, all its genius, worked only in order to give some all the benefits of technology and culture, and deprive others. the most necessary thing—education and development. Now all the wonders of technology, all the achievements of culture will become the property of the whole people, and from now on the human mind and genius will never be turned into means of violence, into means of exploitation"¹.

Satisfaction of the growing cultural needs of the people is ensured in the USSR by a wide scope of cultural construction, free education and advanced training, systematic students, systematic expansion of the network of schools, cultural and educational institutions , libraries, clubs, increase in the production of printed publications, etc.

Number of students studying in the USSR by all types education increased from 8 million in 1914 to 49 million in 1940 and 57 million in 1952. At the same time, the number of students in secondary schools (grades 5-10) and in secondary technical educational institutions increased from 0.7 million people in 1914 to 14.8 million in 1940 and from 20.4 million in 1952. Number students in higher educational institutions from 117 thousand in 1914 to 812 thousand in 1940 and to 1442 thousand people in 1952. The number of teachers in schools, technical schools, and higher educational institutions rose from 246.5 thousand in 1914. up to 1375 thousand in 1940 and at the post office up to 2 million people in 1952.

The operation of the basic economic law of socialism, which determines the continuous rise in production, the steady increase in the well-being and cultural level of the masses, opens up for Soviet society the possibility of successfully building communism.

The Economic Role of the Socialist State.

The objective economic laws operating under socialism are learned and used by the socialist state in the practice of communist construction. In its activities, the socialist state proceeds from economic laws, relies on them, builds its own on the scientific knowledge of these laws of economic policy. The laws of

¹ V. I. Lenin, Closing speech before the closing of the Third All-Russian Congress of Soviets, Works, vol. 26, ed., 4, p. 436.

development of human production relations are studied by political economy. Economic policy draws practical conclusions from the theoretical principles established by political economy, concretizes them, and builds their daily work on this. The success of economic policy depends primarily on how correctly it reflects the requirements of economic laws in its activities.

The character of a socialist state is determined by the economic basis of socialism. Labour property people on the means of production corresponds to the political power of the working people, led by working class. If the policy of the modern bourgeois state expresses the interests of the capitalist monopolies and is aimed at increasing their profits, then the policy of the Soviet state - the state of workers and peasants - expresses the fundamental, vital interests of the working people and enjoys the undivided support of the masses.

In accordance with the basic economic law of socialism, the main duty of the socialist state is to take care of the best satisfaction of the constantly growing needs of the masses. "In the field of domestic policy, our main concern is to steadily achieve further improvement of material workers' welfare, collective farmers, intelligentsia, all Soviet people. The law for our party and the Government is the obligation to relentlessly care for the welfare of the people, for the maximum satisfaction of their material and cultural needs"¹.

From the nature of socialist production relations follows a new, unprecedented before that in history of the ecological role of the socialist state. Thanks to public ownership of the means of production, the state gained the opportunity, relying on the economic laws of socialism and consciously applying them in its activities, to carry out planned management of the national

¹ M. Malenkov, Speech at the Funeral Meeting on the Day of the Funeral of Joseph Vissarionovich Stalin, 1953, p. 10.

economy and perform economic and organisational functions. Such a role is not available to the bourgeois state due to private capitalist ownership of the means of production and the spontaneous nature of the economic development of capitalist society.

The socialist state manages the national economy, serves its economic base and actively influences it, ensuring the construction of communism. Based on the basic economic law and other laws of socialism, the state takes into account the diverse needs of society and develops steadily in accordance with these growing needs. implements and improves production. In accordance with real conditions - domestic and international, at each stage it determines specific tasks of economic construction, establishes direction and pace of development of the national economy. It takes into account not only the results of the past, but also emerging trends in future development and carries out its economic and organisational fiction on the principles of scientific foresight. Advanced social science—Marxism-Leninism—serves as the theoretical basis for the multifaceted activities of the socialist state.

The economic, organisational , cultural and educational work of the Soviet state covers all aspects of the life of a socialist society. The Soviet state carries out planned management and management of state enterprises in all sectors of the economy. The state and its bodies appoint heads of state enterprises, their associations and entire industries and control their work. The state plans the national economy of the country: it distributes material, labour, financial resources, determines the internal and turnover of the country, the prices of goods of state and cooperative trade, the level of wages of workers and employees, etc.

The Soviet state ensures citizens the real implementation of such vital rights as the right to work, the right to education, the right to material security at loss of working capacity and in old age. It rules everyone industries culture: public education, training of

qualified personnel, development of advanced science and art, application of scientific and technical achievements in production.

The most important principle of economic management by the state is the unity of economic and political work. "In practice, politics and the economy is inseparable. They exist together and act together. And whoever thinks in our practical work to separate economics from politics, to strengthen economic work at the expense of diminishing political work, or, conversely, to strengthen political work at the cost of diminishing economic work, he inevitably ends up in a dead end."¹

The leading and organizing force of the Soviet state is the Communist Party. The Communist Party directs the activities of all state bodies and public organisations of workers. The Party gives directives for drawing up national economic plans, develops major national economic events that are of vital importance for the entire country. The party, strong in its connection with the working masses, mobilizes workers, collective farmers, and the intelligentsia to carry out economic and political tasks, educates the masses, increases their communist consciousness.

The policy of the Communist Party and the socialist state, aimed at meeting the new, urgent needs of the economic development of society, plays the greatest progressive role. The policy of the bourgeois state, aimed at preserving decaying and dying capitalism, is deeply reactionary character.

The development of the socialist mode of production occurs in the order of the struggle of the new with the old, the emerging with the dying, the progressive with the backward by overcoming contradictions and difficulties. In a socialist society there are internal, fundamentally non-antagonistic contradictions. As has already been said, under socialism, production relations lag behind

¹ J. V. Stalin, On the shortcomings of party work and measures to eliminate Trotskyists and other double-dealers, 1938, p. 26.

the development of productive forces and come into conflict with them. These contradictions are not associated with opposing class interests and are overcome in the course of the development of a socialist society without social explosions. The socialist state, relying on the economic law of mandatory correspondence of production relations to the nature of the productive forces, promptly adapts production relations to the increased level of productive forces.

Although there are no exploiting classes in the USSR, there are backward elements, bearers of private property tendencies and skills, counteracting the development of new progressive trends in the socialist economy, there are still vestiges of capitalism in the creation of people. The Soviet state, led by the Communist Party, relying on the working masses, encouraging their initiative, provides support progressive trends in all areas of public life. The Soviet state carefully supports the sprouts of the new, strengthens them, promotes introduction and dissemination of advanced production methods; it is waging a persistent struggle against all inert forces that hinder the rapid development of socialist production.

One of the main forms of struggle between the new and the old under socialism is criticism and self-criticism, representing a powerful driving force development of socialist society and its people's farms. Criticism and self-criticism make it possible, based on the mobilisation of the activity of the popular masses, to reveal and eliminate shortcomings and difficulties in work, to identify new reserves for accelerating the pace of economic development and thereby overcome the contradictions of a socialist society.

There are antagonistic contradictions between the USSR and the imperialist powers. The camp of imperialism seeks to unleash a war against the USSR and people's democracies, to launch subversive work in them through sabotage, sabotage, and terrorist acts. The presence of a capitalist encirclement requires the Soviet state to fully strengthen the economic power of the USSR and its defence capability.

The socialist state, relying on the full power of the economic basis of socialism, guided by economic laws, directs the development of Soviet society along the path to communism.

BRIEF SUMMARY

1. The economic laws of socialism are objective laws that do not depend on the will and consciousness of people. They express relations of comradely cooperation and socialist mutual assistance of workers free from exploitation . The economic laws of socialism do not act as a blind, destructive force; they are recognized and used by socialist society. The Communist Party and the socialist state in their economic policy proceed from the economic laws of socialism.

2. The basic economic law of socialism determines all the main sides and all the main processes of development of the socialist mode of production, the goal of socialist production and the means to achieve this goal. The essential features and requirements of the basic economic law of socialism are to ensure maximum satisfaction of the constantly growing material and cultural needs of the entire society through continuous growth and improvement of production in database highest technology.

3. Maximum satisfaction of the growing needs of the working people is a powerful engine of socialist production. Under socialism, the growth of consumption (the purchasing power of the masses) overtakes the growth of production, pushing it forward. The continuous growth of socialist production serves as the material basis for the steady rise of popular consumption. A necessary condition for the continuous growth of socialist production is the priority development of the production of means of production. Socialism ensures steady development advanced

technology, necessary for the continuous growth of socialist production, which increasingly satisfies the growing needs of the working people.

4. In accordance with the constant increase in the mass of the product for oneself and the product for society, the real income of workers is systematically increasing . Socialism means constant improvement of the working and living conditions of people, transforms everyday serving the population for profit capitalists as a factor in raising the standard of living of the people. Socialism opens up the broadest possibilities for cultural construction, transforming all the benefits of technology and cultural science into the public domain.

5. Expressing the vital interests of the people, the socialist state led by the Communist Party is increasingly develops its economic, organisational , cultural and educational activities. The development of the socialist mode of production occurs in the order of overcoming contradictions and difficulties. Relying on scientific knowledge of objective economic laws and using them, the socialist state ensures the victory of the new, progressive over the old in all areas of the economy, directing the development of society along the path to communism.

CHAPTER XXIX. THE LAW OF PLANNED (PRORPORTIONAL) DEVELOPMENT OF THE NATIONAL ECONOMY

The Need for the Planned Development of the National Economy Under Socialism.

The socialist mode of production is characterised by the planned, proportional development of the people's farms. The necessity and possibility of the planned development of a socialist economy follows from public ownership of the means of production. In contrast to private ownership of the means of production, which separates commodity producers, gives rise to competition and anarchy production, public property unites numerous into a single national economic whole, destroys competition and anarchy of production. Large-scale, generalized socialist production cannot develop outside of a common plan that gives unity of purpose and action to the whole of society. Large-scale socialist production in the USSR reigns supreme not only in industry, but also in agriculture (in the form of state farms, machine and tractor stations and collective farms). Socialist production in town and countryside constitutes a single national economic whole. Socialism is unthinkable without a systematic linkage between industry and agriculture, which provides raw materials and food and consumes industrial products .

In a socialist economy As a result of the socialisation of the means of production, the law of value lost the power of the regulator of production that it has under capitalism. In this regard, such barometers of economic life were eliminated bourgeois society, as spontaneous fluctuations in market prices, profit rates,

interest levels, stock prices, which guide capitalists when directing their capital to certain branches of production. Spontaneity and gravity are incompatible with the development of socialist society. Under socialism, the distribution of means of production and labour between sectors of the national economy is carried out systematically. Just as capitalism is unthinkable without competition and anarchy of production, which entails waste of social labour, socialism is unthinkable without the planned development of the people's farms, ensuring rational and economical use of social labour and its results.

Thus, public, socialist ownership of the means of production, large-scale socialist production, both in industry and in agriculture, give rise to the objective need for the planned, proportional development of the entire national economy.

Planned (proportional) development of national economy is the economic law of socialism. The law of planned development of the national economy arose on the basis of the socialisation of the means of production, after the law of competition and anarchy of production lost its force. It came into effect because the socialist national economy you can lead only on the basis of economic law of planned development National economy.

The Main Features and Requirements of the Law for the Planned Development of the National Economy.

Under socialism, distribution the transfer of means of production and labour between various sectors of the socialist economy is carried out on the basis of the law of planned development of the national economy. The requirements of this law are that society led national economy in the planned order to

separate manufacturing industries—were systematically linked into a single whole, so that all elements of the economy developed proportionally, so that material, labour and financial resources were used most wisely and efficiently.

However, the law of planned development does not contain the task implementation to which proportions in the national economy should be subordinated. The nature of proportions in a socialist economy is determined by the requirements of the basic economic law of socialism.

“The law of planned development of the people economy can give the desired effect only if there is a task in the name of which the planned development of the national economy is carried out . This task cannot be achieved by the law of planned development of the national economy itself . Moreover, he cannot give it planning can national economy. This task is contained in the basic economic law of socialism”¹ .

Thus, the law of planned, proportional development of the national economy is a regulator of the distribution of labour and means of production in a socialist economy in accordance with the requirements of the basic economic law of socialism.

The basic economic law of socialism determines the need for such proportions in the development of the national economy that ensure maximum satisfaction of 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.

These proportions include, first of all, the correct relationship between the production of means of production and the production of consumer goods. As mentioned above, ensuring continuous growth of production on the basis of higher requires technology—preferential, more rapid development of industries producing

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 41.

means of production, that is, heavy industry. The development of heavy industry and mechanical engineering is a necessary condition for technical equipment and the continuous growth of light, food and other industries producing personal consumer goods.

Of primary importance is the establishment of correct proportions between the development of industry and agriculture. these proportions should ensure, on the one hand, the leading role of industry, arming agriculture with advanced technology and supplying the countryside with industrial goods, on the other hand, further foreign food growth state and collective farm production to supply the urban population with food and industry with raw materials.

For the uninterrupted development of production, correct proportions are necessary between individual sectors within heavy and light industry, between agricultural sectors, primarily between agriculture n livestock farming.

The condition for the systematic, uninterrupted satisfaction of the growing demand from the working masses for products and industrial products is the correspondence between the growth of socialist production and deployment trade turnover, as well as correspondence between growing cash income of the population and the mass of personal consumption goods. Next, it is necessary correct the relationship between the growth of industry, agriculture, trade turnover, on the one hand, and the development railway, water and other types of transport, —with another.

The proportions between accumulation and consumption must ensure the continuous growth of socialist production and a steady rise in the well-being of the masses.

Proportional development of the national economy also means the need for a rational distribution of socialist production between the economic regions of the country. At the same time, the comprehensive, that is, versatile, development of the economy of these regions based on the correct combination of industries and

the most complete and rational use of local resources is of great importance.

When determining the proportions of the national economy in accordance with the requirements of the basic economic law of socialism and the law of planned development of the national economy, it is necessary to take into account the specific historical conditions of socialist construction.

In Soviet Socialism was built in the Union, and There is a gradual transition from socialism to the highest phase of communism. Under these conditions, such proportions of national economic development are required that ensure the further strengthening and development of socialist production, the gradual creation of the material and production base of communism, and on this basis—abundance of products.

Socialist society in the USSR is developing under the conditions of the existence of imperialist powers hostile to it . This implies the need for such proportions in the national economy that provide the country of socialism with independence of economic development and powerful economic base in case of enemy attacks from outside. Rapid growth of socialist industry and collective farm production is the most important condition for strengthening the economic independence and defence capability of the USSR.

The presence of a strong, powerful socialist camp makes it necessary to plan the coordination of the economies of all countries in this camp. Economic cooperation and mutual assistance between the USSR and people's democracies facilitate the solution of the tasks of socialist construction and lead to strengthening the economic independence of these countries from the capitalist world and strengthening their defence capability.

The Law of Planned Development of the National Economy and Socialist Planning.

The requirements of the law of planned development of the national economy are implemented by the Communist Party and the socialist state through plans that organize and direct the creative activity of the working masses. Planned management of the national economy constitutes the most important feature economic and organisational function of the socialist state. Socialist planning is built on a strictly scientific basis. Lead folk economy in the planned ok - this is means to foresee. Scientific foresight is based on knowledge of objective economic laws and new urgent needs for the development of the material life of society.

The condition for proper planning of a socialist economy is, first of all, mastery of the law systematic development of the national economy and its skilful use.

The law of planned development of the national economy cannot be confused with the planned management of the national economy itself , carried out by the planning bodies of the socialist state, as well as with the annual and five-year plans for the development of the national economy. The law of planned development of the national economy is objective economic law requiring that state planning organs of the correct planned social production.

“The law of planned development of the national economy makes it possible for our planning bodies to correctly plan social production. But possibility must not be confused with reality. These are two different things. In order to turn this opportunity into reality, you need to study this economic law, you need to master it, you need to learn to apply it with full knowledge of the matter, you need to draw up plans that fully reflect the requirements of this law”¹.

In practice, plans do not always fully reflect the requirements of the law of planned development of the national economy. When these requirements are violated, the law of planned development of the people economy makes itself felt by the fact that on some areas in the national economy, imbalances arise and the normal process of production and circulation is disrupted. If, for example, it is planned to produce a certain number of cars, but the required amount of sheet steel is not planned, this may lead to failure to meet the production plan cars. An iron smelting plan that is not supported by adequate coke production will be unviable.

The task of planning authorities is to correctly take into account the requirements of the law of planned development when drawing up plans and to avoid imbalances, and in the event of imbalances take timely measures to eliminate them. For the uninterrupted development of the national economy, material, financial and labour reserves are important. The presence of reserves gives the ability to quickly eliminate imbalances that arise in certain areas of the people's economy, or prevent their occurrence, provides the opportunity for flexible manoeuvring of resources.

Therefore, the people's economy can give a positive result, ensure proportional development of the national economy and a continuous rise in production, if it correctly reflects the requirements of the law of planned development of the national economy and is consistent with everything with the requirements of the basic economic law of socialism.

The use of the economic law of distribution according to labour is important for the planned management of the economy, since it creates a material interest for workers in increasing labour productivity and is one of the engines of socialist production.

Socialist planning is based on the use of economic instruments related to the operation of the law of value—price, money, trade,

¹ J. V. Stalin, *Economic problems of socialism in the USSR*, p. 8-9.

credit. In national economic plans, production and distribution of products have a monetary value. The instrument of planned management is economic accounting, which stimulates economical production, mobilisation of internal reserves, reducing production costs and increasing the profitability of the enterprise.

Based on the requirements of the economic laws of socialism, comprehensively generalizing the practice of economic and cultural construction, taking into account the totality of internal and external living conditions of the country of socialism, the Communist Party and the socialist state establish at each stage the most important economic and political tasks of state plans. In accordance with this, the volume of production, the rate of expansion of production in each sector of the national economy, the size of capital investments, the level of wages, etc. are determined.

The planned management of the national economy of the Soviet Union is carried out on the basis of directives of the Communist Party by the Council of Ministers of the USSR and the Councils of Ministers of the union republics. State plans are developed on the scale of the entire national economy as a whole, as well as by industry and individual departments, by republics, territories, regions and economic regions of the country. Plans are developed and their implementation is monitored State Planning Committee of the Council of Ministers of the USSR (Gosplan of the USSR), ministries all-Union and republican, as well as local Councils that have their own planning bodies.

Socialist planning is based on a combination of long-term plans, which express the main line of economic development for a number of years, and current plans, which represent a specific program of work for a shorter period. To the promising plans include five years development plans national economy and plans designed for longer periods . TO Current plans include annual plans. Current plans are developed based on long-term plans. Every state enterprise (factory, mine, state farm, MTS, etc.) has its own technical and

production financial plan (tekhpromfinplan), which is drawn up on the basis of state planning targets and is a consolidated plan for the production, technical and financial activities of the enterprise.

State planning management of collective farms has its own characteristics, arising from the nature of cooperative-collective farm property. Socialist state carrying out management collective farms, relies on the initiative of the collective farm masses. Annual production plans of collective farms are developed by collective farm boards on the basis of state tasks and are entered for review and approval general collective farmers' meetings.

Planned management of the national economy requires the identification of leading links in the economy. The plan identifies the most important sectors on which the successful implementation of the entire national economic plan depends. These industries are primarily provided with funds production, workforce and monetary resources. In accordance with the leading industries , other industries are planned in order to achieve on this basis the rise of the entire national economy and the most rational combination of its individual sectors.

Business plans include certain range of indicators: natural (types of products, range of products , etc.) and monetary (amount output, cost, income and expenses, etc.). Among the natural and monetary indicators, qualitative indicators are distinguished (growth in labour productivity, reduction in costs, profitability, improvement in product quality, efficiency in the use of means of production—equipment, machines, machine tools, raw materials, etc.).

One of the most important methods for establishing the correct national economic proportions that meet the requirements of the law of planned development of the national economy is the development of a system of balances. On the basis of balance sheets, the socialist state establishes proportions in the development of the national economy, expressed in kind and

monetary form, determines resources and their distribution by individual branches of production and types of products. Matching resources with demand allows them discover bottlenecks in the national economy, discrepancy in the level and pace of development between individual industries and measures to overcome bottlenecks. At the same time, the balance system makes it possible unlock additional resources by saving raw materials and materials and making better use of equipment. These resources are used to increase production and consumption.

Balances are divided into material (natural), balances expressed in monetary form, and labour balances.

Material balances reveal the relationship between the production and consumption of a given product or group of products in physical terms. Material balances are compiled according to the most important products, for example, balances of machine tools, ore, metal, cotton and other means of production, balances of personal consumption items: meat, sugar, butter, etc.

Based on material balances, plans for the material supply of means of production for all sectors of the national economy are drawn up by ministries and departments. In these plans progressive standards for the use of equipment, raw materials, fuel, etc. are provided.

To balances expressed in monetary terms, include cash balance income and expenditure of the population, balance of national income and its distribution and others.

Labour balances determine need national economy in labour resources and qualified personnel and sources of covering this need.

Socialist planning, being a reflection of the requirements of the law of planned development of the people economy, is of a directive nature. State plans are not forecast plans, but plans—directives that are mandatory for governing bodies and which determine direction economic development of the entire country.

State plans, after their approval by the highest bodies of the socialist state, acquire the force of legal law, mandatory for implementation. Economic managers are obliged to ensure that each enterprise fulfils the plan not only in terms of gross output, but also in terms of product range, to achieve systematic improvement in the quality of products and established reduction plan cost.

Socialist planning is directive and mobilizing in nature. Socialist plans guide the work of millions of people throughout the country, give the working masses a clear perspective, and inspire them to great deeds of labour. The plan is the living creative activity of the masses. The reality of production plans is millions of workers creating a new life.

Making a plan is the beginning of planning. The present planning guidance is deployed only after drawing up the plan, after checking on site, during implementation, correction and clarification of the plan. In the struggle for the implementation of the plan in a factory, plant, state farm, collective farm, creative initiative and activity of the masses are manifested, socialist competition develops and new reserves of accelerated economic recovery. The task of mobilizing the masses carried out under the leadership of the Communist Party by state and public organisations, trade unions, and the Komsomol. The active participation of the masses in the struggle to fulfil plans for the development of the national economy leads to the fact that these plans are systematically exceeded, and as a result the pace of building a communist society is accelerated .

Socialist plans can play a mobilizing role only if the planning bodies focus on the new, advanced, which arises in the practice of communist construction, in the creativity of the masses. Plans should be designed not for arithmetic average standards achieved in production, but for progressive standards for labour costs, use of equipment, consumption of raw materials, fuel, materials, that is,

standards that take into account the experience of leading enterprises and advanced workers.

The Communist Party and the Soviet State are resolutely fighting against attempts to draw up understated plans that do not mobilize anyone, with an equal focus on bottlenecks, as well as with a projection in planning that does not take into account the real possibilities of the development of the socialist economy. Socialist planning also requires an irreconcilable struggle against anti-state parochial and departmental tendencies, expressed in attempts to oppose the interests of an individual enterprise, district or department to the interests.

One of the most important aspects of planned leadership of the people economy is checking the implementation of the plan, which makes it possible to establish to what extent the plan correctly reflects the requirements of the law of planned development of the people economy and how it is carried out. It allows for timely detection existing imbalances, prevent the emergence of new imbalances in the economy, discover new production reserves and make the necessary adjustments to national economic plans.

To ensure planned management of the socialist economy, a unified system of national economic accounting is necessary. Planned socialist construction is unthinkable without correct accounting. And accounting is unthinkable without statistics. In socialist farm accounting and statistics organically associated with the national economic plan. Statistical data on the implementation of the plan serve as necessary material when drawing up a plan for the next period of time. Socialist accounting system and statistics makes it possible to monitor the progress of the plan as a whole and in its individual parts.

The Advantages of Planned Farms.

The planned development of the national economy gives socialist society enormous advantages over capitalism.

In contrast to capitalism, where proportionality is an accident and the economy develops cyclically, through periodically recurring crises, socialist the economy is developing continuously, in an ascending line and at an unprecedentedly high pace based on the proportions established by the socialist state in accordance with the requirements of the law of planned development of the people economy and the basic economic law of socialism. A socialist economy is free from economic crises that destroy the national economy, cause colossal material damage to society and periodically set it back.

While the Soviet Union, during the goals of the first three five-year plans, that is, over a period of about 13 years, made a leap that transformed the country from backward to advanced, from agricultural to industrial, the capitalist world during this time experienced two economic crises—1929-1933 and 1937, accompanied by a huge destruction of the productive forces, a colossal increase in unemployment and a sharp increase in impoverishment of the masses. In post-war period socialist farming continued develop systematically on the basis of continuous a rise in production, and capitalist countries and especially the United States over the years experienced the crisis of 1948-1949.

Socialist planned economy eliminates unemployment and ensures the use of the entire labour force of society. A capitalist economy inevitably generates unemployment, and capitalists use it as a means to provide their enterprises with cheap labour.

A planned economy presupposes the development of production, which is aimed at meeting the needs of the masses.

Capitalists—invest their capital in those sectors of the economy where there is a higher rate of profit.

The socialist planned economy ensures the planned development of science and technology in accordance with the needs of the national economy. Under capitalism, the development of technology is subject to the law of competition and anarchy of production, occurs extremely unevenly and inevitably increases the disproportionality in the development of production.

Socialist planned economy not only rids society of inherent capitalist economy of colossal waste of social labour, but also ensures the most economical and efficient use of all resources, reveals ever new sources and reserves for increasing production.

establishes production connections between enterprises in a planned manner, developing, on the one hand, the specialisation of enterprises, and on the other, organizing cooperation between them, implementing the most rational placement of socialist production.

In contrast to the private capitalist principle of profitability, subordinated to the interests of individual enterprises, the goal of obtaining maximum profits, the law of planned development of the national economy and socialist planning provide the highest form of profitability, that is, profitability taken from the point of view of the entire national farms in the context of not one year, but several years.

Because of this, under socialism such enormous scales of construction became possible that were unthinkable under the conditions of a capitalist economy with its private property, anarchy of production and competition.

BRIEF SUMMARY

1. The necessity and possibility of planned development of the national economy flow from public, socialist ownership of the means of production. Planned balanced (proportional) development of the national economy is the economic law of socialism.

2. The law of planned (proportional) development of the national economy is a regulator of the distribution of means of production and labour in a socialist economy in accordance with the basic economic law of socialism. It requires that all elements of the national economy develop in proportion, so that material, labour and financial resources are used most wisely and efficiently.

3. Socialist planning can produce positive results if it correctly reflects requirements of the law of planned development of the national economy and conforms in everything to requirements of the basic economic law of socialism. In the process of planned management of the national economy, economic instruments are used, associated with the action of the law of value. The balance sheet planning method is important in establishing the correct proportions for the development of the national economy.

4. Planned management of the national economy amounts to the most important feature of the economic and organisational function of a socialist state. National economic plans are developed by state bodies on the basis of directives determined by the Communist Party, based on the scientific generalisation of the experience of socialist construction, taking into account the advantages of the socialist economic system, external and internal situation of the country. State plans are focused on everything advanced, arising in the practice of communist construction, in the creativity of the masses, and are of a directive nature. Necessary conditions for the planned unification of the national economy are the mobilisation of the masses to fulfil and exceed the planned tasks and organisation everyday checking the implementation of the plan.

5. Planned, crisis-free development national economy constitutes the greatest advantage of socialism over capitalism, providing inaccessible saving money for the bourgeois system and opening up full opportunity for continuous, rapid and all-round growth of production in the interests of the masses.

CHAPTER XXX. THE SOCIAL LABOUR UNDER SOCIALISM

The Nature of Labour Under Socialism. The Guiding Principle of Socialism.

The establishment of socialist production relations means a radical change in the nature of labour. Work under socialism is labour free from exploitation. "For the first time after centuries of labour for strangers, forced working for the exploiters is the opportunity to work for oneself, and, moreover, work based on all the achievements of the latest technology and culture"¹.

While forced labour under capitalism appears directly as private labour, under socialism labour has directly social character. Public ownership of the means of production allows for the systematic organisation of labour throughout society.

Indigenous way has changed position worker person in society. In contrast capitalism, where a person's position is determined by social origin and wealth, a person's position in a socialist society is determined only by labour and personal abilities.

Liberation from exploitation and a change in the position of the working person in society give rise to a new attitude towards work: there is a revolution in people's views on work. At that time as The exploitative system for centuries has created in numerous generations of workers an aversion to work as a heavy and shameful burden; socialism turns work into a matter of honour, valour and heroism. Labour under socialism acquired a creative character. In a socialist society, a working person, if he works well, shows initiative in business production improvements, surrounded by honour.

¹ V. I. Lenin, How to organize a competition?, Works, vol. 36, ed., 4, p. 368.

The guiding principle of socialism is the principle: “from each according to his ability, to each according to his work.” This means the equal obligation of all to work to the fullest extent of their abilities and the equal right of all workers receive remuneration depending on the quantity and quality of labour expended. The guiding principle of socialism follows from the basic economic law of socialism and is one of the most important means of implementing this law.

The work of citizens according to ability is under socialism objective necessity. Maximum satisfaction of the growing material and cultural needs of the working people can be achieved only on the basis of the comprehensive development and use of their abilities and talents. Satisfaction of the material and cultural needs of citizens, their remuneration is placed in direct line under socialism dependence on the contribution that each of them makes to the development of social production. Combining the personal interests of workers and the interests of production development, the guiding principle of socialism is a powerful factor in the development of the socialist economy.

All this makes socialist labour significantly more effective than forced labour under capitalism. Socialism ensures higher productivity of social labour compared to capitalism.

The Labour as a Duty of Members of a Socialist Society. Ensuring the Right to Work.

Socialism and labour are inseparable. Socialism began with a blatant contradiction of the capitalist system, in which the exploitative elite of society leads a parasitic lifestyle, and the working masses bear the yoke of backbreaking labour, interrupted only by periods of forced idleness due to unemployment. Having eliminated the monopoly of the capitalist class on the means of production, socialism thereby destroyed the conditions under which

some people—owners of the means of production—could live off the labour of other people deprived of the means of production. The establishment of public ownership of the means of production means the equal obligation of citizens to take part in social labour, since only personal labour is the source of people's existence under socialism. Labour in the USSR is a duty and a matter of honour for every citizen capable of working, according to the principle "he who does not work, neither shall he eat."

Socialism creates the necessary conditions for the implementation of the principle "from each according to his ability." Capitalism stifles people's abilities. Socialism ensures the constant development and free expression of the abilities of the working people thanks to emancipation of labour from exploitation and free access of all citizens to education and improvement of their qualifications.

The rise of socialist production is accompanied by continuous growth cultural and technical level of workers, increasing the specific weight of skilled workers in all sectors of the national economy.

The growth of the cultural and technical level of the working people is ensured under socialism primarily by the development of public education. In the Soviet Union, universal compulsory seven-year education is being implemented and a transition is being made to universal compulsory secondary (ten-year) education. Special secondary and higher education has received widespread development. In this regard, the cultural appearance of the working class and peasantry is changing. Illiteracy and darkness are a thing of the past. Increasingly greater specific gravity among workers, people with seven years of education and secondary education acquire.

The growth of the cultural and technical level of workers also occurs through production and technical training, including both the training of new workers and advanced training without separation

from production. For To meet the needs for qualified personnel in the most important sectors of the national economy, a system of state labour reserves was created in the USSR, including a network of vocational and railway schools and factory training schools . Students in these schools and colleges are supported by the state during their studies. Along with the system of state labour reserves, an important source of replenishment of skilled workers is mass production training of workers through individual-team and course in-plant training reaching millions of workers. The number of intelligentsia, the number of highly qualified specialists who come from among workers and peasants, is growing rapidly .

For ten years (from 1941 to 1950 inclusive) in the craft and railway industries schools, factory training schools trained about 6 million young people at state expense skilled workers of various professions. During the fourth five-year plan, by individual- team and course production training in enterprises annually on average was being prepared more than 2 million new skilled workers and more than 3 million workers improved their skills. In 1952, about 3 million collective farmers were enrolled in agro-zoo-technical courses with a three-year training period. The system of correspondence education for workers and collective farmers is also widely developed . In 1952, about 5.5 million specialists with higher and secondary specialized education worked in the USSR, that is, 2.2 times more than during the 20th war.

Implementation of the guiding principle of socialism requires the correct use of personnel in production in accordance with their qualifications and production experience. Only under this condition can the cultural and technical growth of members of society give the desired result in raising social production.

For the first time in the history of mankind, the socialist system has realized not only the equal obligation for all able-bodied citizens to work, but also the equal right for all citizens to work. Thus, under

socialism it is embodied the age-old dream of the working masses will come true. The right to work is the right of every able-bodied member of society to receive a guaranteed job with wages in accordance with his quantity and quality. Right to work, legislative enshrined in the Constitution of the USSR, is actually ensured by the socialist organisation of the national economy, the steady growth of the productive forces of society, and the elimination of the possibility of economic crises.

The right to work, implemented in the USSR, means that unemployment—this scourge of working people under capitalism—has been eliminated once and for all, that working people not threatening under capitalism, there is a danger at any moment of being thrown out of the gates of enterprises and losing all means of subsistence. The elimination of unemployment and the elimination of uncertainty about the future among workers, the elimination of poverty and pauperism in the countryside were great conquest of the Soviet people.

The implementation of the right to work allows for enormous to increase the use of society's labour resources in the interests of production development. The continuous rise in production under socialism makes it natural The phenomenon is a steady increase in the number of workers and employees.

The number of workers and employees in the national economy of the USSR at the end of the year was: in 1928—10.8 million, in 1932—22.8 million, in 1937—27 million, in 1940—31.5 million, in 1950—39.2 million, and in 1952—41.7 million people.

The elimination of unemployment in the city, agrarian overpopulation and poverty in the countryside, and the continuous growth of socialist production are radically changing the conditions for providing an enterprise with labour. If under capitalism the demand for labour is satisfied spontaneously, due to the reserve army of the unemployed and agrarian overpopulation, then under

socialism the provision of enterprises with labour occurs systematically, through organised recruitment, organised training and distribution of labour.

To create a permanent workforce of workers at enterprises Of utmost importance are the improvement of the working and living conditions of workers and employees, the correct structure of wages, as well as the consistent mechanisation of production, which makes work easier.

The Distribution According to Labour is the Economic Law of Socialism.

In a socialist society, part of the social product, created by labour for oneself and coming to the personal disposal of the working people, is distributed according to quantity and quality of labour expended by each employee. Distribution according to labour is one of the forms of implementation of the basic economic law socialism. It is an important factor the rise of socialist production and the welfare of the working people.

Distribution according to labour is determined by the socialist mode of production. In the first phase of communism, when labour has not yet become the first vital need of people, it is necessary to use economic incentives to attract workers to work, ensure full use of their abilities in social production. Distribution according to work creates a clear material interest of each worker in the results of his work and stimulates the development of production. Material interest motivates each employee to achieve results his labour and stimulates the development of production. Material interest motivates every employee breast better, increase productivity. By stimulating an increase in labour productivity, distribution by labour at the same time helps to improve the well-being of production workers. Whoever works harder and better receives greater rewards from society. This is the difference between socialism and

the highest phase of communism; when labour becomes the first vital need of every person and the productive forces grow so much that society can move on to the distribution of products according to needs.

Distribution by work is associated with the need for strict accounting the distinction existing under socialism between skilled and unskilled labour. More high remuneration for skilled labour pays tribute to qualifications employee, opens up prospects for unskilled workers, for their promotion up to the ranks of skilled workers. This creates a powerful incentive to raise the cultural and technical level of workers and eliminate the significant difference between mental and physical labour.

Distribution by work helps eliminate labour turnover, create permanent personnel, which is of great importance for improving the organisation of work in enterprises, for growth of qualifications and production experience of workers, growth of qualifications and production experience of workers. Without a permanent staff of workers who have mastered technology and accumulated production experience, the successful development of socialist production is impossible.

Thus, distribution according to work is an objective necessity, an economic law of development of a socialist society.

The economic law of distribution according to labour requires the distribution of products in direct proportion to the quantity and quality of labour of each worker, equal pay for equal work regardless of gender, age, race and nationality of citizens of a socialist society. Wages in both industry and agriculture are being built based on the requirements of this law.

The economic law of distribution according to work is carried out in a decisive struggle against greedy tendencies of backward elements, against petty bourgeois equalisation, that is equalising remuneration of labour regardless of its quantity and quality, the qualifications of workers, and labour productivity. Equalisation is an

expression of petty-bourgeois ideas about socialism as universal injury in the area of consumption, living conditions, tastes, needs. It causes great damage to production, leads to staff turnover, decreased productivity, and failure to fulfil plans. Exposing the petty-bourgeois idea of socialism, J. V. Stalin explained the Marxist-Leninist understanding of equality.

“By equality, Marxism does not mean equalisation in the field of personal needs and everyday life, but the abolition of classes, i.e. a) equal liberation of all workers from exploitation after the capitalists are overthrown and expropriated, b) equal abolition for all of private ownership of funds production after they transferred into ownership of the entire society, c) the equal obligation of everyone to work according to their abilities and the equal right of all workers to receive for this according to their labour (socialist society), d) the equal obligation of everyone to work according to their abilities and the equal right of all workers to receive for this according to their needs (communist society)”¹.

The Socialist Labour Co-operation.

Socialism marks a new, higher stage in the historical development of labour cooperation in comparison with previous formations. Socialist cooperation of labour is the cooperation of workers free from exploitation, interconnected by relations of comradesly cooperation and mutual assistance; it is based on the most advanced technology. Socialist cooperation creates an immeasurably more powerful productive force of labour compared to capitalist cooperation. Methods of increasing the productive power of social labour inherent in cooperation—the use of division

¹ J. V. Stalin, Report to the XVII Party Congress on the work of the Central Committee of the CPSU (b), Essays, vol. 13, p. 355.

of labour and machinery, saving means of production as a result of their joint use, etc.—are most developed under socialist conditions.

In contrast to private ownership of the means of production, which limits the scope of labour cooperation, social ownership of the means of production widely expands the boundaries of labour cooperation and makes it possible to use the joint labour of many individuals on a scale inaccessible to capitalism. This is expressed in a degree of concentration of production, unprecedented for capitalism, both in industry and in agriculture, in the implementation of enormous work on a national scale.

Socialist cooperation is characterised by a new fundamentally excellent from all previous formations, labour discipline. The capitalist organisation of social labour rests on the discipline of hunger, and the vast mass of workers remains under capitalism as a dark and downtrodden mass of wage slaves or oppressed the needs of peasants exploited by a handful capitalists and landowners. Socialist labour discipline is the conscious, comradely discipline of the working people, who are the masters of their country. Under socialism, maintaining the necessary labour discipline meets the fundamental interests of the working masses. Educating workers in the spirit of socialist labour discipline is one of the most important tasks of the socialist state.

Any joint work of many workers requires management, coordinating the actions of these workers, establishing the necessary production connections between them. Socialist cooperation of labour presupposes the firm and unswerving implementation of unity of command at all levels of the production and administrative apparatus. Unity of command is a method of managing state socialist enterprises, their associations and sectors of the national economy. based on the subordination of the masses to the unified will of the leader of the labour process. It is combined with broad creative initiative of the masses in the production process.

With the destruction of capitalist exploitation, the inseparable despotism of management, which means omnipotence of capital, arbitrariness of the entrepreneur and his administration, lack of rights masses. In socialist society, the heads of enterprises, trusts, main departments, and ministers are trusted people and servants of the people and the socialist state. Under capitalism, people are classified as economic leaders—directors, managers, bosses workshops, craftsmen—as enemies, since they manage the economy in the interests of the capitalists, for the sake of their profits. Under socialism, economic managers have every reason to enjoy the trust of the people, since they manage the economy not for the sake of capitalist profits, but for the sake of the interests of the entire people.

The elimination of exploitation radically changes the relationship between people of mental and physical labour. Disappeared characteristic of capitalism opposition of interests between workers and management personnel of enterprises. Manual workers and management personnel of enterprises under socialism are comrades, members of a single production team, vitally interested in the success and improvement of production. Hence the creative community of physical and mental workers, with the goal of constant improvement of production.

While under capitalism the labour of workers is increasingly is deprived of spiritual content and the gap between mental and physical labour is growing, in a socialist society there is an increasing enrichment of physical labour with spiritual content, a convergence of physical and mental labour, a gradual eliminating the essential difference between them. This is expressed in the continuous rise in the cultural and technical level of the working class and peasantry, in the development of socialist competition, constituting the most important feature of cooperation labour under socialism.

The Socialist Competition.

There is socialist competition the communist method of socialist construction based on the maximum activity of the working masses. This activity of the masses is aimed at fulfilling and exceeding plans by increasing labour productivity and improving production.

Socialist competition is fundamentally different from the competition that prevails in bourgeois society.

“Socialist competition and competition represent two completely different principles.

The principle of competition: defeat and death of some, victory and dominance of others.

The principle of socialist competition: comradely assistance to those lagging behind from the advanced ones, so that achieve a general uplift.

Competition says: finish off those lagging behind in order to establish your dominance.

Socialist competition says: some work poorly, others work well, others do better—catch up with the best and achieve a general rise. “¹

Socialist competition expresses the comradely cooperation of the working people, their joint struggle for a general increase in production.

Instead of such engines of production as the pursuit of profit and competition, socialism gave rise to new, more powerful driving forces. This is, first of all, the deep interest of the masses in the development of social production, arising from the basic economic law of socialism. The fact that people under socialism work not for

¹ J. V. Stalin, Liberation and labor uplift of the masses, Works, vol. 12, p. 110.

exploiters, but for themselves, for their society, is an inexhaustible source of growth in socialist production. On this basis, your work enthusiasm will melt, communist attitude towards work. The economic law of distribution according to labour plays a major role in the development of socialist competition. By making a worker's payment dependent on the quantity and quality of his work, this law stimulates the creative initiative of the masses in the production process.

Socialist competition plays a huge role in increasing labour productivity. Characteristic a feature of competition is creative initiative innovators and leaders of production—Stakhanovites who have perfectly mastered advanced technology, discarding old, obsolete norms and methods work and pushing new. Many workers not only mastered the technical minimum, but also became proficient level c technical staff, began to correct technicians and engineers. In the fight against to everyone old obsolete advanced people pave new ways of development production, open new ones growth of labour productivity.

The creative initiative of the working people does not give production stagnates, gets stuck in place, it is the source of its constant movement and improvement. Based on best practices from innovators, lie radical improvements in the organisation of labour (for example, division of labour, combination of professions, etc.), organisation of production (for example, work according to a schedule), in the field of technology and production techniques (for example, intensification of technological processes, improvements in tools, fixtures, machines, etc. .)

Socialist competition presupposes the rapid and widespread dissemination of advanced experience. Under socialism, the power of example has a mass effect for the first time , serving as a means of continuous growth and improvement of production. This is achieved, firstly, as a result of the active comradely assistance of innovators to all workers in the development advanced methods of

work, taking various forms (personal instruction, patronage of cadre workers over newcomers, Stakhanov schools, etc.), secondly, as a result of the desire of the masses of workers to catch up with advanced people, to master their experience, in order to achieve a general rise, thirdly, thanks to ensuring wide publicity of the competition, comparability of enterprise performance results. Building on the best practices of innovators production, the Soviet state determines progressive standards for labour costs and the use of means of production, which are used as the basis for production plans. Dissemination of best practices, development of new norms and methods of work the majority of workers ensure the achievement of a new, higher level of labour productivity.

The Communist Party and the Soviet state lead the socialist competition of the masses and provide it with all possible support. For success in work workers not only receive material incentives, but are also awarded orders and medals, and for outstanding innovative activities awarded the title of Hero Socialist Labour and laureates Stalin Prize.

Socialist competition in the USSR acquired a nationwide character. Along with individual competition, competition is increasingly developing between teams, workshops, and enterprises that are fighting to obtain titles of advanced teams. Competition for high quality products, for better use of production capacity, for reducing production costs, and for above-plan savings has become widespread. material and monetary funds. In 1951, 91.2% of all workers took part in socialist industrial competition. The proportion of Stakhanovites among industrial workers was 36%.

Socialist competition in town and countryside is of paramount importance for the development of a socialist economy and for the building of communism.

The Steady Growth in Labour Productivity is the Economic Law of Socialism.

A steady increase in labour productivity is the most important condition for the construction of communism. "Communism is the highest against capitalist labour productivity voluntary, conscious, united, using advanced technology, workers"¹.

As you know, labour productivity is measured by the amount of output produced by a worker per unit of time, or the amount of working time spent on a unit of output. An increase in labour productivity is expressed in the fact that the share of living labour in the product decreases, while in the fields of past labour it relatively increases, while the total amount of labour contained in a unit of output decreases. An increase in labour productivity means an increase in blowing output per unit of working time.

From a social point of view, labour productivity also increases with its economy, including here the economy of both living and materialized labour on the scale of the entire society. Socialism eliminates the enormous waste of labour inherent in the anarchic system of capitalism and ensures the systematic and most rational use of the means of production and labour resources of society. The working people of the USSR are interested in maximum economy of production, which is expressed in a mass movement for saving raw materials, fuel, materials, for the better use of machinery and equipment. Marx points out that real economy consists in saving working time and this is saving also with the development of the productive power of labour.

The need for a systematic and rapid increase in labour productivity is determined by the basic economic law of socialism. The continuous growth of socialist production occurs, firstly, due to an increase in labour productivity and, secondly, due to an increase

¹ V. I. Lenin, *The Great Beginning*, Works, vol. 39, ed., 4, p. 394.

in labour productivity and, secondly, due to an increase in the number of employed workers. If the growth of production due to an increase in the number of employed workers has its limits, then the increase in labour productivity under socialism is an inexhaustible source of increased production.

The bulk of the increase in national economic output is achieved through increased labour productivity. Thus, in the period from 1940 to 1951, 70% of the increase in industrial output was obtained from this source.

Systematic increase in labour productivity, ensuring rapid growth of production, creates opportunities for both growth in consumption and expansion of production.

Due to the inherent contradictions of capitalism, the growth of labour productivity in bourgeois society is slow at a pace is of an unstable nature. Marx pointed out that “for capital, the law of increasing productivity of labour is not of absolute significance.”¹ Along with the liquidation of private capitalist property, all barriers are destroyed, that stand in the way of productivity growth. Under socialism, the economic law of steady growth in labour productivity exists and operates.

Under socialism, the growth of labour productivity is ensured primarily through the systematic development and consistent use of advanced technology that makes people’s work easier, while under capitalism, labour productivity is achieved primarily due to excessive intensification of labour, exhausting the worker.

Under socialism, a powerful factor in the growth of labour productivity is the continuous rise in the material well-being of workers, increasing their skills and cultural level, while under capitalism, the growth in labour productivity is carried out due to

¹ K. Marx, Capital, Volume III, 1951, p. 273.

the deterioration of the living and working conditions of the worker and is accompanied by the impoverishment of the working people.

Socialist organisation and wages open up enormous opportunities for increasing labour productivity. The socialist organisation of labour lies in the conscious discipline and comradely cooperation of workers; payment of labour depending on its quantity and quality creates a personal material interest of workers in increasing labour productivity.

The most important driving force behind the growth of labour productivity under socialism is the development of the creative initiative of workers in improving technology and organisation of production, which finds expression in socialist competition.

Thus, the socialist economic system necessitates and creates the possibility of a steady increase in labour productivity.

During the years of the first five-year plan, labour productivity in industry of the USSR increased by 41%, and during the years of the second five-year plan, by 82%. The average annual increase in labour productivity in the first five-year plan was 9%, and in second five-year plan—12.7%. Capitalist industry has never seen such rates of growth in labour productivity. In 1940, labour productivity in the industry of the USSR increased 4 times, and taking into account the reduction of the working stump—5.2 times compared to the level of 1913. In the post-war period, further technical re-equipment of the national economy, advanced training and creative initiative of workers and engineers -technical personnel led to a new increase in labour productivity. Labour productivity increased in 1951 compared to 1940 in industry by 50% and in construction by 36%.

In 1951 productivity labour in industry was higher than in 1913 more than 6 times, and taking into account worker layoffs days—7.6 times. Performance railway labour transport in 1951 was higher than in 1913, and taking into account the reduced working day—on 4.2 times. Labour productivity in grain farming collective farms in 1950 was Higher than in individual peasant farms before the revolution, 4.4

times and taking into account the reduction working day—more than 5 times.

Steady growth in labour productivity to create abundance consumer goods, is a necessary prerequisite for the transition from socialism to communism.

BRIEF SUMMARY

1. Socialism freed labour from exploitation and replaced forced labour with exploiters free labour for oneself, not the whole society. Labour under socialism is creative in nature and systematically organised on a societal scale. In the socialist system of the national economy, unemployment has been eliminated and the right to work has been realized for all members of society. The continuous growth of production under socialism is accompanied by a steady increase in numbers employed workers and the growth of their cultural and technical level.

2. The guiding principle of socialism is the principle: “from each according to his abilities, to each according to his work,” combining the personal material interests of workers with the development of social production. This principle, on the one hand, requires members of society to work according to their abilities, on the other hand, it determines the method of distribution of products. The part of the social product created by labour for oneself comes to the personal disposal of the workers and is distributed depending on the quantity and quality of labour. Distribution according to labour is the economic law of socialism.

3. Socialist labour cooperation is a cooperation of workers free from exploitation, bound by relations of comradesly cooperation. It is characterised by conscious discipline and a new type of management, combining unity of command with the widespread

development of activity and initiative of the masses. The most important feature of socialist cooperation is socialist competition. Socialist competition is the driving force behind the development of the socialist economy. Competition expresses the fundamental interest of the masses in the growth of production and labour productivity, arising from the basic economic law of socialism.

4. Socialism created higher productivity of social labour compared to capitalism. Labour productivity is the main source of continuous growth of socialist production and the well-being of the people. Under socialism, the steady growth of labour productivity is the economic law of the development of society.

XXXI. THE COMMODITY PRODUCTION, THE LAW OF VALUE AND MONEY UNDER SOCIALISM

The Need for Commodity Production Under Socialism and its Features.

The need for commodity production under socialism follows from the presence of two main forms of socialist production—state (national) and collective farm. In state-owned enterprises, the means of production and products are the property of the entire people. On collective farms, although the main means of production (land and machinery) belong to the state, the products produced by collective farms are their property. Since the products of state enterprises belong to the socialist state, and collective farm products belong to collective farms, a necessary form of economic connection between industry and agriculture is exchange through purchase and sale. Here, as with any sale and purchase, the owner of the goods loses ownership of the goods, and the buyer becomes the owner of this goods .

Justifying the need for commodity production under socialism, J. V. Stalin wrote: “the state can only dispose of the products of state enterprises, while collective farm products, as their own property, are managed only by collective farms. But collective farms do not want to alienate their products otherwise than in the form of goods, in exchange for which they want to receive the goods they need . Currently, collective farms do not accept any other economic ties with the city, except for goods, except for exchange through purchase and sale. Therefore, commodity production and trade turnover are now the same necessity for us as they were, say, thirty years ago, when Lenin proclaimed the need for an all-out turn in trade turnover”¹ .

Thus, food products and agricultural raw materials supplied from the collective farm sector to the state and cooperation in the order of procurement and purchases, as well as agricultural products sold at collective farm markets, are goods. In exchange for agricultural goods, collective farms and collective farmers buy industrial goods, mainly personal consumption items. Since, therefore, consumer products are commodities, they also reach the urban population through purchase and sale.

As long as there are two main forms of socialist production, commodity production and commodity circulation are a necessary and very useful element in the system of people's servitude; production and commodity circulation are necessary for the implementation of economic relations between city and countryside, between state industry and collective farm agriculture, for the supply of personal consumption items to the population.

Commodity production under socialism is not ordinary commodity production, but represents a special kind of commodity production. This is commodity production without private ownership of the means of production, without capitalists. It is mainly carried out by united socialist producers (state, collective farms, cooperation). Thanks to such decisive economic conditions as public ownership of funds production, the elimination of the system of wage labour and the exploitation of man by man, commodity production under socialism is placed within strict limits. It cannot turn into capitalist production and serves the cause of developing and strengthening socialist production.

Commodity production in a socialist society does not have such unlimited and comprehensive distribution as under capitalism. Under socialism, the sphere of commodity production and commodity circulation is limited mainly to items of personal consumption. In a socialist society, labour power is not a

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 16-17.

commodity. Land with its subsoil is state public property and cannot be the subject of purchase, sale or lease. State enterprises—plants, factories, mines, power plants with their main production assets (production tools , buildings, structures , etc.)—cannot be bought or sold, but can be transferred from one state organisation to another only by decision of the government and, therefore, are not goods, the object of purchase and sale.

The means of production produced in the public sector—machines, machine tools, metal, coal, oil, etc.—are distributed by the state among enterprises. National economic plans provide for the allocation of certain material funds to each enterprise in accordance with its production program. These funds are supplied by manufacturing enterprises to consumer enterprises on the basis of agreements concluded between them. When transferring the means of production to one or another enterprise, the socialist state entirely retains ownership of these means of production. The directors of enterprises who received the means of production from the socialist state do not at all become their owners, but represent the state's authorised representatives for the use of the means of production in accordance with state plans. Basic agricultural machines, tractors, combines, etc. are not sold to collective farms, but are concentrated in state enterprises—machine and tractor stations, which serve the collective farms with the help of these means of production . Only the simplest machines and equipment, which play a secondary role in agriculture, come to the collective farms through purchase and sale. Means of production distributed within the country between state-owned enterprises are not goods. But they preserve the outer shell of the goods. This is expressed in the fact that they are taken into account and calculated in monetary form, and when distributed they are paid in money.

In the field of foreign trade, the means of production sold to foreign countries are goods. When an exchange occurs, buying and selling takes place, and ownership of goods changes.

The Use-Value and Value of Goods in Socialist Farm

Those products that are produced and sold as goods in a socialist society have a use value created by concrete labour and a value created by abstract labour. In other words, under socialism the commodity has a dual character, determined by the dual nature of the labour producing the commodity.

The dual nature of labour under socialism is fundamentally different from the dual nature of labour in simple commodity and capitalist economy. In the conditions of commodity production based on private property, the dual nature of labour producing goods reflects the contradiction between private and social labour. The socialist economy does not know this contradiction. As has already been said, in a socialist economy labour is not private, but directly social labour. The state plans in advance the work of employees in the process of production. The distribution of labour between various sectors of the national economy and individual enterprises occurs systematically. Because of this, commodity production has been overcome in the socialist economy. Fetishism and social relations of people do not accept the deceptive appearance of relationships between things.

However, under socialism there are differences between direct social labour in state enterprises, where labour is socialized on a nationwide scale, and direct social labour on collective farms, where labour is socialized only within the framework of this agricultural enterprise. In addition, collective farmers also use their labour in personal subsidiary plots, which have a subordinate significance. These

differences in the degree of socialisation of labour and the presence of commodity ties between state industry and collective farms do not make it possible to express the social labour expended on the production of industrial and collective farm products directly in working time. This implies the need for indirect measurement of social labour through the use of value and its forms. This commensuration is based on the mixing of various concrete types of labour of workers and collective farmers with abstract labour that created the value of the product.

The socialist state, in the process of planning the management of the national economy, takes into account both sides of the product, both their use value and value. The state requires its enterprises to produce certain types of products—definitions of consumer values. If the capitalist is interested in use value only as a carrier of value and surplus value, then in a socialist economy the creation of use values and the improvement of product quality are of the utmost importance, since production is carried out in the interests of the fullest satisfaction of the growing needs of the whole society.

In a socialist economy it has essential value and value of the goods. The state plans production not only in natural terms, but also in monetary terms. indicators. At the same time, a systematic reduction in the cost of manufactured goods and, on this basis, a reduction in prices plays a major role in ensuring maximum satisfaction of the needs of society.

In a socialist economy, there is no antagonistic contradiction between use value and value, which is fraught with the possibility of crises of overproduction. The socialist economy provides full opportunity to fulfil production plans both in monetary and in kind terms.

However, in the practice of socialist construction, if the requirements of economic laws, and in particular the law of planned

development of the national economy, are violated, contradictions may arise between the use value and the value of the product. This happens, for example, in cases where the managers of individual enterprises, in pursuit of implementation of the plan at a cost they are intensively produced separate, more profitable for the enterprise visas of products, failure to fulfil the production plan for the entire range. But this kind of contradiction is not antagonistic in nature and does not give rise to crises. They are resolved in accordance with the planned management of the economy.

In a socialist economy, there is a distinction between complex (skilled) and simple labour and complex labour is reduced to simple labour. The relationship between complex and simple labour taken into account when planning production, determining production standards, as well as when planning wages, when wages for labour of various qualifications are established, etc.

The value of products produced and sold as goods is determined by the quantity socially necessary labour time spent on their production. Under socially necessary workers time of course, the average working time spent by enterprises, producing the bulk of products in this industry. The socially necessary direct labour expended on the production of a unit of goods determines the social value, or value, of the goods. The time actually spent on the production of a unit of goods in individual enterprises represents individual labour time, which forms the individual cost of the goods for each of these enterprises.

The socially necessary time spent on the production of goods is an objectively existing quantity. Under capitalism, socially necessary time develops spontaneously, behind the backs of commodity producers. In a socialist economy, the state, based on objective economic conditions and the requirements of the economic laws of socialism, plans increase in labour productivity materials on enterprises; thereby, it routinely ensures a reduction in socially necessary time.

An important means of the planned influence of the socialist state on the amount of socially necessary time are progressive norms for the expenditure of labour and materials, established on the basis of the experience of leading enterprises. Progressive standards are standards that must still be implemented in production during the planned period of application. They are lower than the actual level of labour and materials costs per unit of production. Progressive norms have great mobilizing value, as they encourage economic leaders and the masses find workers ways to rationalize production, introducing advanced technology, increasing labour productivity and reducing production costs. After progressive norms are getting used to majority enterprises, issuing the largest mass of products, they begin to coincide with socially necessary labour costs and cease to be progressive. On the other hand, during this time, leading enterprises are achieving new reductions in labour costs for production products. Based on the experience of leading enterprises, new progressive standards for labour costs are established, the implementation of which leads to a new reduction in socially necessary time.

Under capitalism, the contradiction between individual and socially necessary labour time is antagonistic. Enterprises using more high equipment and recipients superprofits, keep their technical improvements secret and defeat competitors, driving them to ruin and death. In socialist In the economy, the contradiction between socially necessary time and individual time spent in individual enterprises is not antagonistic in nature. The socialist economy does not know the so-called "trade secret": the technical achievements of leading enterprises quickly become the property of all enterprises in a given industry, as a result of which the rise of the entire socialist economy as a whole is ensured. All this accelerates technical progress and contributes to the rapid rise of the productive forces of socialist society.

The Nature of the Operation of the Law of Value Under Socialism.

Since under socialism there are commodity production to commodity circulation, insofar as The law of value continues to operate .

Economic The socialist system places the operation of the law of value within strictly limited limits. The role of the law of value is limited by the absence of private ownership of the means of production, the socialisation of the means of production in town and countryside, the narrowing of the scope of commodity production and commodity circulation, the action of the economic laws of socialism and, above all, the law of planned development of the national economy. The scope of the law of value under socialism is limited also annual and five-year plans and, in general, all economic activities of the socialist state. Because of this, the law of value under socialism cannot play the role of a production regulator.

If the law of value played the role of a regulator of production under socialism, then in a socialist society the most profitable industries and enterprises would be developed first and heavy industry enterprises, which are very important from the point of view of the interests of the national economy, would be closed, which may be temporarily unprofitable. Meanwhile, in the USSR, unprofitable or low-profitable enterprises needed for the national economy are not closed at all, but are preserved and supported, and measures are taken to make them profitable. The socialist state can cover the temporary unprofitability of some industries or enterprises at the expense of income received by others industries and enterprises.

The socialist state builds enterprises and creates entire branches of production, guided not by the pursuit of profit, but by

the requirements of the basic economic law of socialism and the law of planned development of the national economy.

The scope of the law of value under socialism extends primarily to commodity circulation, to the exchange of goods—mainly items of personal consumption. In this area, the law of value retains the role of a regulator within certain, limited limits.

The regulating effect of the law of value in the field of commodity circulation is manifested in the fact that the state, when establishing a certain price ratio between various goods for personal consumption, takes into account their value in monetary terms, as well as the demand for these goods and their supply. Ignoring the state of supply and demand would lead to the fact that goods for which prices turned out to be excessively high, there would be a sharp decline in demand, and demand for goods with excessively low prices would be artificially inflated. The regulatory role of the law of value affects the collective farm market to the greatest extent, where prices are formed on the basis of supply and demand, and price movements affect the size and structure of the commodity turnover of the collective farm market. But the socialist state has a huge economic impact on the collective farm market, since the bulk of goods are sold in the system of state and cooperative trade at fixed planned prices.

The operation of the law of value is not limited to the sphere of commodity circulation. The law of value has impact on socialist production, and this impact is not regulatory.

“The fact is that consumer products necessary to cover the costs of labour in the production process are produced in our country and sold as goods semi -subject to the law of value. It is here that the influence of the law of value on production is revealed. In this regard, at our enterprises such issues as the question of economic accounting and profitability, the question of cost, the question of prices, etc. are of current importance.

Therefore, our enterprises cannot and should not do without taking into account the law of value”¹

Personal items, being goods, have a cost. The cost of industrial consumer goods includes the cost of raw materials produced by collective farms as goods. Part of the newly created value of consumer goods is used to reimburse the costs of cash wages, and the other part forms the income of the enterprise, which is in cash form. Along with this, in the process of producing industrial consumer goods, means of labour are worn out : machines, machines, factory buildings that are not goods. Since all other elements included in the cost of industrial consumer goods have a monetary form, the means of labour must also be calculated in money.

The influence of the law of value on the production of means of production occurs through consumer goods, which are necessary for reimbursement of labour costs . Consumer products, being goods, can be purchased by workers only with money, at the expense of money wages. Hence the need arises in the production of means of production to use the monetary form to take into account all other elements that form, along with wages are the cost of industrial products.

If consumer products being goods have value, then means of production that are not goods have only the outer shell of goods and value, used for the purposes of calculation, accounting and control.

In light of the influence of the law of value on production, socialist enterprises cannot do without taking into account the law of value. In a socialist economy the actions of the law of value are recognized, taken into account and used by the state in the practice of planning the national economy, as opposed to capitalism, where the law of value acts as a spontaneous force dominating people.

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 20.

Knowledge of the operation of the law of value and the ability to use it help business executives rationally manage production, systematically improve work methods, carry out economic calculations, find and use hidden reserves to increase production output.

The socialist state takes into account the law of value when planning prices. Price in a socialist economy there is a monetary expression of the value of a product, there is something established in a planned manner. When planning prices for means of production derived from the public sector, only the external form of value is used to take into account in money the social labour spent on their production. When setting prices, the state proceeds from the social costs of production, which, in the industries producing goods, represent the cost of these goods. Taking into account the operation of the law of value is important for establishing the correct ratio of prices for various goods. It is impossible, for example, to set the same procurement price for a ton of cotton and a ton of grain, without taking into account the fact that the cost of cotton is significantly higher than the cost of grain, as evidenced by world prices for cotton and grain. Such an artificially low price for cotton led to the ruin of cotton growers and would disrupt cotton production.

However, the law of value is not a regulator of state prices, but only one of the factors influencing these prices. In state and cooperative trade turnover there is no “free play” of prices.

The socialist state plans the prices of goods with certain deviations from the social costs of production, from their value. Moreover, it proceeds primarily from the requirements of the basic economic law of socialism, the need to ensure continuous growth of production on the basis of higher technology and meet the growing needs of the entire society. The state uses the price mechanism to establish such proportions in the distribution of funds between

industries that are determined by the needs of planned development folk farms.

So, for example, the state, with the help of an appropriate price policy, uses part of the income created in certain industries for the rapid rise of other industries that are less profitable, but are of great economic importance. Setting low prices for means of production, the state encourages the introduction of advanced technology in state industrial enterprises, and also arms through MTS high technology collective farm production. The state is consistent pursues a policy of reducing prices for consumer goods in the interests of improving the well-being of the people. The state sets prices based on the need to ensure a certain profitability (profitability) of enterprises, takes into account the quantity of certain goods, their importance in the economy. With the help of prices, it stimulates the production of certain products and regulates the demand for them.

Due to all the indicated limitations of the law of value, its operation under socialism is not accompanied by those destructive consequences in the form of crises, unemployment, and destruction of productive forces, which are the inevitable companions of this law under capitalism. It is precisely because of this that, despite the continuous and rapid growth of socialist production, the law of value does not lead to crises of overproduction in the USSR, whereas under capitalism the law of value, despite the low growth rates of production in capitalist countries, leads to periodic crises of overproduction.

The Money and Its Functions in the Socialist Economy.

Various concrete forms of action of the law of value and its use by the socialist state in the process of planning manual folk farming is carried out through money.

Money refers to those economic categories indigenous change their nature in relation to the needs of the development of a socialist economy. Unlike capitalism, where money is transformed into capital and is a means of appropriation someone else's unpaid labour in a socialist economy money serves as an instrument of economic construction in the interests of the masses, accounting and control over the production and circulation of goods.

In a socialist economy the content and purpose of the functions of money changes radically in comparison with the functions of money under capitalism.

Money in a socialist society primarily serves as a measure of the value of goods, that is, it serves as a measure of the social labour embodied in them. The means of production, not being commodities, retain the outer shell of the commodity and value. Because of this, money, in its function as a measure of value, also serves as a means of accounting for social labour spent on the means of production. As is known, the function of a measure of value can only be performed by a monetary commodity, which itself has value. such a monetary commodity is gold. In the Soviet Union, as in other socialist countries camps, money has a gold content and is therefore a measure of value.

Based on the fact that gold acts as a universal equivalent. The Soviet state during the monetary reform of 1922-1924. established the gold content of the ruble. Subsequently, the gold content of the ruble was fixed indirectly through the establishment of the Soviet exchange rate, ruble first in francs, then in dollars. In 1950, in the

wake of the rising purchasing power of the ruble and the declining purchasing power of the dollar and other capitalist currencies, the Soviet state directly set the gold content of the ruble at 0.222168 grams of gold. Accordingly, with the gold content of the ruble, the ruble exchange rate was increased against foreign currencies.

If under capitalism the function of the measure of value, that is, the accounting of social labour, is carried out behind the backs of commodity producers through spontaneous fluctuations market prices, then in a socialist economy money in its function as a measure of value [are](#) systematically used by the state as a means of accounting, systematically, to determine the profitability and unprofitability of enterprises, etc. Money is used as a measure of value socialist state when planning prices.

Under socialism, in the presence of two main forms of socialist production, the results of economic activity of an enterprise, comparison of the results of the work of enterprises and industries producing various products, the volume of production of sectors of the national economy and the entire national economy as a whole can only be expressed in monetary terms. The Soviet state uses monetary accounting as a means of planned management and control over the progress of production. For example, a comparison of the planned and actual cost of production makes it possible to find out the reasons for the excess of the actual cost over the planned one and outline the measures necessary to reduce costs and increase the profitability of the enterprise.

Money in a socialist economy is also the scale of prices. In the Soviet Union, the price scale is the ruble.

Money under socialism serves as a means of circulation of goods. As a means Money of circulation functions when the population purchases goods for personal consumption and when collective farms and collective farmers sell their products. Money in its function as a medium of exchange is used to develop trade turnover.

Money in a socialist economy serves as a means of payment. As a means of payment, money functions when paying wages to workers and employees, when repaying socialist enterprises of their debts to banks and other enterprises, when paying taxes, etc. The socialist state uses the function of money as a means of payment to control the activities of socialist enterprises. For example, funds are released by the bank to enterprises depending on their fulfilment of the production plan. By requiring timely repayment of loans, the bank stimulates the enterprise's implementation of the plan, since without this it will not be able to accumulate the funds necessary to repay the loan, etc.

Money under socialism serves as a means savings and socialist accumulation. As a result of the well-being of the working people, their monetary structures grow . These savings are kept in savings banks. State enterprises and collective farms store funds in banks. Cash income and temporarily free funds of enterprises and organisations are used in the socialist economy for the needs of socialist accumulation, for the expansion of production, the formation of reserves, for maintenance material and cultural needs of the population.

In a socialist society in the functions of treasure and world money, stands gold. Gold reserve represents It is mainly a state reserve fund of world money. Gold is the means of international payments of the state in the field of foreign trade.

Soviet currency is the hardest currency in the world. The stability of Soviet money is ensured not only by the gold reserves, but, above all, by the enormous quantity of goods concentrated in the hands of the state and put into circulation at fixed planned prices. In no capitalist country does money have such reliable security as in the Soviet country.

BRIEF SUMMARY

1. The need for commodity production under socialism is due to the presence of two main forms of socialist production: state (national) and collective farm, Commodity production and commodity circulation are limited mainly to items of personal consumption, The means of production are not goods, Commodity production in a socialist society is commodity production of a special kind , without private ownership of the means of production, without capitalists. It serves socialist production.

2. A commodity in a socialist economy has a use value created by concrete labour and a value created by abstract labour. Socialist society does not know the contradiction between private and public labour. Socialist labour has a direct, immediate social character. In a socialist economy, the creation of use values and improvement of product quality are of utmost importance. At the same time, there is a systematic reduction in the cost of goods based on a systematic reduction in the socially necessary time spent on their production.

3. The scope of the law of value under socialism is limited. The law of value is not a regulator... but it affects production through consumer goods needed to cover the cost of labour in the production process. The law of value is used in the process of planned management of the national economy. The effects of the law of value are taken into account when planning prices.

4. Money in a socialist economy serves as an economic tool that is used in tools for national planning economy and is used as accounting and control over the production and circulation of goods. They perform the following functions: measures of value, means of circulation, means of payment, means of saving and socialist accumulation. Soviet money is provided not only by gold reserves, but, above all, by a huge amount of goods concentrated in the hands of the state and sold at state planned prices.

CHAPTER XXXII. THE WAGES UNDER SOCIALISM

The Wages and the Economic Law of Distribution According to Labour.

In a socialist society, employees of state enterprises receive wages for their work. Under socialism, wages are essentially fundamental way differs from wages at capitalism. Due to the fact that in a socialist society, the wage labour system has been destroyed, and labour power has ceased to be a commodity; wages are not the price of labour power. It expresses not the relationship between the exploiter and the exploited, but the relationship between society as a whole, represented by socialist state and an individual worker who works for himself, for his society.

Under capitalism, wages, determined by the cost of labour power, do not always enable workers to satisfy their needs even within the extreme minimum. Under socialism, with the destruction of the system hired labour, completely The law of labour cost as a regulator of wages has become invalid. The basic economic law of socialism stipulates the need to ensure maximum satisfaction of the constantly growing material and cultural needs of the entire society. The liberation of wages from capitalist restrictions makes it possible to “expand it to the volume of consumption which, on the one hand, is allowed by the existing productive force of society... which, on the other hand, requires full development individuality”¹. As socialist production grows and improves on the basis of higher technology, real wages steadily increase. The requirements of the basic economic law of socialism in the field of ensuring the growth of the well-being of workers are carried out through the law of distribution according to labour. According to this law, the share of

each worker in the social product is determined by the quantity and quality of the work of this worker.

Wages serve as one of the most important economic instruments through which in a socialist society the material interest of each worker in the results of his labour is achieved: whoever works harder and better receives more. Thus, wages are a powerful factor in the growth of labour productivity, it makes it possible to correctly combine the personal material interests of the employee with state (national) interests.

The existence of commodity production and the law of value under socialism necessitates a monetary form of wages. Consumer goods necessary to cover the cost of labour in the production process are produced and sold under socialism as goods subject to the law of value. The monetary form of wages allows the most flexible and differentiated determination of the worker's share in the social product, depending on the results of his work.

Thus, wages under socialism are the worker's share expressed in monetary form in that part of the social product, which is distributed by the state in accordance with the quantity and quality of labour and goes to satisfy the ever-growing material and cultural needs of the worker and his family.

Based on growing production, the socialist state routinely establishes the general wage fund and its level for various categories of workers. The wage background is the entire amount of money systematically established by the state to pay for labour for a given period of time (five years, a year, a month, etc.) for the national economy as a whole, individual industries and enterprises.

The cash wages received by each worker and employee represent their individual wages. The source of individual wages for socialist workers is the product they create for themselves, distributed according to their labour. The standard of living of

¹ K. Marx, "Capital", volume II. III, 1951, pp. 889-890.

workers and employees under socialism is determined not only by individual monetary wages. It is supplemented by large sums allocated by the state and public organisations for the socio-cultural needs of workers at the expense of the product created by labour for society. This serves as an important factor in the growth of public consumption.

In accordance with the requirements of the basic economic law of socialism and the law of distribution according to labour, the socialist state in each given period in a planned manner establishes the level of wages for various categories of workers. State policy in the field of wages in accordance with the law of distribution according to labour is based on the principles of comprehensive differentiation of wages. Equalisation of wages, which ignores differences between labour, is deeply hostile to the socialist economic system. qualified and unskilled, heavy and light. Skilled labour, as labour of higher quality, requires training and gives a greater production effect compared to unskilled labour. Because of this, it is paid higher than unskilled labour. This payment system stimulates the improvement of the qualifications of workers. Within the limits of equal qualifications, more difficult work is paid higher than less difficult work, while under the capitalist system, workers engaged in especially heavy physical labour are paid, as a rule, significantly lower than other workers. Thus, miners who receive very low wages in capitalist countries are highly paid in a socialist society. At the same time, in a socialist society, hard physical labour is increasingly facilitated by the use of machines.

In accordance with the economic need for the greatest encouragement of labour in the leading sectors of the national economy, higher wages are established for workers in such branches of heavy industry as metallurgy, coal, oil, mechanical engineering, etc. Other things being equal, workers and engineering workers are also paid higher technical workers at enterprises and construction sites in economic regions that are particularly

important in the economic life of the country, as well as in remote and sparsely populated areas. Thanks to this, wages are one of the economic instruments for the planned distribution and redistribution of qualified labour between enterprises and sectors of social production in accordance with the requirements of the law of planned development of the national economy.

The policy of the socialist state in the field of wages is carried out in the fight against petty-bourgeois egalitarianism wages, with the retarded, anti-state tendencies, expressed in the desire to maintain outdated, low production standards, overspend the established wage funds, etc.

A major role in the implementation of wage policy, trade unions actively participate in the work of government bodies in preparing measures in the field of organisation and remuneration of labour, directly implement social insurance, promote the development of socialist competition and increase labour productivity, improve cultural services and working conditions for workers and employees. Annually concluded collective agreements between the administration of the enterprise and the factory committees of trade unions oblige both parties to take the necessary measures to ensure the correct system of payment for workers, appropriate conditions for high-performance labour and satisfaction of cultural and everyday needs workers.

The Forms of Wages. The Tariff System.

Various forms of wages under socialism are specific ways of implementing the requirements of the economic law of distribution according to labour.

The main form of remuneration in state socialist enterprises is the piecework form wages. In 1952, 77.5% of all workers employed in industry in the USSR were on piecework wages.

The piecework form of wages under socialism creates the greatest interest of the employee in the results of his work. It is fundamentally different from capitalist piecework, which is based on a monstrous intensification of labour and leads to an increase in the rate of surplus value, and with an increase in the intensity of labour, the worker's wages decrease.

In a socialist society, the amount of earnings of each worker is directly dependent on the quantity and quality of his work, which is why piecework payment stimulates an increase in labour productivity and ensures a steady increase in wages on this basis. Piece payment, increase in earnings as production increases production per unit of time, encourages full and rational use of machinery, equipment, raw materials, working time, to the best organisation of labour and production. Piece payment contributes to the development of socialist competition, since high labour productivity leads to high earnings.

The most common is the direct piecework wage system. With this system Each unit of products is paid at the same price, regardless of the degree of fulfilment or exceeding the established norm. The amount of a worker's wages increases in direct proportion to the increase in the number of products he produces.

With a piece-rate progressive wage system, the worker is paid for fulfilling the norm according to one, unchangeable prices, and for production in excess of the norm—at other, increased and progressively increasing rates. Thus, in some heavy engineering enterprises of the USSR, when workers exceed the established norm from 1 to 10%, the piece rate for the exceeded production norm increases by 30%, when the norm is exceeded from 11 to 25%, it increases by 50%, etc. Most increasing progression in prices established for leading professions, for workers engaged in underground work, in hot shops, and for workers in other types of hard labour.

With a piecework-bonus wage system direct boards piecework the payment is filled with bonuses for certain indicators: for saving

fuel, electricity, reducing the cost of production, reducing defects, increasing the quality of the product, etc. At some enterprises, bonuses for certain quality indicators of applicability for piecework-progressive wages.

In cases where, due to production conditions, it is impossible to use individual piecework payment (for example, simultaneous maintenance of a large machine or unit by several workers), team or group piecework payment is used. Individual members of the team receive their share of the collective earnings, taking into account the time worked by each worker and the qualifications of the employee.

Time-based wages are used for those jobs. For which the piecework form of payment cannot be applied or the use of piecework payment due to the nature of the work is not economically feasible (work, timekeeper, security personnel undertaken, production of unique devices, inspection and inspection work, etc.).

Time-based wages are structured differentially, depending on the duration of work and the qualifications of the employee. To strengthen the material interest of employees located at time-based payment; the results of their labour are subject to a time-based bonus wage system. In this case, the worker, in addition to the rate per unit of time worked, is paid a bonus for certain quantitative or qualitative indicators: for reducing equipment repair time, saving raw materials, fuel, fuel, electricity, energy, trouble-free operation of mechanisms, reducing scrap, etc.

The time-bonus wage system is widely used in relation to management economic and engineering workers. The basis of wages for this category of workers (enterprise directors, chief engineers, shop managers, foreman, etc.) are their monthly salaries, which are differentiated depending on the size of the enterprise (workshop, shift, etc.), its national economic significance, production experience and education of the employee, etc. In addition to the basic salary management and engineering workers receive a certain percentage of

bonus for fulfilment and overfulfilment by the enterprise monthly production plan for commercial products, subject to the implementation of the established plan for gross output, compliance with the specified nomenclature products and fulfilment of the plan for production costs.

The salaries of teachers, medical workers, and government employees are also differentiated depending on the nature of the work, education, length of service and a number of other indicators.

Comprehensive differentiation of wages in accordance with the requirements of the economic law of distribution by labour, taking into account the qualifications of the employee, labour productivity and the quality of the work he produces production is carried out by rationing labour in a certain tariff system.

Standardisation is the establishment of time to complete a certain work (time standard) or the amount of output in pieces per unit of time (production rate). Proper rationing of labour is one of the most important conditions for managing the production process, improving the organisation of labour and increasing its productivity, overcoming equalisation in wages and developing socialist competition. "Without technical norms, a planned economy is impossible. Technical norms are also needed in order to bring the lagging masses closer to the advanced ones. Technical norms are a great regulatory force that organizes the broad masses of workers in production around the advanced elements of the working class"¹.

Socialist methods of management require an orientation towards progressive, technically sound production standards, which are established taking into account the specific conditions and capabilities of the enterprise (industry) at an average level between those standards that have already been achieved in production by

¹ J. V. Stalin, Speech at the First All-Union Conference of Stakhanovites, Questions of Leninism, ed. 11, 1952, pp. 540-541.

the bulk of workers, and those that have been achieved by the best innovative workers . In contrast to capitalist production standards, which are a means of unbridled intensification of labour, destroying the health of workers and shortening their lives, production standards at socialist enterprises are established in such a way that they are progressive and at the same time completely feasible for the entire mass of workers. In connection with the rapid growth of labour productivity based on the improvement of technology and the improvement of labour organisation, production standards in socialist industry are periodically revised towards their increase, while the wages of workers increase from year to year.

The assessment of each type of work, based on the qualifications of the employee, the nature of the work, the conditions and characteristics of the given industry, is established on basis tariff system the level of wages is determined in various sectors of the national economy and for various categories of workers.

The most important elements of the tariff system are the tariff schedule, tariff-qualification reference books and tariff rate .

Differentiation of wages depending on the qualifications of workers is established on the basis of a tariff schedule. According to their qualifications, workers are divided into several categories. A worker who does not have qualifications belongs to the first category, but his payment is taken as one. The higher the worker's qualifications, the higher the category he belongs to, and the correspondingly higher his pay.

The production characteristics of various works performed in this industry are given in tariff and qualification reference books, which serve as the basis for determining the qualifications of a worker and assigning him to one or another category in the tariff schedule.

The tariff rate determines the amount of payment employee labour per unit of time in relation to various categories . Tariff rates allow the socialist state to establish differentiated wages, taking into account the national economic importance of each industry, the

degree of mechanisation of labour achieved , the characteristics of certain economic regions, etc. Thus, in the coal and mining industries , higher rates are established for workers engaged in underground work rates than for those working on the surface. Other rates workers of hot shops receive .

The tariff system allows you to organize wages so that it strengthens the decisive links of production and moves people to higher qualification.

The Steady Rise in Real Wages Under Socialism.

In accordance with the requirements of the basic economic law of socialism, steady growth in real wages.

The most important economic basis for the growth of real wages is the continuous rise of socialist production based on higher technology, increasing labour productivity .

In order for a socialist society to live and develop, the growth of labour productivity must outpace the increase in wages. If continuously growing production is a stable basis for further increases in real wages, then the growth of real wages leads to an increase in the purchasing power of workers, which in turn serves as a constant engine of social production.

The continuous rise of socialist production leads to a systematic increase in the number of workers and employees. The number of workers and employees in the USSR increased from 10.8 million people at the end of 1928 to 41.7 million people at the end of 1952, or 3.8 times, with a significant increase in real wages. Under capitalism, the need to maintain a reserve army of unemployed people puts a heavy burden on working families and reduces the

real wages of the entire working class. The absence of unemployment in a socialist society frees the working class and society as a whole from the need to maintain a reserve army of the unemployed. Growing production provides the opportunity for all able-bodied family members to work, which largely increases her total income.

The workers of a socialist society are free from those huge losses in wages that the working class in capitalist countries suffers due to various restrictions on payment based on gender, age, nationality, race.

In a socialist society, for the first time, the principle of equal pay for equal work was implemented—without distinction of gender, age, nationality or race. Under socialism, children's labour is prohibited. Real equality of women with men is ensured by equal pay, social insurance, provision of leave for women during pregnancy with pay, a wide network of maternity hospitals, nurseries and kindergartens, payment state benefits for large and single mothers. Any direct or indirect restriction of rights in remuneration depending on the race and nationality of the employee is punishable as a serious crime.

Steady increase in wages in socialist society is conditioned further, by increasing the cultural and technical level of workers and improving their qualifications. Under the capitalist system, with the development of industrial technology, significant skilled workers are displaced by machines and switched to poorly paid unskilled labour. At the same time, crippled by capitalist intensification of labour, workers are pushed out of the sphere of production into the ranks of the unemployed and are replaced by healthier and stronger workers. In a socialist society, the growth of production is based on rapid technical progress. Old professions of heavy manual labour are replaced by new professions of skilled and higher paid labour, based on the latest technology. Encouraging long-term and impeccable work in the same field of labour, the socialist state

annually pays large amounts of money as compensation for long service to workers in the metallurgical, coal, chemical industries and other sectors of the national economy, as well as to a number of categories of cultural workers in the state apparatus.

A major factor in the steady growth of real wages is the consistently pursued policy of reducing prices and consumer goods by the socialist state. The strengthening of the exchange rate of money and the reduction of prices for personal consumption goods in a socialist society are a permanent factor in raising the well-being of the working people. From 1947 to 1953, the USSR carried out a six-fold reduction in retail prices for consumer goods, which led to a decrease in the overall level of these prices by 2.2 times and gave the population a gain of several hundred billion rubles.

With the nationalisation of land, the huge tribute that under capitalism is levied from society by the owners of urban lands in the form of land rent has disappeared. In the budget of a working family in capitalist countries, rent absorbs about a third of earnings walking land owners, homeowners and monopolistic companies owning the main sectors of the urban economy. In a socialist society, thanks to public ownership of land, housing stock, cities and institutions utilities, rent and other utilities occupy a very small share in the budget of a working family . In the USSR they average only 4%, which is an essential condition for increasing the level of real wages.

In the Soviet Union, the enormous scale of housing construction ensures a steady improvement in the living conditions of working people. Only for 1946-1952, state enterprises, institutions and local councils, as well as the population of cities and workers' settlements with the help state loans built and rehabilitated residential buildings with a total area of 157 million square meters. In addition, about 3.5 million residential buildings have been restored and built in rural areas.

Workers and employees of a socialist society are free from the heavy burden that they are forced to bear the working masses of capitalist countries in connection with the tax policy of bourgeois states. In capitalist countries, high taxes on the population are sharply reduced workers' real wages. In the USSR, taxes from the population make up a small part of all budget revenues and go to the needs of the national economy and to social and cultural events.

The socialist state, having concentrated in its hands all the levers that determine the material well-being of the working people, is pursuing a policy of systematically increasing real wages. Already in 1930, the real wages of workers, taking into account social insurance and deductions from the Net income of enterprises (profits) to the fund for improving the living conditions of workers, increased in relation to level of 1913 to 167%. In 1951, the real wages of workers in the USSR were more than times higher than before the revolution .

A steady increase in real wages leads to an improvement in the nutrition of the working people of a socialist society, to an increase in their consumption of industrial goods and to an increase in their savings. Deposits of workers in savings banks increased from 7.3 billion rubles in 1941 to 26.4 billion rubles by the end of 1952. In a socialist society, where the right to work, to rest, to material security in old age, as well as in the case of illness and disability, the growth of savings is a direct indicator of the growth in the well-being of the population.

A very important addition to individual cash wages are all increasing funds spent by the socialist state on nationwide social and cultural events.

From 1940 to 1951, expenditures from the USSR state budget on social and cultural events increased almost 3 times. State allocations for public education increased from 22.5 billion to 57.3 billion rubles, for public health care, including expenses for these services at the expense of social insurance funds, from 11.2 billion to 26.4 billion

rubles, for social security—from 3.1 billion to 22.3 billion rubles; in addition, huge amounts of money are spent on paying benefits to large and single mothers; for example, in 1951 such benefits were paid by the state in the amount of 4.1 billion rubles.

In a socialist society, social insurance of workers and employees is compulsory and carried out at the expense of the state, while in the capitalist world social insurance exists only in a few countries, and workers are forced to pay a significant part insurance premiums from your salary. In the first five-year plan for social insurance by the Soviet The state spent 8.9 billion rubles, in the second five-year plan - 32.1 billion rubles, in the fourth five-year plan - 79.1 billion rubles.

Workers and employees of the USSR are paid pensions at the expense of the state . social provision, free medical care is provided, free or at reduced prices vouchers to sanatoriums, recreation centres and child care facilities, benefits for large and single mothers, free education and advanced training, scholarships for students are provided; All workers and employees receive paid vacations at the expense of the state for at least two weeks, and workers in a number of professions receive longer periods. In 1952 alone, the population of the USSR received the indicated payments and benefits: at the expense of the state in the amount of about 129 billion rubles.

Thus, due to the expenditures of the state and public organisations on socio-cultural needs, many material and cultural needs are satisfied workers and employees, which is an important factor in the steady growth of real wages. Thanks to this, the real incomes of workers and employees of the USSR increase by approximately one third above what they receive in the form of annual individual cash wages.

BRIEF SUMMARY

1. In a socialist society, wages are the worker's share, expressed in monetary terms, in that part of the social product that is distributed by the state in accordance with the quantity and quality of labour and goes to satisfy the ever-growing material and cultural needs of the worker and his family. Based on the requirements of the basic economic law of socialism and the law of distribution according to labour, the socialist state in each given period systematically establishes wages for various categories of workers with such calculated so that together With the growth of the national economy and increased labour productivity , the level of wages systematically increased .

2. Wages are a powerful engine of production; it stimulates promotion qualifications employee, continuous improvement technology, improvement of organisation production and improve the organisation of production and increase the productivity of social labour.

Piece-rate wages under socialism most fully combine the personal material interests of the worker with national economic interests. In a socialist society, the following piecework wage systems are used : direct piecework, progressive piecework, and targeted piecework. Time wages depend on the duration of work and the qualifications of the employee. The work of hourly paid employees is rewarded with various types of bonuses.

3. The tariff system in a socialist economy aims to organize wages so that it strengthens decisive links in production and encouraged advanced training. Progressive, technically sound norms correspond to socialist principles of economic management. The policy of the socialist state in the field of wages is carried out in the fight against petty-bourgeois equalisation on the basis of comprehensive wage differentiation; higher pay for skilled workers,

as well as hard work, labour of workers in leading professions and sectors of the national economy.

4. The basic economic law of socialism causes a steady increase in real wages. The most important factors for increasing real wages are; continuous growth of socialist production in the complete absence of unemployment; systematic reduction in prices for consumer goods and the stability of Soviet money; growth in the cultural and technical level of workers and their qualifications; improving the living conditions of workers. Individual cash wages of workers and employees are supplemented by large allocations from the state and public organisations for social and cultural events, which is an important source of a steady increase in the standard of living of workers.

CHAPTER XXXIII. THE ECONOMIC ACCOUNTING AND PROFITABILITY. THE COST AND PRICE

The Economy Regime and Its Role in the Development of the Socialist National Economy.

The economic system of socialism is free from contradictions of capitalism, giving rise to enormous waste of material and labour resources. The socialist planned system of the national economy opens up the possibility of the greatest savings in means of production and labour compared to all previous methods of production.

All types of diverse savings in society ultimately come down to saving working time, saving living and past labour, that is, they mean growth productivity of social labour. "The less time a society needs to produce wheat, livestock, etc., the more time it spends on other production, material or spiritual. Both for the individual and for society, the comprehensiveness of its development, its consumption and its activities depends on saving time"¹.

Saving working time is one of the factors ensuring the continuous growth of production in a socialist society. Saving working time is achieved primarily through consistent adherence to the economy regime. Economy mode is a method socialist management aimed at achieving the best production results with the least costs of labour and means of production. The economy regime requires careful treatment of public property, a systematic reduction in the costs of living and embodied labour for production, improvement of technology , and rational use of labour, material

¹ "Archive of Marx and Engels", vol. IV , p. 119.

and monetary resources. Compliance with the economy regime is a necessary condition for the growth of socialist accumulation and the correct use of accumulated funds. Contributing saving social labour, the economy regime serves as a powerful lever for the rise of socialist production.

In accordance with the basic economic law of socialism, the economy regime is aimed at every possible increase in the material well-being and cultural level of the masses. In contrast to the capitalist system, where cost savings production is achieved at the expense of the workers, by worsening their working conditions and increasing exploitation; under the socialist system, the economy regime serves the interests of the whole society, leads to an improvement in the situation of the workers, and therefore is a national matter. The implementation of the strictest regime of economy in all levels of the national economy and in all branches of management is one of the tasks of the economic and organisational activities of the socialist state.

The Communist Party and the Soviet state, based on the objective need to save labour, mobilize the masses to fight for economy and ensure that every hour the expenditure of social labour, every piece of equipment, fuel, energy, and raw materials produces an ever greater production result. All this ensures the steady growth of the social labour economy under socialism.

The Economic Accounting and Profitability of Enterprises.

In state socialist enterprises, the economy regime is ensured through economic calculation. Economic calculation is a method of planned economic management in state socialist enterprises, based on the comparison of costs and production results in monetary terms, reimbursement of expenses incurred by the enterprise with its own income and ensuring the profitability of production. The

enterprise's costs associated with its economic activities are reimbursed from funds received from the enterprise's sales of its products at prices set by the state.

Economic calculation is a means of implementing the requirements of the law of planned development of the national economy. It is aimed at fulfilling and exceeding state plans.

Economic calculation is based on the use of the law of value. As mentioned above, under socialism the costs and results of production, income and expenses of state enterprises are measured and expressed in value, monetary form. Under these conditions, economic calculation provides the opportunity calculation, accounting and control over the activities of enterprises. He reveals profitability or unprofitability of each individual enterprise. Economic calculation educates economic managers in the spirit of rational management, disciplines them, teaches them precisely count production values, increase labour productivity, reduce production costs and increase production profitability.

One of the requirements of economic accounting is to ensure the profitability of the enterprise. Profitability (profitability) means that the funds received by the enterprise from the sale of its products reimburse the cost and, in addition, provide income. Profitability characterizes the economic efficiency of an enterprise over a certain period of time. "The profitability of individual enterprises and industries is of enormous importance from the point of view of the development of our production. She must be taken into account both when planning construction and when planning production. This is the ABC of our economic activity at the current stage of development"¹.

In addition to the profitability of individual enterprises and branches of production in the socialist economy ensures the highest unavailable for capitalism, profitability on the scale of the entire

¹ J. V. Stalin, Economic problems of the Soviet Union, p. 56.

national economy. This means that profitability is taken not from the point of view of individual enterprises or industries and not in the context of one year, but from the point of view of the entire national economy and in the context of a long period of time. Such profitability of production gives a socialist society colossal savings in resources.

Under these conditions, the profitability of individual industries and enterprises is of subordinate importance in relation to national economic profitability. As already mentioned, in a socialist economy, along with profitable ones, there may also be temporarily unprofitable enterprises, but they all operate on the basis economic calculations, take measures to a more economical housekeeping, to increased production profitability. Increasing the profitability of individual enterprises and industries economy helps to accelerate the pace of development of the entire national economy.

Economic accounting expresses the relationships between the socialist state and its enterprises, as well as the relationships between individual enterprises.

Economic accounting assumes known economic and operational independence of the enterprise. It is expressed in the fact that the enterprise receives state means of production at its disposal and has the opportunity to show the necessary initiative in their most rational use for the best fulfilment of planned targets.

For these purposes, the state distributes among its enterprises means of production and assigns to each of them the material and monetary resources necessary to carry out plans. An enterprise, as a legally independent economic unit, enters into economic relations with other enterprises and organisations, recruits its personnel, and organizes its production, supply and sales activities. The enterprise has in the State a bank account for storing their funds , receives the right to use a bank loan and has an independent balance sheet.

In a socialist society, the economic and operational independence of state enterprises is exercised within the framework of public ownership of the means of production. Enterprises belong to a single owner—the socialist state, which systematically organises connections between individual enterprises, taking into account their roles in the overall system of the national economy. Relations between socialist enterprises are not relations of competition, as is the case under capitalism, but relations in action . national tasks.

Economic accounting presupposes the responsibility of the enterprise and its managers to the state for the implementation of the plan and the rational use of resources.

The enterprise, in particular, is responsible for the timely and complete fulfilment of obligations for payments to the state budget, for the correct use of received budget funds and bank loans. It bears financial responsibility to other enterprises and economic organisations for the fulfilment of its obligations. The enterprise is responsible for the timely and correct payment of wages to workers and employees.

Thus, economic accounting provides the necessary combination of centralised management of state socialist enterprises with operational independence and responsibility of each individual enterprise.

Economic calculation is based on the material interest of the enterprise, the entire team of workers and management personnel in the continuous and rapid growth of production, in economical and rational management, in ensuring profitability.

The enterprise is interested in fulfilling and exceeding the plan, as this ensures an increase in its income, strengthens its financial position and increases the earnings of workers and employees. Economic accounting is closely related to the operation of the law of distribution according to labour. Distribution by labour creates

personal material interest in increasing labour productivity, saving resources, and leads to strengthening economic accounting. In its turn, economic calculation contributes consistent implementation of the law of distribution according to labour and increasing well-being workers. The higher the income of an enterprise, the more opportunities it has to encourage its employees by improving their financial situation and cultural and living conditions. The more developed economic accounting is, the more widely the issuance of bonuses for saving resources is used.

One of the forms of systematic organisation of economic relationships between enterprises is economic contracts. Enterprises, in accordance with the national plan, receive the means of production they need and sell their products under contracts. Strict compliance by enterprises negotiable discipline is the most important requirement economic accounting.

The contract defines: terms of delivery, volume, assortment, quality of products, delivery times, price, terms and procedure for payment, forms and amount of liability for violation of the terms of the contract. The contract establishes material sanctions: penalties for violating delivery deadlines, fines for violating product quality, penalties for failure to fulfil the contract.

Economic accounting requires constant ruble control over the activities of the enterprise and its individual parts. The control of the ruble consists, firstly, in the fact that through the monetary indicators of the economic activity of the enterprise (cost, profitability, etc. the quality of his work is revealed, secondly, in the fact that the receipt of funds by the enterprise depends on the quality of work, on the degree of fulfilment of the plan and, thirdly, in the fact that enterprises are required to pay money on time for mandatory payments (repayment of loans to the bank, contributions to the budget, etc.) regardless of the completion of the general planned tasks. Ruble control of the work of enterprises

is carried out by business organizations, financial authorities, and the banking system. Mutual control of the ruble is carried out by enterprises linked by business agreements. Within the enterprise, ruble control is carried out by accounting and comparing in monetary form the costs and results of production.

Rational organisation of socialist production in enterprises requires applications elements economic accounting in workshops and production areas of the enterprise. A workshop or section are parts of an enterprise that have some independence in production and technical terms, but they do not have the economic and operational independence characteristic of an enterprise. Therefore, economic accounting is used here only to a limited extent. The elements of economic accounting in workshops and production areas are: accounting for costs in monetary form, comparing these costs with planned targets, material incentives for workers who have achieved the best results in the field of resource saving.

The cash flow of an enterprise, the sources of its income and the direction of expenses are determined by the financial plan (balance of income and expenses) of the enterprise and are carried out within the framework of this plan.

The introduction and strengthening of economic accounting in enterprises contributes to the growth of production activity and socialist competition of the masses for the full and rational use of resources, for thrifty and prudent management of the economy. Economic accounting is aimed at steadily improving the use of all funds, at the disposal of enterprises.

The Enterprise Funds. The Fixed and Working Capital.

Available to state enterprises—material and monetary—constitute its funds, which are the property of the entire people.

Although the means of production of state-owned enterprises in the USSR, as has been shown, are not goods and are outside the scope of the law of value, however, in economic circulation within the country they preserve the outer shell of the goods. This makes it possible to use for the purposes of calculation and calculations, for the implementation of self-financing in such categories as cost, cost, price of means of production. Come into force ... come into force both in kind and in cash.

The means of production constitute the production assets of enterprises. The production assets of enterprises carry out a continuous turnover in a planned manner, successively passing through the production stage and the circulation stage. In accordance with this, they change their form: the monetary form turns into a productive form, the productive form into a commodity form, the commodity form into a monetary form, etc. Depending on the nature of the turnover, the production assets of an enterprise are divided into fixed and working capital.

Fixed assets serve production for a long time, while maintaining their natural shape. Cost of fixed assets is included in production costs in parts as these funds wear out. Revolving funds are entirely consumed in the production process during one production period, and their cost is fully included in the cost of production of the product.

The main production assets of an enterprise include means of labour: industrial buildings, structures, machines, tools and durable equipment, vehicles. Fixed assets represent the production apparatus of a socialist society. The volume and degree of use of fixed assets is an important factor determining the size of production.

The socialist economic system ensures the continuous growth of fixed assets and makes it possible to use them much better than capitalism.

Fixed industrial assets are used in the USSR approximately 2 times more efficiently than in bourgeois countries. At ferrous metallurgy enterprises of the USSR, the efficiency of using blast furnaces already in 1940 was almost 2 times higher than the level of their use in 1913. In 1952, the use of blast furnaces increased by 35% compared to 1940, and open-hearth furnaces by 41%.

To compensate for deteriorating fixed assets, the enterprise has a depreciation fund. It is formed by including in the production costs of each unit of production a certain part of the cost of fixed assets corresponding to their depreciation. Part of the depreciation fund of enterprises in the amount of x , determined by the state, is used routinely for reimbursement of retiring fixed assets, and the other part remains at the disposal of the enterprise to spend on major repairs of existing fixed assets.

The working production assets of an enterprise include: raw materials, supplies, fuel, semi-finished products and other items of labour. In addition to funds located in the sphere of production, enterprises have funds operating in the sphere of circulation, or circulation funds. Circulation funds consist of products ready for sale and cash funds enterprises, necessary for the purchase of raw materials, fuel, for issuance of wages, etc. Production working capital and circulation funds in their totality constitute working capital enterprise funds.

Economic system has decisive advantages over the capitalist one in the use of not only fixed assets, but also working capital enterprise funds. The planned nature of production and circulation, the rational location of enterprises in relation to sources of raw materials and fuel, to the place of sale of products, the planned organisation of transport and supply provide enormous savings in working capital.

An important factor in increasing the degree of use of fixed and working capital is the establishment by the state of progressive technical and economic standards for the use of machinery and

equipment, mandatory for the enterprise, standards for the consumption of raw materials, fuel and other elements of working capital per unit of finished product (iron ore and coke per ton of cast iron, sugar yield per ton of beets etc.), and standards for inventories of working capital and finished products.

Working capital of an enterprise is divided into own and borrowed. The formation of own and borrowed working capital is carried out as planned.

Own working capital is allocated to the enterprise by the state in the amount of the minimum of its needs. Additional or temporary need of the enterprise for working capital, associated, for example, with the need to form seasonal reserves of raw materials, fuel, with the goods being in transit, is covered by borrowed funds - loans from the State Bank, provided to an enterprise for a certain fee—a percentage. This allocation procedure negotiable stimulates the most rational use of them by the enterprise, accelerating their turnover.

The rate of turnover of an enterprise's funds depends on the time of production, that is, on the duration of the production cycle, and, secondly, on the time during which these funds are in the sphere of circulation (in the form of stocks of products ready for sale, etc.) .

Reducing the production cycle is achieved by accelerating production processes based on the use of advanced equipment and technology, applying the latest scientific achievements in production, and improving labour organisation. The circulation time of working capital is reduced by improving transport operations, more rationally organizing the supply of enterprises and marketing their products.

The rate of turnover of funds is one of the main indicators of the quality of the economic activity of an enterprise. Accelerating the turnover of funds is an important factor for the enterprise in

fulfilling the production plan and increasing accumulation. It ensures the implementation of the plan with a smaller amount of working capital.

is of great importance in strengthening economic accounting and accelerating the turnover of working capital . As a result of shortening the production cycle, improving the supply of enterprises and sales of products and improved financial discipline, the use of working capital of state-owned enterprises has improved significantly. Thus, for industrial enterprises of union subordination The turnover of funds accelerated compared to the previous year: in 1949 by 8%, in 1950 by 6% and in 1951 by 8.6%.

In addition to production assets and circulation funds, enterprises also have fixed assets consumer use—residential buildings, clubs and other public and cultural buildings with their equipment.

The economical and efficient use of fixed and working capital by socialist enterprises not only makes it possible to increase the volume of manufactured products, but also leads to a reduction in its cost.

The Product Cost.

In a socialist society, all costs of social labour for the production of a particular product are social costs of production. The social cost of producing goods is the value of those goods. The production costs of means of production are also measured in terms of value, monetary form. The social costs of production consist of the following three parts: the value of the means of production spent, the value of the product created by labour for oneself, and the value of the product created by labour for society.

The first two parts of social production costs form the cost of production in state socialist enterprises. The cost of production is the monetary expression of the spent means of production created by past labour, and the product created by labour for itself, appearing in the form of wages.

The category of production costs of socialist enterprises cannot be confused with the category of capitalist production costs, expressing capital costs. If savings in capitalist production costs are achieved through the predatory use of labour and increased exploitation, then the reduction in production costs under socialism expresses the saving of social labour in the interests of the whole society.

In a socialist economy, cost shows how much it costs each state enterprise to manufacture and sell products. In practice, in accordance with the requirements of economic accounting, the cost of production consists of the costs of raw materials, materials, fuel, electricity used in production, from depreciation charges, from the wages of workers and employees with accruals on it and from the spilled cash expenses for administrative and managerial needs. Enterprises' accruals on wages are the monetary expression of the part of the product for society, which is at the disposal of social insurance authorities.

There are two types of cost of industrial products: factory cost and full (so-called commercial) cost. Factory cost includes the costs of the enterprise associated with the production of products. The total cost consists of the factory cost and expenses associated with the sale of products (maintenance of sales offices, bases, payment for transport and administrative and economic expenses of trusts, plants).

In 1953, about $\frac{3}{4}$ of the cost of industrial production in the USSR was accounted for by material costs (costs of raw materials, fuel, electricity, depreciation, etc.) and about $\frac{1}{4}$ by wages.

The cost of production is the most important general indicator of the quality of the entire work of the enterprise. All voluntary, supply, and sales activities of the enterprise are reflected in the level of production costs. The lower the cost, provided that the plan for the production of products is fulfilled and the proper quality of products is ensured, the higher the level of economic activity of the enterprise. State in planning systematically sets targets for reducing production costs, based on progressive standards for labour costs and the means of production used.

The cost of production is reduced as a result of increased labour productivity, rational use of fixed and working capital, accelerated turnover of funds and reduction splits on the content of managerial apparatus. Great value to reduce costs has an active mass participation in implementation saving mode. Reducing costs means saving living and past labour, it leads to an increase in accumulation and is one of the central tasks of socialist management.

The cost of production of the USSR state industry is systematically decreasing. Thus, the cost of production decreased compared to the previous year: in 1948—by 8.5%, in 1949—by 7, in 1950—by more than 5, in 1951—also by more than 5 %. %. In 1952, the reduction in costs, taking into account the reduction in prices for raw materials, materials, fuel and tariffs for electrical and thermal energy and freight transportation, amounted to more than 8%. According to the fifth five-year development plan of the USSR, the cost of industrial production should be reduced by approximately 25%.

The Net Income of a State-Owned Enterprise. The Centralised Net Income of the State.

created by the labour of workers in socialist production for society constitutes the net income of society. In the public sector, all net income is in monetary form and represents the difference between the social costs of producing a product or the cost of a product and its cost. Net income in the public sector is public property and takes two main forms: net income of the state enterprise and centralized net income of the state.

The net income of a state enterprise is that part of the product created by labour for society, which is accumulated by the enterprise in monetary form. The centralized net income of the state is that part of the product created by labour for society, which does not remain with individual enterprises, but is concentrated in monetary form in the hands of the state for use for national needs.

The need for these two forms of net income is determined, on the one hand, by the economic accounting system, and on the other hand, by the need socialist economy in the centralisation of a significant part of net income. Thanks to this, the socialist state ensures that workers are interested in increasing the profitability of each individual enterprise and meeting the needs of society as a whole.

In practice, the net income of state-owned enterprises is called "profit". However, essentially it is not a profit. In a socialist society the category disappears profit, expressing the relations of capitalist exploitation. The net income of a state enterprise is the difference between the monetary proceeds for the products sold by this enterprise at the prices established for it by the state, on the one hand, and the cost of these products, on the other hand. The amount of net income of an enterprise depends on the degree of implementation of production and sales plans, on the

implementation of the cost reduction plan. Cost and net income of an enterprise are closely related: cost reduction leads to an increase in the net income of the enterprise.

The net income of enterprises is used by the state in a planned manner: part of it remains at the disposal of the enterprise in the form of the director's fund for material incentives for the enterprise's employees and for other needs, the other part is directed towards expanding production in a given enterprise or in a given branch of production (for capital investments and increasing its own working capital). The part of the enterprise's net income remaining to cover these needs is withdrawn to the state budget in the form of so-called profit deductions.

Contributed to the director's fund different for different industries percentage of the enterprise's net income: from 1 to 5% of the planned amount of income, depending on the importance of individual industries, number of employees and amount of net income. To stimulate the excess of the net income savings plan, it is established that from the amount of income received in excess of the plan, from 15 to 45% is transferred to the director's fund.

These deductions may be produced subject to the enterprise's fulfilment of the state plan for the production of commercial products in the established range, fulfilment of the task of reducing costs and the plan for accumulating net income. Half of the funds from the director's fund are allocated for the maintenance of children's institutions, for the equipment of rest homes, sanatoriums, canteens, clubs, for the purchase of vouchers to rest homes and sanatoriums, for issuing individual bonuses for workers, engineering and technical workers and employees, as well as for providing them with one-time assistance, and the other half—for the expansion of production, for the construction and repair of the enterprise's housing stock.

The net income of enterprises is steadily increasing as a result of constant and rapid growth in production, increased labour productivity and lower costs. The total amount of net income (profit) of enterprises and economic organisations of the USSR in 1932 was

6.6 billion rubles, in 1940—31 .8 billion and in 1951—74.7 billion rubles.

The amount of net state income directly depends on the work of the enterprise itself, on how much it will reduce the cost per unit of production and how it will fulfil the plan for production and sales of products. An increase in the enterprise's net income allows an increase in the amount of contributions to the director's fund and ensures an increase in working capital and capital investments. Consequently, the net income of a state enterprise is inextricably linked with economic accounting and serves as a direct incentive to improve the quality of work undertaken.

The socialist state plans the level of net income of enterprises and sets the norm (level) of profitability for individual goods and enterprises. The rate of profitability of an enterprise is the ratio, expressed as a percentage, of the amount of net income of the enterprise to the total cost of products sold.

The rate of profitability of a socialist enterprise is fundamentally determined by the source of profit under capitalism. In a socialist economy the law doesn't apply average rate of profit and production price. The rate of profitability here is determined by the state not in the order of equalizing net income between enterprises, but based on the specific operating conditions of the enterprise, taking into account its interest in obtaining net income. income, on the one hand, and ensuring ruble control over activities enterprises, on the other. and ensuring control in rubles over the activities of the enterprise, on the other. To this end, the enterprise is set a rate of profitability that does not allow excessive accumulation of funds and constantly encourages it to strengthen economic accounting and reduce production costs. Since net income is a component of price, excessive increases in profit margins can act as a disincentive to lower prices. Almost the majority of state-owned enterprises in the USSR have a profitability

rate of 3 to 7%. Thus, in accordance with the principles of economic calculation, every state company interested in obtaining net income, and this circumstance stimulates the development of production and the reduction of production costs.

The main part of the centralised net income of the state currently appears in the form of the so-called “turnover tax”. The turnover tax does not go to the enterprises, but immediately after the sale of products goes entirely to the state budget. VAT is included in the wholesale price in advance fixed by the state. In view of this, in contrast to the net income of enterprises, the amount of turnover tax established for a given period, due per unit of production, products, does not directly depend on the enterprise’s fulfilment of the cost plan.

Although part of the centralized net income of the state is called “turnover tax”, in essence it is not tax or any deduction from workers’ income. Thus, the amount of wages is determined by the socialist state based on the need to systematically increase its real level, taking into account the prices of consumer goods, including turnover tax.

During the distribution process, part of the net income state enterprises goes into the centralized net income of the state in the form of deductions from profits, wage charges for social insurance needs, etc. In addition, part of the net income of cooperative-collective farm enterprises goes into the centralized net income of the state.

The Price in the State Production Sector.

The cost price, the net income of the enterprise and a part of the centralised net income of the enterprise in the form of the so-called oriole c from turnover are included in the prices of industrial products.

In the state industry of the USSR, there are two main types of prices: the factory price (the so-called enterprise price) and the wholesale industrial price. The factory price for industrial products is the price at which some state-owned enterprises sell their products to other state-owned enterprises or supply and marketing organisations. The factory price, as a rule, is equal to the planned cost of production plus the net income of the enterprise. Thus, the factory price provides the enterprise with reimbursement of its planned costs and receipt of net income.

The wholesale price of industry is the price at which industry sells goods to state and cooperative trading enterprises. The wholesale price includes the factory price and that part of the centralized net income of the state, which acts as a turnover tax.

The net income of society is created in all branches of production. However, the sales tax goes to the state through the price mechanism mainly from sectors of the economy, items consumption. Prices for the products of industries producing means of production, as a rule, do not include turnover tax. This ensures a relatively low level of prices for means of production used both in industry and in agriculture, helps to accelerate the rate of mechanisation of production and leads to an increase in production and a decrease in cost of consumer goods.

The price of a product produced at a state socialist enterprise, as already mentioned, is the monetary expression of the value of this product and is established according to a plan. From the requirements of the basic economic law of socialism follows the need for a systematic reduction in the cost of industrial products and, on this basis, a reduction in prices for industrial goods.

The socialist state implements a consistent policy of price reduction. The decrease in wholesale prices for industrial products leads to increased ruble control over the work of enterprises. By reducing wholesale prices, the state thereby forces business leaders to reduce costs in order to ensure profitability of production,

improve labour organisation, identify and use hidden reserves in the economy. Thus, the reduction in wholesale prices strengthens the economic calculation, strengthens the saving regime and creates a material basis for reducing retail prices. A decrease in retail prices for personal consumption goods increases the real wages of workers and employees and the real incomes of collective farmers, improves their financial situation.

BRIEF SUMMARY

1. Socialism ensures savings of all production resources inaccessible to capitalism, which ultimately comes down to a steadily growing saving of working time, that is, living and past labour. The economy regime is a method of socialist management, which consists of careful treatment of public property, rational use of labour, material and monetary resources, and the elimination of mismanagement.

2. Economic accounting is a method of planned management economy in state socialist enterprises, based on the comparison of costs and production results in monetary terms, reimbursement of costs incurred by own income and ensuring the profitability of production. It assumes economic and operational independence enterprise, responsibility for the economical use of the funds at its disposal and a material interest in the best results of work.

3. Production funds of state socialist enterprises are divided into main and negotiable. Working capital and funds in circulation constitute the working capital of the enterprise. The socialist economic system ensures the most rational use of fixed assets and working capital.

4. Cost is the monetary expression of the spent means of production created by past labour, and the product created by labour for oneself, appearing in the form of wages. The price of

products is set by the state and used by it to strengthen economic calculation. Systematic reduction of costs and prices is one of the basic principles of socialist economics, arising from the requirements of the basic economic law of socialism.

5. The product of labour for society is the net income of a socialist society. Net income in the state production sector comes in two main forms: in the form of net income of the state enterprise and in the form of centralised net income of the state. The net income of a state enterprise is a part of the product created by labour for society, accumulated by the enterprise in cash. The centralized net income of the state is the monetary expression of that part of the product created by labour for society, which does not remain with individual enterprises, but is concentrated in the hands of the state for use for public needs. This division of the net income of society is due to the need, on the one hand, to carry out economic accounting, and on the other, the centralized use of a significant part of the net income of society.

CHAPTER XXXIV. THE PUBLIC ECONOMY OF COLLECTIVE FARMS

The State Ownership of Land and Collective Farm Land Use. The Role of MTS in the Development of the Public Economy of Collective Farms.

The main form of collective farms at the stage of socialism is the agricultural artel. The main and decisive person on the collective farm. It is carried out by the collective labour of collective farmers, and the most important means of production used on the collective farm are state , public property. The products of the public economy of collective farms, as well as some means of production, represent constitute collective farm property. The social economy of collective farms is the basis for the growth of collective farmers' well-being.

Collective farms operate on land that is public property in the USSR . The land occupied by collective farms is assigned to them for free and indefinite use, that is, forever. The collective farms actually manage this land as their own property, although they cannot sell or lease it.

The transfer of land to collective farms for free and eternal use is of great importance for the financial situation of the Soviet peasantry.

In pre-revolutionary Russia, poor and middle peasants had about 135 million hectares of agricultural land. As a result of the October Socialist Revolution and the victory of the collective farm system, the collective farm peasantry already in 1937 had in its use over 370 million hectares of agricultural land, that is, almost three times more. Currently, taking into account the collective farms of the western

regions of the Ukrainian SSR and the Byelorussian SSR, the Moldavian SSR and the Baltic Soviet republics, the collective farm peasantry has in its use 397 million hectares of agricultural land, and in total, taking into account forests and others, so far unused for agriculture of lands, 578 million are assigned to collective farms for eternal use hectares of land. In addition, 180 million hectares of the state land fund and the state forest fund are free for long-term use, of which 126 million hectares are agricultural lands.

Under the rule of private ownership of land, the peasant saves money for years and goes into debt in order to buy a piece of land. Collective farmers are spared the need to unproductively spend money on buying and renting land. Already as a result, production agricultural products on collective farms are much cheaper than in capitalist enterprises and even more so in small peasant farms.

Collective farm land use is one of the most important conditions conducting large collective farming. Large tracts of land allow the most productive use of tractors, combines and other complex agricultural machines, introduce correct crop rotations with the widespread development of grass sowing, carry out work on watering and irrigating the land, etc. Thanks to this, farming is becoming more and more skilled, and soil fertility is increasing.

The development of collective farm production depends primarily on a powerful socialist industry that supplies agriculture with machines, spare parts for them, fuel and fertilizers, etc. Agricultural machinery all the time is being improved. Without this, the forward progress of socialist agriculture is unthinkable, neither high yields nor an abundance of agricultural products are unthinkable. Replacing tens of thousands of old machines with new ones and creating numerous new machines require huge capital investments. investments, paying off in a number of years. These investments can only be provided by a socialist state. Collective farms, even if they are millionaires, cannot do this.

Collective farms cultivate the land with the help of state machine and tractor stations, in which the main implements of agricultural production are concentrated : tractors, combines and other complex agricultural machines. Machine and tractor stations are the production, organisational and economic centres of the socialist state in the collective farm village. Thanks to MTS, the development of collective farms occurs on the basis of a higher technology, allowing mechanisation of labour processes in agriculture. In the total power of mechanical engines (including electric) located in MTS and collective farms, machine-tractor stations occupied 80% by the beginning of 1952. This made it possible for MTS to carry out three quarters of the main field work on collective farms in 1952, including mail all ploughing.

“The concentration of the main instruments of agricultural production in the hands of the state, in the hands of machine and tractor stations, is the only means of ensuring high rates of growth of collective farm production”¹.

A high level of mechanisation of collective farm production is the most important condition for increasing labour productivity on collective farms. Mechanisation greatly facilitated the work of collective farmers and made it possible to carry out agricultural work in accordance with the rules of agronomic terms, and to widely apply the rules of agricultural technology on collective farm fields. Sequential the use of MTS machines in collective farm production gives huge labour savings for collective farmers.

If we compare the labour costs on the work performed by the MTS with the labour costs on the corresponding work carried out before collectivisation in individual peasant farms of the USSR, it turns out that in 1951 the MTS saved 16.5 million labour by using tractors and combines annual employees. Under socialism, the labour force

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 90.

released on collective farms as a result of mechanisation is fully used in socialist industry, transport, construction and agriculture itself.

MTS gradually covers all aspects of collective farm production, including livestock raising. The Soviet state, through machine and tractor stations, exercises its leading role in the organisational and economic strengthening of collective farms. MTS provide constant agronomic and zootechnical services to collective farms, provide them with assistance in all areas of their economic and cultural life, in planning the public economy, in the proper organisation of labour, and in personnel training.

Freed from the need to spend large amounts of money on the purchase of the most important instruments of production, collective farms direct their growing income to the development of their social economy. All this puts collective farms in a favourable economic position.

The Soviet state is investing significant and increasing funds in agriculture. During the fourth five-year plan, the total amount of funds allocated by the state directly to finance agriculture amounted to 115 billion rubles. In addition, large sums are annually allocated by the state for socio-cultural activities in the village - for education and health care.

Capital investments of collective farms are used for the construction of utility buildings, livestock buildings, irrigation and drainage canals, reservoirs, clearing of land from bushes, construction of collective farm power plants and other structures necessary for the successful development of the public economy of collective farms and increasing the income of collective farms and collective farmers. Capital investments of collective farms in their public economy at the expense of the collective farms' own funds and the labour of collective farmers, without taking into account the costs of expanding the herd, amounted for 1929-1933 2.7 billion rubles, for 1934-1938—15.5 billion, for 1946-1950—about 40 billion rubles. In addition,

collective farms for 1946-1950 spent over 11 billion rubles on increasing the number of public livestock and poultry.

Collective farm means of production consist mainly of seeds, livestock, protozoa machines, equipment, outbuildings, etc. In accordance with the nature of the agricultural artel as an enterprise of the cooperative type, the socialized means of production on the collective farm are included in an indivisible fund. the indivisible fund of the collective farm includes: collective farm tools, working and productive livestock, buildings, vehicles, auxiliary enterprises, perennial plantings, irrigation structures, materials and funds intended for the development of public farms. Towards the indivisible fund also include buildings for cultural and everyday purposes (collective farm clubs, reading huts, kindergartens, etc.). An increase in the indivisible fund is the most important condition for the development of the social economy of collective farms and the growth of collective farm wealth.

Collective farms, as large socialist enterprises, require planned management farming, they cannot exist and develop by gravity . State planning, development of the national economy, guides the development of collective farms along the path of increasing the productivity of all agricultural crops, increasing the number of livestock while simultaneously increasing its productivity, and introducing the achievements of modern technology and advanced science into agriculture.

Along with the public economy of collective farms, which is of decisive importance, there is an auxiliary collective farmers' farm on a personal plot. The development of the agricultural artel can be successful only if the collective farms' public economy grows steadily, more and more fully satisfying the needs of the whole society and the collective farmers themselves, and the personal farming of the collective farmers has an increasingly narrow, auxiliary character. This does not at all mean a narrowing and

destruction of collective farmers' personal ownership of consumer goods. Moreover, the rapid development of social economy, which is the main force of collective farms, ensures further improving the welfare of collective farmers. Combining the personal interests of collective farmers with the public interests of collective farms is the key to strengthening collective farms.

The Collective Work of Collective Farmers. The Workday.

Collective farmers are free from exploitation and work for themselves, for the collective farm, for socialist society, providing themselves with a prosperous and cultural life. Conscious, comradely labour discipline is developing and strengthening on collective farms. They are armed with first-class equipment, which not only makes the work of collective farmers easier, but is also an important factor in their education in the spirit of collectivism. On collective farms, conditions have been created for a planned division of labour, improving the skills of collective farmers and their cultural and technical level. In contrast to competition between private producers, which means the enrichment of some and the ruin of others, on collective farms there is a powerful by force increase in production is the creative activity of the collective farm peasantry, clearly expressed in socialist competition. All this creates a solid basis for the systematic growth of labour productivity in the public economy of collective farms and raising the material and cultural level of collective farmers.

As already mentioned, the benefits of collective labour have increased significantly due to the consolidation of small collective farms. On large collective farms, disposing large tracts In large collective farms with large tracts of land, tractors, combines and other MTS machines are used more efficiently. Large collective farms receive large savings in labour costs for the production of

collective farm products and in the costs of maintaining administrative, managerial and service apparatus. The economic benefit of a large collective farm lies in the fact that, having large labour resources, it has the greatest opportunities for running a diversified economy .

A diversified economy makes it possible to rationally use labour on collective farms and receive public land from each hectare greatest number products. On collective farms, correctly combining depending on the economic and natural conditions of individual regions of the country, production grain, industrial, vegetable crops and livestock, the use of collective farmers' labour throughout the year is more uniform. Funds on diversified collective farms also flow more evenly throughout the year, which makes it possible to timely finance the activities carried out on the collective farms.

Collective farms, as large socialist enterprises with a multi-sectoral economy and large labour resources, require a planned distribution of labour between individual sectors of the social economy, as well as the rational use of the labour of all able-bodied members of the artel in accordance with their qualifications, production experience, age, etc.

The main form of labour organisation on collective farms is a permanent production team created by the collective farm board to perform work in one or another branch of the social economy.

There are production teams: field crop, livestock, forage, vegetable growing, gardening, construction, etc.

The field team is allocated land plots in the fields of crop rotation of the collective farm, the size of which should ensure the high-performance use of tractors, combines and other MTS machines during all agricultural work. Working cattle, necessary agricultural equipment and outbuildings are assigned to each field team. Within the field team, for more productive use of manual labour, the cultivation of labour-intensive crops (sugar beet. vegetable and some row crops) links are created. The units are directly subordinated to

the foreman of the land management brigade. As the mechanisation of all crops increases, the need for links will disappear. In grain production, where all the most important work is mechanized, links are not created.

Livestock brigades are organised to work on collective farms. Each collective farm, as a rule, has cattle farms, pig farming, sheep farming, poultry farming and others. Each livestock breeding team is usually assigned one farm with the necessary means of production for maintenance.

For the correct, efficient use of the means of production of machine and tractor stations, it is necessary to ensure coordinated joint work of MTS and collective farmers. This is achieved by combining the work of the MTS tractor team with the permanent production teams of the collective farm. For example, each MTS tractor team services for a number of years one or more collective farm brigades.

In accordance with the nature of cooperative-collective farm property, the requirements of the economic law of distribution according to labour are carried out on collective farms through the workday. The workday is a measure of the labour costs of collective farmers in the social collective farm farms , at the same time determining the share of each collective farmer in collective farm income. Workdays take into account the labour costs of collective farmers in the public economy; According to workdays, the collective farm distributes among the collective farmers that part of the income that goes for personal consumption.

On collective farms, for each job, a production norm is established during the working day, accessible to a conscientiously working collective farmer, taking into account the condition of draft animals, machines and the quality of the soil. For each production standard, a rate is established in workdays, depending on the required qualifications of the worker, the complexity, severity and importance of this work for the artel. Fulfilment of the daily production norm for

relatively simple field work is estimated at one workday. All other types of work on the collective farm are valued lower or higher than this. During a working day, a collective farmer may be credited with one workday, part of a workday, or several workdays, depending on the type of work performed and the degree to which the production norm has been met or exceeded. A workday, therefore, differs from a working day.

The types of work on the collective farm and their price in workdays are divided into a maximum of nine groups. The first group includes the simplest jobs that do not require any qualifications from the worker. For fulfilling the established daily production norm for such work, the collective farmer is awarded 0.5 labour per day. The ninth group includes jobs that require the highest qualifications; on them for execution The daily production rate is calculated at 2.5 workdays.

The state establishes approximate production standards for collective farmers and their rates in workdays. The board of each collective farm, in relation to local conditions, develops production standards and prices (but not lower than those recommended by the government), which are approved by the general meeting of collective farmers. Production standards must be progressive, that is, they must be spread towards the advanced collective farmers. At the beginning of the year, collective farms plan the costs of workdays for individual industries and agricultural crops, exercise strict control over the correctness of the calculation of workdays in accordance with the work performed by the team, unit and individual collective farmers.

Thus, the workday takes into account both the quantity and quality of labour of collective farmers in various jobs. The workday makes it possible to compare the various types of labour on the collective farm. Skilled labour is valued in workdays higher than unskilled, more intensive labour—higher than less intense. Workday provides an opportunity measure also labour of various productivity on identical jobs. If the production norm is exceeded, the collective farmer is given a correspondingly larger number of workdays. Workday provides a public assessment of the personal work of each

collective farmer in collective farm production. In the workday, the work of an individual collective farmer is expressed as part of the total direct social labour on the collective farm. Workday expresses socialist production relations between collective farmers within a given collective farm and is an important economic tool for organizing collective farm production. Since the presence of two main forms of socialist production causes the existence of commodity production and circulation, collective farms cannot limit themselves to counting the costs of producing collective farm products in workdays. They run their own financial economy: they take into account the products of collective farm production and income in monetary terms, have cash savings, payment for workdays on collective farms is carried out not only in kind, but also in cash, etc.

The workday expresses the principles of equality under socialism: the liberation of all workers from exploitation, the responsibility of everyone work according to your abilities Only on the collective farm did peasant women have the opportunity to stand on an equal footing with men.

Thus, the workday is a new category generated collective farm system, group, cooperative-collective farm property.

The Collective Farm Products. The Collective Farm Income.

Products produced in the public economy of the agricultural artel constitute group, cooperative-collective farm property. At the same time, since machine and tractor using the main tools of agricultural production, qualified mechanisation and agronomic personnel carry out the most important work on collective farms, insofar as Not only the collective farm, but also the state,

represented by MTS, participates in the creation of collective farm products and the generation of income.

The gross output of collective farms embodies the costs, costs, firstly, of past labour contained in the spent means of production of MTS and collective farms, and secondly, newly spent, living labour of collective farmers and workers of machine and tractor stations.

The Soviet state maintains machine and tractor stations at the expense of the state budget. In accordance with the agreements concluded by MTS with collective farms, collective farms pay for work performed for them by machine-tractor stations in kind—agricultural products, and for some work—in money. Payment in kind for MTS work is part of the gross output of the collective farm, reimbursing costs of state machine and tractor stations for the production of collective farm products. It embodies past labour, consisting of the spent means of production of MTS, as well as the newly spent labour of MTS workers, consisting of labour for themselves and labour for society. Rates of payment in kind for the work of machine and tractor stations are established depending on the yield and timing of MTS work on collective farms; the higher the yield of agricultural crops in the areas cultivated by MTS, the higher (subject to the work deadlines) the level of payment in kind.

(...), As payment in kind, the state receives funds that are spent on reimbursement of costs for the means of production of MTS, and for the wages of MTS workers. Through the sale of agricultural products received in the steam room payments in kind, the state is also a net income that is not suitable for the expansion of existing and construction of new MTS and for satisfying other national needs.

Collective farms reimburse spent they use the means of production to produce collective farm products mainly in kind, reproducing them in their own public economy. Such means of production include: seeds, livestock feed, working and productive livestock, natural fertilisers, etc. Collective farms reimburse some of

the spent means of production by purchasing them from state and cooperative organisations. Such means of production include: small equipment, small engines, some simple machines, artificial fertilizers, breeding stock, building materials, etc.

The labour of collective farmers, again spent on the production of collective farm products, creates the gross income of the collective farm. Gross income is created by the labour of collective farmers for themselves and their labour for society. That part of the gross income of the collective farm, which is created by labour for themselves, spent by collective farmers in their public economy, forms the personal income of collective farmers, distributed according to workdays. In addition, collective farmers receive personal income from the entire household plot. That part of the gross income that is created by the labour of collective farmers for society (for the social economy of the collective farm and for society as a whole) forms the net income of the collective farm. Net income is used by collective farms for socialist intra-collective farm accumulation, mainly for the development of the public economy, for socio-cultural events on collective farms, and to meet the needs of collective farmers. A certain part of the net income of the collective farm, mainly through the price system and income tax, comes at the disposal of the state, that is, it thereby turns into the centralized net income of the state and is used for public needs (including the needs of collective farm production and collective farmers).

Collective farm incomes are divided into natural and monetary. Main Collective farmers receive payment for their labour in kind (grain, vegetables, coats, meat, milk, etc.). In kind, there is an increase in seed and fodder funds etc. At the same time, collective farms are highly commercial enterprises and receive cash income through the sale of their products.

Part of the gross output of collective farms is a commodity product, that is, it is sold by collective farms to the state and

cooperatives through the procurement system and to the population on the collective farm market.

The main part of the marketable products of collective farms comes to the disposal of the state in the order of state centralized procurement of agricultural products, to which include: mandatory deliveries and contracting. Procurement in the order of mandatory deliveries is carried out for grain crops, for livestock products for potatoes and a number of vegetable crops; procurement through contracting is carried out mainly for industrial crops. Some of the collective farm products are purchased by the state and cooperation in a decentralized manner.

In the USSR, state procurement in the form of mandatory supplies of agricultural products by collective farms is carried out on the basis of the hectare principle, that is, in accordance with the amount of land assigned to the collective farm. Each collective farm is obliged to sell a certain amount of products to the state. field cultivation per hectare arable land, and livestock products per hectare of land area. Per-hectare norms of mandatory supplies are constant. They are established taking into account the economic and natural characteristics of individual regions, and within the administrative region - according to groups of collective farms. The progressive significance of this procedure for compulsory supplies of agricultural products is that it increases the interest of collective farmers in the development of public field farming and livestock farming, in the fullest use of public lands of the collective farm. Mandatory supplies of agricultural products by collective farms to the state, the state, having the force of a tax, are not a tax in the economic sense of the word, since the state pays products.

The Soviet state routinely establishes fixed procurement prices for agricultural products supplied through centralized procurement. When planning these prices, the state takes into account, as one of the factors, the cost of this or that agricultural product, the importance of this product for the national economy, and the

economic profitability of its production for the collective farm. Together At the same time, procurement foam is set at a level that ensures receipt of the state fund part of the net income of collective farms to meet national needs. Income state from implementation products obtained through procurement are used for national needs; development of socialist industry, supplying agriculture with machines, fertilizers, education, healthcare, etc. For a number of agricultural products, the state additionally to the procurement issues cash bonuses, organises counter-sales of bread, industrial and food products at preferential government prices, more low, than usual.

In addition to mandatory supplies and contracting, the state procures from collective farms and collective farmers agricultural products by purchase prices, slightly higher than procurement prices. According to these so-called decentralized procurement, the state sets maximum purchasing prices that cannot be exceeded by procurement organisations.

sell some of their marketable products on the collective farm market at prices the emerging influence of supply and demand in this market.

State procurements are the most important source of cash income for collective farms, which circulate to replenish the indivisible fund, pay for the workdays of collective farmers and for other purposes.

The amount of natural and monetary income of individual collective farms varies and is determined by the achieved level of labour productivity. Labour productivity depends on a variety of economic conditions. The main ones are: the level of mechanisation of collective farm production, carried out by machine and tractor stations, additional investments of means of production and labour of the collective farms themselves on the same land area, advanced training and proper organisation of labour of collective farmers and MTS workers, the development of socialist competition in collective

farms and MTS, the introduction of the latest achievements of agronomic, zootechnical science and leading agricultural workers into collective farm production. Labour productivity also depends on natural factors—the natural fertility of the land and the climate. The decisive force in increasing labour productivity is the mechanisation of labour processes.

The Differential Rent Under Socialism.

On collective farms there are economic and natural conditions for the formation of differential rent.

The existence of differential rent on collective farms is associated primarily with the presence of collective farm property and commodity production under socialism. Collective farm lands differ in fertility, location and degree of productivity of their use associated mainly with the mechanisation of agriculture. Since the quantity of the best land is limited, a socialist society is forced to cultivate the worst plots of land to satisfy its needs for agricultural products. The labour of collective farmers, used in different production conditions, is characterised by different productivity. Collective farms with different levels of labour productivity receive different amounts of agricultural products from each hectare . This means that on They spend an unequal amount of labour per unit of output produced.

In accordance with different levels of labour productivity, the amount of income on individual collective farms is different. Collective farms that use their labour on better lands, in more favourable conditions of production and marketing, create additional income in comparison with collective farms working on worse lands, in less favourable conditions . This income in its natural form consists of a variety of agricultural products: grain, cotton, meat, milk, wool, etc. One part of this additional income is spent in kind, the other part is sold in cash.

Due to the fact that everything produced by collective farms products amount to collective farm property, the results of higher labour productivity, for example, on better, more fertile plots of land are the property of individual collective farms.

Additional income of collective farms, realized in cash, is associated with the peculiarities of pricing in agriculture. All additional income created and expressed in monetary form is the difference between the social costs of production of an agricultural product, in other words, its social value, on the one hand, and the individual costs of production on a separate collective farm, in other words, the individual value of an agricultural product, on the other. The extent to which this difference is realised by collective farms depends on the price level.

The limited amount of best land cannot but influence the determination of the price level for agricultural products. When planning prices, the need to ensure the profitability of cultivating a particular crop is taken into account not only under the best, but also under the worst conditions. production.

Products produced on collective farms under different conditions of labour productivity are sold by them at the same price . for a given zone at a procurement and purchasing price or at the same price on the collective farm market. As a result, collective farms with higher labour productivity receive additional cash income.

Differential rent of collective farms is additional net income in kind or cash, created by collective farms that have better fertility or more conveniently located plots of land, as well as more productive use of the land. compared to collective farms, which use poorer plots of land, more remote lands, or use the land less productively.

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poorer plots of land, more remote lands, or use the land less productively.

Differential rent under socialism is radically differs from differential rent under capitalism. It is not the fruit of exploitation, but is the result of the collective labour of collective farmers working for themselves, for their public economy, as well as the labour of MTS workers serving collective farms. Under socialism, it does not take the form of land rent and goes not to the class of large landowners, but to collective farms, collective farmers and partly the socialist state.

It is necessary to distinguish between two forms of differential rent—the first and the second.

Differential rent I is an additional net income created by collective farms, which are assigned the best lands, as well as by collective farms located closer to the points of sale of products. All other things being equal, with the same level of mechanisation, under the same agricultural system, collective farms using their labour on the best lands receive more products per hectare than collective farms located on poor lands. Due to the higher productivity of labour on collective farms located on the best lands, these collective farms also receive higher incomes.

Collective farms located closer to railway stations, piers, procurement points, cities and other points of sale of products spend less labour and money on transporting products. As a result, the cost of producing a unit of output on these collective farms is lower than on collective farms located at a far distance from sales points. Collective farms that have advantages in location also receive additional income.

Differential rent II is additional net income created on collective farms that conduct more intensive social farming, thanks to additional investments in the means of production and labour of collective farms and MTS.

The main line of development of collective farm production and the main way to increase collective farm income is the intensification of agriculture. A decisive role in the intensification of collective farm production is played by machine and tractor stations that increase the culture of agriculture, the productivity of collective farm fields, the marketability and profitability of collective farms. Collective farms that have a higher level of mechanisation, invest more labour and fertilizers into each hectare of land assigned to them, have a large number of highly productive livestock, increase fertility by carrying out reclamation work, that is, conducting more intensive farming, receive more products from each hectare of land, than collective farms with less intensive farming. Due to higher labour productivity, intensive farming spends less labour per unit of output and receives higher natural and monetary incomes. This is an important incentive for collective farms to intensify agriculture.

Part of the differential rent remains in the collective farms and is used to develop their social economy, to improve the material and cultural standard of living of collective farmers. The other part of the differential rent comes to the disposal of the state, firstly, through payment in kind of MTS, since in the latter it is embodied additional net income created by the labour of MTS workers, and since payment in kind rates are set depending on productivity; secondly, through the system of state procurement, since procurement prices presuppose the redistribution of part of the partial income of collective farms for general government expenses, and also since the norms for the mandatory supply of products by collective farms to the state are different, depending on the production conditions of individual districts and collective farms; thirdly, to some extent, through the income tax on collective farms, since its size depends on the amount of collective farm income.

The Distribution of Collective Farm Products and The Collective Farm Income.

In accordance with the characteristics of cooperative-collective farm property, on collective farms there are other forms of product distribution that differ from state enterprises.

Collective farms are an integral part of the socialist national economy. The collective farm peasantry is vitally interested in the flourishing of the economy and culture of socialist society, in strengthening its power. The state provides collective farms with enormous material assistance both in maintaining collective farm production and in the comprehensive development of the culture of the collective farm village. By virtue of Therefore, the primary task of collective farms is the timely fulfilment of their obligations to the state. According to the Charter of the agricultural artel, collective farms sell part of the harvest of agricultural crops and livestock products to the state at fixed, planned prices in the order of obligatory deliveries and contracts . For the work performed by MTS, collective farms contribute to the state payment in kind. From the cash income received, collective farms return loans to the state and pay interest on them. Collective farms also pay a small income tax and make property insurance payments. The timely and complete fulfilment of obligations by collective farms to the state ensures the correct combination of the interests of individual collective farms with the national and national interests.

To ensure the continuous growth of collective farm production and the growth of collective farmers' well-being, collective farm public funds, which are created in kind and in cash, are of great importance.

Public funds intended to reimburse spent collective farm means of production are formed in the form of basic seed and fodder funds. As has already been said, part of the spent means of production on collective farms is reimbursed directly by the labour

costs of collective farmers, and some means of production are purchased with money.

After reimbursing the spent means of production, collective farms use their remaining gross income to form public funds and distribute them among collective farmers on workdays. Public accumulation funds on a collective farm are formed from net income. The most important accumulation funds include, first of all, contributions to the indivisible fund, with the exception of that part that comes from depreciation. The main sources of growth of indivisible funds are; firstly, annual deductions from the cash income of the collective farm and, secondly, direct investment of labour by collective farmers in the construction of outbuildings, in the manufacture of agricultural implements for the needs of the collective farm, in the construction of ponds and reservoirs, in increasing the public livestock population, improving its quality, etc. Part of the net income goes to accumulation in kind. This includes seeds and feed allocated to increase seed and fodder funds in connection with the expansion of sown areas, the growth of the socialized livestock population and an increase in its productivity, as well as insurance funds (seed and fodder) created in case of crop failure and lack of food.

Of great importance for raising the well-being of collective farmers are also public consumption funds created on collective farms at the expense of net income: a food fund in case of crop failure: a fund to help disabled people who have temporarily lost their ability to work, needy families of military personnel, the allocation of funds for the maintenance of nurseries and orphans; cultural, that is, a fund spent on serving the cultural needs of a collective farm village (training collective farm personnel, building clubs, etc.).

After fulfilling all obligations to the state and establishing established public funds, the collective farm distributes all remaining products and cash income among the members of the

artel according to workdays. Income received by collective farmers on workdays is not subject to any taxation.

The income of each collective farmer received from the social economy of the artel depends on two quantities: 1) on the number of workdays worked by the collective farmer, 2) on the amount of payment per workday. The number of workdays worked during the year is determined by the work of each collective farmer. The amount of payment for a workday, that is, the amount of food and money that a collective farmer receives per workday, also depends on the work of all members of the collective farm. The better the collective farm works as a whole, the more successfully its social economy develops, the higher both the total amount of collective farm income and the size of its part going to distribution among workdays. IN distribution by workday also includes part of the collective farm's net income remaining after fulfilling obligations to the state and forming established public funds. So, for example, the collective farmers of advanced collective farms receive a certain part of the differential rent in the distribution of workdays . In addition, the income of collective farmers from the public economy also increases due to the indicated public consumption funds. All this creates a material interest for every collective farmer in the development of the collective farm's social economy.

Brigades, units or individual collective farmers producing the same number of workdays, usually do not give the same amount of products to the collective farm's public economy. The experience of collective farm construction has shown that if income is distributed according to workdays Regardless of the quantity and quality of agricultural products received by teams, units or individual collective farmers, elements of equalisation in wages are preserved. Therefore, for a more consistent implementation of the requirements of the economic law of distribution according to work on collective farms , such a procedure for remuneration has been established in which wox workers who have achieved higher

production results receive higher pay compared to collective farmers who have achieved relatively lower results.

On collective farms, there is additional payment in kind (or money) for exceeding the plan established for teams and units for agricultural yields and the productivity of public livestock raising. For example, collective farm field crews for exceeding the yield plan for the entire grain area crops assigned to the brigade receive in as an additional payment from $\frac{1}{4}$ to $\frac{3}{2}$ of the grain collected by the brigade in excess of the planned harvest established for it.

Additional payment, however, does not allow fully the issue of eliminating equalisation in basic pay. For a more consistent implementation of economic law, distributed according to labour held by the nightie plan productivity crops and saving some honour workdays for not fulfilling this plan.

The remuneration of collective farmers working on collective farm livestock farms is set depending on milk yield, wool clipping, production and rearing of young animals, increase in live weight of productive livestock, etc.

Thus, in the workday and its payment, the interests of collective farmers are found in the right combination with the public interests of the collective farm.

The Growth in the Welfare of the Collective Farm Peasantry.

In accordance with the basic economic law of socialism, there is a steady growth material and cultural standard of living of the collective farm peasantry. The material well-being of collective farmers depends on the public economy of the collective farm, which is the main source of income for each collective farmer. The

higher the yield of agricultural crops and the productivity of socialized livestock farming, the higher the level of natural and monetary collective farm income , as well as personal income of collective farmers received for workdays.

The development of collective farm production provided collective farmers with a steady increase in their well-being. In pre-revolutionary Russia, middle and poor peasants produced 2.5 billion poods of bread. Collective farms in 1952 produced 7.1 billion poods of bread, that is, 4.6 billion poods more. The production of industrial and vegetable crops has increased enormously . Collective farms acquired large livestock farms, which are an important source of collective farm income. In addition, every collective farm the yard has personal property of a cow, small livestock, personal property of a cow.

The growth of collective farm wealth is also expressed in an increase in cash income. The cash income of collective farms rose from 5.7 billion rubles in 1933 to 20.7 billion rubles in 1940 and 38.6 billion rubles in 1951. Thousands of collective farms are millionaires. In addition, collective farmers receive cash income from their subsidiary plots on their plots . On your cash income received from public and personal farms, collective farmers buy industrial goods at planned prices state and cooperative trade, which are systematically declining. The real incomes of collective farmers, calculated per worker, were higher in 1951; the incomes of the working peasantry before the revolution were approximately six times higher. Cash and natural incomes (in monetary terms) of collective farmers under the fifth five-year plan will increase by no less than 40%. The appearance of Soviet trees changed radically. In place of the old village with dilapidated peasant huts comes a new village with its public utility buildings, power plants, schools, libraries, clubs, radio, and kindergartens. The Soviet peasant is a peasant of a new type, familiar with the achievements of science and culture. From among the collective farm peasantry arose

numerous cadres of the Soviet intelligentsia—engineers, doctors, agronomists, livestock specialists, teachers, and organisers of large-scale socialist production. Millions of collective farmers took possession herself, advanced agricultural technology, became masters of high crop yields and highly productive livestock breeding.

The following facts testify to the profound cultural revolution that swept the Soviet countryside. The total number of students in primary, seven-year and secondary schools in rural areas increased from 6.1 million in 1914/15 to 21/1 million in 1951/52. In total, for all types of training, that is, including preparation and promotion qualifications of personnel for mass professions, specialists, etc., 29 million people studied in rural areas. On January 1, 1952, there were 257 thousand cultural and educational institutions in the village: cultural centres, clubs, reading rooms, libraries. In the Soviet countryside, not only universal primary education was implemented, but also successfully is being decided the task of carrying out compulsory seven years of education.

BRIEF SUMMARY

1. Collective farms, as socialist cooperative enterprises, are run by the collective labour of collective farmers using the main means of production owned by them socialist state, and some means of production located and the property of collective farms. In the USSR, the land occupied by collective farms was transferred to them by the state for eternal free use. Collective farms cultivate the land with the help of state machine and tractor stations, which play a vital role in the development of collective farm production. The Soviet state allocates large amounts of funds to finance agriculture and to satisfy the cultural needs of the collective farm peasantry.

2. The main form of labour organisation on collective farms is a permanent production team, which makes it possible to use

tractors, combines and other complex agricultural machines in the most productive way , eliminating depersonalisation in the use of land and tools. On collective farms, the requirements of the economic law of distribution according to labour are carried out at workday help .The workday is a special measure of labour and consumption, characteristic only of collective farms, which combines the personal material interest of collective farmers with the development of the collective farm's social economy.

3. The public economy of collective farms is the main source of growth of collective farm wealth and the well-being of the collective farm peasantry. Large collective farming ensures high incomes. Additional income received on collective farms located on the best lands or those using the land most productively, form differential rent. Differential rent collective farms goes to collective farms and collective farmers, and partly goes to the state.

4. When distributing gross output and income, collective farms, according to the Charter of the agricultural artel, fulfil their obligations to the state, create public funds, and all the rest weight of crops and livestock products, as well as the entire remaining amount cash income is distributed among collective farmers according to workdays. In accordance with the basic economic law of socialism, the collective farm system ensured a steady growth of the material and cultural standard of living of the collective farm peasantry.

CHAPTER XXXV. The TRADE TURNOVER UNDER SOCIALISM

The Economic Turnover Under Socialism.

In a socialist society, based on the continuous rise in production and the development of the social division of labour, the economic turnover of manufactured products grows. The economic turnover of products within the socialist national economy of the USSR has the following main forms. First, distribution by the state means of production between enterprises owned by him, secondly, trade turnover between city and countryside, between united socialist producers (state, collective farms, cooperation) and the population buying personal consumption items from them, thirdly, payment in kind to MTS, which is the delivery of agricultural products by collective farms to the state in exchange for work performed by machine and tractor stations on these collective farms. A special sphere of the economic turnover of a socialist country is its foreign trade with foreign countries. Thus, unlike capitalism, where economic turnover appears only in the form of purchase and sale, under socialism a significant part of economic turnover does not represent commodity circulation.

As already mentioned, the means of production created in the public sector—production tools (machines, machine tools, various equipment), fuel and raw materials (coal, oil, ore, steel, etc.) are not goods, since everyone from production to consumption, they remain state property. The state distributes these means of production between enterprises according to logistics plans outside and outside of market relations. Consequently, under socialism, part of the distribution of economic turnover is the sphere of state distribution of the means of production.

If the economic turnover of fixed assets of production in the USSR occurs within the public sector, then the economic turnover of personal consumption items and agricultural raw materials belongs to the area relationships state and collective farm sectors. Because of this, the economic turnover of personal consumption items and agricultural raw materials under socialism inevitably occurs through purchase and sale, constituting the sphere of commodity circulation. Collective farms and collective farmers sell their products to the state, cooperation and the urban population and buy goods from the state and cooperation. The urban population purchases consumer goods from the state, cooperatives, collective farms and collective farmers.

The Nature and Role of Trade Under Socialism.

Trade under socialism, which in the USSR received the name Soviet trade, is different in nature from all types of trade that have taken place in history, and has decisive advantages over them. Soviet trade is trade without capitalists. In the USSR, goods are sold by state and cooperative enterprises and organisations, collective farms, and also, in a relatively small proportion, by collective farmers. Private trade in the USSR was liquidated. In the economy of the USSR there is no place for such categories as trade Capital with its trading profits and the capitalist market.

The assets of Soviet trade enterprises are socialist property. If trade in bourgeois society, being a function of commercial capital, is carried out for profit of the capitalists, then trade under socialism is put at the service of the people and is conducted in accordance with the requirements of the basic economic the law of socialism—in order to most fully satisfy the growing needs of the working people.

Soviet trade is based, on the one hand, on the continuous expansion of socialist production, and on the other hand, on the

steady growth of the needs and purchasing power of the masses. Soviet trade does not know sales crises. In a socialist economy there are no difficulties inherent in capitalism sales of goods. Under socialism, a steady increase in the well-being of the population, an increase in the monetary income of workers and a systematic reduction in prices for goods expand the demand for products industry and agriculture.

As the purchasing power of the masses increases , their needs and grows them demand for (...) socialist production. On this basis, what is happening in the USSR is constant growth of trade turnover and improvement of its structure: the share of goods of higher quality and valuable varieties is rising, expanding and their range is being expanded.

Sales of industrial goods increased in 1951 compared to 1940 by 64% (at comparable prices); in 1951, more were sold to the population in state and cooperative stores than in 1940; meat and meat products - by 80%, fish and fish products - by 60%, animal oil - by 80%, vegetable oil and other fats - almost 2 times, sugar - by 70%, fabrics - by 80%, including number of woollen fabrics - 2.2 times, silk fabrics by 2.8 times, shoes by 50%, watches by almost 4 times, sewing machines by 3½ times, bicycles by almost 6 times, radios by 8 times. According to the fifth five-year plan, trading volume mass coming to the population from the state and cooperative trading network will increase in 1955 compared to 1950 by 70%.

The division of labour between production and trade organisations and the assignment of the function of commodity circulation to trade and procurement organisations provide socialist society with enormous savings, helping to accelerate the economic turnover of the social product and reduce funds employed in the sphere of circulation. This allows you to increase the funds needed extension socialist production. In addition to the function of commodity circulation, trading and procurement organisations also

carry out transportation, storage, sorting, and packaging of goods, which is a continuation of the production process in the sphere of circulation.

Based on socialist production, Soviet trade is at the same time a necessary condition for its development. The growth of industrial and agricultural production and the increase in population demand by themselves are not yet sufficient to provide steady rise of the socialist economy. "So that the economic life of the country can score key , and industry and agriculture had an incentive to further growth of its products, it is necessary to have one more condition, namely, expanded trade turnover between city and countryside, between districts and regions of the country, between various sectors of the national economy. It is necessary that the country be covered with a rich network of trading bases, shops, and non-stop shops goods circulated from places of production to consumers ." ¹ .

Trade ensures regular supplies state and collective farm sectors of funds necessary for the resumption and expansion of production. Through Soviet trade, socialist industry producing consumer goods receives funds that reimburse costs and constitute the net income of enterprises and the centralized net income of the state. The uninterrupted sale of goods through Soviet trade is of utmost importance for the timely receipt of funds intended for use throughout the national economy into the national fund. The sale by collective farms and collective farm women of their marketable products serves as a source of their cash income, which is used to strengthen and develop the social economy of the collective farms and satisfy the personal needs of collective farmers.

The trade link between city and countryside, between industry and agriculture, complementing the production link, is of vital

¹ J. V. Stalin, Report to the XVII Party Congress on the work of the Central Committee of the CPSU (B), Works, vol. 13, p. 340-341 .

importance for a socialist society. She is a necessary condition for meeting the needs of the urban and rural population for consumer goods and providing industry with agricultural raw materials.

Trade turnover links the regions of the country in accordance with the division of labour between them. The movement of goods across the country is determined by the location of production, the level and structure of consumer demand by region. In this regard, the work of transport is of great importance, on which the speed of commodity circulation largely depends.

Thus, trade turnover serves as a connecting link between socialist production and public consumption. Trade brings the growing demand of the population to socialist production, and the increasing production of industry and agriculture to consumers.

While capitalist trade is based on the law of competition and anarchy of production, under socialism the state plans the volume and structure of production of goods, determines the sources and size of commodity funds in accordance with the requirements of the basic economic law of socialism and the law of planned development of the national economy. When planning trade turnover, government agencies take into account by region the ability of the population, the composition of its monetary income and expenses. The Soviet state plans the grog network and its placement and determines rational ways movement of goods. Trade organisations are required to be able to quickly adapt to changes in demand, best meet the needs of the population, best way meet the needs of the population, Avoid mechanical distribution of goods. From the very essence of Soviet trade follows the need to comprehensively take into account the demand of the population, the evolving tastes of consumers, national and local characteristics, climatic, seasonal conditions, etc.

Actively influencing industries—production, Soviet trade stimulates an increase in the production of goods necessary for the population, an increase in their quality, and an expansion and

improvement of the range. The most important levers of influence of Soviet trade on production are: economic contracts concluded between commercial and industrial organisations for the supply of products of a certain range and quality, the widespread use of a pre-order system, careful acceptance of goods and the application of sanctions for violation of the terms of the contract. Trade promotes the mobilisation of local resources for the development of trade turnover. Soviet trade actively influences the formation of consumer demand, promoting the introduction of new goods into everyday life. At the same time, she uses advertising as a means of fair consumer information about the quality and purpose of certain goods, as opposed to capitalist advertising, which pursues the goal of profit at the expense of the consumer.

Soviet trade is a necessary condition for the implementation of the economic law of distribution according to labour. Implementation monetary income of workers through their acquisition of means of consumption through Soviet trade. Satisfying the needs of workers in accordance with the income they receive largely depends on the development of Soviet trade and the quality of customer service.

The development of Soviet trade, an increase in the mass of goods sold at state planned prices, is the most important condition for strengthening Soviet money.

Thus, trade plays a very important role in the socialist national economy, exerting a huge influence on the processes of production, distribution and consumption of the social product.

The Main Forms of Trade Under Socialism.

Trade under socialism has three forms: 1) state, 2) cooperative and 3) collective farm trade.

A decisive role in both wholesale and retail trade turnover of the USSR plays state trade. The overwhelming mass of the country's

commodity resources entering Soviet trade is concentrated in the hands of the socialist state . Trade organisations receive the bulk of goods from state industry. Passing like Typically, through wholesale trade, these goods are then distributed to retailers and sold to the public.

The main source of raw materials for industry producing personal consumption goods, and the basis of food supply for the urban population, as well as for that part of the rural population that does not produce food crops, are state procurements of agricultural products from collective farms. Procurement of agricultural products is a form of trade turnover between city and countryside planned by the socialist state. A major source of food and agricultural raw materials is also the production of state farms and payment in kind for the work of MTS.

State trade in personal consumption goods is carried out by the trade network of the Ministries of Domestic and Foreign Trade of the USSR and Union Republics, specialised trading enterprises of a number of industrial and other ministries (light and food industries, health care , etc.), state procurement organs.

Cooperative trade is carried out by trading enterprises of consumer and industrial cooperation. The funds of cooperative organisations are the cooperative, group property of their member-shareholders. Cooperative trading organisations use large loans from Soviet state. The vast majority of cooperative trade turnover comes from consumer cooperatives, which mainly serve the rural population.

Consumer cooperation participates in centralized procurement agricultural products, and also produces agricultural products in a decentralized way for sale in its distribution network.

State and cooperative trade turnover also includes the turnover of public catering establishments—factory kitchens, canteens, restaurants, buffets, etc. etc.—on selling their products to the

public. The development of public catering leads to significant savings in working time in the national economy; it replaces unproductive labour in the household with more productive socialized labour. The social frees up millions of women to participate in socialist production and public life, employed in the household. Public catering makes it possible to use food resources more rationally and economically and organize food on a scientific and hygienic basis.

State and cooperative trade represent the an organised market directly planned by the socialist state. The organised market occupies a dominant, determining position in the trade turnover of the USSR. In addition to the organised market, in the trade turnover of the USSR there is an unorganised market in the form of collective farm trade.

Collective farm trade is a form of Soviet retail trade in which collective farms and collective farmers act as sellers, selling agricultural goods to the population at prices that are formed on the market under the influence of supply and demand. Collective farmers sell on the market a certain share of the products they received on collective farms on workdays, or part of the products of their household farms. Collective farm trade is not directly planned by the state: the state does not give collective farms and collective farmers planned tasks for the sale of their products on collective farms bazaars and does not set prices for the agricultural goods they sell. But collective farm trade is under the economic influence of state and cooperative trade. The expansion of trade turnover and a decrease in retail prices in state and cooperative trade entails a decrease in the price level on the collective farm market.

There is a market element in collective farm markets within certain limits. With the weakening of the economic regulatory influence of the state, speculative elements may become more active in certain collective farm markets. Taking advantage of the temporary shortage of certain goods in a given market, speculative

elements inflate market prices. With the growth of commodity products of collective farms coming through procurement and procurement at the disposal of the state, with the development of state farm production, with the expansion of vegetable, potato and livestock bases around large cities and industrial centres, the economic impact on the unorganised market from the state is increasingly increasing.

Collective farm trade is an additional means of stimulating agricultural production and food supply to cities and industrial towns, delivering to the population a significant portion of products such as vegetables, potatoes, meat, dairy products, etc. The share of collective farm trade in 1950 was approximately $\frac{1}{3}$ of the total retail turnover, and for food products—about $\frac{1}{5}$.

The Prices and Distribution Costs in State and the Co-operative Trade.

The predominance of public ownership in the sphere of production and in the sphere of commodity circulation provides the socialist state with the opportunity to plan prices in all sectors of the national economy. In the USSR, the prices of the organised market are established by the state in a planned manner, namely: procurement and purchasing prices for the marketable products of collective farms and collective farmers, sold by them to state and cooperative organisations; wholesale prices for industrial and trade organisations; retail prices in state and cooperative trade, that is, the final prices at which the population buys consumer goods. Prices are divided into all-Union (uniform for the entire country) and zone (differentiated by region).

Systematic reduction of retail prices is one of the main tools for raising the well-being of the masses. Conducted six times in the post-war years price declines have greatly increased purchasing

power and real incomes of city workers and villages. The reduction in retail prices is based on a reduction in production and trading costs, as well as increasing masses of goods, sent by the state for sale to the public.

In the USSR in 1953, retail prices for bread and butter were almost three times lower, and for sugar 2.3 times lower than at the end of 1947. At the same time, in the USA, England, France and most other bourgeois countries, prices for these goods have increased significantly.

Goods are supplied to the retail chain at wholesale industrial prices. Trade organisations sell these goods to the public at retail prices. The difference between the retail price and the industry wholesale price is the trade mark-up. Due to this trade cape, the distribution costs of trading organisations are reimbursed and their net income is generated. Thus, the retail price of trade organisations is equal to the wholesale price of industry plus the trade mark-up. Trade capes are planned by the state; their reduction pushes trade organisations to improve their work, reducing distribution costs.

Distribution costs in Soviet trade are the monetary expression of the costs of trading enterprises in bringing socialist-produced goods to consumers. Distribution costs include: depreciation costs (premises, inventory), costs of storage, sorting and packaging of goods, transport, wages of sales workers, etc.

In Soviet trade there are two types of distribution costs. Firstly, there are costs associated with the continuation of the production process in the sphere of circulation (transportation, storage, packaging of goods); these costs dominate. Secondly, there are costs associated with the commodity form of products (maintenance of purchase and sale processes, costs of managing the cash management of trading enterprises, etc.). These two types of distribution costs have different sources of compensation.

The source of compensation for the first type of distribution costs is the labour of sales workers aimed at continuing the process production in the sphere of circulation. This labour increases the cost of goods, which covers the costs of transportation, storage, packaging and other production functions, carried out by trade organisations. The second type of distribution costs, that is, costs associated with the commodity form of products, are reimbursed at the expense of net income created in production sectors. The level of wholesale prices for industry is set in such a way that part of the net income of industry goes to trade organisations.

Thanks to the advantages of the planned socialist economic system, the level of distribution costs, that is, the ratio of distribution costs to commodity turnover, in the USSR is several times lower than in capitalist countries, and the level of these costs is steadily decreasing. Soviet trade is free from enormous unproductive costs, which make up the lion's share of capitalist costs of circulation and are caused by anarchy of production, crises, competition, speculation, colossal excesses of advertising. In a socialist society, the process of movement of commodity flows is systematic . All this causes a sharp reduction in the USSR, compared to bourgeois countries, in the time of circulation and the number of links through which goods pass on their way from production to consumer. The speed of trade turnover in the USSR is approximately three times higher than in capitalist countries, which provides significant savings in resources.

On the eve of the Second World War, distribution costs in wholesale and retail trade in the USA amounted to about 32% of the total retail turnover, while in the USSR they were approximately 10% of retail turnover. As Soviet trade expands, distribution costs are increasingly reduced. At the end of the Fourth Five-Year Plan, distribution costs in state and cooperative trade amounted to about 8% of retail turnover.

Systematic decline trading and procurement costs while improving the quality of customer service serves as an important source of saving social labour. Reducing distribution costs is carried out on the basis of mechanisation of labour processes in Soviet trade, raising its productivity, and developing socialist competition among trade workers to improve the functioning of the trading network. The Soviet state using piecework-bonus forms salaries provide financial incentives for sales workers to achieve higher performance indicators . Major factors in reducing distribution costs are the fight against losses in trade and procurement, which is associated with the expansion of the network of warehouses, elevators, refrigeration equipment, and the rationalisation of transportation and storage of goods. A major role in reducing distribution costs is played by further reduction of routes for the movement of goods and a reduction in the number of trade links. networks.

Reducing distribution costs is inextricably linked with strengthening economic accounting in trade enterprises. Trading enterprises must operate profitably, that is, have a net income (profit) while strictly observing established prices.

Reducing distribution costs is inextricably linked with strengthening cost accounting in commercial enterprises. Trading enterprises must operate profitably, that is, have a net income (profit) while strictly observing established prices. The net income of socialist trading enterprises is fundamentally different from capitalist trading profits; it is created by the labour of trade workers, free from exploitation, since their labour is a continuation of the process of material production in the sphere of circulation, as well as workers of socialist production. This income is used for national needs (through contributions to the budget), to expand the trading network, increase the funds of trade organisations and to improve the material and cultural situation of Soviet trade workers.

The International Trade.

Along with the internal trade turnover of the Soviet Union, its external trade turnover is developing. Foreign trade is used by socialist society to more fully satisfy its growing needs. External trade is used socialist society to better satisfy its growing needs. Foreign trade under socialism is a monopoly of the socialist state. In the USSR, all foreign trade operations are concentrated in the hands of a special state body, the Ministry of Internal and Foreign Trade, are subordinated to the tasks of socialist construction and are carried out on the basis of state export-import plans. Monopoly of foreign trade is a necessary condition existence and development socialist economy.

The foreign trade monopoly of the USSR performs two main functions. Firstly, it ensures the economic independence of the socialist country from the capitalist one, protecting its national economy and internal market from the penetration of foreign capital. Secondly, it serves as an instrument of economic cooperation between the USSR and the people's democracies, a means the Soviet Union's assistance to these countries in their economic development. This new feature The monopoly of foreign trade arose with the formation of the world market of countries of the democratic camp, building their trade relations not on the basis of competition, but on the basis of fraternal mutual assistance.

The foreign trade monopoly was a reliable protection of the USSR economy from the economic aggression of imperialist countries. She played a big role in in the industrialisation of the national economy of the USSR, ensuring the supply of industrial enterprises with a significant number of imported machines. With the transformation of the USSR into an industrial power, the structure of its foreign trade changed significantly: industrial goods took a predominant place in Soviet exports, while agricultural raw materials predominated in the exports of pre-revolutionary Russia.

In the fourth and fifth five-year plans, the USSR further increased the export of heavy industry products .

Thanks to the enormous growth of socialist production in the USSR and the emergence of a new world market of the democratic camp, the foreign trade turnover of the Soviet Union is steadily increasing from year to year . At the same time, the trade turnover of the USSR with capitalist countries decreased significantly, and the foreign trade of the USSR with the countries of the democratic camp increased sharply. In 1952, trade turnover with capitalist countries was $\frac{1}{5}$, and trade turnover with countries of the democratic camp— $\frac{4}{5}$ of the total amount of foreign trade turnover of the USSR.

The decline in trade turnover between the USSR and capitalist countries occurs despite the fact that the Soviet Union has consistently adhered to the policy of developing business economic ties with them on mutually beneficial terms. However, the United States is pursuing a policy of abandoning trade slimes with the USSR and people's democracies and will welcome everyone dependent on them is bourgeois countries carry through this policy. Reduction The USSR's trade turnover with capitalist countries is more than offset by the expansion of trade with people's democracies. The volume of foreign trade turnover of the USSR in 1952 tripled the pre-war level, and the Soviet Union's supply of machinery and equipment of the latest designs to the countries of the democratic camp increased 10 times compared to 1948.

BRIEF SUMMARY

1. Commodity circulation under socialism is a frequent economic turnover. Trade in a socialist society is carried out without capitalists and is aimed at best satisfying the needs of the working people. In accordance with this goal, Soviet trade links the growing

socialist production with increasing public consumption, city and village, sectors of the national economy, regions of the country. Soviet trade is carried out systematically.

2. There are two markets in the USSR: an organised market in the form of state and cooperative trade; and an unorganised market, which includes collective farm trade. The organised market is directly planned by the state. It plays a decisive role in trade turnover. The unorganised market is not directly planned, but is economically regulated by the government.

3. Prices for goods in state and cooperative trade are established in a planned manner. Prices on collective farm markets are formed depending on the relationship between supply and demand and are subject to the regulatory influence of government prices. The Soviet state systematically reduces retail prices, which leads to a steady increase in the purchasing power of workers, office workers and peasants, and to an increase in national consumption.

4. Soviet trade is based on the principles of economic calculation and is much more economical than capitalist trade, since it is free from the enormous unproductive costs generated under capitalism by private property, competition and anarchy of production.

5. Foreign trade under socialism is a state monopoly and serves the tasks of strengthening and further developing the socialist economy. The monopoly of foreign trade in the USSR ensures the protection of the socialist economy from the penetration of foreign capital and is a means of economic cooperation between the Soviet Union and the people's democracies.

CHAPTER XXXVI. THE NATIONAL INCOME OF SOCIALIST SOCIETY

The Total Social Product and the National Income Under Socialism.

The total social product under socialism, as under any method of production, consists of the entire mass of material goods—means of production and consumer goods— produced over a certain time.

The total social product is created by the labour of workers in material production: industry, agriculture, construction, transport serving production, as well as trade workers, since production processes continue in it. Along with manual workers Knowledge workers employed in the branches of material production are also directly involved in the creation of material wealth.

In addition to the labour used in the production of material goods, part of the labour of workers in a socialist society is engaged in the field of public administration, culture, consumer and medical services to the population. Although workers in these industries do not directly create material wealth, their labour is necessary for the existence and development of a socialist society, for material production. The socialist state carries out economic, organisational, cultural and educational work that is vital for society. Under socialism, the role of science in the development of technology and in the rise of production increases immeasurably. The labour spent on training qualified personnel for production is of great importance. Science, education, and art satisfy the cultural needs of the working people. The consumer and medical services sectors create conditions for the successful work of workers in a socialist society.

Thus, in a socialist society, there is a mutual exchange of activities between workers in material production and workers in

government administration, regular and medical services for the population.

In the production process, part of the total social product is used to compensate for the consumed means of production. This part of the total social product embodies the costs of past labour transferred from the spent means of production.

That part of the total social product that remains after replacing the consumed means of production and embodies newly expended labour represents the national income of a socialist society. National income in its in kind consists of all means of consumption produced in the country, which are used to satisfy the needs of the working people, and that part of the produced means of production that goes to expand socialist production in town and countryside.

Since under socialism there is commodity production, national income as a whole and all its elements, regardless of what physical form they have, are measured using value and expressed in money. Because of this, part of the national income, consisting of means of production that are not goods, but have only the outer shell of goods, is expressed in monetary form.

Due to price changes, the calculation of national income is carried out not only in current, but also in comparable (unchanged, constant) prices, for which the prices of a particular year are taken. Determination of national income in comparable pennies allows us to identify real changes in the volume of national income over a number of years.

Under capitalism, national income is produced by labour based on exploitation and is placed at the disposal of the owners of capital and large landowners; They appropriate the lion's share of the national income in the form of unearned income, and leave only a smaller part of it to the working people. Under socialism, national income is created by labour free from exploitation and belongs

entirely to the working people. Socialism excludes unearned income.

The national income of a socialist society consists of the labour created by workers producing a product for themselves and a product for society. The product created by workers of material production for themselves is distributed among them according to their labour: it is used to satisfy the personal needs of workers of socialist production and their families. The product created by these workers for society is the net income of a socialist society, used to expand production, develop culture, healthcare, public administration, etc.

Thus, national income under socialism is that part of the production created by workers, the total social product, which remains minus compensation funds spent production, embodies newly expended labour and is used to satisfy the growing material and cultural needs of the working people and to expand socialist production.

The Steady Growth of National Income Under Socialism.

In a socialist society there is a steady and rapid increase in national income. This increase in national income is a consequence of the continuous rise in socialist production, developing in accordance with the requirements of the basic economic law of socialism. National income in a socialist society grows many times faster than in a capitalist society.

The national income of the USSR (in constant 1926/27 prices) grew from 21 billion rubles in 1913 to 20,128.3 billion rubles in 1940 and to 210.6 billion rubles in 1950; in 1940 it exceeded the 1913 level by 6.1 times, and in 1950 by 10 times.

For the period 1930-1950. The US national income, expressed in comparable prices, increased by 80%, and the national income of the USSR during the same time, also expressed in comparable prices, increased 7.3 times, despite the enormous damage caused to the national economy by the fascist invaders and the years of war.

These data clearly indicate record growth rates of national income in the USSR.

National income under socialism grows due to two factors: 1) growth in the productivity of social labour and 2) an increase in the number of production workers. The bulk of the increase in national income in a socialist society comes from increased labour productivity. For example, during the years of the Fourth Five-Year Plan, due to an increase in the number of production workers, a 20% increase in national income was obtained, and due to an increase in labour productivity—80%.

The labour productivity of workers in socialist production is increasing based on the introduction of the latest technologies in all sectors of production (including agriculture), the growth of qualifications of workers, collective farmers and production and technical intelligentsia, the systematic increase in the well-being of workers, the improvement of labour organisation and the development of socialist competition.

The growth of social labour productivity is associated with the planned and rational use of material and labour resources and, in particular, with saving means of production. Saving means of production reduces that part of the total social product that goes to replace the consumed means of production. This makes it possible to increase the field of the total social product that makes up national income.

An important factor in the growth of national income is the increase in the number of workers employed in material production in a socialist society, where, unlike capitalism, there are no exploiting classes and their numerous servants, there is no

unemployment, there is no huge diversion of labour into the sphere of circulation , etc., a significantly larger part of the adult working population participates in sectors of material production that create the total social product. Socialist society systematically reduces and simplifies the administrative and managerial apparatus and promotes number of workers directly employed in material sectors production. At the same time, under socialism the number of workers employed in the fields of science, education, art, and health care is growing. Moreover, in a socialist society, all achievements of material and spiritual culture are the property of the people, while under capitalism they constitute a monopoly of the exploiting classes.

For example, if we take the entire working-age population, then in the USSR in 1951. in industry, agriculture, construction and transport employed about two thirds of the working-age population, and in the United States in the same year - only about a third of the working-age population. Of the working-age population working in non-production sectors, in the USSR almost half are employed in the field of culture and health care; one-seventh is employed , and in the USA one-seventh of the people working in non-production industries are employed in the field of culture and health care . It's already been a long time in the USSR and there is no trace of unemployment, and in the USA in 1951 the unemployed, in translated into round-headed unemployment, accounted for 13% of the working population. In the United States, 13.4% of the working population is employed in trade, and the work of the vast majority of trade workers there is associated with non-productive costs caused by the diocese of production, competition and excesses of advertising. In the USSR approximately 3.5% of the working population is employed in the field of trade and procurement.

Under socialism, the growth of national income is the most important indicator of improving the well-being of workers, as it is

accompanied by an increase in the incomes of workers, peasants and intellectuals. Under capitalism, the growth of national income is not an indicator of the growth of workers' well-being, since how an ever-increasing portion of the national income is appropriated to themselves capitalists and large landowners, and the share of workers in national income is increasingly declining.

The volume of national income, taken in comparable prices, in the USSR increased in 1952 compared to 1945 by 2½ times, while the real wages of workers and employees increased by 2.2 times. In the USA volume national income in comparable prices increased in 1952 compared to 1945 by only 10%, and the real wages of workers and employees decreased, while the profits of the monopolies doubled.

The Distribution of National Income.

Created during the socialist process national production income exposed distribution is used in and is ultimately used ultimately for national consumption and socialist accumulation. In contrast to capitalism under socialism, "the distribution of national income does not occur in the interests of enriching the exploiting classes and their numerous parasitic servants, but in the interests of systematically improving the material situation of workers and peasants and expanding socialist production in town and countryside." ¹.

The distribution of national income in a socialist society occurs as follows. First, national income takes the form of income in those industries where it is created, that is, in the sphere of material production—in the public sector and the cooperative-collective farm sector National economy.

¹ J. V. Stalin, Political report of the Central Committee to the XVI Congress of the CPSU (b), Works, vol. 12, p. 321.

The national income created in the public sector of the national economy is divided into two main parts. One part of this income, representing the product created for themselves by workers of material production, takes the form of wages of workers and employees of state production enterprises. Another part of the national income created in the state production sector is the product for society, or net income. The net income of the state production sector appears in two main forms: 1) In the form of the net income of state enterprises (the so-called enterprise profits) and 2) in the form of the centralized net income of the state (the so-called turnover tax, deductions from profits, accrual for wages for social insurance purposes, etc.).

The national income created in the collective farm public economy is the property of the collective farms and also consists of two main parts: firstly, a product for themselves, distributed according to labour among collective farmers, and, secondly, a product for society. The product for themselves, created by the labour of collective farmers in the public economy of collective farms, takes the form of natural and monetary income received by collective farmers on workdays. In addition, collective farmers receive in-kind and monetary income from their labour on their personal plots. The product for society created on the collective farm is a pure collective farm trip. Part of the net income of the collective farm goes to the development of collective farm production, to satisfy general collective farm needs, and the material and cultural needs of collective farmers. Another part of the net income created in the collective farm sector is converted through the price mechanism and through income taxes into centralized net income. state income. In this way, collective farms participate in the national expenditures of the state on expanding production in town and countryside, developing culture, strengthening the country's defence, etc.

Consequently, the total amount of centralised net income of the state embodies not only part of the labour for society, society expended by the working class, but also part of the labour for society expended by the collective farm peasantry.

Distribution of the part of national income that is generated pokes around in fishing cooperation, happens as follows. The product created by the labour of workers in commercial production cooperatives takes the form of their wages. The product they create for society takes the form of net income from cooperative fishing enterprises. Part of this income goes to expand production and meet the needs of members of fishing cooperatives. Another part via turnover tax and income tax turns into centralized net income of the state.

This is how the formation of forms takes place in a socialist society, obtained directly from material production. One part of the national income, which constitutes the product created by production workers for themselves, takes the form of their income: wages of workers and employees engaged in production, personal income of collective farmers and wages of handicraft workers cooperation. Other part of the national income that constitutes the created employees production product for society, or net income of society, takes the form of: net income of state enterprises, net income of collective farms and cooperative enterprises, centralized net income of the state. Moreover, as was said, a certain share of the net income of enterprises in the process of distribution of national income turns into the centralized net income of the state.

The distribution of national income is not limited to the generation of income in the sphere of material production. In the process of further distribution of national income, mainly through the state budget, part of it is converted into income of non-productive industries and workers employed in them. In a socialist society, the state spends large amounts of money on satisfying a number of social needs: on education, healthcare, maintaining the

state apparatus, strengthening the defence capability of a socialist country of socialism, etc. A socialist society cannot develop without accumulating from year to year, without expanding social production. Without this, it would not be able to meet the growing needs of the population.

This implies the economic necessity of concentrating in the hands of the state a significant part of the national income in the form of a fund of funds spent for these purposes. This fund is formed almost entirely from the centralised net income of the state. Only very a small part of this fund is formed from revenues from the population (taxes and loans). The main role in the concentration of funds in the hands of the state and their distribution for public needs is played by the state budget.

Part of the net income of society, spent by the state on socio-cultural needs and management, takes the form of wages of workers in science, education, health care, as well as employees of the state apparatus and military personnel. A significant part of the cultural and everyday needs of the urban and rural population (education, healthcare) is satisfied free of charge, at the expense of the state. Part cultural institutions and enterprises reimburse their expenses through payment by the population for the services provided to them. The state pays the population pensions, benefits, scholarships, provides various benefits, leaves with pay, etc. This increases the real wages of workers and employees, as well as the real incomes of peasants.

Ultimately, the entire national income of a socialist society breaks up into a consumption fund and an accumulation fund.

The consumption fund is that part of the national income that is used to satisfy the personal material and cultural needs of workers, peasants and intellectuals. The consumption fund is formed primarily due to the product created by the labour of production workers for themselves. In addition, a significant part of the consumption fund is formed by the state, collective farms, and

cooperation at the expense of the product for society, spent on socio-cultural needs. An increase in the consumption fund is the basis for the growth of workers' incomes.

The incomes of workers, peasants and intellectuals under socialism are steadily and rapidly increasing, because: 1) the continuous expansion of production makes it possible to involve annually growing masses of the population in it, which is accompanied by an increase in the total income of the working people; 2) the average earnings of workers and employees and the average income of collective farmers increase annually; 3) increase allocations from the state budget for culture, education and health care; 4) the funds received by workers in the form of payments for social insurance, social security, etc. increase. At the same time, the real incomes of workers in a socialist society are growing even faster than monetary ones, since the state systematically reduces prices for consumer goods.

The source of the steady rise in the material and cultural standard of living of the working people is the rapid and continuous growth of production. To ensure this growth in production, it is necessary to convert part of the national income into the accumulation fund. The accumulation fund is part of the national income of a socialist society, used to expand socialist production in town and countryside, to increase non-productive funds of cultural and everyday life. destinations , including housing, as well as for creating reserves. The accumulation fund is thus provides material conditions for growth and improving socialist production on the basis of higher technology and to further improve the well-being of the people.

To satisfy their personal material and cultural needs, both from the product for themselves and from the product for society, the working people of the USSR receive about three-quarters of the national income. The rest of the national income is used for socialist accumulation in the city and countryside.

BRIEF SUMMARY

1. The national income of a socialist society is that part of the total social product in which embodies the newly expended labour of workers employed in production, peasants etc. intelligentsia. Unlike capitalism, all national income under socialism belongs to the working people.

2. National income under socialism grows many times faster than under capitalism, since socialism is freed from the inherent anarchy production, waste and economic crises and ensures the systematic and rational use of all resources. The growth of national income occurs, firstly, due to increased productivity of social labour and, secondly, due to an increase in the number of workers employed in production.

3. The distribution of national income under socialism occurs in accordance with the requirements of the basic economic law of socialism and the economic law of distribution by labour and leads to rapid growth in the incomes of the working class, peasantry and intelligentsia. One of the important factors in the growth of workers' incomes is the spending of the state, collective farms, cooperation, and public organisations on the socio-cultural needs of the population. The growth of national income under socialism is one of the main indicators of improving the well-being of workers.

4. Ultimately, the national income of a socialist society breaks down into a consumption fund, used to satisfy the rapidly growing material and cultural needs of the people, and an accumulation fund, which creates material conditions for the rapid and continuous growth and improvement of socialist production on the basis of higher technology.

CHAPTER XXXVII. THE STATE BUDGET, CREDIT AND MONEY CIRCULATION UNDER SOCIALISM

The Financial System of Socialism.

Commodity production and commodity circulation existing in socialist society determine the need for money and money economy: monetary circulation, state budget, credit, banks, savings banks, etc. Under socialism, money, credit and other economic instruments associated with action the law of value are used to ensure ever- increasing production of products, to distribute national income in the interests of communist construction and improving the well-being of the people.

The funds at the disposal of the state, as well as in the hands of collective farms and other cooperative enterprises, represent the finances of a socialist society. The systematic accumulation and use of funds is carried out by the financial system of socialism. The financial system of socialism consists of the state budget, credit, state social insurance, state property and personal insurance. Financial economy of state enterprises, collective farms and industrial cooperation.

The material basis of the financial system of socialism is socialist production. The continuous growth of production at a high rate leads to the steady strengthening and development of the financial system of socialism. At the same time, by means financial system, the socialist state systematically influences the development of production and the distribution of the total social product in accordance with the requirements of the basic economic law of socialism.

The financial system expresses relations associated with the entire economic turnover in the country, with the production and

distribution of the total social product in monetary form, as well as with the distribution of national income between sectors of socialist production, between individual enterprises, between society as a whole and its individual members.

The main link in the financial system of socialism is state centralized finance. Centralisation of funds is necessary for the state to implement economic-organisational and cultural-educational functions, ensuring the continuous expansion of socialist production, the maintenance of socio-cultural institutions, army, etc.

The organs of the Broken State, the entities that carry out its financial support, and the apparatus of its financial activities; in the field of budgetary and financial, in the field of credit—cash banks, in the field of property and personal insurance—state insurance institutions. State social insurance in the Soviet Union is administered by trade unions. All financial, credit and state insurance agencies are united by the USSR Ministry of Finance.

Mobilisation and use of funds by the state are associated with the exercise of financial control over the economic activities of enterprises, over compliance with state financial discipline by all enterprises and economic organisations.

The Budget of a Socialist State.

The state budget plays the most important role in the financial system of socialism. The state budget is a form of centralized distribution of part of the national income to meet the needs of the entire society. It has a revenue part, consisting of funds coming at the direct disposal of the state, and an expenditure part, which provides for the use of these funds for the needs of society.

The state budget is based on the development of the entire national economy. It is organically connected with all income and expenses of state enterprises and sectors of the economy. The overwhelming majority of the net income of society generated in state-owned enterprises goes to the budget. Capital construction in all sectors of the national economy and the growth of fixed and working capital of state enterprises are carried out largely at the expense of the budget. The budget is related to the finances of collective farms and other cooperative enterprises. The state, through the budget, provides them with financial assistance in the development of production, maintains schools, hospitals, etc., serving collective farmers. Part of the income of the collective farm sector goes to the budget and is spent on public needs.

Under socialism, the state budget acts as the main, national financial plan for the formation and use of a centralized fund of funds, which is an important component Part national economic plan. The state budget of the USSR mobilizes the funds of the national economy in strict accordance with the plan and distributes part of these funds among enterprises and sectors of the economy depending on their fulfilment of planned targets. The budget contributes to the implementation of the economy regime, serves as a tool for monitoring the implementation of plans for production and circulation of goods, the implementation of economic calculations and the state of planning and financial discipline throughout the national economy.

The budget of a socialist state consists of income received mainly from the national economy and entirely serves the interests of the working people. "The income squeezed out of people's labour by the exploiters remains "now in the hands of the working people and are used partly to expand production and attract new groups of workers, partly to directly increase the incomes of workers and peasants ." ¹.

The unified state budget of the USSR includes: 1) the all-Union budget and 2) the state budgets of the Union republics, which in turn consist of: a) republican budgets and b) local budgets. The leading place in the entire budget system is occupied by the all-Union budget, which concentrates the bulk of budget resources. This construction of the budget ensures the possibility of implementing the principles of democracy, centralism and correct national policy and a multinational socialist state. The state budget of the USSR is drawn up for a year and approved as a law by the Supreme Council of the USSR. The budgets of the union republics are approved by the Supreme Councils of these republics.

The revenue side of the state budget of a socialist country has its main source of net income company created by employees socialist enterprises. Thus, in 1951, receipts from the national economy amounted to more than 80% of all revenues of the state budget of the USSR.

The net income of a socialist society comes to the budget mainly in the form of centralized net income of the state, which includes the so-called turnover tax, deductions from the net income (profits) of state enterprises, wage payments for social insurance needs, income tax on collective farms and other cooperative enterprises etc. The first two types of revenues make up the decisive part of budget revenues. In 1951, they accounted for about two-thirds of all revenues of the USSR state budget.

One of the sources of state budget revenues is also funds of the population coming to the budget in the form of taxes and loans. Taxes on the population are a form of mandatory withdrawal to the budget of part of the individual income of members of society. Unlike capitalism, in a socialist society, taxes on the population

¹ J. V. Stalin, Report to the XVII Party Congress on the work of the Central Committee of the All-Union Communist Party (Bolsheviks), Works, vol. 13, p. 334.

make up only a small part of the income of workers and go to public needs. Tax payments from the population in 1951 amounted to only 9.4% of all revenues of the USSR state budget. Anything sort of payments and benefits received by the population from the state more than cover the amount of taxes from the population. Thus, in 1951, the working people of the USSR received through payments, allowances, and benefits almost 3 times more than the amount of taxes paid by the population .

State loans in a socialist society are a form of government attraction of funds from the population for the needs of the entire society. By signing up for a loan, workers voluntarily transfer part of their personal income to the state for temporary use . In the same time loans are a form of savings for workers and bring income to the population in the form of winnings and interest. In the state budget of the USSR, revenues from this source were equal to 7.9% of all revenues in 1951.

The expenditure part of the budget is government funding, that is, irrevocable issuance of funds for the following main purposes: 1) development of national economy, 2) socio- cultural events, 3) ensuring the defence capability of the state and 4) maintaining government bodies. The bulk Funds from the state budget of the USSR are used to finance the national economy and social and cultural events. In 1951, 67.5% of all expenditures of the USSR state budget were allocated for these purposes.

In accordance with the economic needs of society, the socialist state annually spends huge budget funds on capital investments in all sectors of the economy . Due to The state budget of the USSR finances extensive capital construction of new plants, mines, factories, power plants, state farms, MTS, housing, schools, hospitals, sanatoriums, etc. Part of the budget resources goes to increase the working capital of existing enterprises - in excess of the amounts left for them for this goals from the net income of the enterprises themselves. At the expense of budget funds, state

material reserves are created, necessary for the planned management of the national economy and for the needs of the country's defence. Budget financing is one of the largest factors in the development of the economy of the Soviet Union. For 1946-1950 state budget expenditures on public economy amounted to 708.1 billion rubles.

To meet the growing needs of a socialist society, a significant share of budget funds is spent on socio-cultural measures to ensure a systematic increase in the material and cultural standard of living of the people. For this purpose, funds are allocated from the budget for the development of science, education, healthcare, physical culture, pensions and benefits, etc. In the five post-war years alone (1946-1950), the Soviet state spent 524.5 billion budget rubles on social and cultural events funds.

Part of the budget funds in a socialist society is spent on the maintenance of the state apparatus, which carries out large and multilateral activities in the field of economic and cultural construction. In the USSR, measures are being consistently taken to reduce the cost of the administrative and managerial apparatus. In 1932, expenses for the maintenance of government bodies amounted to 4.2% of all budget funds, in 1940—3.9%, in 1952—3%. Part of the budget is spent on strengthening the country's defence. In the Soviet Union, which consistently pursues a policy of peace, spending on the Armed Forces constitutes a relatively small share of the budget. In 1952, 23.9% of the total budget was allocated for these purposes, while in the United States, spending on military purposes in 1952/53 reached 74% of the total budget.

The state budget in a socialist society grows systematically on the basis of a steady rise of the people's farms. The rapid and continuous growth of national income under socialism determines steadily an increase in that part of it that goes to the state budget to increasingly meet national needs. The state budget of the USSR is distinguished by its stability and strength. The budgets of capitalist

countries are, as a rule, deficit. The USSR budget is not only deficit-free, but also is constantly carried out with a significant excess of income over expenses.

An integral part of state centralized finance is state social insurance.

State social insurance is a form of material providing workers and employees with permanent or temporary disability. Social insurance of workers and employees in the Soviet Union is carried out entirely at the expense of the state or relevant cooperative organisations. The source of funds for this insurance is the net income of society, which comes in the form of contributions from enterprises, organisations and institutions, calculated as a certain percentage of the total wages of workers and employees (payroll accrual). State social insurance funds, both in receipts and in expenditures, are included in the state budget and spent by trade unions.

State property and personal insurance is a form of mutual financial assistance organised by the state mainly for collective farms and the population for the purpose of prevention and compensation losses from natural disasters and accidents. Insurance in the USSR is a state monopoly.

The Credit Under Socialism.

One of the necessary economic instruments in a socialist society is credit. The existence of credit is due to the fact that in the national economy, on the one hand, there are free and temporarily released funds, and on the other hand, there is a temporary need for socialist enterprises for additional funds.

In the process of circulation of funds of state enterprises, part of them is constantly in the form of money and is spent at certain intervals. As products are sold, funds are accumulated for the purchase of raw materials and fuel, the reserves of which are

renewed periodically. The wage fund is spent in parts throughout the year. The depreciation fund is systematically accumulated in cash, and is spent on the purchase of new machinery, equipment, construction of buildings or their major repairs only at certain intervals. The net income of the enterprise is used for capital construction purposes after a sufficient amount has been accumulated for this. Thus, each state enterprise has temporarily free funds. Temporarily free funds are also available on collective farms in the form of deductions to indivisible funds, cash income not yet distributed among collective farmers, etc. During the execution of the budget, temporarily free funds appear in the form of excess income over expenses, balances in the current accounts of budgetary institutions and special budget funds. The growth of workers' incomes is accompanied by the formation of free funds.

At the same time, individual socialist enterprises and economic organisations periodically have a temporary need for funds, for example, for seasonal procurement of raw materials, etc. Thus, an economic need for credit arises. Credit under socialism is a form of mobilisation by the state of temporarily free funds and their systematic use, on repayment terms, to meet national economic needs. In contrast to capitalism, in a socialist economy there is no loan capital; the issue of shares by enterprises, which are the most important object of banking activity under capitalism, is excluded.

Temporarily available funds are mobilized in a socialist society by state credit institutions: banks and savings banks. Enterprises located in economic accounting, are required to keep their funds in a current account in a state bank. Collective farm funds are kept in current accounts at a state bank or in savings banks. The state bank also stores available budget funds. Credit serves as a form of mobilisation. free funds of the population by attracting deposits into state savings banks. The state, concentrating temporarily free funds coming from banks and savings banks, then uses them through credit for the development of the socialist economy.

Credit provided by banks is divided into short-term and long-term. A short-term loan serves the movement of working capital of state enterprises, collective farms and other cooperative enterprises. The long-term loan primarily serves the sphere of capital construction. In the form of long-term lending, the state provides assistance to collective farms and cooperative associations (for economic establishment) and individual workers (for individual housing construction). State-owned enterprises receive funds from the state for capital investments, as a rule, in the form of irrevocable budget financing, except in addition, they make capital investments at the expense of their own resources: from the depreciation fund and the net income of enterprises.

Credit under socialism is carried out in a planned manner. Its size, sources, goals and direction are determined by the credit plan. The state credit plan is part of the general national economic plan. In accordance with the credit plan, enterprises and economic organisations are credited only in the form of a direct bank loan. Each enterprise can receive a loan only from a bank. Direct lending by enterprises to each other (that is, a commercial loan) does not exist in the USSR. The bank issues a loan to an enterprise for certain business activities, for example, for seasonal procurement of raw materials, for the creation of temporary inventories of work in progress or finished products. This form of lending provides a direct connection between bank credit and the processes of production and circulation. Direct short-term lending by the bank to enterprises and business organisations is carried out on the basis of the principle of targeted and repayable lending for a certain period with the obligatory provision of loans with material assets. The requirement that the loan be secured with existing material assets allows the bank to monitor the correct, targeted use of the loan and connects the loan with the movement of material resources.

Banks pay a certain percentage on deposits and charge a slightly higher percentage for loans. Interest in a socialist economy

is a part of net income, acting as a fee established by the state for the temporary use of borrowed funds; under capitalism, the level of interest develops spontaneously, as a result of competition; in a socialist economy, the amount of interest is determined by the state in a planned manner. At the same time, the state proceeds from the need to ensure the material interest of enterprises and organisations in storing free funds in banks, as well as in the most appropriate and economical use of their own and borrowed funds. On the other hand, this procedure creates the interest of banks in raising funds and in rational use them for the needs of the national economy.

The loan provided to state-owned enterprises is of great importance for the organisation of production under economic accounting conditions, and is of great importance for the organisation of production and the use of working capital. At the expense of the loan, borrowed working capital of enterprises is formed. Credit stimulates the growth of socialist production and accelerates the turnover of funds. Bank credit replaces cash in economic circulation and thereby reduces the amount of money needed for circulation in the socialist national economy.

The Banks in a Socialist Society.

Credit in the national economy of the USSR is provided by banks and savings banks. Banking is concentrated in the hands of the socialist state. Banks under socialism, while maintaining the old form, changed their content and acquired new functions compared to capitalist banks . Banks in a socialist society are state institutions, carrying out the systematic mobilisation of temporarily free monetary funds and the use of these funds for the development of the socialist economy.

The banking system of the Soviet Union includes the State Bank of the USSR and special state long-term investment banks. The leading role in the banking system is played by the State Bank.

The State Bank of the USSR is an issuing bank, a short-term lending bank and the country's settlement centre. It performs the following functions:

Firstly, it issues money according to the plan and in the manner determined by the government of the USSR, and regulates money circulation.

Secondly, it provides cash services to the national economy, that is, it concentrates in its cash registers it holds cash from socialist enterprises, state and public organisations and issues cash to them for current payments.

Thirdly, it provides short-term loans to those on business accounts enterprises and economic organisations of all sectors of the national economy (except for construction organisations).

Fourthly, it serves as a settlement centre, that is, it organizes and makes monetary payments in the country between enterprises, institutions and organisations.

Fifthly, it carries out cash execution of the budget: accepts amounts of payments to the state budget, issues budget funds strictly for their intended purpose and within the limits of open appropriations, keeps records of budget income and expenses.

Sixth, it stores the country's currency funds and makes payments for trade and other economic transactions between the USSR and foreign countries; some of these payments are carried out through the Bank for Foreign Trade of the USSR (Vneshtorgbank).

Using the function of money as a means of payment. The State Bank organizes and develops non-cash payments in the national economy. Cash settlements between enterprises and organisations are carried out by transferring sums of money from the accounts of some enterprises or organisations to the accounts of others—on behalf of the account owners. Cash payments between enterprises

are allowed only for small payments. Non-cash payments accelerate the circulation of funds and material goods and help strengthen the monetary system.

The State Bank of the USSR has an extensive apparatus. Its institutions are located in republican, regional, regional and almost all district centres of the country. By organizing settlements through current accounts and through credit operations, the State Bank monitors the implementation of income plans by enterprises and economic organisations, the expenditure of own and borrowed funds for their intended purpose, and takes measures to strengthen payment discipline.

investment banks serve separate sectors of the socialist economy. Their main function is financing and long-term lending of capital investments of enterprises in relevant industries . All funds allocated as planned for capital investments are concentrated in the relevant banks. These banks make all calculations for construction, issue funds for construction works and exercise control over their expenditure in accordance with the plan.

In the USSR there are: a bank for financing capital investments of state enterprises and construction organisations in industry, transport and communications (Prombank); bank for financing capital investments of state-owned enterprises and organisations of agriculture and forestry, on a long-term basis loans to collective farms and rural population (Agricultural Bank); bank for financing capital investments of trade and cooperation (Torgbank) and the Central Bank for financing public utilities and housing construction (Tsekombank).

Helping to strengthen the regime of economy and economic accounting, banks exercise ruble control over production and circulation, firstly, by financing and lending to such activities that are provided for by the plan, and depending on the progress of the plan, secondly, through the implementation return requirements

loans in accordance with the deadlines for fulfilling planned targets and, thirdly, by applying appropriate sanctions in case of violation of the procedure for using funds and the loan repayment period (for example, charging an increased interest rate and depriving the right to further lending).

The activities of banks are carried out on the basis of economic calculation. The bank's net income is the difference between the amount of interest received, on the one hand, and the amount of interest paid, as well as the costs of maintaining the banking apparatus, on the other hand.

State savings banks accept cash deposits both from individual citizens and from collective farms and public organisations, paying out deposits a certain percentage. The systematic growth of household deposits in savings banks is an indicator of the continuous improvement in the material well-being of workers. Savings banks produce also operations related to government loans: payment of winnings, interest, etc.

The Money Circulation Under Socialism.

As already mentioned, the stability of Soviet money is provided first of all by the enormous quantity of commodity masses in the hands of the state, put into trade at fixed prices. In addition, the Soviet currency is also backed by gold.

Soviet money is issued in the form of bank notes (banknotes) in denominations of 10, 25, 50 and 100 rubles. Banknotes are backed by gold, precious metals and other assets of the State Bank of the USSR. In addition to banknotes, state treasury notes in denominations of 1, 3 and 5 rubles and small metal coins are in circulation. Soviet money are signs of gold.

Money circulation in a socialist economy is carried out in accordance with the economic law, according to which the amount of money necessary for commodity circulation is determined by the sum of the prices of circulating goods and the number of revolutions of the monetary unit of the same name . Non-cash payments carried out during the circulation of goods reduce the need for cash. The total amount of money in circulation required by the company for a certain period, is, in addition, dependent on the amounts of current cash payments made in the company during a given time. Such payments in a socialist society include: payment of wages, issuance of cash income for workdays, payment of winnings, etc. Current payments of the population are: rent payments, payment of taxes, deposits, etc.

Thus, the amount of money required for circulation in a socialist economy is determined the sum of the prices of goods sold for cash , the rate of turnover of monetary units, the amounts of current payments to the population and receipts from them in cash.

Based on the economic law of monetary circulation, the socialist state carries out planned management of the circulation of money in the country.

Planning of money circulation in the USSR is carried out by the government, and operational regulation of money circulation is carried out by the Ministry of Finance through the State Bank. In the Soviet Union, money is issued by the State Bank of the USSR. home The mass of cash issued by the State Bank goes, in accordance with the plan, to pay wages and to pay for the procurement of agricultural products. On the other hand, the main channel through which cash is returned to the bank is the revenue of trading organisations, transport and communications enterprises, which is transferred to the bank daily.

From the State Bank cash is also issued to pay interest, winnings and redeemable bonds of government loans, to pay pensions,

benefits, insurance benefits, to pay small bills, etc. The State Bank regularly receives monetary amounts for taxes and other payments to the budget, for deposits in savings banks, for insurance premiums, etc. Thus, the money supply continuously passes through the cash desks of the State Bank.

The relationship between the monetary income of the population, on the one hand, and the volume of trade turnover, as well as paid services provided to the population, on the other hand, is one of the main conditions affecting money circulation. To identify these relationships and ensure in the national economic plan the necessary proportions between The growth of monetary incomes of the population and the growth of the opposing commodity mass and paid services creates a balance of monetary incomes and expenditures of the population. This balance takes into account all upcoming period of time cash income and expenses of the population. Certain relationships in the flow of funds provided for in individual elements of the national economic plan (wage fund, trade turnover, state budget , etc.) make it possible to establish the necessary planning targets in the field of monetary circulation.

The main tool for planning monetary circulation is the cash plan of the State Bank, approved by the government. The cash plan is a plan for cash turnover at all levels of the State Bank system. The cash plan shows all expected during the planned period of cash receipts to the State Bank and all issuances of money from the bank's cash desk. The cash plan is drawn up taking into account the balance of cash income and expenses of the population, plans for retail trade turnover, procurement of agricultural products, the wage fund of workers and employees and other indicators that determine the size of cash receipts and disbursements.

also regulates money circulation in the country through a credit plan. The excess of funds attracted by the bank over the loans issued by it provides the opportunity to withdraw part of the money from circulation. And vice versa, if the loans issued by the bank

exceed the funds raised, then there is a need for an issue (that is, additional release) of money. The withdrawal of money from circulation and the issue are provided for in the cash plan.

The planned organisation of money circulation gives ability to increase or decrease a mass of cash and have at each period of time in each region of the country and throughout the country as a whole the amount of cash that is necessary for circulation. In this way, strengthening monetary circulation and increasing the purchasing power of the ruble are achieved.

To strengthen the monetary system of the USSR, the monetary reform carried out at the end of 1947 was of great importance.

The monetary reform consisted in the fact that old money, which had depreciated to a certain extent during the war, was exchanged under certain conditions for new, full-fledged money of the 1947 model. In contrast to monetary reforms in capitalist countries, carried out due to the worsening situation of the working people, the Soviet monetary reform was carried out in the interests of the working people. After the reform, wages of workers and employees continued to be paid in the same amounts, but in new, full-fledged money. Currency reform was accompanied by a decrease in commodity prices.

The streamlining of monetary circulation, the growth in the production of consumer goods and retail trade turnover, and the reduction in prices for goods led to an increase in purchasing power and the ruble exchange rate. In view of this, the Soviet government increased the official ruble exchange rate on March 1, 1950, and the ruble exchange rate began to be calculated not on the dollar basis, as was established in 1937, but on a more stable, gold basis, in accordance with the gold content of the ruble.

The monetary reform of 1947 eliminated the consequences of the war in the field of monetary circulation, restored the full-fledged Soviet ruble, strengthened the importance of money in the national economy, facilitated the transition to trade at uniform

prices without cards, led to an increase in the real wages of workers and employees, and to an increase in real agricultural incomes population.

Under socialism, there is a state currency monopoly, that is, the concentration in the hands of the socialist state of all settlements with foreign countries. The state currency monopoly and the monopoly of foreign trade make the Soviet currency independent of the changing conditions of the capitalist market. This independence is increasingly strengthened by the accumulation of gold reserves and the active trade and payments balance of the USSR.

BRIEF SUMMARY

1. The financial system of socialism includes the state budget, credit, state social insurance, state property and personal insurance, financial management of state enterprises, collective farms and industrial cooperation.

2. The state budget is a form of systematic distribution of part of the national income to meet the needs of the people. The main source of budget revenue is the net income of society, used mainly to finance economic and cultural construction.

3. Credit in a socialist society represents is a form of mobilisation by the state temporarily free funds in the country and systematic their use in the national economy on the terms of repayment. Interest is a fee established by the state for the temporary use of borrowed funds. The source of interest is the net income of enterprises. Credit is provided by banks and savings banks. IN THE USSR There are two types of banks: the State Bank, which is an issuing bank, a short-term lending bank and the clearing centre of the country, and state special long-term investment banks.

Banks control ruble production and circulation and help strengthen economic accounting.

4. Based on the law of monetary circulation, the socialist state carries out planned management of the circulation of money in the country. Through the planned organisation of money circulation in a socialist economy, a correspondence is achieved between the mass of cash and the needs of commodity circulation in money, and an increase in the purchasing power of the ruble is ensured.

CHAPTER XXXVIII. THE SOCIALIST REPRODUCTION

The Essence of Socialist Reproduction.

The condition for the existence and development of a socialist society, like any other society, is the constant resumption of the production of material goods, that is, reproduction. If production has a socialist form, then reproduction has the same form.

The main provisions of the Marxist theory of reproduction—the division of social production into the production of means production and production consumer goods, the relationship between these divisions of social production, the predominant growth of production of means of production with expanded reproduction, accumulation as the only source of expanded reproduction, education and purpose public funds - are valid not only for capitalism, but especially for socialism. A socialist society cannot do without the application of these provisions when planning the national economy.

At the same time, reproduction under socialism is fundamentally different from reproduction under capitalism.

In accordance with the requirements of the basic economic law of modern capitalism, capitalist reproduction is subordinated to the task of ensuring maximum profit for capitalists. In accordance with the requirements of the basic economic law of socialism, socialist reproduction is subordinated to the goal of ensuring maximum satisfaction of the constantly growing material and cultural needs of the entire society.

In contrast to the spontaneous nature of capitalist reproduction, socialist reproduction is carried out systematically. Based on the requirements of the law of planned development of the national economy and in compliance in everything with the

requirements of the basic economic law of socialism, the socialist state determines in a planned manner the pace of development of the national economy, the proportions and connections between industries, the volume of production and consumption, and the reproduction process as a whole.

Capitalist reproduction is periodically interrupted by economic crises of overproduction. The socialist mode of production is characterised by systematic and continuous expanded reproduction, which occurs at an accelerated pace.

The process of reproduction, taken as a whole, is, first of all, the reproduction of the social product and its leading component—the means of production. The decisive role in the process of reproduction of the social product belongs to the reproduction of instruments of labour. The continuous multiplication and improvement of tools is the basis of technical progress. Socialist reproduction is carried out using higher technology.

In the production process, along with the tools of labour, other elements of the means of production are reproduced on an expanded basis: old factory buildings are expanded and new factory buildings are constructed, new vehicles are created, the production of raw materials increases, etc.

Socialist society is characterised by a high rate of reproduction of the social product. This is determined primarily by the absence under socialism of the exploiting classes and their parasitic servants, the absence of crises and unemployment, the complete and expedient use of the labour resources of society, which is inaccessible capitalism by a systematic and rapid increase in the productivity of social labour. High rates of growth of the social product are further determined by socialist competition, socialist methods of management, consistent implementation of the economy regime, full use of national economic funds, strengthening economic accounting, reducing production costs.

The high rates of socialist production based on higher technology, with the determining role of tools of labour, are evidenced by following data. Gross production of large The industry of the USSR in 1952 compared to 1913 increased (in comparable prices) by 27 times, the production of means of production by 47 times, the production of electricity by 60 times, mechanical engineering and metalworking by 118 times. In 1952, the USSR produced more than 3 times more machinery and equipment than in 1940. The total social product in the USSR increased only in the period from 1928 to 1952 (in comparable prices) by 9 times.

In the process of socialist reproduction, reproduction is carried out working strength. Systematic Providing enterprises with labour is one of the fundamental conditions for expanded socialist reproduction. With the growth of popular farms is steadily increasing the size of the working class. Recruitment of labour into all branches of social production is carried out in an organised manner by the bodies of the socialist state and by the enterprises themselves. Providing production with qualified personnel occurs through the state system of training labour reserves, through a special network of schools, courses, technical schools and higher educational institutions, in accordance with the needs of the national economy. Labour resources are distributed systematically according to branches of social production and individual enterprises. A characteristic feature of personnel reproduction is the constant increase in the level of qualifications and culture of the entire mass of workers.

Expanded reproduction under socialism is at the same time expanded reproduction of socialist industrial relations.

Expanded reproduction of socialist production relations means the reproduction of: a) socialist property in its two forms—state and cooperative-collective farm, b) relations of comradesly cooperation and socialist mutual assistance of workers in the process of production of material goods, c) mutual relations between workers

in the distribution of consumer goods in accordance with the guiding principle of social life under socialism—from each according to his ability, to each according to his work.

Socialist relations of production are free from the deepest contradictions inherent in capitalist relations of production. The reproduction of capitalist production relations means increased exploitation of labour by capital, the growth and deepening of class contradictions between exploiters and the exploited, which inevitably leads to revolutionary the collapse of capitalism. Reproduction socialist production relations means strengthening the alliance of friendly classes—the working class, the peasantry—and the intelligentsia inextricably linked with these classes, strengthening the moral and political unity of society, the gradual erasing of all class lines and social differences between people. In the process of expanded socialist reproduction, a gradual transition from socialism to communism takes place .

The National Wealth of a Socialist Society. The Composition of the Total Social Product.

All material goods that a socialist society has at its disposal constitute its national wealth.

The first element of the national wealth of a socialist society is the production assets of the national economy, that is, the means of production, which are divided into: a) fixed production assets and b) circulating production assets of the national economy.

Basic production national economic funds are state-owned operating in all sectors of material production or cooperative-collective farm means of labour (industrial buildings, machines, structures, etc.). The circulating production assets of the national economy are objects of labour that are both in the production process and in reserve at state enterprises, collective farms and other cooperative organisations (materials, fuel, etc.).

The second element of national wealth is the funds of circulation of the national economy. These include stocks of finished products located in warehouses of state production enterprises, collective farms, artels of commercial cooperation, state and cooperative trading enterprises and organisations.

The third element of national wealth is state and collective farm material reserves for production, food reserves, as well as safety stocks.

The fourth element of national wealth is non-productive funds, which are state or cooperative-collective farm property that serves the purposes of non-productive consumption for a long time: housing stock, buildings of cultural institutions—schools, theatres, clubs, hospitals, etc. with their equipment .

These are the elements of national wealth that constitute public, socialist property.

The national wealth also includes the personal property of the population, personal property multiplied by the basis of the continuous growth of public socialist property.

A major role in the reproduction of material wealth is played by the accumulated production experience, knowledge and qualifications of the workers of a socialist society, and the diverse spiritual wealth of the country. “The degree of art of the existing population is always a prerequisite for all production, hence the main accumulation of wealth.”¹

The national wealth of a socialist society also includes the natural resources involved in the reproduction process (mineral deposits, forests, water, etc.).

The national wealth of a socialist society is fundamentally different from the national wealth of a bourgeois society. Under capitalism, overwhelming part of the national wealth belongs to the exploiting classes, and the growth of wealth occurs in the form of capital accumulation, leading to the impoverishment of the masses. Capitalist relations generate fictitious wealth, represented by

¹ K. Marx, Theories of Surplus Value, Volume III , 1936, p. 229.

shares, the price of land, etc. Under socialism, all national wealth is the property of either the state, that is, everything people, or collective farms and other cooperative associations, or the personal property of citizens. Socialism does not know fictitious wealth; all the wealth of a socialist society is real wealth. The national wealth of a socialist society is growing steadily. With the growth of national wealth, the material well-being and cultural level of the entire people systematically increase.

During the years of the Soviet five-year plans, the national wealth of the USSR was greatly increased. Thus, only the main production assets of the national economy increased in 1940 compared to 1913 by 6 times, and in 1950 by 8 times.

If national wealth includes all the material goods that a socialist society has, then the total social product includes the material goods created in society over a certain period of time, for example, over a year.

Reproduction of the social product under socialism is carried out in two forms: a) natural and material and 6) cost, or monetary. According to its natural material form, all production of a socialist society is divided into two large divisions: the production of means of production intended to re-enter the production process (division I), and the production of consumer goods intended to meet the needs of workers (division II). Accordingly, the entire mass of the annual product is divided into means of production and consumer goods. Expanded socialist reproduction requires the constant renewal and increase in production of both means of production and consumer goods in a certain proportion established by the national economic plan, in accordance with the requirements of the basic economic law of socialism and the law of planning (proportional) development of the national economy.

In terms of value, the social product is divided into: 1) the cost of the consumed means of production, which is transferred to the

product (in this case we mean only the use of the form of value for accounting and calculation); 2) the cost of consumer goods produced by labour for oneself; 3) the value of products produced by labour for society. The socio-economic nature of each of these parts of the value of the social product is fundamentally different than under capitalism. Instead of constant and variable capital in the process of socialist reproduction, national economic funds function, and instead of surplus value, the net income of society.

The process of socialist reproduction presupposes, first of all, planned compensation of consumed means of production at the expense of a certain part of the total social product in kind and in value. Reimbursement of fixed assets in kind occurs through partial or complete replacement of machines, buildings, and structures. Reimbursement of fixed assets at cost is carried out through depreciation. The depreciation fund of the national economy of the USSR is intended to ensure the overhaul of fixed assets throughout the entire period of their operation and reimbursement of the cost of consumed fixed assets.

Further, the process of socialist reproduction presupposes that consumer goods distributed according to labour and consumed to cover the personal needs of material production workers and their families, must be created again by the labour of these workers for themselves.

Finally, in the process of socialist reproduction, workers in material production create with their labour a product for society, which is intended for socialist accumulation and satisfaction of social material and cultural needs (education, health care, management, national defence).

The Ratio Between the First and Second Divisions of Social Production.

In accordance with the requirements of the basic economic law of socialism and the law of planned (proportional) development of the national economy in the process of socialist reproduction, the necessary proportions are established in a planned manner between the production of means of production and the production of consumption, between various sectors of the national economy, between various sectors of the national economy, between production and circulation, between accumulation, consumption and reserves , etc.

The most important proportion of socialist reproduction is the correct relationship between divisions I and II of social production. In this case, the determining role in the economy is played by the first division that produces means of production. Continuous growth of the national economy is possible only if the production of means of production grows more rapidly. Without a predominant increase in the production of means of production, it is generally impossible to carry out expanded reproduction. The predominant growth in the production of means of production (primarily tools of labour) creates the material basis for the widespread introduction of the latest technology in all sectors of socialist production and systematically increasing labour productivity, for a constant increase in production in all sectors of the national economy. Yes, increase the share of mechanical engineering and electricity production allows carry out the electrification of the entire national economy, create the material and production base of communism.

The predominant growth in the production of means of production means faster development of industry compared to agriculture. Under socialism the following proportions are established between industry and agriculture, which ensure the

steady growth of not only industrial, but also agricultural production.

Thus, expanded socialist reproduction, accompanied by rapid progress in technology, is characterised by such a rise in production in which the growth of industries producing means of production (division I) is faster than the growth of industries producing consumer goods (division II). At the same time, in a socialist society there is constant and significant an absolute increase in the production of consumer goods, which is expressed in the rapid increase in agricultural, food and light industry output, in the expansion of housing construction in cities and villages, and in the expansion of Soviet trade.

How does exchange occur under socialism between divisions I and II of social production and within each of them?

Firstly, there is an exchange between various branches **of the first** division.

One part of the means of production created in division I remains in the same division and ensures simple reproduction: produced means of production are received to replace partially or fully retired assets and objects of labour (renewal of spent stocks of raw materials, replacement of worn-out machines, major repairs of equipment, etc.); another part of the means of production provides expanded reproduction in various sectors of the economy included in I division. For example, the coal and oil industries provide fuel engineering industry and receive the necessary equipment from it ; metallurgy, supplying construction industry needs the metal it needs, in turn, uses the raw materials of the ore industry to increase metal smelting, etc.

Thus, between industries I divisions systematically exchange those means of production that serve the purposes of maintaining and expanding production in these industries. As already mentioned, within the state production sector, the produced means of production are not exchanged between industries as goods, but

are distributed in the order of material and technical supplies and only externally retain the form of goods.

Secondly, there is an exchange between various branches of division II. Division II products consist of personal consumption items. One part of the consumer goods produced in Division II is exchanged through channels of commodity circulation for the wages of workers and employees, for money. The income of collective farmers goes to the personal consumption of the workers of this unit. A certain amount of consumer goods produced on collective farms; distributed and consumed on these same collective farms, without taking a commodity form and without passing through the channels of market circulation.

Thirdly, there is an exchange between divisions I and II. Part produced in I capital goods division should be used to compensate for partially or completely retired means of labour and to renew unspent reserves of raw materials, fuel and other materials in industries II division, as well as to increase the means of labour, reserves of raw materials, fuel and materials of this division, necessary for expanded reproduction. Part of those produced in II division consumer goods are exchanged through the trading network for the wages of division I workers. Rate of expansion of production and technical progress of industries II divisions depend primarily on the quantity and quality of the means of production that they receive from division I. This determines the leading role of I divisions in relation to II.

Lenin pointed out that Marx's formula for the relationship between I and II subdivided social production ($IV + m$ to II c) remains valid for both socialism and communism. At the same time, of course. The socio-economic relations hidden behind this formula change radically. Under socialist expanded reproduction Division I must produce such a quantity of means of production as is necessary to ensure continuous growth of production on the basis of higher technology in both divisions, with predominant growth in

Division I. On the other hand, Division II must produce consumer goods in the quantity necessary to satisfy the ever-growing needs of both the former and newly involved into production of workers of both divisions, as well as workers employed in non-manufacturing industries. In any given period, part produced means of production and consumer goods is going to increase reserves.

In conditions of anarchy of capitalist production and limited effective demand of the working masses, the most difficult problem of capitalist reproduction is the problem of selling the social product. The planned and crisis-free development of socialist production does not encounter difficulties in implementation, since the steady growth of purchasing the ability of the population creates an ever-increasing demand for products industry and Agriculture. This does not mean, however, that in the course of expanded socialist reproduction certain contradictions of a non-antagonistic nature cannot arise , causing violations of certain proportions in the national economy, such as, for example, miscalculations in planning due to insufficient consideration of the requirements of the law of planned development of the national economy or natural disasters of drought and floods, negative affecting production. For warning and eliminating the resulting individual disproportions in the native language In the economy, the socialist state creates the necessary reserves.

The Education and Appointment of Public Funds Under Socialism.

The socialist mode of production determines the nature and corresponding forms of distribution of the total social product. Society, represented by the socialist state, systematically distributes the overwhelming part of the social product in accordance with the requirements of the basic economic law of socialism.

As already stated, the total social product used to replace the consumed means of production, forms the national income of a socialist society. The national income is divided into two large funds: the accumulation fund, through which the continuous growth and improvement of socialist production is carried out, and the consumption fund, through which the constantly growing material and cultural needs of the entire society are met.

From the accumulation fund, the predominant part is used to expand production. The scale of production in a socialist society is growing systematically, from year to year, and at a rate unprecedented in the capitalist world.

The other part of the accumulation fund is used for the purpose of capital construction of cultural and domestic purposes. This includes the implementation of extensive and ever-increasing work on the construction of schools, hospitals, and public service institutions.

Finally, the third part of the accumulation fund forms the reserve, or insurance, fund of the society. State reserves of raw materials, fuel, food, as well as reserve funds on collective farms make it possible to prevent interruptions in the reproduction process.

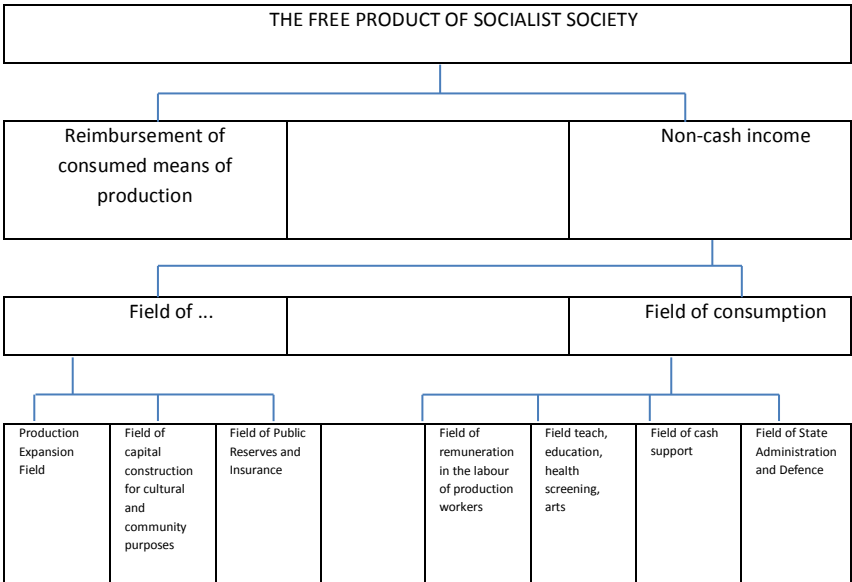
fund, in turn, consists of two parts: the main part of the consumption fund is the wage fund for workers in socialist production, which, in accordance with the economic law of distribution according to labour, goes to the wages of workers employed in production, to employees, to the wages of collective farmers, etc. d.; other part composition

Part of the public consumption fund is spent for socio-cultural purposes: to cover the growing needs of socialist society in the field of science, education, health care, art and other areas of culture and everyday life. From this fund, in accordance with the economic law of distribution according to labour, workers in the cultural and consumer services sectors receive wages.

Part of the public consumption fund forms the social security fund. This fund serves the purpose of providing state assistance to large and single mothers, children, the elderly, and the disabled in accordance with the right granted by the Constitution of the USSR to material support in case of disability and old age.

Part of the public consumption fund goes to cover management costs—to maintain the state apparatus. Part of the national income goes to the country’s defence needs. In the face of the danger of military attacks by imperialist aggressors on the USSR, strengthening the defence capability of the country of socialism is of utmost importance.

Scheme of distribution of the total product in a socialist society



As already indicated, the predominant part (about 3/4) of the national income is spent on satisfying the personal material and cultural needs of working people in the USSR.

The Socialist Accumulation. The Production and Consumption in a Socialist Society.

The source of expanded socialist reproduction is socialist accumulation. Socialist accumulation is the use of part of the net income of society, consisting of means of production and objects consumption, to expand production, as well as to form material reserves and increase non-productive material and cultural funds.

As a result of socialist accumulation, an increase in material assets owned by the state and cooperative-collective farms is formed, meaning an increase in the national wealth of a socialist society. the accumulated share of national income also has a monetary value. Overwhelming part of the monetary savings of all sectors of the national economy and part of the population's funds are mobilized through the state budget for the needs of communist construction.

Socialist accumulation is carried out through capital investments in the national economy. Capital investments are a set of costs spent in a certain period on the creation of new ones, as well as on the reconstruction of existing fixed assets for production and non-production purposes. Capital investments in folk Some of the economy is used to replace consumed fixed assets. The Soviet state systematically and systematically carries out gigantic in its own way volume of capital work: construction of new and expansion of existing factories and plants, and machine and tractor stations, means of transport and communications, residential scrap, schools, hospitals, child care institutions.

The volume of capital investments in the national economy of the USSR was: in 1929-1932—51 billion rubles, in 1933-1937—115 billion, in 1946-1951—about 500 billion rubles. The main part of capital investments is not directed to the expanded socialist industry. Due to capital investments, large industrial enterprises were built: in the years of the first five-year plan—1500, in the years of the second five-year plan—4500, in three and a half years of the third five-year plan—3000, in 1946-1951. About 7,000 state industrial enterprises were restored and rebuilt. In addition to industrial and agricultural enterprises, many thousands of cultural and social institutions have been created.

Socialist accumulation is based on a steady increase in the productivity of social labour and a systematic reduction in social production costs.

The planned, crisis-free nature of the socialist economy, the high level of capital investment in the national economy, the planned and rational use of means of production and labour resources in social production, the absence of parasitic consumption—all this determines high rates of accumulation, unattainable under capitalism even in the most favourable periods of its development.

As mentioned above, the share of national income going into accumulation in the USA for the period 1919-1928. averaged approximately 10%, but during the decade from 1929 to 1938 it was only 2%. In the USSR, the socialist accumulation fund (including reserves) accounts for about one quarter of the national income.

Socialism destroyed the antagonistic contradiction between production and consumption characteristic of capitalism. Expanded socialist reproduction means a steady growth not only of the means of production, but also of personal consumption items.

Socialist society also does not know the division of consumer goods inherent in capitalism and associated with the presence of

antagonistic classes into the necessary means of consumption of the working masses and luxury goods, which are included only in the consumption fund of the exploiting classes. Under socialism, the entire consumption fund goes to the working masses.

With the development of production, with the growth of national income, with the increase in the volume of socialist accumulation, public consumption funds also grow, and the social and personal needs of the working people are more and more fully satisfied.

This means that under socialism there is an inherent in the economic law of accumulation. The law of socialist accumulation stipulates the continuous growth of national wealth through the systematic use of part of net income to expand production in order to meet the growing needs of the entire society. In contrast to the general law of capitalist accumulation, by virtue of which the growth of wealth of the exploiting classes is inevitably accompanied by the impoverishment of the working masses, the action of the law of socialist accumulation leads to the fact that, along with the growth of national wealth, there is a systematic increase in the material and cultural level of the people. Thus, the law of socialist accumulation is determined by the basic economic law of socialism.

The Soviet state routinely establishes for each period certain proportions between the accumulation fund and the consumption fund, based on the fundamental tasks of communist construction.

Under socialism, the capitalist law of population completely lost its force, due to which, in parallel with the growth of social wealth, is increasingly part of the working population turns out to be redundant, is pushed out from production, replenishing the army of unemployed. Socialist the system ensures full employment of the entire working population. Therefore, under socialism there is no and there cannot be overpopulation. Constant and rapid population growth, a high level of material well-being of the people, low morbidity and mortality of the population with full and rational use

of its working population—this is the essence of the socialist law of population.

From 1926 to 1939, the average annual net population growth in the USSR was about 2 million people, or 1.23%. Over the same period, the average annual net population growth was: in France—0.08%, Germany—0.62%, in England—0.36%, in the USA—0.67%. During the last years, the annual rapid net increase in the population of the USSR is more than 3 million people.

Thus, socialist reproduction is characterised by a systematic and continuous expansion of all social production, carried out at a high rate inaccessible to capitalism, a systematic and rapid increase in the entire population, including the working class and intelligentsia, and a steady increase in the material well-being and cultural level of the population. wt.

BRIEF SUMMARY

1. Socialist reproduction is the continuous expanded reproduction of the total social product, labour force and socialist production relations. The advantages of the socialist national economy and its planned development determine the crisis-free growth of the socialist economy and the high rates of expanded socialist reproduction.

2. National wealth includes all material goods at the disposal of a socialist society. Composite parts of national wealth are: fixed and circulating production assets of the national economy, circulation funds, state and collective farm material reserves and insurance stocks, non-productive assets, personal property of the population.

3. Reproduction of the social product is carried out in two forms: natural- material and cost. According to natural material, all production The social product under socialism is divided into the

production of means of production (I division) and consumer goods (II division) . In terms of value, the social product includes: the cost of the means of production consumed, the cost of the product for oneself, the cost of the product for society. Expanded socialist reproduction presupposes the necessary correspondence (proportionality) between all parts of the social product in natural material form and in value.

4. The distribution of the social product under socialism ensures a steady expansion of socialist production in city and countryside, strengthening the economic power and defence capability of the country, maximum satisfaction of the continuously growing material and cultural needs of socialist society.

5. Socialist accumulation is the use of part of the net income of society, consisting of means of production and consumer goods, to expand production, to form public reserves and to increase non-productive, socio-cultural funds. Socialism is free from the antagonistic contradiction between production and consumption inherent in capitalism. In contrast to the general law of capitalist accumulation, and the force of which the growth of the wealth of the exploiting classes is inevitably accompanied by the impoverishment of the working masses, the action of the law of socialist accumulation leads to the theme that, along with the growth of national wealth, there is a systematic increase in the material and cultural level of the people.

6. Under the socialist system, the capitalist law of population has lost force. The socialist law of population is expressed in constant and high population growth, in the rational and full use of its working population.

CHAPTER XXXIX. THE GRADUAL TRANSITION FROM SOCIALISM TO COMMUNISM

Two Phases of Communist Society.

Communism is a necessary stage in the historical development of mankind.

Communism as a socio-economic formation has two phases of development: the lower, called socialism, and the higher, called communism. "The scientific difference between socialism and communism," wrote Lenin, "is only that the first word means the first stage of a new society growing out of capitalism, the second word means a higher, further stage of it." ¹

The economic basis of both phases of communism is public ownership of the means of production. The dominance of public property determines the planned development of the national economy. Both phases of communist society are characterised by the absence of exploiting classes and the exploitation of man by man, national and racial oppression. Both under socialism and under communism, the goal of production is the maximum satisfaction of the constantly growing material and cultural needs of the entire society, and the means to achieve this goal is the continuous growth and improvement of production on the basis of higher technology.

At the same time, the second phase of communism has significant differences from its first phase, being a higher level of economic and cultural maturity of communist society.

Already under socialism, the productive forces have reached a high level: socialist industry and large-scale socialist agriculture are

¹ V. I. Lenin, *The Great Initiative*, Works, vol. 29, ed. 4, p. 387.

the most concentrated and most mechanized in the world, they are steadily developing at a high rate inaccessible to capitalism. But the productive forces of society and the labour productivity of workers are still insufficient to ensure an abundance of products. Communism presupposes such a level of development of the productive forces of society and the productivity of social labour that will ensure an abundance of material goods when, as Marx put it, all sources of collective wealth will flow in full flow.

Unlike socialism, where there are two forms of public, socialist property - state and cooperative-collective farm, under communism the undivided dominance of a single communist ownership of the means of production will be established.

If under socialism, under the conditions of the existence of two main forms of socialist production—state and collective farm—commodity production and commodity circulation are preserved, then under communism, on the basis of a single communist property, a single form of communist production, there will be no commodity production and commodity circulation, and therefore and money.

Under socialism there is no longer an opposition between city and countryside, between mental and physical labour, but still significant differences remain between them. Under communism there will be no significant differences between city and countryside, between mental and physical labour, and only minor differences between them will remain.

In a socialist society there are two classes—the working class and the collective farm peasantry, friendly to each other, but differing in their position in society there is also a socialist intelligentsia. With the destruction of the difference between the two forms of socialist property, the boundaries between workers and peasants will be completely erased—they will be completely erased—they will all become workers communist society. Communism is a classless society.

Under socialism, labour, freed from exploitation, is based on a high level of technology and has already become a matter of honour. At the same time , under socialism, complete mechanisation of all production processes has not yet been achieved, and the careless attitude towards work on the part of some members of society has not yet been overcome . Under communism, the work of all members of society will be based on higher technology and conscious labour discipline. From a means of merely maintaining life, work will be transformed in the eyes of society into the first need of life.

Communism provides all members of society with the flourishing of their physical and mental abilities. All members of society will be cultured and comprehensively educated people and will have the opportunity to freely choose their profession. Communism presupposes further development of science, art and culture, unprecedented in history.

If the guiding principle of socialism is: “from each according to his ability, to each according to his work,” then the principle of communism says: “From each according to his ability, to each according to his needs.”

The Possibility of Building Communism in One Country. Communism and the State.

Communism in one country, as J. V. Stalin scientifically substantiated it, is quite possible, especially in a country like The Soviet Union, even if the capitalist encirclement still exists.

The question of the victory of communism in one country has two sides - domestic and international.

The internal side of the question of the possibility of building communism in the USSR is that to create the material and production base of communism, to achieve a level of development of the productive forces and labour productivity in industry and

agriculture that will ensure an abundance of material goods, to achieve the elimination of class differences between the working class and the collective farm peasantry, to eliminate the remnants of capitalism in the economy and the minds of people.

Socialist production relations have opened up enormous opportunities for a powerful upswing in all sectors of the national economy. The Soviet Union has gigantic material resources and natural the wealth needed to build communism. Socialism develops on its own his own material and production base created by him , which gives the movement towards communism an accelerated pace and irresistible power. A powerful factor accelerating the development of the Soviet economy towards communism is socialist competition.

The socialist state, led by the Communist Party, based on the objective economic laws of socialism, mobilizes the forces of the entire people to building a communist society.

Thus, from the point of view of internal conditions, the Soviet Union has everything necessary for building a complete communist society.

The international side of the question of the possibility of building communism in the USSR is that the Soviet people are building communism under the dominance of capitalism in most countries. While it exists hostile socialism imperialist camp, there is also the danger of a military attack on the Soviet Union by imperialist states.

Marx and Engels, based on the assumption that socialism would win simultaneously in all countries or in the majority of civilized countries, came to the conclusion that the state under communism becomes unnecessary and will gradually wither away. Having scientifically generalized the practice of socialist construction, Stalin gave a new formulation of the problem of the state under communism. To the question whether our state will also survive during the period of communism, he gave the following answer:

“Yes, it will survive if the capitalist encirclement is not eliminated , if there is no the danger of military attacks from outside has been eliminated, and it is clear that the forms of our state will again be changed in accordance with changes in the internal and external situation.

No, it will not survive and will die out if the capitalist environment is eliminated, if it is replaced by a socialist environment”¹.

A socialist state is necessary as long as capitalist encirclement exists, until the danger of an attack on the USSR by imperialist states is eliminated . Until then, the Soviet Union, while pursuing a consistent policy of peace, must at the same time be ready to repel any enemy attack from the outside. To do this, it is necessary to strengthen the socialist state in every possible way, increase the economic power of the country, and ensure its defence capability.

The Soviet country is no longer a lonely island surrounded by capitalist countries. The presence of a socialist camp is an important factor facilitating the construction of communism in the USSR.

The Continuous Growth of All Social Production. The Creation of the Material and Production Base of Communism.

Fulfilling the world-historical task of building communism requires the creation of a new material and production base capable of ensuring the transition from socialism to communism.

The material and production base of communism, which is being created in the USSR, is large-scale machine production in towns and villages, based on the electrification of the entire

¹ J. V. Stalin, Report at the 17th Party Congress on the work of the Central Committee of the All-Union Communist Party of the Bolsheviks. Questions of Leninism, ed. II, 1952, p. 646.

country, comprehensive mechanisation and automation, and comprehensive chemicalisation of production processes. In terms of its scale and technical level, the material and production base of communism will be significantly higher than the material and production base of socialism.

The first basic precondition for preparing the transition to communism is to firmly ensure continuous growth of all social production with a predominant growth in the production of means of production. The predominant growth in the production of means of production creates the material prerequisites for the constant expansion of production and its improvement based on higher technology in order to achieve an abundance of consumer goods.

This requires a huge increase in production capacity in all sectors of national capital construction. In the USSR, hundreds and thousands of new enterprises are being built and designed, entirely based on the world's most advanced equipment and technologies, with the creation and use of new types of raw materials and energy sources.

Lenin pointed out that the technical basis of all industrial and agricultural production under communism would be the electrification of the entire national economy. "Communism is Soviet power plus electrification of the entire country."¹ This means that industry, transport and agriculture will be completely transferred to a new, high technical base associated with electrification.

Electrification of the entire national economy is the main characteristic feature of the material and production base of communism. In the context of the gradual transition from socialism to communism, electrification is carried out on a huge scale. This is evidenced by the construction in the USSR of the world's largest

¹ V. I. Lenin. Report on the activities of the Council of People's Commissars at the VIII All-Russian Congress of Soviets, Works, vol. 31, ed. 4, p. 484.

hydroelectric power plants, which in their scale have no equal in history.

The socialist planned economy ensures the creation of a single high-voltage network connecting numerous power plants of different economic regions, which is impossible under capitalism due to the dominance of private property and the anarchy of production. Thus, the Kuibyshev and Stalingrad hydroelectric power stations will be the main strongholds of a single high-voltage network on the territory of the European part of the USSR, which will connect individual regional power systems with main power lines.

Electrification of the entire national economy, as the main condition for creating the material and production base of communism, is inextricably linked with the comprehensive mechanisation of all labour processes, with automation and chemicalisation of production, with the use of all the latest technological achievements. The electrification of production processes and the automatic system of machines radically change working conditions, lead to the replacement of unskilled labour with skilled labour, and create the technical basis for the final elimination of the essential difference between mental and physical labour.

The national economy of the USSR has already laid the foundations for further great transformations in production technology, leading to the level of development of the productive forces necessary for communism.

A remarkable achievement of the most advanced Soviet machine-building industry in the world is the creation of enterprises with complete complex mechanisation, with automatic lines of machine tools, automatic factories. For example, in 1951, more than 90% of regional hydroelectric power plants had automated units. A number of hydroelectric power plants are controlled by telemechanics. The power of hydroelectric power plants transferred to telemechanical control is more than 50% of the total power of

hydroelectric power stations. During the construction of hydraulic structures, excavation work is carried out using a complex of earthmoving machines cars Automated plants have been created for the production of concrete, each of which produces 2-4 thousand cubic meters of concrete per day . At these plants, all operations are automated, from feeding and weighing raw materials to dispensing ready-made concrete.

The world's first automatic plant for the production of pistons for automobile engines was created in the USSR, where all processes, from the supply of raw materials to the packaging of finished products, they are fully automated. The factory is serviced by only a few workers. Such factories are the prototype of the technology of a communist society.

If at present the comprehensive mechanisation of labour processes and automation act as harbingers new in the technical base of communism, then over time these great achievements of science and technology will be introduced into all sectors of industrial and agricultural production.

Soviet science has mastered methods of using intra-atomic energy. For the first time in the world, the USSR practically set the task of using this new type of energy for peaceful purposes. The use of atomic energy for the production of material goods, further improvement of jet technology, telemechanics, etc. open up unprecedented opportunities for improving production and increasing labour productivity. All this will inevitably lead to a huge acceleration of economic development and will ensure the level of productive forces necessary for the transition to communism.

The Raising Collective Farm Property to the Level of National Property. The Elimination of the Essential Difference Between City and Countryside.

The growth of the productive forces of a socialist society will necessitate changes in the field of production relations. At the highest phase of communism, production relations will be based on a single, national communist ownership of the means of production. The transition to unified communist property requires every possible strengthening and further development of state (national) property and property and raising collective farm-cooperative property to the level of national property, as well as replacement through gradual transitions commodity circulation system of product exchange. The implementation of this task is the second main preliminary condition for the transition to communism. On the basis of unified communist ownership, the essential difference between city and countryside will disappear.

The essential difference between city and countryside, between industry and agriculture, between workers and Under socialism, the collective farm peasantry lies in the fact that industry is state (national) property, while in agriculture there is group collective farm property. In industry, electrification, mechanisation, automation and chemicalisation of production have been implemented to a greater extent. Despite the genuine cultural revolution in the countryside, the cultural level of the rural population as a whole has not yet reached the cultural level of the urban population.

The elimination of the essential difference between city and countryside occurs in the process of building communism. The decisive force on the path to eliminating the essential difference between city and countryside, between industry and agriculture is socialist industry. Only further comprehensive development of

large-scale industry will make it possible to fully implement the comprehensive mechanisation of all branches of agriculture.

Socialist industry carries out its transformative role in relation to agriculture primarily through machine and tractor stations, which determine the development of collective farm production. Machine and tractor stations, as the most important industrial centres of socialist agriculture and conductors of a high culture of agriculture, are increasingly embracing agricultural production. State farms are strengthening their role as examples of the largest and most highly mechanized agriculture.

The most important means of bringing the countryside closer to the city is electrification. New powerful hydroelectric power stations will provide a huge amount of electricity not only for industrial, but also for agricultural production. The USSR already ranks first in the world in the electrification of field farming—an electric tractor and an electric combine have been invented and used in production. The basis for the electrification of agriculture will be large state-owned power plants. Along with them, there is widespread construction of small collective farm power plants. Electric machine and tractor stations are becoming the strongholds of the comprehensive electrification of agriculture. Some of them already serve collective farm production. They represent not only new agricultural energy bases, but also powerful centres of culture.

The development of railway, road, water and air transport, the transmission of electricity over long distances, the improvement and widespread distribution of radio and television are important means of bringing the countryside closer to the city economically and culturally. Thanks to these achievements of science and technology, the village has the opportunity to enjoy all the benefits of culture along with the urban population.

The agricultural artel is the main form of collective farms during the period of gradual transition from socialism to communism. Collective farms are carrying out systematic work to ensure high and

stable harvests by irrigating lands in arid areas, draining swamps, introducing grass crop rotations over large areas, rational placement of agricultural crops, using advanced agricultural technology , etc. In contrast to capitalism, which predatorily depletes the soil, the socialist farming system ensures increased soil fertility. Armed with advanced technology with the help of MTS, collective farms are successfully developing their social economy, which is the basis for creating an abundance of agricultural products.

As the social economy strengthens and develops, the tasks of cultural, social and housing construction are consistently solved on collective farms. The rapidly growing social economy of collective farms will increasingly satisfy the diverse personal needs of collective farmers. This will eventually lead to the fact that there will be no economic need to maintain auxiliary household plots.

Based on the further strengthening and development of the material and production base of collective farm production, the prerequisites will gradually be created for the transformation of the agricultural artel into a highly developed agricultural commune, as the highest form of the collective farm movement. "The future commune will grow out of a developed and prosperous artel. The future agricultural commune will arise when the fields and farms of the artel have an abundance of grain, livestock, poultry, vegetables and all other products, when the artels have mechanised laundries, modern kitchen-dining rooms, bakeries, etc., when the collective farmer will see that it is more profitable for him to receive meat and milk from the farm than to have his own cow and small livestock, when the collective farmer sees that it is more profitable for her to dine in the canteen, take bread from the bakery and receive washed linen from the public laundry than to do this business herself. The future commune will arise on the basis of more developed technology and a more developed artel, on the basis abundance of products." ¹ The process of developing the artel into a commune will

occur as collective farmers become convinced of the need for such development.

The destruction of the opposition between the city does not at all mean the death of large cities. The planned deployment of industry throughout the country, the approach of industrial enterprises to sources of raw materials is accompanied by the construction of new cities. Cities, as centres of the greatest cultural growth, as centres not only of large-scale industry, but also of the processing of agricultural products and the powerful development of all branches of the food industry, will help to equalize living conditions in the city and the countryside. The appearance of old cities is radically changing . The socialist reorganisation of cities aims to eliminate overcrowding and improve the conditions of urban life by greening cities and using all modern achievements in public utilities. The progressive role of the socialist city, as a bearer and conductor of the achievements of modern advanced science and culture, everything more increases.

As the material and production base of communism is built, conditions will be created for raising collective farm property to the level of public property and for replacing commodity circulation with product exchange. Product exchange is a form of economic relations in which collective farms give the products they produce to the socialist state and receive from it the industrial products they need without commodity circulation, without purchase and sale.

As already mentioned, in the conditions of the existence of two main forms of socialist production, commodity circulation is a necessary and very useful element of the socialist economy. However, commodity circulation is incompatible with the prospect of transition from socialism to communism; The communist

¹ J. V. Stalin, Report to the XVII Party Congress on the work of the Central Committee of the All-Union Communist Party of Bolsheviks, Works, vol. 13, p. 353.

principle of distribution of products according to needs excludes any exchange of goods. Therefore, for the transition to communism it is necessary “ through gradual transitions carried out with the benefit of collective farms and, consequently, for the whole society, to raise collective farm property to level of national property, and commodity circulation, also through gradual transitions, to be replaced by a system of product exchange.”¹

With the raising of collective farm property to the level of national property and with the transition to product exchange, the need for commodity production and commodity-money circulation, and thereby the law of value, will disappear.

Value, like the law of value, is a historical category, associated with the existence of commodity production. At the highest phase of communism, with the disappearance of commodity production, value with its forms and the law of value will disappear. The amount of labour expended on the production of products will be measured not in a roundabout way, not through the medium of value and its forms, as happens in commodity production, but directly and directly by the amount of labour time spent on the production of products.

Raising collective farm property to the level of national property constitutes the basis for the final dividing line between the workers and the collective farm peasantry.

With the disappearance of the significant difference between city and countryside under communism, some insignificant differences between them will still remain, resulting from the unique nature of industrial and agricultural production, for example, the seasonality of agricultural work associated with the natural process of growth and maturation of plants, limited periods of use of agricultural machines, etc.

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 67.

The Cultural Growth of Society. The Elimination of the Essential Difference Between Mental and Physical Labour.

The precondition for the transition to communism is the achievement of such cultural growth of society as is necessary for the full development of the physical and mental abilities of all members of society and which would provide an education sufficient to enable them to become active agents in social development and have the opportunity to freely choose a profession.

After the destruction of the opposition between physical and mental labour, in the course of communist construction, the problem arose of eliminating the essential difference between physical and mental labour that exists under socialism. The significant difference between physical and mental labour is that the majority of workers in terms of cultural and technical level are still lower than the level of engineering and technical workers, and the majority of collective farmers are lower than agronomic workers.

Increasingly improving technology in industry and agriculture: electrification, complex mechanisation, chemicalisation, etc. require production workers to have a high level of both general and special low- tech or agronomic education. Without this, it is impossible to ensure a further increase in the productivity of social labour necessary for the transition to communism. This implies the objective need for the cultural growth of society, the elimination of the significant difference between physical and mental labour.

The elimination of the essential difference between physical and mental labour occurs by raising cultural and technical level of workers to the level of lower-technical labour workers and collective farmers to the level of agronomic workers.

In the destruction of the essential difference between physical and mental labour, socialist competition plays a huge role, in which the overwhelming majority of the working class and collective farm peasantry participate. More and more significant masses of workers are mastering modern technology and production technology; the number of innovators and inventors is growing. This raises broad workers to the level of lower-level technical workers.

Back in 1935, characterizing the Stakhanov movement as a new stage of socialist competition, J. V. Stalin pointed out that it contains the grain of the future cultural and technical upsurge of the working class, it opens the path on which only those highest indicators can be achieved labour productivity, which are necessary for the transition from socialism to communism. When workers raise their cultural and technical level to the level of engineering and technical personnel, and collective farmers to the level of agricultural technical personnel, a new rise in labour productivity unprecedented in history will be achieved, ensuring the creation of an abundance of all material goods.

In order to achieve such a serious cultural growth of the members of society, which is necessary for the transition to communism, it is necessary first of all to shorten the working day. The economic conditions for a significant reduction in working time devoted directly to production can only be created through a further powerful increase in labour productivity. Shortening the working day will enable members of society to devote sufficient time and effort to mastering knowledge and culture, and to developing all their physical and mental abilities.

To ensure the practical possibility of the transition to communism, it is necessary to introduce compulsory polytechnic education. Lenny pointed out that polytechnic education should introduce students in theory and practice to the main branches of industry. Polytechnic education, expanding the horizons of workers, equipping them with knowledge of the fundamentals on which

modern large-scale production is built , will provide the opportunity to freely choose a profession.

Further advancement of the culture of all members of society will be carried out through the development of universal compulsory polytechnic education, secondary technical and higher education, correspondence education, the creation of a wide network of various courses and training of personnel for mass professions in production. The 19th Congress of the Communist Party recognized the need for the fifth five-year plan start to the implementation of polytechnic education in secondary schools and to carry out the activities necessary for the transition to universal polytechnic education.

Raising the knowledge and culture of workers and peasants to the level of lower-technical and agronomic workers will mean the destruction of differences between workers, peasants, on the one hand, and the intelligentsia, on the other hand.

By implementing the basic economic law of socialism, socialist society has achieved great success in increasing well-being of the people. But in order to ensure the all-round cultural growth of the working people, necessary for the transition to communism, it will be necessary radically improve living conditions, significantly raise the real wages of workers and employees and the real incomes of collective farmers. This can only be achieved on the basis of further rapid growth in production and increased labour productivity.

The comprehensive development of production forces and culture will lead to the fact that unskilled and hard physical labour will finally be eliminated, and the old division of labour associated with the lifelong assignment of workers to certain professions will disappear.

Communism, while eliminating the old division of labour, does not at all deny the need for division of labour. Communism requires the presence of qualified, diversified specialists in various fields of production, science and technology.

All members of communist society will have technical engineer training, necessary to manage high technology and complex production processes. All people will have the opportunity to engage not only in the production of material goods, but also in the sciences and arts. Eliminating the essential distinction between the mental and the physical and the physical labour does not mean that between these types of labour will be destroyed any difference. Some difference, although insignificant, will still remain. For example, the working conditions of the management staff of enterprises will differ from the working conditions of direct production workers .

These are the basic preliminary conditions for the transition to communism. Only after all these preconditions taken together have been fulfilled will it become possible to transition from the socialist principle - "from each according to his ability, to each according to his work" to the communist principle - "from each according to his ability, to each according to his needs."

The Transition to the Communist Principle: "From Each According to His Ability, To Each According to His Needs."

The conditions for the implementation of the communist principle of social life are prepared gradually, as production grows and, on this basis, an abundance of consumer goods is created, the dominance of a single communist property is established and the achievement of a level of culture and consciousness of members of society corresponding to communism. This principle means that in a communist society everyone will work according to his abilities and

receive consumer goods not according to the work he has done, but according to the needs of a culturally developed person that he has.

The prerequisites for the highest phase of communism are created through the most complete use by the socialist state of the economic laws of socialism. In accordance with the requirements of the basic economic law of socialism, socialist production is developing steadily and rapidly and welfare is growing people. The role of the law of planned development of the national economy and socialist planning is increasingly increasing. National economic plans, designed for a long period, determine specific ways to create the material and production base of communism. To ensure the growth of social wealth, the socialist state uses such economic tools for planned economic management related to the existence of the law of value, such as money, credit, trade, economic calculation. The steady rise in the material and cultural level of the working people is carried out on the basis of the consistent application of the economic law of distribution according to work. The increase in labour productivity is accompanied by a decrease in prices for industrial and agricultural goods. On this basis, there is a systematic increase in the real wages of workers and employees and the income of collective farmers. Working people are getting more and more opportunities to purchase such quantities of food, clothing, and household items that they can more and more fully satisfy their growing material and cultural needs.

The development of the production of material goods leads to the fact that the level of wages of workers and employees and the income of collective farmers ensures increasingly complete satisfaction of the needs of the working people. As the abundance of products grows, the prerequisites will be created for the transition from distribution according to labour to distribution according to needs. In this regard, it is important has a further comprehensive development of trade. It is necessary, first of all, for ever more complete and comprehensive satisfaction of the growing

needs of the working people. On the other hand, the improvement of Soviet trade will prepare that ramified apparatus that will be used in the highest phase of communism for the direct distribution of products according to needs without commodity and monetary circulation.

Communism will ensure diversified satisfaction of the diverse personal needs of members of society both through increase in consumer goods and household items coming into personal ownership, so and through the development of social forms of meeting the needs of the population (cultural institutions, sanatoriums, theatres, etc.).

The transition to communism cannot be imagined in form united temporary act. It occurs gradually, through the comprehensive development of the foundations of socialism. The law of transition from the old qualitative state of society to a new one through an explosion is obligatory for a society divided into hostile classes, but is not at all obligatory for a society that does not have hostile classes, which is a socialist society. The material and cultural prerequisites for communism are created as the productive forces of socialist society flourish, its wealth and culture grow, public ownership of the means of production is strengthened and multiplied, and the masses are educated in communist society.

The gradual transition from socialism to communism does not exclude revolutionary leaps in the development of technology, economics, science and culture. For example, the discovery of new sources of energy and new types of raw materials, the introduction of new technical inventions in production give rise to a genuine technical revolution. The transition from two forms of social ownership to a single communist ownership of the means of production, from the socialist principle of distribution according to work to the communist principle of distribution according to needs will mean enormous qualitative changes in the economy and in the entire life of society. The sprouts of a new, communist system are

already present in socialist society in production, in relation to labour and public property, in relations between people. Over time, adherence to communist principles will become the natural, common behaviour of highly educated, cultured people. Will finally disappear people's ideas, which are remnants of a society based on private property, the principles of communism will triumph in all areas of public life.

The construction of communism is carried out in a decisive struggle against the remnants of capitalism in the minds of people. Huge The communist education of the working people is important in eliminating these remnants. The successful fulfilment of the tasks of the transition from socialism to communism depends on communist education.

The Soviet Union is the first country in the world to build socialism and is now successfully erecting the building communism. The development of all humanity will inevitably follow the path to communism. Outlining the prospects for communist construction. Lenin said: "If Russia is covered with a dense network of power stations and powerful technical equipment, then our communist economic construction will become a model for the coming socialist Europe in Asia"¹.

The Soviet Union, moving along the path to the highest phase of communism, is a powerful centre of gravity, recognized as the leader of the entire camp of socialism in the international arena. The great example of the Soviet people shows the people of the whole world the path to liberation from capitalist slavery and its inevitable companions - exploitation, unemployment, crises, wars.

¹ V. I. Lenin, Report on the activities of the Council of People's Commissars at the VIII All-Russian Congress of Soviets, Works, vol. 31, ed. 4, p. 486.

BRIEF SUMMARY

1. Socialism and communism represent two phases in the development of the communist social formation. Communism is the highest phase of this formation, which is characterised by a higher level compared to socialism development of productive forces, the presence of a single national communist ownership of the means of production, the absence of classes and class differences, as well as significant differences between city and countryside, between physical and mental labour. Under communism, labour will turn from a means of merely maintaining life into the first vital need in the eyes of society. Based on the enormously increased productivity of social labour, an abundance of consumer goods will be achieved. The guiding principle of social life under communism will be: “from each according to his ability, to each according to his needs.”

2. In order to prepare the transition to communism, the following basic prerequisites must be fulfilled: first, to ensure the continuous growth of all social production with a predominant increase in the production of the means of production; secondly, to raise collective farm ownership to the level of public ownership, and to replace commodity circulation with product exchange; Thirdly, to achieve such a cultural growth of society that all members of society, in terms of their education and technical knowledge, are at the level of engineering, technical and agronomic workers, can become active figures in social development and freely choose a profession.

A gradual transition is being successfully carried out in the USSR from socialism to communism is carried out by millions masses of working people under the leadership of the Communist Party and the Soviet state, basing their activities on knowledge of the objective laws of economic development. The prerequisites for the highest phase of communism are created by strengthening and further developing socialist property and increasing the productivity

of social labour, through the consistent implementation of the basic economic law of socialism, the law of planned development of the national economy, the law of distribution according to labour and other laws. In a socialist society there are germs of communism in production, in relation to labour and public property, and in relations between people. Entry into the second phase of communism and the transition to the communist principle of distribution will be carried out gradually, as the abundance of items increases consumption.

4. The construction of communism in the USSR is of enormous international importance. Each new step of the Soviet people along the path to communism more and more clearly confirms the superiority of socialism over capitalism, instils in the working people of all countries confidence in the historical doom of capitalism and the triumph of communism.

CHAPTER XL. THE BUILDING OF SOCIALIST ECONOMY IN THE EUROPEAN COUNTRIES OF PEOPLE'S DEMOCRACY

People's Democratic Revolution. The First Stage of the Revolution.

The people's democratic revolution in the countries of Central and South-Eastern Europe—in Poland, Romania, Hungary, Czechoslovakia, Bulgaria, Albania—was prepared by the entire course of the world liberation movement and, above all, by the economic development of capitalism and the class struggle of the working class and the working masses of these countries. For a long time, these countries were in bondage dependence on the imperialist powers. With the exception of Czechoslovakia, they had an underdeveloped industry and retained significant remnants of feudal-serf relations.

Hungary, Poland and Romania were agrarian countries with moderately developed capitalism, Bulgaria was an agrarian country with underdeveloped relations, with large remnants of the patriarchal-tribal system. Most of the land in these countries was in the hands of large owners—landowners and capitalists; farms larger than 50 hectares of land, constituting less than 1% of all farms, had up to 50% of the total land area.

The industry of the countries of Central and South-Eastern Europe was dominated by large capitalist monopolies. Moreover, key positions in the economy were occupied by foreign capital. In Poland in 1938 there were 171 Polish cartels in about 100 foreign cartels; at least two thirds of the capital of industry and trade was under the

control of cartels. In Romania in 1938 there were 94 cartels, which united 1,600 enterprises and controlled half of all capital invested in Romanian industry. During the Second World War, these countries were under the yoke of German imperialism.

The Second World War exacerbated class and national contradictions in the countries of Central and South-Eastern Europe. The working masses, under the leadership of the working class, waged a fierce struggle against the Nazi invaders and against the traitors to the national interests of their countries—the landowners and the monopoly bourgeoisie.

The defeat of Hitler's Germany by the Soviet Union liberated the peoples of Central and South-Eastern Europe from fascist enslavement. The national liberation struggle of the working masses acquired enormous scope. The peoples liberated by the Soviet Union from the fascist yoke were given the opportunity to build their state life on democratic principles. The foundations of a new type of state—the people's democratic republic—were laid. This was the beginning of the people's democratic revolution.

At the first stage (1944-1947), the people's democratic revolution resolved the problems of the bourgeois democratic revolution. At the same time, the people's democratic revolution was, firstly, anti-imperialist, since it liberated the enslaved peoples of Central and South-Eastern Europe from the yoke of imperialism and gave them independence, and secondly, anti-feudal, since it eliminated feudal and semi-feudal remnants in economy.

The driving forces of the revolution at the first stage were the working class and the peasantry, in a bloc with which they were middle bourgeoisie and all anti-fascist progressive strength. The leading role in the revolution belonged to the working class. The revolution liquidated political domination of landowners and monopoly bourgeoisie. Popular democracy as political The system at the first stage was a revolutionary-democratic dictatorship of the proletariat and peasantry with the leading role of the working class.

During the anti-feudal agrarian revolution, landowners' lands were confiscated and distributed among land-poor peasants and farm labourers. The land was transferred to peasants as private property.

As a result of the agrarian revolution, the landowner class was eliminated, and the situation of working peasants improved significantly. Most of the poor and farm labourers who received land, rose to the level of the middle peasants. Thus, in Romania before the revolution, the poor and middle peasants farms up to 10 hectares in size accounted for 92% of all farms and owned 48% of the land area; in 1948 they owned 80.7% of the total land area. In Hungary before the revolution, poor and middle peasant farms of up to 20 holds made up 94.4% of all farms and owned 40.4% of all land; in 1947 they owned 70.7% of the total land area.

The agrarian revolution was carried out with the active participation of the broad peasant masses, in an atmosphere of intense class struggle. The reactionary forces, with the support of the American and British imperialists, fiercely resisted the agrarian reforms, trying in every possible way to disrupt their implementation.

The agricultural revolution had major economic and political consequences. With the destruction of large landownership, the reactionary forces were deprived of their main material base. Elimination of landownership and the division of land between working peasants destroyed the remnants of feudal exploitation of the peasants. The provision of land to land-poor peasants and landless farm labourers attracted them to the side of the people's democratic system.

At the first stage of the people's democratic revolution, banks, industrial and other enterprises belonging to the monopoly bourgeoisie, which, together with the landowners, served the fascist occupiers, were nationalised. This weakened the bourgeoisie as a

whole and strengthened the position of the working class. Workers' control was introduced in private capitalist enterprises .

The Second Stage of the People's Democratic Revolution. The Socialist Nationalisation.

As the tasks of the anti-feudal, bourgeois-democratic revolution were accomplished , it developed into a socialist revolution. The liquidation of the monopoly bourgeoisie already meant that the people's democratic revolution was beginning to move from its first, bourgeois-democratic stage, to its second, socialist stage. development. The establishment of the power of the proletariat and the socialist nationalisation of large-scale industry that it carried out was of decisive importance in this development.

In the countries of Central and South-Eastern Europe, as in other capitalist countries, the economic law of mandatory correspondence of production relations to the nature of the productive forces has long been making its way. But the reactionary forces represented The bourgeoisie and landowners, who held state power in their hands, offered fierce resistance to the implementation of this law.

During the development of the revolution, as the political and economic positions of the working class strengthened, the bourgeoisie and the remnants of the landowners, relying on the economic power still protected in their hands, as well as on the support of the American and British imperialists, took the path of organizing counter-revolutionary conspiracies and economic sabotage. revolutionary conspiracies and economic sabotage. The working class, having rallied the peasantry and other sections of the working people around itself, decisively rebuffed the attempts of the bourgeoisie to restore foreign imperialist oppression and won a complete victory over the enemy. The bourgeoisie was defeated and completely deprived of political power, which passed into the

hands of the working class. Thus there was The main issue of the socialist revolution has been resolved—the conquest of state power by the proletariat.

Carrying out the tasks of the socialist revolution, the proletariat that came to power carried out the nationalisation of industry. Large and medium-sized industrial enterprises were nationalized: factories and plants, mines, power plants. Nationalisation communications, transport, banks, foreign trade, domestic wholesale trade were affected. Thus, the working class eliminated the economic dominance of the bourgeoisie and took possession of command economic heights. Relations of production areas of industry were brought into line with the social nature of production: the main means of production became the property of the entire people in the person of the people's democratic state.

The nationalisation of large and medium-sized industry, transport, and communications was carried out in several stages. Decisive Activities in this area were carried out in Poland in 1946, in Bulgaria and Albania in 1947, in Hungary, Czechoslovakia and Romania in 1947-1948.

The social basis of people's democracies is the alliance of the working class and the peasantry with the leading role of the working class. State The system of people's democracy has become the political form of power of the working class and successfully fulfils the functions of the dictatorship of the proletariat. In the process of the revolutionary coup, the old, bourgeois state machine was broken and replaced by a new state apparatus that meets the interests of the people. People's democracies have entered a transition period from capitalism to socialism.

The Economic Structures and Classes. The Emergence of Economic Laws of Socialism.

The economy of people's democracies in the transition period from capitalism to socialism is characterised by the presence of three main structures: socialist, small-scale commodity and capitalist.

The socialist structure includes: nationalized industrial and transport enterprises, banks, foreign trade, wholesale domestic trade, state and cooperative retail trade, machine and tractor stations, state agricultural estates and all types of cooperation. In industrial production, the share of the socialist structure in Bulgaria increased from 30% in 1946 to 99% in 1950. In Czechoslovakia, the share of the socialist structure in the industry of Czechoslovakia in 1946 was 55.3%. In the spring of 1951, the private sector in the industrial Czechoslovakia was liquidated. Towards small-scale production include small and medium peasants farms, small craft farms based on the personal labour of their owners. The private capitalist structure includes kulak farms, private trading enterprises and non-nationalized industrial enterprises based on the exploitation of hired labour.

In the multi-structured economy of people's democracies, the socialist structure plays a leading role . It covers the commanding heights of the economies of these countries. The socialist structure is strengthening its position from year to year.

The main classes in people's democracies are the working class and the peasantry. Along with the working classes, there is the bourgeoisie: the kulaks, small capitalists in industry and trade.

The main contradiction in the economy of people's democracies during the transition period from capitalism to socialism is the contradiction between growing socialism and defeated, but not yet destroyed capitalism, which has its roots in small-scale commodity production. There is an irreconcilable

struggle between socialism and capitalism on the principle of “who will win.” Guided by the Marxist-Leninist doctrine of the transition period from capitalism to socialism, which is embodied in the historical experience of the Soviet Union, the state authorities of the people’s democracies at the present stage are pursuing a policy of limiting and ousting capitalist elements in town and countryside.

The presence in the economy of people’s democracies of a small-scale peasant structure determines the need for a market and market connections. People’s democratic states use them to overcome capitalist elements and build a socialist economy. Thus, the countries of people’s democracy are moving towards socialism on the basis of the principles of economic policy developed by the right-wing country of the victorious proletarian revolution—the Soviet Union, in the form of the so-called new economic policy (NEP). Experience of people’s countries democracy confirms that the NEP is an inevitable phase of the socialist revolution in all countries. People’s democracies use market relations to economically influence the countryside, strengthening in every possible way the trade and ever-increasing production link between city and countryside, between industry and agriculture.

In countries of people’s democracy, just as it was in the USSR during the transition period from capitalism to socialism, due to changed economic conditions, the laws of the capitalist mode of production, expressing relations of exploitation, disappear from the scene. In their place, the economic laws of socialism emerge and expand their scope. Such economic categories of capitalism as trade, money, credit, while maintaining their form, are essentially change radically in relation to the needs of the development of the socialist national economy. They lose their old functions and acquire new ones.

The scope of the law of value is limited; its action as a regulator of the economy no longer extends to the distribution of labour and means of production in the socialist sector of the economy. With

the growth of this sector, the law of value increasingly serves socialized production. At the same time, the small-scale commodity and capitalist sectors remain the basis for the spontaneous action of the law of value. This law also regulates a significant part of agricultural and handicraft production.

With the development and strengthening of socialist production relations, the basic economic law of socialism takes shape and begins to operate. The goal of production becomes the satisfaction of the needs of workers, and the means to achieve this goal is continuously developing production based on the use of advanced technology. On the basis of the socialisation of the means of production, the law of planned development of the national economy arose and began to manifest itself. The scope of this law is increasingly expanding as socialist forms of economy grow and the law of competition and anarchy of production disappears from the scene. At the same time, planning methods for the national economy are increasingly developing and improving.

Planning in people's democracies does not yet cover the entire national economy. small-scale commodity and capitalist sectors is carried out through indirect influence through tax and credit policy, price policy, contracting, etc. Up to 80% of all state procurement of agricultural products is carried out by contracting and through rural cooperation. Kulak farms are subject to high progressive taxes.

Exploitation has been eliminated in the socialist sector man by man and the nature of the work of the working class has radically changed . From working for the capitalists, he turned into working for himself, for the whole society. On this basis, a new, socialist attitude towards work arose and is rapidly developing, which finds expression in the growth of socialist competition, embracing the majority of the working class. A huge incentive for raising labour productivity and increasing the material well-being of workers is the operation of the economic law of distribution according to labour in the socialized sector of the economy: workers are paid depending

on the quantity and quality of work. Economic accounting is increasingly being used in the work of state-owned enterprises.

The construction of socialism in people's democracies is taking place in an atmosphere of intensified class struggle. The resistance of the dying classes is manifested in the hostile activities of the remnants of the defeated anti-people political parties, nationalist, left and right deviations in workers and communist parties, in sabotage, sabotage and sabotage by agents of imperialism. The communist and workers' parties, the masses of the people expose elements hostile to socialism and ensure the victory of the full proletarian dictatorship aimed at building socialism.

Thanks to the power of the Soviet Union, plans were thwarted imperialist interventions against people's democracies. Thus, these countries were spared a long civil war and the need to pursue a policy of "war communism." This allowed the people's democracies to restore their national economies in the shortest possible time and begin socialist construction.

Adopted in people's democracies in 1949-1950. long-term (five-year and six-year) plans are aimed at creating the foundations of a socialist economy.

The Socialist Industrialisation.

The experience of building a socialist society in the USSR has shown that socialism can only be created on the basis of modern large-scale industry, capable of connecting the entire national economy, including agriculture, with advanced industrial technology.

For people's democracies, socialist industrialisation is an objective necessity. Only on the basis of industrialisation can they put an end to technical and economic backwardness, create the material and production base of socialism, raise the material and

cultural level of the working people, and strengthen their defence capability. Socialist industrialisation meets the fundamental vital interests of the working people of people's democracies. People's democracies, taking into account the experience of industrialisation in the USSR, using the commanding heights in the economy and the advantages of planned economic management, are pursuing a consistent policy of industrialisation. The specific tasks of industrialisation in each people's democracy are posed differently, depending on the level of development and structure of industry inherited from the old system.

Socialist relations of production, created as a result of the conquest of power by the proletariat, have become the decisive force that determines the further rapid development of the productive forces. The rapid pace of socialist industry is expressed in annual and long-term (five- and six-year) plans, which are successfully implemented and exceeded by the working masses.

As a result of the implementation of these plans, which reflect the requirements of the law of planned development of the national economy, new proportions are created in people's democracies between various sectors of the economy that meet the requirements of building a socialist economy. The leading role of heavy industry with its core—mechanical engineering—is strengthening; Electrification of the national economy is being widely developed.

Before the revolution, most people's democracies had moderately or underdeveloped industry, with a sharp predominance of agriculture. In Poland, 65% of the amateur population was employed in agriculture, about 17% in industry; in Romania, 78% of the amateur population was employed in agriculture, and 7% of the amateur population in industry.

On the growth of industrial production in people's democracies. If we take the pre-war level of industrial production as 100, then in 1952 this level was exceeded: in Poland by almost 3.5 times, in

Czechoslovakia by about 2 times, in Hungary by 3.1 times, in Romania by more than 2.3 times.

The main sources of funds for socialist industrialisation are the accumulation of the socialist sector of the economy. technical progress, personnel growth, mastered technology, and socialist competition among workers lead to increased productivity and serves as an important source of increased savings. Funds for industrialisation also come from foreign trade, domestic state and cooperative trade, the credit and banking system, as well as by mobilizing part of the income of the working peasantry and savings of the population in the form of government loans. The goals of socialist industrialisation are served by the withdrawal of part of the income of the capitalist elements of the city and villages, primarily through progressive taxation of these elements.

Countries following the path of building socialism receive enormous material and technical assistance from the Soviet Union. The Soviet Union supplies countries of people's democracy modern equipment, raw materials, shares with them technical achievements, experience in management and organisation of production. Systematic cooperation based on the division of labour between socialist countries the camp gives everyone the opportunity country to develop those industries for which it there are the most favourable economic and natural conditions. All this greatly facilitates and accelerates the industrial development of people's democracies on the path to socialism.

The Socialist Transformation of Agriculture.

To build socialism, the victory of socialist forms of economy is necessary not only in the city, but also in the countryside. The experience of the USSR has shown that the only correct way to resolve the peasant question is the transition of the bulk of the

peasantry from small individual farming to large collective farming. Production cooperation small and medium-sized peasant farms is an objective necessity for countries that have embarked on the path of building socialism.

Based on this, the people's country democracies pursue economic policies aimed at creating an industry producing tractors and other industries, producing tractors and other agricultural machines, organizing a network of state rural farms, showing the advantages of large-scale socialist production, machine and tractor stations. Assistance is provided to the poor and middle peasant masses in raising their economy and involving them in various types of supply, marketing and production cooperation. People's democratic countries have already achieved significant success in the technical re-equipment of agriculture.

The five-year and six-year plans of the people's democratic states set as their task in the field of agriculture the preparation of the necessary economic, political and cultural prerequisites for the transition of the main masses of the peasantry to the socialist path of development. The main means of solving this problem is gradual production cooperation of peasant farms based on strict adherence to the principle of voluntariness. With the power of the working class, with concentration in the hands of states people's democracy commanding heights in the economy in the hands of states people's democracy commanding heights in the economy production cooperatives based on the socialisation of the instruments of production and collective labour are a socialist form of economy.

The bulk of the peasantry in the countries people's democracy are involved in various kinds of cooperative associations of a supply and marketing nature, and a significant part, from 25% to 50%, of peasant farms are in production cooperatives. Kulak elements are not accepted into production cooperation.

(.....) cooperatives, where housing remains privately owned by the cooperative as a share. The land is cultivated by MTS machines, all

types of agricultural work are carried out jointly; There are livestock farms for processing agricultural products. The distribution of income is carried out in accordance with workdays and in accordance with the size of the intoxicating share: payment for land does not exceed 20-30% of the income distributed among members of cooperatives, the remaining 70-80% of income is distributed in accordance with workdays; at the same time, the payment for land by decision of the number of members of cooperatives is reduced from year to year. In Poland, Romania, Hungary and Albania there are hundreds and thousands of production cooperatives, which in terms of the volume of their consumer goods correspond to the agricultural cooperatives of the USSR, in which the land and other means of production are completely socialized, and the distribution of income is carried out only on the basis of workdays.

Marxism-Leninism teaches that the immediate nationalisation of all land, not all countries, is an indispensable condition for socialist construction in the countryside. In people's democracies there was nationalized only a small part of the landowners' land became the property of the state, while most of the confiscated landowners' land was transferred to the peasants as private property. The experience of these countries has shown that, in view of the enormous advantages and benefits received by the peasants from collective farming, the construction of socialism in the countryside can begin even while maintaining small peasant ownership of land. However, the complete victory of the socialist mode of production in agriculture presupposes the socialisation of all land and its transformation into public, socialist property. In the countries of people's democracy, peasants, despite their long-standing commitment to private ownership of land, are gradually becoming convinced through the experience of production cooperatives, gradually becoming convinced of the undeniable advantages of large collective farming over small, privately owned farming. As all land is voluntarily socialized in production, a

transition is made to the distribution of income only based on labour, and the land is assigned to collective farms forever.

The socialist transformation of agriculture takes place in the process of fierce class struggle. The kulaks are trying by all means to disrupt the production cooperation of peasant farms. The people's democratic states, providing comprehensive material assistance to poor and middle peasant farms, are working to strengthen the organisational and economic strength of production cooperatives and are waging an irreconcilable struggle against the kulaks.

The Growth in the Well-Being and Culture of Workers.

Socialist construction is accompanied by a steady increase in the material well-being and culture of the working people. This is where the beginner finds his manifestation. the basic economic law of socialism to operate during the transition period. In people's democracies, as a result of the rapid growth of industry, already in 1948-1949. Unemployment was eliminated both in the city and in the countryside. The number of workers employed at socialist enterprises is growing from year to year.

Along with the growth in the number of workers and employees, their real wages are systematically increasing. Of great importance for increasing real wages is a reduction in prices for wide range of goods. consumption, lower rents and cheaper other utilities. The increase in the material well-being of workers is also ensured by the introduction of social insurance for workers and employees at the expense of the state, free education and medical care, and the creation of a wide network of sanatoriums and rest homes.

The steady increase in the material well-being of the working people in people's democracies is evidenced by the growth of

national income. With the liquidation of the classes of landowners and large capitalists, the rapidly increasing national income and further growth of social production in town and countryside.

In Poland in 1949, the national income was higher than the fishing level by more than 25%, in 1952—by 87%: in Czechoslovakia, the national income in 1952 exceeded the 1937 level by almost 59%.

The construction of socialism is inextricably linked with the cultural revolution. In people's democracies, the task arose of involving the broadest of the working masses to culture and knowledge. In some of these countries, up to 50% or more of the population was illiterate. The revolution ended with the monopoly of the bourgeoisie and landowners on education and culture. Education and culture became the property of the entire people. A new culture is being created, socialist in content and national in form. The socialist culture of the USSR, being deeply international in nature, has a huge influence on the development of national cultures in people's democracies. A new, socialist intelligentsia is being formed at an accelerated pace. The engineering and technical workforce is growing.

In people's democracies, laws have been issued on compulsory education for children from the age of 7 and on the elimination of illiteracy among the population from 12 to 40 years of age. Already in 1951, the total number of students in Romania increased by 3.5 times compared to pre-war 1938, and in secondary technical schools by 6 times; and in higher educational institutions—almost doubled—from 23 thousand to 55 thousand. In old Poland in 1937/38 there were 28 higher educational institutions, where 48 thousand students studied, among whom were no more than 5% children of workers and 9% children of peasants. There are currently 83 higher education institutions in Poland; 134 thousand students study there, the vast majority of whom are children of workers and peasants.

(.....) Under capitalism, economic ties between countries are established not through cooperation of equal peoples, but in the order of subjugation of their father's peoples by others, in the norm of oppression and exploitation of less developed peoples by more developed ones. Marxism-Leninism teaches that the organisation of economic cooperation between highly developed and backward countries principles of equality is possible only after the victory of the socialist revolution. The experience of economic cooperation between the socialist countries of these countries confirms yourself new, socialist type of interstate economic relations.

In contrast to the world capitalist market, in the period after the Second World War, the world economic market of the countries of the socialist camp arose and took shape . The countries of this camp have economically closed ranks and established economic cooperation and mutual assistance. "The experience of this cooperation shows that not a single capitalist country could provide such real and technically qualified assistance to people's democratic countries, which the Soviet Union provides them. The point is not only that this help is as cheap as possible and technically first class. Case before The whole point is that this cooperation is based on a sincere desire to help each other and achieve common economic growth. As a result, we have high rates of industrial development in these countries" ¹ .

The people's democracies have exercised a monopoly on foreign trade, which in their hands, on the one hand, is a weapon protection from the economic aggression of the imperialist powers and, on the other hand, an instrument for the development of economic cooperation between the countries of the socialist camp.

For the purpose of systematic economic cooperation of the socialist camp, the Council for Mutual Economic Assistance was created on the basis of equal representation of all countries

¹ J. V. Stalin, Economic problems of socialism in the USSR, p. 31.

participating in this Council. The Council for Mutual Economic Assistance organizes the exchange of economic and technical experience, the provision of mutual assistance with raw materials, food, machinery, equipment, etc. The Council for Mutual Economic Assistance carries out planned coordination and coordination of the economic development of the states of the socialist camp on the basis of a rational division of labour between them in the interests of the most rapid development productive forces of each country and the entire socialist camp as a whole.

With regard to economic relations with capitalist states, the people's democratic republics proceed from the fact that the fundamental differences in the economic systems of the socialist and capitalist camps cannot serve as an obstacle to the development of trade and other economic relations between them that are beneficial to both parties.

However, as already mentioned, the policy of the United States and the countries of Western Europe under its influence is aimed at an economic blockade of the countries of the socialist camp and is the main an obstacle to the restoration and development of traditional trade relations between the West and the East. People's democracies make up for the lack of trade with capitalist countries by fully expanding trade within the socialist camp.

The successes of socialist construction in people's democracies are new proof that the capitalist mode of production has outlived its usefulness, that the socialist economic system has undeniable advantages over the capitalist system.

BRIEF SUMMARY

1. As a result of the People's democratic revolution, a number of countries in Central and Southeastern Europe, liberated from German imperialism by the Soviet Army, created a new type of state - people's democratic republics. At the first stage of the revolution,

revolutionary agrarian transformations were carried out—the landowner's land was confiscated and was divided between landless and small-land peasants. The enterprises of large capitalists who collaborated with the fascists were nationalized. In the second stage of the revolution, the working class, with the support of the main masses of the peasantry, completely conquered power and carried out the socialist nationalization of all large and medium-sized industry in the hands of the bourgeoisie. The People's Democratic Republic has become the political form of power of the working class and successfully performs the functions of the dictatorship of the proletariat. The countries of people's democracy have entered a transition period from capitalism to socialism.

2. The economy of people's democracies in the transition period from capitalism to socialism is characterised by the presence three main structures: socialist, small-scale and capitalist. The leading role belongs to the socialist structure. People's democratic states, relying on the socialist sector, are pursuing a policy of creating the foundations of socialism in the fight against capitalist elements.

3. Socialist industrialisation of people's democracies, carried out at a rapid pace, is a decisive condition for overcoming their technical and economic backwardness and building socialism. Socialist industrialisation is accompanied by a steady increase in the well-being and culture of workers. By strengthening the alliance of the working class with the peasantry, the people's democratic government is exerting help to the poor-middle peasant masses in the rise of their economy and is pursuing a policy of limiting and ousting capitalist elements in the present era. At the same time, the prerequisites are being created for the socialist transformation of agriculture by equipping it with advanced technology, organising state-owned agriculture, machine and tractor stations, involving the bulk of the peasantry in various types of consumer, supply and

marketing cooperation and the gradual development of production cooperation.

4. People's democracies carry out construction socialism, using the experience of the Soviet Union and relying on its fraternal assistance. Economic cooperation people's democracies with the Soviet Union and among themselves is a new, socialist type of economic relations based on mutual interest and complete equality.

CHAPTER XLI. THE ECONOMIC STRUCTURE OF THE PEOPLE'S REPUBLIC OF CHINA

The Economic Pre-requisites of the Chinese Revolution and Its Character.

Before the victory of the people's revolution, China's economy was semi-feudal and semi-colonial in nature. The semi-feudal nature of China's economy was expressed in the fact that landowners, who made up 5-6% of the rural population, owned 70-80% of the country's total cultivated land area; peasants, who made up 90% of the rural population, owned only 20-30% of the land area. In China, pre-capitalist forms of exploitation of the peasantry were widely used; the land was cultivated using primitive methods. The semi-colonial position of China was expressed in the fact that all the main sectors of the Chinese economy were in one way or another under the direct or indirect control of foreign imperialists and depended on them.

Landowners in China, as a rule, did not conduct large-scale farming, but rented lease land to peasants in small plots. Lease was the most common form of land tenure. Predominant was lease of land for an indefinite period and perpetual lease. The most widespread were pre-capitalist forms of rent: labour, food and money. Peasants rented land on the basis of sharecropping, paying the landowner for rent of land and equipment from 50 to 70% of the harvest. Moneylenders and landowners charged huge interest rates from peasants for loans. At least 80% crosses are forced were to apply for loans to landowners and moneylenders.

China was enslavingly dependent on the imperialist powers, mainly on England, Japan and the United States of America. Foreign capital in industry accounted for up to 75% of the total amount

nested capital, and the share of national capital accounted for no more than 25% of this amount. Since the 30s of XX century dominant the situation in China has become play American imperialism. Of the total turnover of China's foreign trade, the United States accounted for 23% in 1936 , and 53% in 1946.

The ruling clique of landowners and comprador bourgeoisie in China contributed in every possible way to the introduction of American monopolies into the country's economy. The US imperialists intensified their colonial plunder of the Chinese people. They subjugated industry, foreign and domestic trade, and finances of China. All this put the already poorly developed Chinese industry in a difficult situation, which accounted for no more than 10% of the country's total industrial and agricultural output. There was almost no heavy industry in China, and the predominant part of industrial products was produced by artisans.

The semi-feudal nature of China's economy determined the class structure of society.

The landowners were the most reactionary of all classes in Chinese society. They served as the main support for foreign imperialists in colonial oppression and robbery of the Chinese people.

The peasantry is the largest class in China. With the penetration of commodity relations into the countryside, a process of class differentiation occurred among the peasantry. On the eve of the victory of the people's revolution, farm labourers (landless) and poor people (land-poor) accounted for up to 70%, middle peasants—20, kulaks—4-5% of the village population. The kulaks widely used labour hiring (farmers), combining capitalist exploitation of the peasantry with semi-feudal methods of exploitation.

In the twentieth century , in connection with the development of capitalism, new classes entered the arena of public life: the bourgeoisie and the proletariat. From the first steps of its existence,

the Chinese bourgeoisie was dependent on foreign imperialists. The growing large industrial and financial bourgeoisie was closely associated with foreign, mainly American, British and Japanese, imperialists. This comprador bourgeoisie, which served as an intermediary between the foreign imperialists and the Chinese market, concentrated in its hands significant wealth obtained through the useless exploitation of the working and peasant masses. The other part of the Chinese bourgeoisie was the national (mostly middle) bourgeoisie. Foreign imperialists did their best to hinder the development of China's national industry. In view of this, the national bourgeoisie showed opposition to foreign imperialists and the comprador bourgeoisie, at times joining the camp of the national revolution.

In China there are significant layers of small urban bourgeoisie: handicraftsmen, artisans, small traders.

Industrial proletariat in China the day before people's victory revolution numbered about 4 million people. But along with the factory workers in the country there were the multimillion-dollar masses of proletarians and semi-proletarians employed in other branches of labour: port and city workers loading, unloading and transporting goods (coolies, rickshaws), workers in earthworks, as well as the agricultural proletariat (farmers), numbering several tens of millions of people before the revolution. The industrial proletariat of China, being the most organised, conscious, advanced detachment of the working masses, since the 20s of the XX century exerted a decisive political influence on all other strata of the working people.

Feudal methods of exploitation and imperialist oppression aggravated class contradictions in China to the extreme and brought the country to the brink of economic and political catastrophe. The state of the landowners and comprador bourgeoisie with its military-bureaucratic machine robbed and oppressed the Chinese

people. The people's revolution became the only way out of this situation for the country.

The people's revolution in China, which achieved victory in 1949, had deep historical roots. For almost three decades, the people of China, under the leadership of the working class, led by the Communist Party, waged a stubborn armed struggle against the rule of the feudal lords and the comprador bourgeoisie, against foreign imperialism. The main and main task of the Chinese revolution was the destruction of semi-feudal relations, the elimination of feudal land ownership, and the division of landowners' land between peasants. In view of this, the Chinese revolution, in its historical tasks and social content, has the character of an anti-feudal, peasant, that is, bourgeois-democratic revolution.

At the same time, since the foreign imperialists seized their own hands and brought the main industries under their control, railways, banks, the fight against imperialism became the most important side of the Chinese revolution: "the bourgeois-democratic revolution in China is a combination of the struggle against feudal remnants with the struggle against imperialism."¹

Thus, the Chinese bourgeois-democratic revolution, being an agrarian, anti-feudal revolution, has at the same time a pronounced anti-imperialist, national liberation character. Being directed with its edge against domination in China foreign imperialism, the Chinese revolution merges with anti-imperialist, proletarian revolutions in other countries, and goes in the general direction of the struggle against world imperialism.

The main driving forces of the Chinese bourgeois-democratic revolution are the working class and peasantry. The working class and the peasantry under its leadership, constituted the main army

¹ J. V. Stalin, *Revolution in China and the tasks of the Comintern*, Works, vol. 9, pp. 286-287.

of the revolution, which ensured victory for the Chinese people over their internal and external enemies. In the Chinese revolution, moreover, The urban petty bourgeoisie plays a significant role.

The Chinese Communist Party waged a stubborn struggle for the hegemony of the proletariat in the revolution. This struggle was crowned with success due to the following circumstances. Firstly, the Communist Party, relying on the alliance of the working class and the peasantry, with the leading role of the proletariat, consistently pursued the development of a revolution as a national liberation revolution directed against imperialism and its agents in China. Secondly, the national bourgeoisie was weak and inconsistent, it wavered either towards imperialism or towards revolution, so it could not lead the masses, and the proletariat led the working people of town and village. Thirdly, the revolution in China developed in a situation where the Chinese proletariat had the opportunity to use the experience and assistance of the victorious revolution in the Soviet Union. The Chinese revolution enjoyed the sympathy and support of the international proletariat and all the progressive forces of the world.

The victory of the Chinese revolution has world-historical significance. After the Great October Socialist Revolution in the USSR and the victory of the Soviet Union in World War II, the victory of the Chinese revolution is a strongest blow to world imperialism. From the system of imperialism the most the largest country in the world in terms of population, playing a vital role in the entire economic and political life of the semi-colonial and colonial East.

The People's Republic of China, in its social character, is a people's democratic republic of the type of revolutionary democratic dictatorship of the proletariat and peasants. This state is based on an alliance of workers and crosses, in which the leading role belongs to the working class, led by the Communist Party. The People's Republic of China leads the struggle against imperialism, for Chinese independence, for democracy and peace.

The Revolutionary Agrarian Transformations.

Among the fundamental socio-economic transformations in the People's Agrarian Republic of China, agrarian transformations are of primary importance. The semi-feudal nature of social relations in China was the main brake on the economic, political and cultural development of the country, the root cause of its centuries-old backwardness, and the basis of its enslavement by foreign imperialism.

In 1950, the Central People's Government of China passed the "Agrarian Reform Law of the People's Republic of China", which states: "A land tenure system based on feudal exploitation carried out by the class landowners, destroyed; a system of peasant land tenure is introduced in order to free up agricultural productive forces , develop agricultural production and pave the way for the industrialisation of the new China." According to this law there were free of charge land confiscated possessions landowners, churches and monasteries, land plots belonging to those industrialists and traders for whom the land served only as a means of exploiting the peasants. The landowners' working livestock, agricultural implements, surplus food, and excess premises were also confiscated.

All confiscated lands and other means of production were distributed equally among the peasants (per capita) , regardless of age, gender and nationality. The main share of the landowner's land and equipment was received by landless and land-poor peasants. All debt was liquidated peasants to landowners for renting land and to moneylenders for loans. Agrarian reforms were carried out by the people's democratic government with the active participation of the broad peasant masses. In 1952, agrarian reforms were completed in

all major regions of the country, in areas with a population of more than 428 million people.

The agrarian revolution in China completely eliminated feudal-landownership and the medieval system of agrarian relations, and destroyed feudal exploitation of the peasantry. The landowner class was finally eliminated. In return landowner land tenure small-peasant private ownership of land was established.

Agrarian reforms had a significant impact on the development of the productive forces of agriculture and on the financial situation of the peasant masses of China. For the first time in the history of the country , measures are being taken on a national scale aimed at significant development of agricultural production. For these purposes, government assistance is provided to needy peasants in the form of seeds and loans. The first machine and tractor stations were created , and breeding stations were organised to introduce the best varieties of seeds. Modern agro-technical knowledge is being promoted. With the participation of the general public, the fight against agricultural pests is organised. The implementation of large-scale work to combat natural disasters (floods), which affect tens of millions of peasants every year, has already yielded serious results.

In 1949, the area flooded lands amounted to 8 million hectares ; in 1950 they decreased to 4.5 million hectares, in 1951 by 1.4% ; million hectares. In 1952 products agriculture has reached the highest level in Chinese history, significantly exceeding pre-war production levels. The gross grain harvest in 1951 was 128% compared to 1949, and in 1952—140%; Cotton production in 1951 amounted to 252%, and in 1952 - 300% compared to 1949.

In the Chinese People's Democratic China, the old, feudal tax system was eliminated, in which there were many state and local taxes in the countryside , and taxes on the population were levied many years in advance (for example, in Sichuan province, taxes on

peasants were collected forward until 1991). A single progressive state tax has been introduced, which is not burdensome for peasant farming.

The elimination of landlordism and the transfer of land to peasants leads to a significant growth in agriculture and an increase in its marketability, to an increase in the material well-being of the peasantry and its purchasing power. This is a necessary condition for the accelerated development of industry, it will ensure over time the transformation of China from a backward agricultural country into a country with developed modern industry and advanced agriculture.

The Economic Structures and Classes.

Economy of the People's Republic of China is multi-layered It has five economic structures: 1) natural and semi-natural economy, 2) small-scale commodity structure, 3) private capitalist structure, 4) state capitalism, 5) socialist (state) way of life.

Subsistence and semi-natural (patriarchal) farming is practiced by significant masses of peasants. In a number of provinces, especially remote and sparsely populated (Tibet, Xinjiang, Inner Mongolia), subsistence farming exists in the form of primitive agriculture and nomadic cattle breeding, satisfying the personal needs of peasants eight loosely connected with exchange and the market:

The small-scale commodity structure is predominant in the Chinese economy, covering the vast majority of the peasantry, who, having received land, economically got stronger. Strongly increased layer of the middle peasantry and the number of farm labourers was significantly reduced , since farm labourers, Having received the land, they began to run their own farms .

To small-scale goods The way of life also includes handicraft production, especially in the countryside. There are at least 30 million artisans in the country. At home , using manual machines, up to 40% of raw cotton is processed, consumed in the country. Small-scale commodity production also includes small trade in cities, small workshops providing consumer services to the population, etc.

The private capitalist structure occupies a large place in the Chinese economy, including capitalist enterprises in the city, kulak farms in the countryside and merchant capital enterprises. In 1952, less than half of all light industry was located. This structure also includes numerous craft workshops with hired labour and manufactories, the number of which in China is quite significant. In domestic retail trade, private capital accounts for about 70% of the total turnover (1952).

As a result of agricultural reforms serious way The political and economic conditions in the countryside have changed, and the exploitative tendencies of the kulaks are met with serious resistance. The struggle of the poor and middle peasant masses against their ruin and enslavement by fists is expanding more and more widely. In this struggle, the working masses of the peasantry receive full support from the people's government.

State capitalism is represented mainly by mixed industrial and commercial enterprises, banks, and credit societies, in which the state and private capital participate. These enterprises operate under state control. State capitalism has a significant smaller share in the country's economy than private capitalism.

The socialist structure embraces enterprises nationalized by the people's democratic government, which were previously flooded into the property of monopoly capital and foreign imperialists. All belonging to the state, enterprises and resources are public property, concentrated in the hands of the people's state. The exploitation of the working class has been eliminated at these enterprises . The public sector occupies a leading position in the

field of industry and wholesale trade and influences all sectors of the economy.

In 1952, the state already had concentrated 80% of heavy industry and about 50% of light industry (not including handicraft production), all iron (...) And (...) part of sea, river transport and motor transport. The state owns all the major banks through which more than 90% of all credit transactions pass.

The share of the socialist structure in industry (not including handicraft production) and in trade is growing rapidly. In 1949, state-owned enterprises produced 43.8% of all industrial output of the country, and in 1952 - 67.3%. Share of wholesale and retail state and cooperative trade in 1950 accounted for 44.4% of all domestic trade, and in 1952-62.9%.

Close to the socialist system is cooperation of all kinds in the countryside and in the city. But cooperation in its overwhelming mass cannot yet be attributed to socialist forms of economy, since capitalist elements participate in it along with the poor and middle peasant masses of the peasantry. With the development of China's productive forces and with the transition from the bourgeois-democratic revolution to solving the tasks of the socialist revolution, to building the economic foundations of socialism, the cooperative sector will increasingly turn into a socialist form of economy.

In the Chinese village, peasants are gradually uniting into the simplest forms of cooperation, while observing the principle of voluntariness. There are simple labour mutual aid groups, which are temporary, seasonal in nature, and permanent labour mutual aid groups. Mutual aid groups unite only labour during field work. Currently, the highest form of mutual labour assistance is agricultural cooperatives, in which in which the land, which remained the private property of the peasants, is united into a common area. Besides, consumer cooperation and supply and sales are developing cooperation. In 1950, there were more than 20 million members in

various types of cooperatives. In 1952 there were more than 34 thousand supply and marketing cooperatives; the total number of cooperative members reached 141 million people . The state provides cooperation with comprehensive assistance.

In accordance with the changed structure of the economy, the main classes in the People's Republic of China became the working class and the peasantry. In addition, there is a bourgeois class in the city and a kulaks in the countryside, as well as a large layer of the urban petty bourgeoisie.

The people's democratic revolution in China at the present stage does not pose the task of eliminating the foundations of capitalism. Under these conditions, the economic laws of the capitalist mode of production continue to operate, and the law of value is a regulator of production in the capitalist and small-scale commodity structures folk farms. The law of value has a serious impact on production in state-owned enterprises.

However, due to the fact that the Chinese economy has a socialist structure, which occupies a decisive position in industry and gradually becomes the leading force in the entire economy, the scope of the economic laws of capitalism begins to narrow. In the socialist economic structure, relations of capitalist exploitation are eliminated and new conditions arise that give rise to new patterns of economic development.

The People's Government of China has already begun carry out ongoing planning of the socialist sector of the people's farms. The successes achieved in economic development have created conditions for the transition to planning based on long-term plans. The state indirectly regulates other sectors of the national economy and sets prices for all the most important products of industrial and agricultural production. At state enterprises, elements of economic accounting and payment for labour are beginning to be used.

There is a class struggle going on between the working class and the toiling masses of the peasantry, on the one hand, and the

bourgeoisie in the city and the kulaks in the countryside, on the other. The bourgeoisie strives to expand and intensively exploit the working class and ruin the peasantry, to inflate the prices of essential goods, bypassing the existing laws of the people's government. The bourgeoisie seeks to weaken the control of the working class in private enterprises.

Without setting the task of eliminating private capital at the present stage, the people's government of China, in order to increase industrial and agricultural production in the country and develop trade turnover, provides loans to private enterprises, gives them orders for the production of certain types of goods, supplies them with raw materials for these orders and purchases finished goods from them. The people's power pursues a policy of limiting the exploitative tendencies of capitalists and suppressing their speculative activities and regulates private capitalist sector in the interests of the rise of the people economy as a whole.

The Ways for Further Development of the Chinese Economy.

The people's democratic state eliminated semi-feudal relations in China, liberated the country from the yoke of foreign imperialism, and created favourable conditions for the development of productive forces. Successful agricultural growth creates a rich domestic market, millions of peasants have already begun to show demand for industrial products: agricultural implements, products of cotton, textile, leather and other industries. Developing agriculture is increasingly supplying industry and cities with raw materials and food. Trade turnover is expanding, the monetary system and money circulation have been significantly strengthened. China has enormous natural resources, still not only unused, but also little studied. The People's Republic of China has achieved in a

short period of time significant success in the restoration and development of the national economy.

In 1952, in the main industries (with the exception of coal) and in agriculture, the volume of production surpassed highest pre-war figures.

During the years of the people's revolution, the total annual volume of industrial production in the country as a whole more than doubled, and times, and agricultural production increased by one and a half times. The share of heavy industry has increased. Thus, in 1949, the output of heavy industry was 32.5%, and the output of light industry was 67.5%, and in 1952, respectively, 43.8% and 56.2% of the total products of large and medium industry.

In 1950, for the first time in Chinese history, a unified state budget was drawn up, which had a real basis. In 1951, the budget was implemented with revenues exceeding expenses. More than 59% of budget funds in 1953 were allocated to national economic and cultural construction.

The People's Republic of China has abolished all unequal treaties with foreign countries and abolished all old customs laws and regulations on the basis of which the foreign imperialists robbed the Chinese people and stifled domestic industry. State control over foreign trade was introduced.

In its economic policy, the Chinese people's government is based on the need to industrialize the country. In this regard, the task is set of the planned, systematic and rapid development of heavy industry—mining, metallurgy, energy, engineering, chemical, electrical engineering. To meet the daily needs of the people, production of textiles and other light industries is expanding. In order to achieve the goal of industrialisation of the country, the people's government of China plans such rates of economic development that within 10-15 years the share of industrial products in total production will be industry and agriculture of the country would rise from 10% to 30-40%.

The rapid development of industry requires significant savings. The sources of funds for this purpose are, first of all, savings created in the socialist sector of the economy, income from domestic and foreign trade, then taxes levied on capitalist enterprises, taxes received from working people in cities and villages.

The main funds allocated for the development of the national economy belong to the state and go to the socialist sector of the economy; the capitalist sector has significantly less capital investment. In view of this, the absolute size and share of the public sector will rapidly increase, and the share of the capitalist economy will decrease.

One of the main conditions for the successful development of national China's economy is the growth in labour productivity of workers and peasants. Among government workers enterprises are being deployed labour competition to increase production, improve product quality, save raw materials and better use of equipment. Production leaders receive financial incentives. There are thousands of labour heroes who have been awarded government awards.

In 1951, in enterprises in Northeast China, worker productivity was 42% higher than in 1943. Workers' control was introduced everywhere in private enterprises. Commissions have been created from representatives of workers and entrepreneurs, where issues of labour protection, wages and other issues related to the operation of enterprises are considered.

Economic development in the People's Republic of China is accompanied by improved working conditions for workers and an increase in their well-being. At state and private enterprises, the working day is limited to 8-10 hours (instead of the previous 14-16 hour day), collective work has been introduced, contracts concluded between enterprises and workers. Wages of workers and employees in government and private enterprises is set at the same level for the relevant categories workers. The average level of wages

in 1959 was 60-20% higher than the level of 1949. Trade unions have been created and operate throughout the country, in which the majority of workers and employees are united. In 1950, social insurance was introduced for workers and employees. Women have equal rights with men and actively participate in economic and political life.

The general improvement in the financial situation of the Chinese people is reflected in a significant increase in the purchasing power of the population, which increased in 1951 by 25% compared to 1950. The total volume of domestic trade in 1951 was 130%, and in 1952 - about 170% compared to 1950 (at comparable prices).

The Chinese people have already achieved great success in cultural construction. Previously, workers and peasants did not have access not only to secondary and higher educational institutions, but also to primary schools. About 90% of the population was illiterate before the revolution. In the People's Republic of China, education has become accessible to the working masses.

In 1952, the number of primary schools increased by 57% compared to 1936. These schools educate more than 50 million children, representing over 65% of the total number of school-age children. There are 220 thousand students studying in higher educational institutions, and more than 3 million in technical and secondary schools. More than 50 million adults are enrolled in literacy schools and groups.

As the tasks of the bourgeois-democratic revolution are exhausted, the Chinese national economy will continue to move towards the path of socialist construction. "Complete the Chinese bourgeois-democratic (new democratic) revolution and prepare its transition, when all the necessary conditions for this are in place, to the stage of the socialist revolution—this, in its entirety, is the

glorious, green revolutionary task that faces the Communist Party of China”¹

In the successful development of China’s national economy and the preservation of economic independence from the capitalist world, assistance to China from the Soviet Union and people’s democracies plays a huge role. The People’s Republic of China receives cheap credit, first-class equipment from the Soviet Union, borrows a wealth of experience in running an economy on the scale of a huge state, experience in organising labour and production in large enterprises operating on a socialist basis.

The victory of the Chinese People’s Revolution has worldwide significance. Its role is especially great for countries of the colonial and semi-colonial world. These countries, in terms of their economic level of development and the nature of their dependence on foreign imperialism, are in conditions close to those in which China found itself before the victory of the people’s revolution. They are going through the same path of struggle that the Chinese people went through. They face the same tasks—liberation from the yoke of foreign imperialists and the destruction of feudal remnants.

BRIEF SUMMARY

1. The Chinese revolution is an anti-feudal and anti-imperialist, bourgeois-democratic revolution, the main driving forces of which are the working class and the peasantry in alliance with it. The Chinese Republic in its social character is a people’s democratic republic of the type of revolutionary democratic dictatorship of the proletariat and peasantry.

2. Among the fundamental socio-economic transformations in China, revolutionary agrarian transformations are of primary

¹ Mao Tse-tung, the Chinese Revolution and the Chinese Communist Party. Selected Works, volume 3, p. 180.

importance. The land, draft animals, equipment, excess food and excess buildings were confiscated from the landowners free of charge. The lands and other funds confiscated from the landowners were divided between the landless and land-poor peasants on a per capita basis, into their private property.

3. The Chinese economy after the victory of the people's revolution has five economic structures: 1) subsistence and semi-subsistence farming, 2) small-scale commodity structure, 3) private property, 4) restoration of capital, 5) socialist (state) way of life. The leading role in the development of the national economy belongs to the socialist way of life.

4. The People's Republic of China proceeds from the need to industrialize the country and sets its goal within 10-15 years to raise the level of industrial production in total industrial and agricultural production to 30-40% and turn China into an economically powerful state.

5. The People's Republic of China, carrying out the tasks of the anti-feudal and anti-imperialist revolution, is along a non-capitalist path of development. As the tasks of the bourgeois-democratic revolution are exhausted, the People's Republic of China will increasingly move towards implementing the tasks of the socialist revolution.

CONCLUSION

Marxist political economy has gone through more than a century of development. Marx and Engels gave a scientific analysis of the foundations of capitalism as a historically transitory mode of production, discovered the economic laws of its emergence, development and death, and proved the inevitability of the transformation of capitalist society into socialist society through the proletarian revolution. Lenin and Stalin, developing Marxist political economy, enriched it with the scientific study of the monopoly stage of capitalism—imperialism and the general crisis of capitalism. The most important conclusion from this study is a new, complete theory of socialist revolution, a theory about the possibility of the victory of socialism in one country. Based on a theoretical generalisation of the experience of socialist construction in the USSR, Lenin and Stalin created the political economy of socialism and discovered the laws of economic development of socialist society.

Marxist political economy does not stand still. Deeply alien to dogmatism, it develops, replenished with new theoretical positions based on a generalisation of historical experience. Faithful disciples of Lenin and Stalin, who are at the leadership of the Communist Party of the Soviet Union—comrades G. M. Malenkov, L. P. Beria, V. M. Molotov and others—and the leaders of the fraternal communist parties - comrades Mao Tse-tung, Palmiro Togliatti, Maurice Thorez, Boleslaw Bierut and others enrich Marxism-Leninism and its economic theory with new scientific conclusions and provisions that arise on the basis of the unchanging conditions of life of society.

Marxist political economy, as the most important component of Marxism-Leninism, is a powerful ideological weapon of the proletariat in its struggle against capitalism, for socialism. It is the only scientific political economy, since it expresses the interests of the working class and all progressive forces of humanity interested

in an objective study of the laws of economic development of society, which inevitably lead to the death of capitalism. To the victory of socialism. Modern bourgeois political economy expresses the interests of the monopolistic bourgeoisie, seeking to perpetuate the outdated capitalist build. Limited by the bourgeois worldview and narrow class interests, it is unable to reveal the economic laws of the development of society. Petty-bourgeois political economy, primarily represented by right-wing socialists, by embellishing capitalism and sowing illusions about the possibility of its improvement through reforms, is trying to distract the working class and the working masses from the struggle for the destruction of capitalist orders and the transition to socialism. Bourgeois and petty-bourgeois political economy sets as its main task the preservation of the capitalist system, the struggle against Marxist-Leninist political economy. Marxist-Leninist political economy exposes the anti-scientific, reactionary essence of bourgeois and petty-bourgeois political economy. It equips the working class with knowledge of the economic laws of social development and gives it the opportunity to build its policy on a scientific basis.

What are the main conclusions that emerge from the study of political economy? What does political economy teach?

1. Political economy teaches, first of all, that the economic development of human society is a natural process. The emergence and development of each method of production, the replacement of one method of production by another does not occur due to the arbitrariness of people, but due to the operation of objective economic laws. Political economy makes it possible to understand the objective laws of economic development and use them in the interests of society.

Human society develops from lower forms of its existence to higher ones. Each of the methods of production represents a certain stage in the progressive movement of society, in the development of its productive forces and production relations. Production

relations of the new socio-economic system, replacing the old, outdated one system, for a certain period of time contribute to the development of productive forces, and later turn into their fetters. Then there is a change of one economic collapse — other, higher economic we are building. In a society divided into antagonistic classes, this change is carried out through class struggle, by social revolutions overthrowing the power of the obsolete ruling class and establishing the power of the new, advanced class.

Political economy, comprehensively studying the emergence, development and decline of socio-economic formations based on private ownership of the means of production, reveals the economic roots of the class struggle. It shows that the creators of wealth are the working classes, and the fruits of their labours are exploitative classes. This means that the class struggle is not determined by any random motives of people, but by the fundamental material interests of certain classes, by the laws of economic development of a given method of production.

Every new social system based on private ownership of the means of production—the slave system, feudalism, capitalism—established the exploiters in power, changing only the forms of exploitation and oppression of workers. The entire course of economic development of society indicates that capitalism is the last public build, based on the exploitation of man by man. Political economy shows that capitalism in its monopoly stage has long been transformed into a reactionary system, delaying further progressive movement of society. Dying capitalism is being replaced by a new social system—socialism, which means the destruction of the exploiting classes and the exploitation of man by man.

The history of the development of human society fully confirms the correctness of this scientific conclusion of Marxist-Leninist political economy. Socialist society was built in the Soviet Union. With the victory of socialism in the USSR, the false theory of

bourgeois ideologists about the eternity and inviolability of private property and the capitalist system was completely exposed. The successful construction of socialism is underway in the European people's democracies. The great revolutionary transformations in the Chinese economy are gradually creating the conditions for the construction of socialism to begin in this largest country in the East. In accordance with the economic laws of the development of socialism in the USSR, a gradual transition from socialism to communism is taking place. Communist society, the lowest level of which is socialism, is the ultimate goal of the struggle of the working people of all countries.

Political economy gives the working class and all working people confidence in the victory of communism, showing that this victory is conditioned by the entire previous course of historical development.

2. Political economy, based on the experience of the USSR and people's democracies, teaches how the working people of capitalist countries can break out of capitalist bondage. It shows that the oppression and impoverishment of the working people of bourgeois countries do not depend on random causes, but are rooted in the capitalist economic system and are determined by the inherent characteristics of this system. economic laws. Crises, unemployment, the miserable state of the masses cannot disappear without changing the very basis of production relations, that is, without the transfer of the means of production from capitalists and landowners to the ownership of the working people.

Revealing the opposite of the foundations of bourgeois and socialist realist economics, class intransigent interests of the bourgeoisie, on the one hand, the proletariat and all working people, on the other hand, political economy shows the impossibility of the peaceful "growth" of capitalism into socialism. No amount of attempts to reform or "improve" capitalism can end the system of wage slavery. The Great October Socialist Revolution

irrefutably proves that only by eliminating the very foundations of capitalism can the working class and the working peasantry get rid of the bondage of the exploiters and take the path of a free, prosperous and cultural life. Historical experience fully confirms the correctness of the Marxist position about the inevitability of the socialist revolution, that the replacement of capitalism with socialism is impossible without the establishment of the power of the working people, without the dictatorship of the proletariat. without an alliance between the working class and the peasantry. To achieve this goal, it is necessary to have a communist party capable of preparing the proletariat and the working masses for a decisive struggle against the bourgeoisie and organising the victory of the socialist revolution.

Political economy shows that the enslavement and robbery of colonial peoples by the metropolises do not depend on any random reasons, but are determined by the very essence of imperialism, which is closely connected with the feudal-landlord and reactionary-bourgeois forces of the colonial countries. The peoples of colonial and semi-colonial countries can get rid of slavery, poverty and backwardness only by liberating themselves from the yoke of imperialism and its local vassals. By destroying the remnants of feudalism and implementing fundamental democratic changes, the colonial countries, having broken with the system of imperialism and ensured their independence, can, with the economic support of the USSR and other countries in the socialist camp, bypass the painful path of capitalist development and gradually create the preconditions for the transition to socialist construction. The experience of the revolutionary struggle and victory of the Chinese people in practice confirmed and proved this conclusion of Marxist-Leninist political economy. that the liberation of colonial countries from the yoke of imperialism puts them on the path of material and cultural prosperity.

The overthrow of capitalist orders in one or another bourgeois country and their replacement with socialist orders, the breakaway of a colonial country from the system of imperialism and the implementation of democratic transformations in it do not occur as a result of the “export of revolution,” which is an invention of the imperialists, but due to deep internal needs economic development of these countries.

3. Political economy teaches how to transform the economy in the spirit of socialism. The transition to socialism cannot be carried out arbitrarily chosen paths, but represents a natural process determined by objective economic conditions, the nature of economic structures and classes that exist during the transition period from capitalism to socialism.

Political economy shows that during the transition period from capitalism to socialism, due to the operation of objective economic laws, it is necessary to carry out in a certain sequence the nationalisation of large capitalist production, the socialist industrialisation of the country and the collectivisation of peasant farms. The construction of socialism takes place in an irreconcilable struggle with capitalist elements. As the transition from capitalism to socialism occurs, the class struggle, due to the fierce resistance of the bourgeoisie, does not die down, but intensifies.

Political economy has exposed the false fabrications of bourgeois ideologists that the working class, having come to power, is incapable of organizing the economy. The historical experience of the USSR has shown how inexhaustible creative power comes from the power of the trawling people. For the first time in history, the working class, the workers of a huge country occupying one-sixth of the globe, threw off the yoke of exploitation and oppression, became masters of their country and created a socialist system that ensures a steady rise in the productive forces, social wealth, material well-being and culture of the masses. This has proven that the people can successfully do without exploiters, that the working

class, the working masses, are capable of not only destroying the old, bourgeois economic system, but also building a new, immeasurably higher socialist economic system than capitalism.

Political economy provides an economic justification for the need for the leading role of the working class in socialist construction, a strong alliance of the working class with the peasantry, with the goal built by socialism and the destruction of the exploitation of man by man. On the basis of the alliance of the working class and the peasantry, with the leading role of the working class, a transition is being made from small individual peasant farming to large collective farming, saving the peasantry from ruin and poverty. In this way, the centuries-old peasant question is resolved. The victory of the collective farm system in the USSR in fact refuted the fabrications of the bourgeoisie that the peasantry was supposedly incapable of taking the path of socialism.

Political economy generalizes the gigantic historical experience of building socialism in the USSR, indicating the path for all humanity. It shows how a previously poor and weak country, such as pre-revolutionary Russia, turned into a rich, powerful, Which is the Soviet Union. From most valuable treasures this experience people's country democracy scoop rank proven paths of socialist construction, class laws fight in transition period, knowledge of how the working class achieve friendship with the peasantry and strengthen economic make a connection with him, how to achieve victory over the exploiting classes and build a socialist society.

The use of Soviet experience requires careful consideration of the specific features of the economy and class relations in each country, determined by the totality of the historical conditions of its development. However, in any country making a transition to socialism, there are basically the same forms of economy, the same class forces that existed during the transition period from capitalism to socialism in the USSR. Therefore, the specific characteristics of one or another country do not change the main and decisive factor

in determining the path of a socialist transformed society, which is provided by the Soviet experience, which is the classic experience of building socialism.

4. Political economy teaches that practical work on socialist construction can be successful only if it is based on the economic laws of the development of society.

Knowledge of economic laws allows one to penetrate into the depths, into the essence of economic processes, to identify progressive development trends when they are still in their infancy, to scientifically foresee the course of economic development and direct it in accordance with the tasks of building communism. Political economy equips workers to fight for the victory of the new, advanced over the old, outdated. Scientific knowledge of economic laws studied by political economy forms the basis of the economic policy of communist parties. Because of this, the economic policy of the communist parties is correct, scientifically grounded, and in accordance with urgent needs of social development and acquires enormous transformative power.

By highlighting the operation of the basic economic law of socialism, political economy orients personnel to structure their work in accordance with the goal of socialist production. Political economy reveals the conditions for continuous growth and improvement of production on the basis of higher technology, including the most important of these conditions—the systematic increase in labour productivity.

Gravity flow is deeply alien to the economic system of socialism. Political economy shows that the construction of a communist society can only be carried out through planned management of the economy on the basis of the law of planned development of the national economy, in accordance with the requirements of the basic economic law of socialism. Study of the law of planned development of the people helps the farm wisely

use material, financial, labour resources, correctly combine all elements of production.

Political economy reveals the enormous importance for socialist construction of the interest of the masses in the steady rise of production, resulting from socialist production relations. It shows the role of socialist competition as a powerful driving force of economic development of a socialist society. By studying the law of distribution according to work, political economy orients personnel towards the consistent implementation of differentiated wages in all sectors of the national economy in direct dependence on its results, towards the elimination of elements of equalisation.

Political economy shows the importance of skilful use of the law of value and related economic instruments for socialist construction. Studying the operation of the law of value under socialism serves as an important means for cadres to improve production methods, reduce production costs, strengthen economic accounting and raise the profitability of enterprises, expand trade, and improve the financial system. Political economy reveals the enormous possibilities available in a socialist planned economy for implementing a strict regime of austerity and increasing socialist accumulation.

The Soviet Union and the countries of people's democracy are characterised by a steady increase in the creative activity of the masses in economic and cultural construction. Hence, knowledge of the laws of economic development and the principles of socialist management by the masses is becoming increasingly important. By equipping cadres with knowledge of economic laws, political economy makes it possible to use and apply these laws more and more successfully in practice and thereby increase the effectiveness of all the work of economic bodies and the working masses in building socialism and communism.

The political economy of socialism helps business executives and the broad masses of workers to find and use hidden reserves

hidden in the depths of production and prevent alignment with “bottlenecks.” On the other hand, it teaches to comprehensively take into account real economic conditions and warns against acting on the principle: “we can do anything,” “we don’t care about anything.”

By revealing the interconnection of economic processes, political economy makes it possible for each worker to understand the significance of his activities for the development of the entire socialist system of the national economy. Therefore, it teaches the understanding that under socialism the national, national interests are above all.

5. Political economy teaches that socialism is the most progressive method of production, having decisive advantages over capitalism. This finds its clear expression in the opposition of the basic economic laws of socialism and capitalism, which determine two different lines of development.

If in capitalist countries production is subject to the predatory law of obtaining maximum profit, dooming workers to ruin and poverty, unemployment and hunger, to bloody wars, then in a socialist society production is subordinated to the interests of man, to the satisfaction of his growing needs.

If the economy of capitalist countries is characterised by the fact that productive forces are marking time, parasitism and the decay of capitalism are intensifying, and devastating economic crises are accompanied by the theft of material values, then the economy of the Soviet Union and people’s democracies is characterised by a steady rise in production, technical progress, ensuring constant improvement of production in base of higher technology.

In contrast to capitalism, where the economy, under the influence of its militarisation, develops one-sidedly, mainly along the lines of industries working for war, which entails higher taxes and higher prices for consumer goods, socialism is characterised by

the development of a peaceful economy, the widespread expansion of civilian industry, which is accompanied by systematic reduction in prices for personal consumption goods, growth in real incomes of the population.

While capitalism is characterised by competitive struggle between countries, the enslavement of some countries by others, socialism is characterised by friendly economic cooperation of the countries that make up the democratic camp, for the purpose of the general economic rise of these countries. The world capitalist market is narrowing, which worsens the conditions for the sale of goods and increases the underutilisation of enterprises in capitalist countries. The new world market—the market of the democratic camp—is increasingly expanding, which is one of the most important factors in the prosperity of the socialist economy.

In peaceful competition with capitalism, the socialist economic system shows more and more clearly its superiority over the capitalist economic system every year. At the same time, the world system of capitalist economy as a whole, torn apart by internal contradictions, is becoming weaker and more unstable every year.

The great prospect for the progressive development of mankind is a classless communist society. Political economy reveals the economic conditions of the transition to communism, generalizing the practice of communist construction in the USSR. It shows that the movement of modern society towards communism is based on objective laws of social development. Communism arises as a result of the conscious creativity of millions of working people, led by the Communist Party, armed with the theory of Marxism-Leninism. The Soviet Union has everything necessary to build a communist society. There are no forces in the world that could stop the forward movement of Soviet society towards communism. The enormous growth of the forces of democracy and socialism, the progressive decline of the world capitalist system, the sharp exacerbation of class contradictions between the imperialist bourgeoisie, on the one

hand, and the working class and working people, on the other, the growing scope of the national liberation movement in columns is indisputable proof that all roads lead to communism.

Thus, Marxist-Leninist political economy is a science inextricably linked with the practice of the revolutionary struggle of the working class and all the progressive forces of modern humanity for peace, democracy and socialism, against the paralytic reaction in the preparation of new wars. Political economy theoretically equips workers in their practical activities to build a new, communist society.